Annual Review 2001-2002

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EXECUTIVE SUMMARY

We begin this report by recording with pleasure the award of a Queen’s Anniversary Prize for Higher Education to the Centre for its work over the years. In this report we cover the second year of the Centre’s new 5-year ESRC programme. This covers Labour Markets; Technology and Growth; and Globalisation. The Centre has been successful in raising funding to cover most of the other strands of work it proposed to ESRC in 1998 but which ESRC was unable to fund. We therefore report also on our own non-ESRC work: particularly our Education and Skills programme (including the DfES-funded Centre for the Economics of Education), and the Leverhulme Future of Unions Programme, the Internet Economy project and our work on international financial stability.

As time proceeds, the links between our different strands of work become increasingly apparent. To give but one example, there is a clear link between unemployment and skill; between the demand for skill and skill-biased technical change; between technical change and the distribution of economic activity across the globe; and between global economic activity and international finance. In the rest of this section of the Executive Summary, we can only highlight a few of the findings of each programme.

Research Highlights

Our Labour Markets Programme, now the largest in the centre, has continued to investigate the performance of labour markets, with an emphasis on thinking about policies that would improve performance. It does this both by detailed empirical analysis of labour markets, which at CEP is becoming increasingly comparative with analyses of other European countries and the US, major advantage of the international make-up of our research staff, and by improving the theoretical under-pinnings of labour economics.

- The highlight of the year has been the publication of Manning’s book on Monopsony [231] by Princeton University Press. Ten years in the writing and based on a host of empirical evidence collected in the CEP, the book argues that conventional understanding of labour markets would be improved by acceptance that in the real world labour markets are far from perfect, since employers have significant monopsony power over their workers, who find it time-consuming and costly to change jobs. The book addresses the theoretical implications of monopsony for our understanding of wage distribution, unemployment, human capital and policy issues such as minimum wages, equal pay legislation etc. Other empirical work has continued on these issues also.

- Turning to labour market trends, [216,58,59,62] we have looked at how the decline of national pay bargaining and wages’ greater responsiveness to local labour market conditions have helped to prevent the rise in inflation normally associated with low unemployment;

- Despite the fact that headline figures of UK unemployment levels are at their lowest in 25 years, the number of households with no work at all and the number of older and less qualified men dropping out of employment entirely, have been rising for 20 years,

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1 Numbers in Square Brackets refer to publications in Annex B
with the number of workless households with children in the UK substantially greater than any other developed nation. [51,166]

- Freeman [14] has looked at the impact of the internet on labour markets, showing that, whilst wages in ICT occupations have increased, so has the number of hours worked, due to the blurring between work-time and home-time;

- Manning and Goos [162a] have found an increasing polarization of jobs between “McJobs” and higher skilled jobs. ‘Middle quality’ jobs have tended to disappear, largely because of skill-biased technical change.

- Nickell & Quintini [61] have shown how the fall in the pay of public sector workers compared to the private sector in the 80’s and 90s is paralleled by a fall in quality of the groups losing out. Men who entered teaching or public sector general administration in the early 1990s had a significantly lower test score percentile rank (by around 9 or 10 percentage points) than those who entered in the late 1970s. No such falls were recorded in groups where relative pay had not fallen. These findings suggest a difficult problem for public sector pay policies. If pay is increased relative to the private sector, this may attract better-quality workers into these areas but also rewards the ‘lower quality’ workers now in them.

- Turning to the role of institutions in labour market performance [134] research analyses the dramatic increase in employment of mothers with children under 1. Across Europe, effects are largest in countries with better maternity rights and childcare policies (e.g. Sweden, Belgium) (especially better educated and better paid women).

- Dickens, Manning and Metcalf [159,270,11] show how the implementation of the national minimum wage (NMW) has covered 4% rather than the originally intended 9% of the population due to an overestimate of the numbers of low waged in the UK. Nevertheless, in our own study of residential care homes, we show that the NMW has had a large pay effect on very low paid workers with relatively small job loss.

- narrowing the research focus to organizational level, we report on productivity, highlighting those HRM practices – including performance-related pay, the role of transformative CEO leadership, and top management teams – which have the most powerful effect on organizational performance. [69,75,76].

- Finally we report on how unions are responding or need to respond to the changed conditions of the new century if they are to remain a significant force in the workplace.

Our Education & Skills Programme (including the DfES funded Centre for the Economics of Education) has focused on intergenerational mobility and educational inequality; evaluation of government education initiatives; neighbourhood effects; supply and demand of skills; returns to academic and vocational qualifications; the determinants of teacher and school quality.

- The impact of family income on a child’s probability of staying on at school grew from 1974 to 1986 and then fell back in the 1990s, due to the switch from O level examinations to GCSEs in 1988. Nevertheless the effect of family income on
university participation remained strong, despite the improvement of age 16 attainment. [107]

- We have become involved in evaluations of government education initiatives: Excellence in Cities (EIC) aimed at extending learning opportunities in disadvantaged urban areas; Excellence Challenge (post-16 education); and Pupil Learning Credits. Results suggest a possible small impact of EIC on GCSE/GNVQ results and unauthorized absences. However, these findings are provisional, pending the completion of a more detailed pupil-level analysis of these issues. [197,284]

- Our research on neighbourhood effects has shown that there are hot spots of good and bad primary schooling that are not explained by underlying socioeconomic differences in the characteristics of local residents but which may be attributable to interschool competition and cooperation on performance, more isolated schools performing less well. [126, 127,128]

- Research on post-compulsory education has focused on ways of making post-compulsory education more effective both by understanding what the best forms of training are, what determines firms’ willingness to provide training and young people’s willingness to train. Our findings have been crucially influential in the redesign of the Modern Apprenticeship. [70,101,202,200]

- We find that the greater supply of apprenticeships in Europe is helped by the greater freedom enjoyed by continental employers in drawing up a programme of on-the-job training for apprentices - compared to the rigid requirements of the NVQ in the UK. In the UK compared to other EU countries, those taking up available apprenticeships tend to have better qualifications while fewer leavers with poor school achievement take up apprenticeships. Our research indicates that the latter benefit considerably both in terms of wage returns, and being brought up to intermediate level qualifications.

- Acquiring accredited qualifications later in life does not lead to a great payoff in terms of wages, but does help some individuals back into work. [125]

- Other work reported focuses on the labour market for teachers [13], and the influence of subject choice at degree level on later wage inequality between men and women [269].

Our Technology & Growth programme has looked at issues of growth and inequality; entrepreneurship and barriers to investment in SME start ups; at the impact of labour market institutions and policies on job flows in 15 OECD countries; at technological growth and employment, the impact of monetary policy and external monetary shocks on the real economy, the role of intellectual property rights in generating and protecting innovative knowledge products.

- Quah finds that concerns about potentially negative impacts of growth on inequality and poverty are, in light of the bulk of empirical evidence, misplaced. Growth raises national incomes overall, and is good for everyone, whether they are at the poor end of the income distribution, or representative individuals moving stochastically about within a country's income distribution. [293, 302]
• Intellectual property rights—patents, copyrights, trademarks—provide ambiguous contributions to innovation and economic growth and thus to productivity. These findings apply as much to hard science and R&D as they do to Internet distribution of music, video, and other digital entertainment. [309,295]

• Company start-up costs have a large negative impact on job creation. Countries that impose cumbersome administrative procedures on entrepreneurs aiming to start up their own companies (such as most of the Southern European countries) suffer from insufficient job creation and higher unemployment than more flexible countries such as the US, UK and Scandinavian countries. [316b, 227,300]

• Productivity growth is a big contributor to job creation. In contrast to some modern growth theory that emphasizes the job reallocation effects of faster growth, we find that periods of faster productivity growth are associated with long-term job creation that is matched by lower unemployment [307, 316a]

• Griffith, Redding and Simpson evaluate technological spillovers from foreign owned to UK plants. They find that increased foreign presence within an industry raises the speed at which knowledge is transferred from the technology frontier to other plants in the sector. [354a]

Our **GLOBALISATION PROGRAMME** has undertaken research in international and spatial economics and on international monetary issues, covering trade, growth and income distribution; trade and institutions; the European economy; regional and urban economics and international financial stability. In every project the theoretical and modeling work undertaken up till 2000 is being tested against the data, allowing us to develop the microfoundations of the impact of trade, of location and of knowledge on poverty and growth and to avoid the unfounded generalizations that are so often made about globalisation.

• The programme has previously demonstrated theoretically the positive impact of trade on poverty alleviation. Winters demonstrates this in empirical work on the impact of Vietnamese liberalization, where increases in production capacity of rice and coffee – exports of which boomed over the mid 1990s – are associated with improved probabilities of escaping from poverty, and of acquiring a job in the booming light manufacturing sector. [336b,364a]

• Redding and Venables analyse how a country’s divergent export response to external demand depends on its internal geography and institutional quality. [354]

• Chang and Winters establish that a terms of trade improvement – reduction in prices of imports from non-member countries – has been a major source of real income gain for Latin American countries in the MERCOSUR regional integration agreement. [336a].

• India’s liberalization, begun in 1991, has offered a laboratory to study the different impact of state’s regulatory policies on the response to opportunities for technology adoption, investment trade and growth. Lower levels of pro-labour regulation have a significant effect inhibiting productivity growth. [406]
• Turning to the European economy, Overman develops an empirical location model and finds that EU regional policies have been influential in attracting high tech activities to certain areas. But the policies do not necessarily make these locations better off than if market forces had been allowed to take their course, as the specialization is not necessarily in line with comparative advantage. [326]

• Other work on location develops the microfoundations of urban agglomeration economies. Duranton et.al, using French data, have established the importance of city size in fostering increased communication and learning between workers, leading to raised productivity and wages. [349,350,390] Work on regional policy is in progress.

• Our International Financial Stability Programme (jointly with Financial Markets Group, LSE), has continued to study the causes of financial crises and the optimal design of institutions to handle these. [405] A major conference examined the experience of countries that have adopted the dollar or another currency as their own. The main conclusions of the conference were that dollarisation reduces currency risk and possibly default risk but the extent of these gains depends a) on how irreversible dollarisation is perceived to be; b) on other economic policies being in place, for example a responsible fiscal policy; and c) on the commitment of the issuer to “bind in” the dollarising country into further monetary union. The majority of previous dollarisations has been in countries with tiny populations - size may therefore be an important determinant of success.

• Shin researches information in financial markets and shows how public information to the press and private sector can be a double-edged instrument – on the one hand desirable and necessary in the conduct of monetary policy but on the other undesirable since the information value of inflation as a signal of underlying imbalances in the economy is degraded. [401]

• Meade has shown that in the US regional economic variables such as local unemployment rates play a role in voting decisions of members of the Federal Reserve. When these results are used to model possible voting behaviour for the European Central Bank, Meade finds that ECB policy has been consistent with a model where Central Bank governors vote according to their nation’s inflation differential from the euro average. [338,351,352]

Progress with Objectives (Annex H) and New Ventures

We are on target with all of our objectives (except 2.1.c where we have only just been granted data access.) and have in fact added to them. However we have decided that our Technology and Growth programme needs to place more emphasis on productivity issues. Its objectives are being achieved but are not sufficiently focused on addressing UK and European productivity performance compared to that of the US; the causes of the great variability in productivity within narrowly defined sectors; the role of ICT in the productivity figures. Work on the Internet Economy has begun but has concentrated more on labour market issues and innovatory Internet usage by unions. Our Policy Committee has approved our proposal to launch a new programme to be headed by Prof John Van Reenen (UCL) into Innovation & Productivity which will allow an attack on these questions by a network of economists, and organizational psychologists at LSE, UCL, QMW and NBER and fully involving partners from the private sector (McKinseys are
already on board) who will be crucial for access to enterprises to be studied. A rich series of empirical studies based around a strong theoretical framework will be proposed.

We are also initiating work on Happiness. If the aim of social and economic policy is to increase welfare, it is essential to know what determines people’s happiness. Yet the extraordinary fact is that this has not been studied in a systematic way. Layard convened a major conference (whose members will continue to function as a standing working group) of neuroscientists, psychiatrists, psychologists and economists to determine the state of knowledge and how further interdisciplinary work could be planned. (Annex C) He delivered the Lionel Robbins Lectures in 2003 and will produce a book on the topic. The massive interest that has been shown in the area recently suggests to us that CEP should develop a programme on it: we believe the ESRC should seriously consider this as a new thematic priority for future funding.


- Our output of publications during the year continued to be impressive: we published 5 books, (another 5 forthcoming) 75 refereed journal papers and book chapters (with another 50 forthcoming); during the year we presented 110 conference papers, wrote 91 discussion papers, reports and non-journal articles and a further 94 pieces of new work in working paper or mimeo form.

- People continue to read us as well with an increase of downloads from our website of 42% on last year and with papers of our staff downloaded four times the average from Research Papers in Economics (REPEC) the largest web-based resource center for papers in Economics. Of the 843 journals and working paper series listed, the CEP Discussion Series came only 6% from the top in terms of downloads.

- The quality of our work was also recognised with Dickens receiving the Royal Economic Society Prize for 2000 for his Economic Journal article ‘The Evolution of Individual Male Wages in Great Britain: 1975-1995’; Mueller’s ‘Benefits of Control, Capital Structure and Company Growth’ was one of the finalists for the best paper award at the Spring meeting of Young Economists in Paris in April 2002; Layard and Cooper (eds) What the Future Holds, (MIT Press) a write-up of an interdisciplinary CEP conference held in 1999 was selected as one of the 20 best business books in the English Language by GetAbstract for 2002; Duranton was awarded a Leverhulme Trust Prize for work on location patterns in UK manufacturing; Pissarides was elected a Fellow of the British Academy;

- Last but not least, the Centre was awarded a Queen’s Anniversary Prize for Higher Education for being a “centre of national and international excellence in the application of economic theory and rigorous empirical analysis to issues of employment, productivity, education and international trade.” It pays tribute to the Centre's "significant impact on government policy in the UK and more widely." The award was made after competitive application and stringent review by several panels and users of our work and the impact we had made to knowledge and society. Our submission for the prize will be found at [http://cep.lse.ac.uk/queens.asp](http://cep.lse.ac.uk/queens.asp)

- There is danger in fixating on quantity of output and readership as a measure of performance. As a Centre we must beware of producing vast amounts of independent...
studies which remain on the library shelf and fail to add up to something bigger. This is why we take such trouble with dissemination and getting involved in informing policy. As we planned from the beginning we have ensured that we use the NBER method of conferencing our findings prior to publishing them in a book which pulls the work together in a cohesive way and can make a genuine contribution to knowledge.

- The Monopsony book has already been referred to.
- For Labour Markets we have also produced our State of Working Britain Volumes [5] (a new one to be published by Macmillan/Palgrave comes out in 2003) and our Premier League Economy,[22] (Chicago University Press out in 2003); drawing together an analysis of and lessons from the economic reforms of the 80’s and 90’s;
- For Nickell et al’s work on skills biased technical change a special journal issue of the Oxford Bulletin of Economics and Statistics was brought out[51,52,55,58];
- for our work on the future of unions there will be Metcalf et al’s planned series of books [232] (Routledge);
- for Education & Skills, Machin, Conlon and Vignoles’ planned book on the Economics of Education to be published by Princeton University Press will be produced following a conference in July 2003;
- Venables’ conference on the Spatial Economy, his advice to the House of Lords, the globalization debate at LSE, Pissarides’ conference with NBER on Unemployment and Growth and Coyle & Quah’s Getting the Measure of the New Economy[311] (The Work Foundation, 2002) all fulfil the same function for their programmes.

Output and Impact: Events (Annex C&D)

- We report on our large number of conferences, public lectures etc under Dissemination and in Annex C. Events are important not only to disseminate our research but to teach us about the existing state of knowledge, help us focus the research agenda and involve practitioners and other disciplines in this. This was the case with the Happiness conference (above), the conference on Crime and Faith-Based Communities, Dollarisation & Euroisation, and the conference on Intellectual Property. A new venture to broadcast our work to a larger audience was to hold a major debate on globalisation attended by 600 people and involving Martin Wolf of the Financial Times, Robert Wade, Adrian Wood (DfID Chief Economist) and the CEP’s Venables. This was a great success and we aim to hold another debate on Britain and the Euro in 2003.

- As well as our 12 conferences we also put on 8 public lectures.

Output and Impact: Policy Involvement

We want our ideas to be read, but we also want them to have impact on the real world:

- Eleven of our staff (Gregg, Layard, Nickell, Steedman, Metcalf, McIntosh, Venables, Dickens, Manning, Dolton, Machin) provided policy advice to the government on areas researched in depth by the Centre over the past 10 years, including policies to do
with the Minimum Wage, the New Deal, Working Family Tax Credits, the Modern Apprenticeship, national literacy and numeracy strategies, e-unionism, monetary policy, trade liberalisation and regional issues. New areas advised on this year were returns to higher and secondary education; regional inequality and urbanization.

- We have become more involved with evaluation projects (Machin leading projects on Excellence in Cities and Excellence Challenge) and Dolton and Machin have succeeded in obtaining funding for three projects from HMT’s Evidence-Based Policy Fund – one on the economics of crime; one on recruitment and retention of public sector workers; and one on intergenerational mobility. Participation in such evaluations is important not only for the validation of a particular policy, but also for the contribution we can make in refining evaluation methodology for future policy making. They are also valuable since we are able to obtain data, often highly disaggregated and unobtainable from any other source, unused by the government department collecting it, but of immense value to our research.

- A healthy development of the Centre is the increasing involvement of its younger staff in secondment to government departments and internships at IFI’s, (see Dissemination section) and through the further careers of its staff who go on to take positions in government IFI’s: see Staff below

**Resources: Funding and Fundraising**

- We attracted the largest amount of outside project funding ever, even beating last year’s record, financing £962k of our 2001/2 work with non-ESRC money, in addition to £1,142k of work financed by ESRC. Our funding achievement is largely due to the increases in government funding received as a result of projects raised on the back of the Centre for the Economics of Education core DfES funding. We would point out that whilst this funding allows a doubling in size of the Centre’s activity, none of it supports core activities or infrastructure and that without ESRC support we would not be able to take on such additional work.

- Our attempts at fundraising for future core money from business (for post 2005) – with the help of Adair Turner - have been put on hold until the business outlook becomes less uncertain. In the meantime we continue to foster good contacts with business through our events programme. We reiterate our concern that notwithstanding the business climate, our approaches so far have confirmed that businesses are not willing to fund core activity or research that does not directly affect their bottom line.

**Resources: Staffing (Annex A)**

- During the year we appointed 2 research officers and 2 research assistants, and were joined by 5 research associates: Prof. Stefan Collignon formerly Deputy Director General for Europe in the German Ministry of Finance, who will research on European monetary union and policymaking; Brian Henry, the Oxford macroeconomist; Giles Keating, (with CEP till April 03) the Chief Economist of Credit Suisse First Boston, who worked on price and product discrimination and its impact on output innovation; Andrew Bernard of Dartmouth College (USA) and Peter Schott of the
Yale School of Management who will be working with the globalisation programme on the impact of trade on firm performance

- Of the staff leaving, Munoz joined the IMF (the 5th CEP research assistant to do so in the past 2 years), Quintini joined the OECD and four took up lectureships and two research posts. We are delighted that 4 of them maintain close research links with us.

- 6 members of the Centre obtained their PhD during the year. (Annex F.)

Resources: Data

- Our Data Library’s resources and our expertise in handling them continue to grow. A major project over the past year led by Marsden with the help of the Centre’s Data Manager, has been the set-up of a secure remote system to access data from the European Structure of Earnings Survey held at Eurostat (in Luxembourg) for an EU TSER project under Marsden. This was necessary to enable researchers in a number of European institutions to access data that could only legally be held in Luxembourg. We succeeded in this by developing with a software engineer the security retrieval software which met with Eurostat’s approval and by a huge diplomatic effort negotiating with 7 European statistical offices and with Eurostat.

There is much talk of EU FP 6 developing a European Research Area but little recognition of the building blocks such as data sharing and secure technology for it. We feel that our project has been a contributing factor in Eurostat’s decision to provide public access to more of its micro datasets and there are signs that Eurostat wish to get us more involved in promoting further access.

Policy Committee
We would like to acknowledge the contribution of all the members of our policy committee, (Annex A) chaired by Adair Turner. The committee has continued to provide us with helpful advice and guidance throughout the year. It has read and approved this report and commends it to ESRC.

Layout of Report

In what follows we first discuss programme by programme (Labour Markets, Education and Skills, Technology and Growth, Globalisation, including International Financial Stability) a selection of the research carried out during the year with numbered references to publications in Annex B. Progress on research objectives is reported in Annex H. We then take a forward look for each programme in turn. We go on to discuss the dissemination of our work through events, media and policy contacts (p. 40 and Annexes C&D), and report on our finances (p.44 and Annex G). To help make our annual report readable, our performance indicators are included as Annex I.
LABOUR MARKETS RESEARCH

The labour markets programme continues to investigate the performance of labour markets with particular emphasis on thinking about policies that improve performance both by improving the theoretical under-pinnings of labour economics and detailed analysis of labour market trends. We have also become increasingly involved in evaluating current policies. We continue to widen our horizons from the UK to consider labour markets in other countries, both because there are lessons to be learned for the UK and because they often have distinctive problems of their own.

Trends in the Labour Market

Designing appropriate new policies requires early identification of important new trends and developments in the labour market. There are a number of areas where CEP researchers have been evaluating the way in which the labour market has been changing.

Has the UK Labour Market become more flexible?

In the 1990s, the UK has seen a fall in unemployment rates to the lowest levels for 25 years. For many years, commentators were concerned that the tightening of labour markets was going to lead to large wage demands, fuelling inflation and causing the government and/or Bank of England to intervene to dampen down demand. Why this has not happened is a very important question for understanding the sustainability of the relatively low levels of current UK unemployment.

Work by Faggio and Nickell [216,58,59,62] suggests that one reason is that wages have become more sensitive to local labour market conditions since the mid 1980s. They find this has happened within industrial sectors and is not due to sectoral shifts in favour of more flexible sectors. A significant part of this move towards greater responsiveness has been due to the decline in national pay bargaining over the relevant period. This finding has important implications for the workings of the aggregate economy. First, the real fluctuations generated by both demand and supply shocks are smaller and second, the economy can operate at a higher level of activity relative to potential without adverse inflationary consequences (i.e. the NAIRU is lower).

Worklessness

Although the headline figure on the UK unemployment rate measured across individuals looks good by recent historical standards, figures on unemployment measured across households look much less good. There has been a growing polarization of work with a growing number of households with all adults in work and a growing number of workless households with no-one in work. Gregg and Wadsworth [131,165,166] have continued their work on this growing disparity between the individual and household based measures of
joblessness by expanding their analysis of the UK to consider other countries including Spain, Australia, Germany and the US. In all countries they find that the disparity has increased over time and that the rise can be explained by within rather than between household group factors. This suggests that inter-relationships between each country’s labour market performance and their welfare systems underlie these developments and that welfare policy needs to be re-thought to focus more on household-based measures of joblessness and less on individuals.

The Impact of the Internet

Some people think the internet is going to revolutionize the labour market because it will radically change the types of jobs that people do and the way in which information about jobs is provided and sought after. Others think that it will have only a marginal effect. Several strands of CEP research in the past year have been related to this question.

Freeman [121,161,14] has continued his research into the ways in which the extension of information and communication technologies to economic activity has affected the labour market. With Donaldson he has shown that computerization and especially the use of the Internet are associated with greater hours worked as well as higher wages. Even after the dot.com collapse, ICT occupations are increasing their share of employment and job search and recruitment activities have moved rapidly to the Web. The increased hours associated with computerization and the Internet suggests an increasing blurring of time between work and home time, as modern computer and mobile technologies keep people linked to their jobs. At the same time, firms are concerned about increasing use of the Internet at workplaces for personal reasons. Most UK firms accept that workers will access the Internet from fast office links for personal business for a few minutes a day but are developing technologies to monitor this. Freeman has now obtained funding to take these studies further.

Schmitt and Wadsworth [144] explore the implication of the so-called "digital divide" in household ownership of personal computers (PC) in the United States. While there are strong similarities in the patterns of PC ownership in the UK and the United States with the most educated and the better-off most likely to have home computer access, there is little existing research on the consequences of this. Schmitt and Wadsworth explore the link between home PC ownership and children's educational attainment finding that there is only a robust relationship between the two for children at higher levels of attainment. This suggests that able children in poor households may be put at a disadvantage because of their lack of access to a home PC.

Polarization of Jobs

In recent years a consensus has been established among labour economists that the labour market is characterized by skill-biased technical change, that there is a continual shift in demand in favour of high-skill jobs. But, popular commentators often talk and write about the growth of ‘McJobs’, poorly paid and with little prospect of advancement.

Goos and Manning [144a] have tried to reconcile these two views by looking at whether it is good or bad jobs that have increased in number over the past 25 years in the UK. They conclude that there is growth in both the number of good jobs and bad jobs with the number of ‘middle’ jobs disappearing. They suggest that this is largely the result of skill-biased
technical change in part of the economy together with low productivity growth in other low-paying sectors (retail, leisure and personal services) that absorb an increasing proportion of employment. They suggest that this polarization in jobs can explain an important part of the rise in wage inequality and why one observes a rising return to education with an increasing level of over-qualification.

Product Market Competition and Inequality

Work by Guadalupe has examined the link between competition in the product market and growing wage inequality in the labour market. She suggests that more intense product market competition results in a more ‘winner-takes-all’ outcome and this translates into a higher relative demand for the more able workers as it becomes more important for firms to make sure they have the best workers. This then fuels the rise in wage inequality. She provides evidence from the UK using data from the New Earnings Survey over the last 20 years that this is an important factor in the rise in UK wage inequality.

Public Policy and the Labour Market

CEP researchers have been very active in the past year in evaluating numerous aspects of public policy.

Public Sector Pay

There is an active current debate in the UK about the appropriate level of public sector pay. For much of the 1980s and the 1990s, the government restricted the pay increases of most (but not all) public-sector workers to levels below those that workers in the private sector were receiving resulting in a dramatic decline in the relative pay of most public sector employees. Particular losers include the bulk of manual workers, nurses, teachers and general administrators (e.g. civil servants, local government officers).

Nickell and Quintini [61] have investigated whether these changes led to a fall in quality in the groups that have lost out. Using age 10 or 11 test score percentile positions as an indicator, we find that men who entered teaching or public sector general administration in the early 1990s had a significantly lower test score percentile rank (around 9 or 10 percentage points) than those who entered in the late 1970s. No such falls were exhibited among those men who entered the police and related groups over the same period, where relative pay had not fallen. However, for women, there were no significant changes in the test score percentile rank over the same period for any of the public sector groups investigated (general administrator, teachers or nurses), despite the large falls in their relative pay.

These findings suggest a difficult problem for public sector pay policies. If pay is increased relative to the private sector this may attract better-quality workers into these areas but also rewards the ‘lower quality’ workers now in them. It seems likely that ‘performance-related pay’ in these sectors is less about motivating effort among all workers and more about rewarding high quality workers.

Institutions and Economic Performance
One of the key questions concerning the relationship between labour market institutions and secular changes in unemployment rates is whether we can explain the latter simply by institutional changes or whether secular shifts in unemployment are best understood as a consequence of macroeconomic shocks interacting with the structure of institutions. Nickell, Nunziata and Ochel [228] have investigated these questions. They find that changes in labour market institutions explain around 55 percent of the rise in European unemployment from the 1960s to the first half of the 1990s, much of the remainder being due to the deep recession ruling in the latter period. And, interactions between average values of these institutions and macroeconomic shocks make no significant additional contribution to our understanding of OECD unemployment changes.

Maternity Rights

Recent years have seen a marked extension in the employment rights of women who have children and take time off work to care for them. But are these rights simply an extra burden for employers or necessary to retain the job skills of mothers?

Gregg, Gutierrez-Domenech and Waldfogel [225,134,168,170,225] have considered the role of maternity rights legislation, child care costs and rising female wages in explaining the rise in female employment in the UK, a rise that has been concentrated among mothers with young children. The employment of mothers with children aged under 1 has risen by an amazing 40 percentage points in the past 30 years. Their results suggest that maternity rights have had a profound effect on employment but this has operated interactively with mothers’ wages. It suggests that maternity rights have induced a change in behaviour among many mothers who would have otherwise gone back to work when their children were age 3 to 5. But this effect has been most marked among better-educated and paid mothers and as real wages have risen.

There are also marked differences in the employment behaviour of mothers in different countries. Gutierrez-Domenech has investigated the return to work after childbirth in Belgium, West-Germany, Italy, Spain and Sweden, countries that exhibit substantial differences in maternity and child-care policies. In Germany and Spain there are very marked falls in employment rates after childbirth while in Belgium and Sweden these are much smaller. The availability of subsidized childcare through public provision (as in Sweden) or through tax relief (as in Belgium) seems to be the most important factor in accounting for these differences.

UK Housing Benefit

Although the UK welfare system has seen substantial change in the past 25 years, there is one part that has been left more or less unaltered: housing benefit. This is not because it is unimportant: a very high proportion of the welfare income of the unemployed is housing benefit and this is rising through time as other welfare benefits are indexed to prices in general while housing benefit is linked to rents (which have risen at a faster rate than prices). Successive governments have been scared to make a radical overhaul of the system because of fears that any cuts in benefits would result in the bad publicity of the eviction of families. But, whether this is a likely outcome depends on the incidence of housing benefit: it may be
that high levels of housing benefit simply result in a rise in the level of rents, benefiting landlords and not tenants. Economic theory would lead one to expect that this outcome is quite likely as housing is, in the short-run at least, in relatively inelastic supply.

Gibbons and Manning [179a] have investigated the impact of changes to the rules surrounding the maximum payable levels of housing benefit in 1996 and 1997 on rents and benefits received. They exploit the fact that only new claims were subjected to the new rules. They find that these rules did have a negative effect on the benefits received by HB claimants but that there was little effect on rents suggesting that the main incidence tenants do benefit from Housing Benefit.

**Immigration**

The 1990s have seen a marked increase in immigration into the European countries including Britain after a period in which immigrant flows were relatively low. There is now an active debate about how many immigrants should be allowed, the types of immigration that should be encouraged and the consequences for both sending and receiving countries. Wadsworth [36,204] has conducted research for the Home Office into the labour market effects of immigration. The main findings are that about one third of all working age immigrants have arrived over the last 10 years and that the composition of new arrivals has changed considerably, with many of the recent arrivals coming from Europe. They are also more likely to be either graduates or have no qualifications than the British-born population.

Much of this immigration has been from Eastern European countries and there are concerns that it may be causing a brain drain with the most able leaving, hindering the reconstruction process. De Coulon [157,280] has investigated this question for Albanian migrants who subsequently return to Albania. He finds that those who emigrated are less educated than those who stayed suggesting that, for Albania at least, there may not be much of a brain drain.

**Minimum Wages**

Dickens and Manning [159,270,11,118,182] have continued their work into the impact of the National Minimum Wage that was introduced in the UK in April 1999. Their work has shown that fewer workers were affected by the introduction of the NMW than was originally the intention of the Low Pay Commission and the government. This is a result of deficiencies in the main UK measure of hourly wages that led to a gross over-estimate of the numbers of workers on very low wages. In contrast to the 9% of workers who were originally thought to be affected, the true number is closer to 5% and could be as low as 3.5%. They also find that there have been very limited spill-over effects of the NMW further up the pay distribution and conclude that the up-rating in the minimum wage in October 2001 just about restored the minimum wage to the real value it had at introduction but did nothing to increase its impact.

But, the bottom line remains that the NMW has done little to reverse the rise in wage inequality we have seen in Britain in the past 25 years and there needs to be a marked rise in the NMW if it is to have anything more than a cosmetic effect.
Our case study work on care homes [139] has also continued to look at the effects of the minimum wage and shows that as much as 30 percent of workers’ wages in the sector were raised to the level of the minimum wage when it was introduced in April 1999. This resulted in there being a large spike in the wage distribution at precisely the minimum wage. There is also some evidence of job loss, but the effects are moderate given the scale of the wage effects. This has proven to be important work in discussions about the effectiveness of the minimum wage as it shows that even here, where one might expect to see big employment losses, the reality was much more modest effects on employment.

The second strand of care home work [138] undertakes a detailed re-examination of the structure of wages for care assistants in residential homes. This is of interest since the sector corresponds closely to economists’ notion of what should be a competitive labour market. They find that the structure of wages does not, in important respects, resemble a competitive labour market. There is a small amount of wage dispersion within firms and a correspondingly large amount between firms. The wage dispersion that is present does not seem to be closely related to the productivity related characteristics of workers. This is rather hard to reconcile in terms of the usual competitive model where people should be paid according to their productivity related characteristics.

**Child Labour Laws**

In the OECD economies, child labour is banned and many want this ban extended to developing countries arguing that it robs children of their childhood and makes them less likely to get educated. On the other hand, there are those who argue that a ban on child labour will only succeed in making poor people even poorer. Manacorda has been looking at this issue.

He [177,178] investigates why girls work more (mostly in household chores) than boys in India and tend to go less to school. He argues that this is not only the result of discrimination against girls but also the consequence of the lack of labour market opportunities for girls that limits their potential earnings and reduces their returns to education making it not worthwhile for their parents to send them to school. Contrary to a widespread view that child labour should be banned *tout court*, this research possibly suggests that improving labour market opportunities of older girls might be beneficial to them and actually increase the incentives for parents to send young girls to school.

**Foreign Direct Investment and Labour Market Performance**

It is often argued that countries with more flexible labour markets are better placed in attracting inward investment from multinational firms (MNEs). Faggio [214,215] has examined this hypothesis using evidence on MNE investment in Eastern Europe, and finds support for this argument.

In other work, Faggio has also investigated the relationship between FDI, wages and productivity. In contrast to previous studies, an instrumental variable estimation technique is used to identify a proper cause-effect relationship between foreign activity and wages. Results indicate that higher levels of foreign activity have a positive impact on average wages as well as wages offered by domestic firms in Poland and Bulgaria. In Romania, the effect is limited to foreign-owned firms only. Consequently, it seems that FDI is of benefit to workers and should be encouraged.
How Labour Markets Work

A lot of CEP research has been devoted to thinking about the right framework in which to view the labour market with the belief that this is a pre-requisite for a good analysis of labour market performance. This strand of work has continued in the past year.

Monopsony

Manning [231,38,227a] has finally completed his book on monopsony in labour markets, which argues that our understanding of labour markets would be much improved if there was an explicit recognition of the fact that employers have some market power over their workers instead of assuming there is perfect competition. It analyzes labour markets from the real-world perspective that employers have significant market (or monopsony) power over their workers. Arguing that this power derives from frictions in the labour market that make it time-consuming and costly for workers to change jobs, the book addresses the theoretical issues and presents a wealth of empirical evidence offering new insights on the distribution of wages, unemployment, and human capital. Also considered are policy issues including the minimum wage, equal pay legislation, and caps on working hours. In a monopsonistic labour market, concludes Manning, the "free" market can no longer be sustained as an ideal and labour economists need to be more open-minded in their evaluation of labour market policies.

Management Practices and Economic Outcomes

It is not just public policy affecting national economic performance that is important. How organizations are managed and run has a powerful effect on firm performance and, hence, the level of productivity and it is important that ‘good practice’ is identified.

HRM and Organizational Performance

Previous work by West et al [77,102] revealed strong associations between HR practices and patient mortality generally. The extent and sophistication of appraisal in the hospitals was particularly strongly related, but there were links too with the sophistication of training for staff, and also with the percentages of staff working in teams. However, they were unable to determine the likely direction of any association. This year they have collected new data measuring patient mortality for the three years prior to the time they gathered HRM data and for the two years subsequently. The data confirm the link between hospital employee management practices and patient mortality and clearly show the direction is from HRM practices to mortality rather than vice versa. Moreover, they have shown that if the HR director is a member of the hospital board the associations are stronger.

West also examined three differing approaches to call centre effectiveness, contrasting performance based management, team knowledge management and human relations employee management. The research shows employee commitment and reflexivity have a strong and significantly negative effect on customer satisfaction where there is little frontline autonomy and a strong positive effect where frontline job designs facilitate direct participation and autonomous decision-making. [68,69]

Top Management Teams and Organizational Performance

West and colleagues [75,76] investigated the influence of CEO transformational leadership style on organisational learning in entrepreneurial software firms and found that CEO
transformational leadership was necessary if top teams were to be motivated to use their latent ability to combine and exchange knowledge. The understanding of teamworking at the top has led to the development of a practitioner book on developing team-based organizations [233].

*The incentive effects of pay inequality structures within firms*

In recent years there has been a large increase in the use of performance-related pay, ostensibly to increase incentives among workers. Belfield and Marsden [106, 254] have addressed the question of whether high levels of internal inequality within an organization are sufficient to give incentive for high individual performance, or whether their incentive effects vary according to the institutional and market contexts in which a firm operates. The results suggest that these contexts are indeed important in determining the economic performance effects of inequality in pay structures. Using UK data they found that the positive impact of performance-related pay systems on a firm’s economic results was at its strongest where the firm was also able to monitor individual performance cheaply and accurately. Further, the ability to monitor performance according to these criteria was itself determined by the underlying institutional and market context of the firm. Thus, in a clothing production facility output per worker is more easily monitored than that in a management consultancy. Two conclusions follow: first, performance-related pay should not be seen as a universally effective tool for raising organizational performance; instead employers ought to adapt their pay systems to their particular circumstances. Second, the individual incentive effects of pay inequality vary according to context.

*Future of Unions in Modern Britain*

In spite of the fact that unions have been declining in recent years, they still play a vital role in many organizations and this part of the CEP Labour Markets Programme funded by the Leverhulme Trust considers their future and the developments that are taking place or need to take place if they are to continue as a force in the UK labour market.

*Factors Affecting Unionization & Effectiveness*

Surveys undertaken by Freeman and Schedlitzki [196] and another by Charlwood,[237,39] find that British workers have a generally positive attitude toward trade unions (40%-50% of non-union employees say they would join one). Those interviewed see the need for collective action on various workplace problems but are nevertheless uncertain that unions can deliver on their needs. Freeman finds that for many works councils with some union role are the preferred form of workplace representation and participation.

Bewley and Fernie [235,148] have looked at the question of what unions offer women workers. Their main conclusion is that employers are more likely to have a range of equal opportunities policies where the most senior union representative is female rather than male, controlling for a range of workplace characteristics.

Charlwood [154] argues that researchers previously concentrating on new company start-ups without unions as a cause of overall union decline in the 1990’s have failed to register the importance of the collapse of collective bargaining in the private sector. Based on the 70% of British employees working in enterprises with 25 or more employees, he finds that one in three private sector workplaces that had bargained with a union in 1990 and was still in
existence in 1998 had ceased collective bargaining activity by 1998. This fact had previously been unappreciated since researchers looked at union recognition rather than union bargaining coverage in workplaces that already have recognition.

Machin and Wood [247] look at whether the rise of HRM practices is synonymous with falling unionization. Using data from the Workplace Industrial/Employee Relations series they present a number of tests looking for HRM substitution and report it hard to find any evidence at all. In fact, in many cases increased uptake of new HR practices seems at least as fast in unionised workplaces as in their non-union counterparts. As such HRM substitution does not seem to an important source of trade union decline.

Freeman [45,85,158,274] has also investigated the extent to which trade unions have increasingly come to rely on the Internet and related technologies to further their reach to workers. He has examined the responses of American unions to the Internet using five hypotheses: 1) the customized service hypothesis that unions will individualize services; 2) the cyber-organizing hypothesis that the Web will make it easier to organize and produce virtual minority unions in workplaces where unions are not recognized; 3) the cyber-democracy hypothesis that the Web will enhance union democracy; 4) the cyber-dispute hypothesis that the Web will become an important place for industrial disputes; and 5) the new internationalism hypothesis that the Web will strengthen the international labour community. He has used the analysis [47] to propose a new form of unionism – open source unionism – that several unions around the world have now begun experimenting with and may increasingly represent the future of trade unionism.

Unions and Young People

One of the defining characteristics of the decline in union membership is that each successive generation to enter the labour market is less unionized. This makes understanding the reasons why young people become union members particularly important. Blanden and Machin [149,172,173,174] look at the association between the union status of parents and children using longitudinal data from the British Household Panel Survey. It shows that young people with unionized fathers are twice as likely to be union members as those with non-union fathers. This cannot be explained by similarities in characteristics that predict union membership such as occupation and industry. The importance of father’s union status emphasizes the role of information and socialization and draws attention to the fact that declines in unionization now are likely to be propagated into future generations.

Nevertheless Diamond and Freeman [239,281] are more upbeat. Using the BWRPS and other surveys, they reject the view that young workers do not join unions because they see them as dinosaur institutions suitable to their parents but not to them. They find that differences in attitudes toward unions by age are modest but find greater response to programmes that help young workers as workers rather than as youths. A strong union initiative based on the UK’s acceptance of the EU works councils directive could help unions resuscitate their impact in the job market and attract more young workers.
EDUCATION & SKILLS

The research in this programme, covering work done by the CEP and the DfES-funded Centre for Economics of Education, has continued to tackle a broad range of questions to do with skills and education. These are grouped around the following areas:

- Intergenerational mobility and educational inequality
- Evaluation of government education initiatives
- House prices, neighbourhoods and school quality
- New skills
- Returns to academic and vocational qualifications
- Teachers

We report on these in turn.

Intergenerational Mobility and Educational Inequality

The concept of equality of opportunity is championed by people of all political persuasions and a large (and growing) body of our research focuses on how aspects of inequality link to education and persist across generations. A notable feature of the research has considered changes over time in such links. There is little agreement as to what constitutes an acceptable level of mobility but our research is important in that it establishes that whatever level of mobility had existed for children born in 1958 had decreased for those children born in the 1970s.

Blanden, Gregg and Machin and Machin and Vignoles [207,107,108,80] consider in more detail the role of education in the decline of intergenerational mobility reported last year on the basis of analysis of the British Cohort Studies, where economic status of the 1970 birth cohort was more closely tied to parental economic status than the 1958 cohort. They report that the link between education and parental income has strengthened over time, as the rapid expansion of the higher education system has disproportionately benefited children from richer families. The unequal increase in educational attainment is thus one factor that has acted to reinforce more strongly the link between earnings and income of children and their parents.

Galindo-Rueda and Vignoles [264,282] explicitly address links between meritocracy and these patterns of change. In a meritocratic society an individual's economic success is determined by their ability, not by their parents' socio-economic status. Their analysis thus focuses on whether meritocracy has increased in both the British education system and labour market. They again use cohort data to look at the complex inter-relationship between social class, ability, education and labour market outcomes and find that in Britain the production of human capital (cognitive ability and education) has become less meritocratic and more influenced by social background. Whilst cognitive ability is an important determinant of labour market success, there is only mild support for an increase in its importance.

Chevalier [279] by using changes in compulsory school leaving age, is able to compare parents with similar ability, but different level of schooling and finds that the length of parental education rather than educational achievement has a positive impact on their attitudes
and success in encouraging their own children to stay on beyond compulsory school leaving age.

*Evaluation of Government Education Initiatives*

An area of rapidly growing importance in our research agenda is the evaluation of education policy initiatives. Firstly, Excellence in Cities’ (EiC), a major policy initiative launched by the UK government in 1999 aimed at extending learning opportunities and tackling barriers to learning in disadvantaged urban areas of England. Resources have been mainly targeted at secondary schools, but are now also targeting primary schools and include measures to encourage post-compulsory education. We are also involved in the evaluation of Excellence Challenge (aimed at post-16 education) and Pupil Learning Credits (a separate initiative that is being piloted within some EiC areas).

A preliminary analysis [197,284] using a treatment and control group of schools from 1996-2001 - in which we investigate the potential effect of EiC policy on average GCSE/GNVQ performance indicators and pupil absences - suggests that EiC may have had a moderately positive impact on exam attainment and reduced unauthorised absences. To determine the strength of the effect this is being followed up using pupil-level data at Key Stage 3 & 4.

*House Prices, Neighbourhoods and Schools*

Gibbons [126,127,128,260] has carried out further work on neighbourhood issues in primary schooling. This work showed that there are “hot-spots” of good and bad primary schooling that are not explained by underlying socioeconomic differences in the characteristics of local residents. This clustering of performance may be attributable to social interactions between pupils in neighbouring schools, or due to institutional interactions between schools themselves. This research is relevant to the evaluation of current DfES policy that hopes to exploit inter-school spillovers in the diffusion of educational technologies (e.g. Beacon schools). It relates also to CEE research by Machin on the impacts of inter-school competition and cooperation on performance. Other neighbourhood effects studied by Gibbons this year are those of crime rates on property prices. [218] A one-standard deviation increase in the incidence of criminal damage in the London area pushes down property prices by around 1%.

*New Skills*

Our programme seeks to understand the economic and institutional factors driving both the supply and demand of skills, and to understand the factors inhibiting or encouraging take-up of post-compulsory education training. Steedman[70,101,202] in her Skills for All work programme researches the conditions for an effective system of vocational education, and has been looking how publicly-funded, work-based vocational education is organized in the UK and how that organization might be improved. Here, Gospel and Foreman [220,283] have carried out research into the effectiveness of employer group training organizations in providing work-based vocational education and training for young people. The paper finds that there is a greater variety of employer-sponsored group training activity than was previously thought, that such training can offer high quality provision, responsive to market needs but that it is highly vulnerable to a variety of factors, for example, cyclical factors, company restructuring and changes in government funding regimes. Secondly she looks at how work-based vocational education in IT services, a key area of economic activity, is organized in other countries and how this compares to the UK. Comparing employer involvement in teaching and learning in apprenticeship in other countries to the UK she finds
that the greater freedom enjoyed by continental employers in drawing up a programme of on-the-job training for apprentices compared to the rigid requirements of the NVQ in the UK, accounts for a greater willingness of SME’s there to be involved in apprenticeship and for the far greater provision of apprenticeship places.

Finally her project seeks to answer how the government is to face the challenge of fulfilling its stated objective of putting in place a high-quality full-time vocational route for young people aged 14-19.[203] Even if it were successful in providing the training, the individual motivation to take it up is another problem which she and McIntosh have addressed. in their NEWSKILLS research [McIntosh and Steedman, 2002] which shows how the decision to continue in education beyond the compulsory period is strongly influenced in the UK by prior success and achievement in the education system. Here again the UK system differs to that in German-speaking countries where their analysis of training data reveals individuals with only low level academic qualifications benefit from receiving vocational training since SME’s offer vocational training for far larger numbers via the apprenticeship system. The low skilled in the UK are less willing to undertake training and this is unfortunate given McIntosh’s assessment (below) of the individual returns to vocational education for this group.

**Returns to Educational Qualifications**

McIntosh (2002a) has further investigated the returns to academic and vocational qualifications. Using Labour Force Survey data for the period 1993-2001, his results reveal that the returns to all qualifications have been remarkably stable over this period. Together with the expanding numbers of individuals obtaining qualifications, and at higher levels, this result suggests a demand for skilled labour that is continuing to rise. His most interesting finding is that returns to individuals who do not obtain any qualifications at school, but who obtain vocational qualifications at levels 2 and 3 are very high. This is a key finding, and shows the worth of such qualifications to individuals who have not performed well in academic subjects at school and informs Steedman’s advice to the Skills Task Force on the adoption of the Modern Apprenticeship.

Related to this area, Galindo-Rueda, Jenkins, Vignoles and Wolf provide evidence on the type of lifelong learning leading to obtaining formal qualifications between the ages of 33 and 42 for the NCDS cohort of 1958. They find there are no significant wage effects of obtaining a qualification, but there are strong employment effects in the form of increasing the probability of transition from non-employment to employment for both men and women.

Gender differences in education, and their wage returns, have been the focus of some research. Machin and Puhani (2003) show that for both the United Kingdom and Germany, subject of degree explains an important part of the higher wages of male over female graduates entered into wage equations (at around 24 to 30 percent of the explained component). Chevalier [212,81] also finds that a large fraction of the gender gap can be explained by subject choice, job characteristics, motivation and expectation variables.

Research of the programme also aims to build better models through which to evaluate policies. Chevalier, Harmon and Walker [211] have tried to differentiate between models that predict returns to education. The human capital model states that education increases human capital, which is later rewarded in the labour market. The signaling model states that education only signals the individual’s ability without increasing it. Using change in minimum school leaving age, they find evidence supporting the human capital model since
after the increase in the minimum school leaving age individuals with no qualification still have higher earnings.

**Teachers**

Chevalier, Dolton and McIntosh [113,192,191] have examined the labour market for teachers in the UK in some detail. They find no evidence that paying teachers performance bonuses leads to better exam results or attracts and retain more staff to the profession. As Belfield & Marsden [180] in the Labour Markets Programme, they find that performance related pay cannot be applied to all employment contexts equally effectively. It is difficult to determine the impact of any one teacher on a pupil's progress given the external help pupils may receive, effects of team teaching and the high expense involved in monitoring. PRP works against the team teaching of subjects and cooperation that exists at present. Other countries, including the USA, have paid teachers performance bonuses but the study suggests they provide little convincing evidence for or against performance-related pay.

Nickell and Quintini research on decline in the test scores of teachers in the early 90’s is reported under Labour Markets research.
TECHNOLOGY AND GROWTH

Macroeconomics and Labour Market Flexibility

Although we continued our work on labour market flows, our focus on the question of labour market flexibility has shifted to the study of the role of barriers to entrepreneurship and to the links between technology and employment.

Labour Market Flexibility 1: Policy and Flows

In the work that we summarised in last year’s report the influence of policy on job turnover was derived mainly from simulated models, or from data for the United States. Although it was not our intention to follow up our studies by collecting relevant data, we were offered the opportunity to cooperate with economists from the European Central Bank on the collection of data for a number of European countries (including all the major economies) using a unique primary data source, the Amadeus data set on business enterprises. Vallanti [307] examines the characteristics of job flows in the 1990s for a sample of 15 European countries and the potential impact of labour market institutions and policies on firms’ job turnover rates. Evidence was found of a strong correlation between employment protection legislation (EPL) and job turnover in the economy. As in previous work no association was found between aggregate unemployment and EPL but if job turnover is one of the factors that influence the dynamism of an economy, countries with more strict firing restrictions are more likely to suffer during periods of rapid change.

Our survey of the aggregate matching function, which we discussed last year and which has since attracted attention from economists elsewhere, has also led us to original empirical research on the efficiency of matching in large and small labour markets. Making use of a micro data set, Petrongolo and Pissarides [317,291] investigate whether the size of the county influences the speed at which jobs are formed and the quality of the matches, given the number of vacant jobs and unemployed workers interacting at the county level. Differentiation between these two alternative ways in which local labour market size can influence job search outcomes can be done with knowledge of the wage aspirations of the unemployed workers. The data set that we have enables us to do this. We find that the size of the local labour market does not influence the speed at which workers find jobs, but the type of jobs that they find in larger markets are better suited to their skills. The effect is important for London, although it does not appear to be present when other markets of different sizes are compared (for example, there does not appear to be a difference between the options offered by a market the size of Manchester and one the size of Southampton). The likely reason is that in a large market of the size of London there are agglomeration effects which make more choices available to workers. Special, idiosyncratic talents can be better utilised with productivity benefits for the median worker.

Labour market flexibility 2: Entrepreneurship and barriers to investment

Our theoretical work on the role of entrepreneurship has shown that administrative barriers to the establishment of new firms can lead to equilibrium situations with higher unemployment [227,300,316b]. Making use of data compiled by the OECD quantifying the administrative restrictions to the establishment and management of small firms, shows that countries that impose more restrictions are likely to suffer higher levels of unemployment. The employment cost of these restrictions is higher when economic conditions require more reallocation of
labour and jobs. The employment shift from manufacturing and agriculture to services in most OECD countries is the key here, as services require the establishment of new firms which are on average smaller than manufacturing firms and which often depend on the entrepreneurial initiative of individuals. Lopez-Garcia shows that barriers to entrepreneurship should be used alongside other labour market institutions to give a more complete explanation of the reasons why some countries have coped better than others with the economic shocks of the last 30 years. Start-up costs in particular, appear to be important reasons behind the failures of some countries, such as Spain and Germany, to perform as well as the Anglo-Saxon countries in recent years.

Taking a longer-term perspective Ngai [305] studied the role of barriers to capital accumulation and the adoption of new technology in the explanation of cross-countries income disparities. Her work shows that the existence of barriers in some countries can both reduce average income levels and delay the beginning of modern economic growth. Making use of calibrations, she shows that barriers can account for the large income disparities across countries along the transitional from stagnation to growth.

**Technological Growth and employment**

Following on from our work on “jobless growth” last year, we developed a more complete framework for the analysis of the relation between the adoption of new technologies and employment creation. In theoretical work, we simplified previous work by arguing that the extent to which new technology influences employment depends on the fraction of innovations that are taken on by existing jobs. If existing jobs can benefit from the vast majority of new innovations, productivity can grow on the job with beneficial effects for employment. In order to investigate this issue more formally, Pissarides and Vallanti [307] estimate a system of three equations, one for employment, one for wages and one for capital accumulation, for the countries of the European Union, the United States and Japan. The exogenous variables are total factor productivity growth, the real interest rate and various institutional variables. The research concluded that, perhaps surprisingly, virtually all new innovations can enhance the productivity of existing jobs, leading to the conclusion that faster total factor productivity growth is beneficial for employment. Making use of simulations with the calculated TFP series and our estimates of its effects on employment and the other variables, we conclude that the changes in the trend of unemployment in the United States can be explained virtually entirely by productivity growth. The slowdown after 1973 explains the rise in unemployment up to the mid 1980s and the acceleration of productivity growth in the late 1980s and 1990s explains its subsequent fall. In Europe productivity growth explains a similar pattern but cannot explain the magnitude of fluctuations. So although productivity growth is as important in Europe as in the United States, the far bigger changes that have taken place in European unemployment require other explanations.

Quah has worked on two main themes. One is spatial dynamics, where work includes both theory [294] and an empirical application to China and India [302]. He finds that, in the joint population of the two countries, changes in inequality are driven primarily by differences in national performance, rather than by changing within-country factors [315]. The second is study of technical change, particularly in the context of the ‘weightless economy’. Work has been theoretical, [295,308,309], including work on intellectual property protection systems which re-examines the tradeoff between static inefficiency and dynamic gains. He finds that intellectual property rights - patents, copyrights, trademarks - provide no special, unambiguously positive contribution to innovation and economic growth and thus to productivity. These findings apply as much to hard science and R&D as they do to Internet
distribution of music, video, and other digital entertainment. Quah's research on the effects of new technologies [311] argues that policy makers have placed too much weight on the potential effects of new technology on productivity, where its largest impact may be directly on consumers.

**Monetary inertia**

Monetary policy and external monetary shocks are known to have prolonged effects on the real economy. Two projects undertaken by our programme shed light on the interaction between monetary inertia and real economic performance. In the first, Evi Pappa and Katharine Neiss [364] study the propagation of monetary shocks in a sticky price model, modified to incorporate factor hoarding in the form of variable capital utilisation and labour effort. In contrast to previous studies, we find that persistent real effects can be generated with a relatively low degree of nominal rigidity. Factor hoarding enriches the propagation mechanism of monetary shocks by increasing the sensitivity of output to changes in demand. Labour hoarding is crucial to generate persistence, while variable capital utilisation helps to provide realistic investment volatility without having to resort to capital adjustment costs. This approach can also generate simultaneously persistent liquidity and real output effects in response to monetary disturbances, which is a problem for models without hoarding, although such simultaneity is in the data.

Pissarides [316a,307] examined the reasons for the unexpectedly good inflation and unemployment performance of the British economy in the 1990s. Whereas in previous cycles the kind of fall in unemployment that has been experienced since 1993 would have generated inflation, in the 1990s it did not. He finds that the most likely cause is a combination of two factors, the decline of union power, which reduced aggressive wage demands during times of falling unemployment and the reform of monetary policy. The reform of monetary policy started in 1992/3, with the exit from the European exchange rate mechanism, but was not formalised until 1997, when the Bank of England was given operational independence. Our study of the inflation/unemployment trade-off shows that the timing is consistent with crediting this reform for the absence of inflation. The reform washed inflation expectations out of the labour market at a time when employment was expanding, and in the absence of aggressive union demands kept inflation at bay.
GLOBALISATION

Members of the group have both contributed to the public debate on globalisation and continued to undertake foundational research on international and spatial economics and on international monetary issues. On the public debate/policy side, Venables and Winters [367] contributed to ‘Making Sense of Globalization’ a report produced for the President of the European Commission and distributed by CEPR, and Venables advised the House of Lords Economic Affairs committee in the report into Globalisation. Winters organised, with Robert Baldwin (Wisconsin), a CEPR/NBER conference on ‘Challenges to Globalization’ (proceedings to be published by Chicago University Press), addressing various criticisms of globalisation. CEP held a public debate on the impact of globalisation on world development with speakers Martin Wolf of the FT, Adrian Wood (DfID), Robert Wade and Tony Venables at LSE in attended by 500

Research covered studied trade, growth and income distribution; trade and institutions; the European economy; regional and urban economics; and international financial stability.

Trade, growth and income distribution:
The effects of openness on economic performance is investigated in a series of papers. Cunat [347,348,359, 370] investigates the effects of openness on factor accumulation in a standard neoclassical growth model, drawing out implications for growth, factor prices, industrial structure, the volume of trade, and international inequalities. Results challenge the neoclassical view of growth, as he shows how growth brings convergence in growth rates but not absolute convergence of income levels. Limao and Venables [335], again working in a standard neoclassical framework, point to the importance of location, and show how this shapes a countries’ specialisation, factor prices, and gains from trade. Redding and Schott investigate the further implications of this for incentives to accumulate skills.

Empirical work has looked at the effect of trade on poverty and at the determinants of developing countries’ export growth. Winters et al. [304a,336b,321a] have explored Vietnam’s liberalisation over the 1990s and shows that the effects on poverty predicted in earlier a priori work are indeed identifiable in ex-post data. In Vietnam’s case the impacts seem mainly positive: increases in production capacity increases in rice and coffee – exports of which boomed over the mid 1990s – are associated with improved probabilities of escaping from poverty, as is acquiring a job in the booming light manufacturing sector. These results offer considerable support to the framework developed previously by Winters.

Redding and Venables [354] analyse the determinants of countries’ divergence export performance (while East Asian countries have seen real exports increase by more than 800% since the early 1970s, those of Sub-Saharan African countries increased by around 70%). They focus in particular on the roles of external and internal geography. External geography matters as an increase in expenditure on traded goods in one country raises demand for traded goods produced elsewhere and, because of trade costs, the size of this effect is much greater for neighbouring than for distant countries. Internal geography (eg proximity to ports) matters in determining the extent to which countries can respond to these external opportunities. They find that these two factors alone account for a substantial amount of the cross-country variation in export growth rates.
Trade and development issues were pursued further in a conference funded by the World Institute for Development Economics Research of the UN university, on ‘Spatial Inequality and Development’. In China, Russia, India, Mexico and South Africa, as well as most other developing and transition economies, there is a perception that spatial and regional inequality, of economic activity, incomes and social indicators, is on the increase, and that this is sometimes related to greater openness of economies, and to globalization in general. Spatial inequality accounts for up to 1/3rd of total interpersonal inequality, and has added significance when spatial and regional divisions align with political and ethnic tensions to undermine social and political stability. The conference was devoted to documenting spatial and regional inequalities, to addressing measurement issues, and seeking to understand their determinants (see annex C).

**Trade and institutions:**
National response to the opportunities created by trade is determined, in part, by institutions at both the international and the national level.

At the international level, work has continued on the role of regional integration agreements (RIAs). Chang and Winters’ important study [336a] provides evidence that integration can bring a substantial terms of trade improvement. Integration tends to make markets in the integrating region more competitive, causing a reduction in prices of imports from outside the RIA and significant real income gain. Venables shows how these gains can be unevenly distributed between member countries. Venables and Winters have also participated in projects designed to share EU experience of regional integration with Latin American countries, faced with choices in the construction of the Free Trade Agreement for the Americas [394,392,402].

International institutions are not just formal international agreements, but also the contractual relationships that develop between traders to facilitate exchange. This under-researched area is studied by Petropolou [376], who looks at the role of brokers in providing information sharing networks. Brokers are found to facilitate trade and improve outcomes, though not always to the full-information first-best level. Reductions in costs of acquiring information, due, say, to improvements in information technology, expand brokers’ networks, unless they pass a critical value at which broker activity collapses and is replaced by direct trade.

The role of national institutions in determining countries’ and regions’ response to globalisation has been studied in a number of papers. The liberalization of the Indian economy which began in 1991 created unprecedented opportunities for technology adoption, investment, trade, and growth. The extent to which these opportunities were grasped depends in part on institutions and policy decisions determined at the state level in India. Redding, Aghion, Burgess, and Zilibotti [406] use state-level data to examine the interplay between liberalization, regulatory climate and manufacturing performance. States with lower levels of pro-labour regulation experience more rapid productivity growth post-reform in registered manufacturing where labour regulation binds (but not in unregistered manufacturing where it does not bind). Furthermore, across the disaggregated industries within registered manufacturing, those industries experiencing more reform display faster rates of productivity growth post-reform in states with lower levels of pro-labour regulation. In demonstrating the importance of institutions and policy decisions for the development process, the paper contributes to understanding the microfoundations of growth in low income countries.
Shvets [385] looks at the Russian context, and quantifies the magnitude of resources spent by firms on ‘appropriative’ activities. She uses data on Russian regional courts to obtain measures of court quality, and then shows that high quality is promoted by media freedom, although does not vary significantly with the different appointments procedures that are used. Faguet,[360,361,366,399] using data on Bolivian local government, shows that decentralisation to the local level significantly improves responsiveness of public expenditures to local needs. However, there are significant variations in the quality of local government, with high quality being promoted by effective competition between political, economic, and civil actors.

**The European Economy**

Overman [369] has built on work reported in last year’s annual report, developing an empirical location model incorporating two main theoretical strands – neo-classical and the new economic geography. Work with Midelfart [400,327] used this location model to analyse the role of EU and government policies in determining the location of economic activity across the EU. They found that these policies have a particularly large role to play in attracting high tech activities to disadvantaged countries and regions. Further results urge caution in the use of these policies - attracting high tech activities does not necessarily make these locations better off than if market forces had been allowed to take their course. In fact these policies may even make regions worse off, because they prevent regions from specialising in the activities in which they have a natural or comparative advantage.

High levels of intra-industry trade are an important aspect of European integration, but have presented some empirical puzzles, in particular the fact that this sort of trade falls off more rapidly with distance than does other trade. Rice, Stewart and Venables [355] show that this decline is not due to characteristics of the products traded, as has often been suggested, but simply due to closer countries having more similar commodity structures of their exports.

**Regional and urban economics**

Understanding the forces determining location of activity within countries – down to the urban and regional level – as well as between countries is a core part of the programme. It is increasingly recognized that modelling the micro-detail of communications, logistics, and innovation is essential to understanding these forces.

Knowledge in this area is synthesized in a major survey of the micro-foundations of urban agglomeration economies written by Duranton and Puga [390]. Developing these micro-foundations is one of the fundamental quests in urban economics for several reasons. First, it is only by studying what gives rise to urban agglomeration economies — rather than merely stating that they exist — that it is possible to gain any real insight into why there are cities. Second, alternative micro-foundations cannot be regarded as interchangeable contents for the black box. For example different micro-foundations have very different welfare and policy implications. For too long regional policy has targeted symptoms without understanding underlying causes.

Further work by Duranton [349] shows how micro-foundations can be developed to provide an explanation of the size distribution of cities (the Zipf’s law puzzle). He develops a model of innovation driven technological shocks, that drive a process of growth and decline of cities. This process generates a size distribution of cities that, in a series of calibrated examples, accurately replicate actual city size distributions. Empirical work on Zipf’s law indicates that its presence cannot be rejected in a majority of the 73 countries studied (Soo), see also Overman and Ioannides [400].
Further empirical work on cities has looked at data from France, the US and the UK. Unique survey data about workplace communication has been analysed by Charlot and Duranton [407]. They point to the importance of city size both in fostering communication between workers, and consequently (via learning externalities) raising productivity and wages in larger cities. The sources of persistent regional inequalities in the UK, and in particular the role of skill differences are studied by Duranton and Monastiriotis, [322] Redding et al[344], and Rice and Venables [403]. Extensive French data has been explored by Combes, Duranton and Gobillon [365] to explore the determinants of spatial wage inequalities. Their results point first at the importance of the skill composition of the workforce. Population density also appears to foster the productivity of workers

For the US, work by Overman and Puga [370a] studies the density of cities and the extent of urban sprawl, using a unique data set derived from satellite imaging. Results suggest that while only a very small proportion of the continental US is in urban use (1.9%), the stock of development is concentrated close to the interstate highway network and to the oceans and great lakes. An overwhelming proportion of new development occurs within a few kilometres of old development, so that while land is not scarce nationally, this pattern of development ensures that land may be becoming scarce locally.

For the UK, Duranton and Overman [350] are continuing work based on matching the plant level data of the Annual Respondents Database with data from the Ordnance Survey's Code-point data set, enabling the location of plants to be identified with a very high degree of precision. Based on this data, they develop distance-based tests of localisation to study the detailed location patterns of industries. Methodological innovations allow the authors to assess the statistical significance of departures from randomness. Their results suggest that only 51% of UK industries are localised at a 5% confidence level.

The ARD database is also being used in work by Griffith, Redding and Simpson to evaluate technological spillovers from foreign owned to UK plants [354a]. They find that increased foreign presence within an industry raises the speed at which knowledge is transferred from the technology frontier to other plants in the sector.

International Financial Stability

The International Financial Stability programme, launched in 2001 as part of the Globalisation programme, investigates the causes and propagation of financial crises, the optimal design of institutions to handle and minimize such crises, and the role of macroeconomic and exchange rate policies in securing a stable international financial system.

All these issues were brought together in a major conference put on by the programme in spring 2002 – “Dollarisation and Euroisation: Viable Policy Options?” This addressed the pros and cons of hard peg exchange rate regimes which involve the replacement of the domestic legal tender with a reserve currency and brought together academics, policy officials, and financial market participants from around the world (see annex C). Dollarisation has been the subject of recent research and discussion, primarily in the Latin American context (the Argentinian debate, and adoption of the dollar by Ecuador and El Salvador). The debate has now become relevant in Europe, in the context of appropriate exchange rate management for EU accession countries. Some economists advocate the adoption of the euro as legal tender upon accession as a strategy to discourage speculative attack prior to joining EMU. Such euroisation differs from Latin American dollarisation in
that it would be firmly embedded in a broad integration strategy, and would be replaced after several years with full membership in the euro. European officials oppose unilateral euroisation for a number of reasons, including its apparent violation of the Maastricht Treaty. The conference reviewed all these issues, and permitted an exchange of views between participants involved in the dollarisation and euroisation debates. These themes were further developed in research by Meade, Müller-Plantenberg and Pisani,[363] who drew upon the IFS conference on dollarisation and euroisation to analyse exchange rate regimes for EU accession countries.

Design of Institutions & Monetary Policy
An important strand of the programme’s research has been on the effect of different policy making institutions and the design of rules for economic management.

Are monetary policy decisions made on the basis of an objective analysis of the economic indicators? Ellen Meade, in work with Nathan Sheets, [352,362] examined voting decisions of Fed policymakers to investigate the role played by regional economic variables in monetary policy decisions. Using Fed votes from 1978-2000, the authors find strong and robust evidence of a link between regional unemployment rates and the decision to vote with the majority or to dissent. When the results for the Fed are used to inspire a hypothetical voting experiment for the European Central Bank, the authors find that monetary policy decisions of the ECB suggest that policy officials vote according to national inflation differentials from the euro average. This paper was the subject of an Economics focus column in The Economist and of an article in the Frankfurter Allgemeine Zeitung.

Meade also examined the implications of the structure of central bank committees for monetary policy decisions, comparing dissent rates of the Fed’s FOMC with the Bank of England’s MPC. When the Fed transcripts are used to judge the “true” preferences of monetary policy officials, disagreement is very high (higher than the MPC). She finds evidence that supports the view that the Fed policy bias is used to forge a voting consensus.

Gianluca and Pierpaolo Benigno focused on the design of monetary policy rules in an open economy framework. The authors investigate the properties of interest rate feedback rules in open economies.[343,368]. Their analysis provides a first step in examining whether a policymaker should respond to the nominal exchange rate in the context of various policy rules. The framework is a simple two-country dynamic general equilibrium model in which the only friction is nominal price stickiness. The authors find that even in this simple framework, nominal exchange rate targeting may result in higher welfare, but is not necessary to achieve equilibrium.

Hyun Shin, in continued collaboration with Stephen Morris, [401] explored the impact of public information in games with elements of coordination and in asset markets. Public information has attributes that make it a double-edged instrument. It is very effective at influencing actions, but it can be too effective at doing so (relative to some well-defined welfare benchmark). For instance, the conduct of monetary policy is invariably tied to effective communication with the private sector and with the press. It is not always the case however that more frequent and fuller disclosures are beneficial. For similar reasons, when asset markets are influenced by strong conventional wisdom that is difficult to dislodge, prices may diverge from fundamentals.

A more explicit analysis of monetary policy is explored in the paper “Public and Private Information in Monetary Policy Models”. The theoretical innovations referred to in the work
with Morris above are embedded in an otherwise standard general equilibrium macroeconomic model. Numerical simulations reveal that in economies where product markets are competitive (so that price competition among firms is keen), the disproportionate impact of public information degrades the information value of inflation as a signal of the underlying imbalances in the economy, alters the welfare consequences of increased precision of public information, and generates distinctive time series characteristics of some macroeconomic variables. The paper is to be presented at the BIS conference in March 2003 on the monetary/financial stability.

In other research, Shin examined the link between account disclosure and asset returns (“Disclosures and Asset Returns” *Econometrica*, January 2003), the role played by large traders in currency attacks [344], and the pricing of debt [401a]

In work with Isabel Schnabel, Shin studied the events surrounding the financial crisis of 1763. Their study reveals that the 1763 crisis shares many elements in common with the more recent 1998 crisis that culminated in the rescue of Long Term Capital Management.

Individuals’ asset portfolios are typically less diversified than theory suggests they should be. In joint work with Catherine Mann, Meade [351] looked at the determinants of equity portfolio holdings to get a better handle on the measurement of home bias. Using US bilateral holdings of foreign equities from the Treasury benchmark survey, Mann and Meade find evidence that transactions costs have a significant influence on the size of the portfolio share. In addition, Mann and Meade used quarterly surveys of international asset managers’ portfolio holdings published by *The Economist* to shed light on changes in home bias patterns since the introduction of the euro [388]. Sonia Muñoz [371,372] examined the dynamics of the ownership structure of asset portfolios. Using panel data from the Bank of Italy (the Survey of Household Income and Wealth), Muñoz models the household’s portfolio decision as a multinomial problem and focuses in particular on the infrequency of portfolio allocation changes. She finds strong evidence of habit formation in the decision to invest in both risky and non-risky assets.

In other work undertaken by the group, Benigno and Thoenissen,[397] investigated the relationship between the real exchange rate and supply shocks. Appreciation of the real exchange rate is often linked with productivity improvement in the supply side of the economy through the so-called Balassa Samuelson effect. Their study, when applied to the UK and countries in the euro area suggests that supply side improvements imply a real depreciation of the exchange rate. More importantly, their framework in which producers set prices shows that, contrary to the well-known Balassa-Samuelson proposition, improvements concentrated in the tradeables sector might result in a depreciation of the real exchange rate. These important findings were noted in *The Sunday Times* following the publication of their paper by the Bank of England).

Tomura [408] is investigating the relationship between financial deregulation and the banking crisis in Japan, focusing in particular on the individual balance sheets of Japanese banks. The banking crisis in Japan has many features in common with earlier crises in the Nordic countries, in which financial deregulation and credit expansion preceded the development of a bubble in asset prices. Understanding the relationship between deregulation and asset price bubbles will enable policymakers to set appropriate policies and be important for future financial deregulation in emerging market countries.
LABOUR MARKETS: Forward Look

Over the coming year, research will continue on all the stated objectives. In particular, look out for the following research.

Lifetime Success

Blanden, Gregg and Machin will be extending their work on the impact of childhood experiences on labour market outcomes to other countries to see whether the UK experience is typical or inevitable and, if neither, what policies seem to be effective in promoting inter-generational mobility.

The UK government set itself ambitious targets for reducing child poverty that are now unlikely to be met, although there has been some reduction. What can be done to hasten further reduction in child poverty? Dickens will continue his collaboration with Ellwood and compare trends in child poverty in the UK and the US and the impact of a combination of benefits and work incentive policies in both countries.

Inactivity among Older Men

In the UK there are now more men of working age who are not working because they are sick/disabled than because they are unemployed. The numbers of men who are sick/disabled has grown enormously in the past 25 years. Why has this happened and what can be done about it? Faggio and Nickell will be investigating the reasons for the dramatic rise in inactivity rates among British men over the past 30 years.

Labour Market Mobility

Dickens and Gregg will begin work on the Lifetime Labour Market Database constructed by DWP which will enable us for the first time to look at transitions over a long period of time in and out of work on and off benefits. This project was planned for 2001 but we have only just been given data access.

Quits and lay-offs are important factors in understanding how earnings evolve over an individual’s life. Manning will examine the roles played by these factors, focusing in particular on whether differences in job mobility can account for the gender pay gap.

The Impact of Welfare Reform

Much government policy to reduce worklessness focuses on increasing the incentives to work. The academic research on the impact of such policy changes typically uses a very stylized and arguably unrealisitic model of the labour market to evaluate them. Azmat and Manning will use a more realistic framework based on Manning’s Monopsony book to investigate whether changes like the introduction of the Job-Seekers allowance and the WFTC affect the decision to participate in the labour market.
Petrongolo will be looking at how unemployment benefits affect post-unemployment outcomes as most existing research just focuses on the impact on unemployment durations and pays little attention to the quality of jobs found.

**Labour Market Institutions and Unemployment**

If one compares countries with high and low rates of unemployment, one typically finds much larger differences in female unemployment rates than male. Yet, we have little or no research on why this might be the case. Azmat, Guell and Manning are investigating the reasons why, in some countries (like the UK), female and male unemployment rates are very similar while in others (like Spain) female unemployment rates are much higher than male ones. Their research will focus on the role played by economic and social institutions.

**Family Policy and Women’s Employment**

In addition to the work just mentioned on female unemployment, Petrongolo will be comparing trends in job segregation for women in a number of European countries to see whether there are important national differences in the extent to which women have broken into traditionally male occupations.

**Minimum Wage**

Machin will be continuing his research into the impact of the UK NMW on employment in the care homes sector, looking at longer-period changes in employment, home closure and the impact of the sizeable up-rating of the NMW in October 2001.

**Incentives**

Acemoglu and Pischke will examine the impact of training and incentives on productivity using a unique data set on credit card debt collectors.

In addition to these existing strands of CEP research we will also be looking at an important new issue, immigration. There has been a marked rise in immigration into the UK in the last 10 years. It is a very controversial area yet there is little research into its economic impact. Manacorda and Wadsworth will be using data from the GHS and LFS to look at the impact of immigration on the UK labour market exploiting the fact that immigrants tend to be concentrated in certain age and education groups.
EDUCATION AND SKILLS: Forward Look

The main research themes identified over the past year will continue over the coming year. In particular, the following research is planned:

**Intergenerational Mobility / Inequality**
Blanden, Gregg and Machin will continue their analysis of changes over time in educational inequality and its connection to changes in intergenerational mobility in economic and social status. They will also begin work on the difficult, but interesting, question of how different education systems in different countries play a role in shaping the intergenerational transmission of economic and social outcomes.

In related work, Blanden will extend her work for Canada on intergenerational mobility and household formation to the US and UK. The particular concern here will be the interaction between intergenerational mobility and the changing labour market decisions of women. To what extent do these prevent us from getting a good measure of changes in the intergenerational mobility of women? What can be done to resolve this difficulty?

Machin and McNally are studying various aspects of gender differences in educational attainment. The issues concern when and why women took the lead. The objectives are to shed light on how gender gaps have evolved over time; in what context they are most marked; and how education attainment differences impact on an individual’s performance in the labour market.

Vignoles will research the importance of social class in determining educational and economic outcomes and whether reforms to the school system widened the social gap in educational achievement.

**Labour market for teachers**
Chevalier, Dolton and McIntosh will continue their in-depth look into the labour market for teachers, and will conduct an analysis of the long time series of data on individual teachers contained in the DfES Database of Teacher Records to model teacher retention. They will also study the link between school inputs and educational outcomes using the YCS and the LEASIS databases. Dolton and McIntosh will also, in related work, be studying movements in public/private sector pay.

**Skills and productivity**
Galindo-Rueda, Machin and Vignoles will study links between productivity and skills by constructing an industry-by-region-by-time panel data set. They will estimate cross-industry-region production functions looking at the importance of various education, skill and training variables in determining productivity. What is the (changing) economic value of key qualifications, both in terms of wages and productivity?

**Skills: Rates of Return**
McIntosh will research in several areas. With Vignoles he will study the age 16 staying on decision. Under the Skills for All project he will study: i) private rates of return to apprenticeship, and ii) the 16-18 year old unqualified / low qualified: using the Labour Force Survey to map the 14-16 year old low-achievers. Vignoles will study the (changing) economic value of key qualifications, both in terms of wages and productivity.
Skills: Training Provision

Steedman will complete research comparing British and German firms of ICT skill supply strategies. Vignoles will study the impact of mid-career training provided by firms on individuals’ success in the labour market. Gospel will also produce work on the Skills for All programme, and will begin a new project which will look at regulatory frameworks and standards settings and how this affects training. This will involve not just the regulation of labour inputs via e.g. occupational licensing, but also the regulation of product or service outputs e.g. via the setting of standards, and how this in turn can have a demand-pull effect on training. A number of sectors will be investigated e.g. electrical contracting, gas fitting, care homes, travel agencies.

Steedman will also run an ESRC seminar series bringing together specialists in vocational education to tackle the question of how to motivate (demotivated) 14-16 year old learners to take part in work related education and training and will carry out further research as planned in Skills for All programme.

School Quality

Gibbons and Machin are undertaking a project on ‘Competition, co-operation and the performance of English schools’. Many recent education policies in England assume that encouraging interactions between local schools improves their performance. On the one hand, these interactions are supposed to be competitive, and policy has sought to encourage diversity and reward success (e.g. Specialist schools). Other policy initiatives have focussed on promoting cooperation amongst local schools, with a sharing of the knowledge and skill base of the more successful schools with others (e.g. Beacon schools). However, these different types of interaction have different and sometimes ambiguous implications for local inequalities in the quality of school provision. This research will look for direct and indirect evidence of the impact of these interactions and policies, in terms of efficiency and equity in local school provision. Using national data on pupil and school characteristics matched to local area data, the research will look for empirical evidence of spatial patterns in school quality, and the impact of competition (e.g. private schools) or cooperation (e.g. Beacon schools) on these patterns.

Manning and Pischke will study the impact of a selective versus a comprehensive secondary school system. The question they are trying to address is whether a selective school system benefits all because it might allow schools to tailor teaching better to the needs of different types of students, or whether it benefits the more able to the detriment of the less able.

Gibbons and Machin also have plans to extend their research on the impacts of primary schools on property prices using the Nationwide national data base of property transactions. This data will allow methodological improvements on the earlier work, which proved of great media interest. Initial results confirm that primary schools seem more important than secondaries in terms of their impact on property prices, and that the influence of over-capacity schools is, as we would expect, much higher than others.

Evaluation of government education policies

Machin, McNally and Pelkonen will continue to carry out the economic evaluation of the Government’s Excellence in Cities programme. There will be several aspects to this: the Excellence in Cities secondary school evaluation; Excellence in Cities primary school evaluation; Pupil Learning Credits. This time we will look at these to ascertain their impact on pupil-level (rather than school level) outcomes.
Crime
Feinstein, Machin and Marie will work on a Home Office steered project on ‘The Economic Determinants and Costs of Crime’. This work will place some attention on links between crime and education, extending earlier work by Hansen and Machin, 2002a, 2002b on cross-area crime rates over time.
TECHNOLOGY & GROWTH: forward look

Pissarides and Vallanti:

Our earlier work found a strong link between productivity growth and employment. Work on this topic will continue along two dimensions. In the first, we intend to investigate the extent to which our models of employment can explain these links. Although it is easy to write models that imply that faster productivity growth enhances employment, the quantitative predictions of these models have not been explored to the full. In the second, we plan to investigate the role of foreign direct investment in the dynamics of employment.

Ngai & Pissarides

In a second project we plan to continue our work on the role of barriers to entrepreneurship and its influence on the overall performance of the economy. In the empirical work of Lopez-Garcia it was shown that start-up costs for new businesses are correlated with the overall employment performance of a country. We plan to develop a two-sector model of growth for the economy as a whole that highlights the differential growth rates in productivity in the services and manufacturing sectors. The key idea is that as productivity in manufacturing is growing at a faster rate and the relative price of service goods is rising, labour needs to reallocate from manufacturing to services. Our work will look at the role of barriers to the reallocation of labour, originating either as obstacles to labour mobility or as obstacles to the starting up of new businesses in services.

Ngai

We intend to investigate the role of public sector employment in the 1990s and in particular whether it contributed to the poor employment performance in the European private sector. The argument that we will test is that as uncertainty about economic prospects worsened in the 1990s the public sector offered better job security than the private sector and this acted as an impediment to job creation in the private sector, which had to compete with the public sector for workers.

Pappa and Benigno

In another strand of our research we will study international monetary and fiscal policy and in particular the economics of monetary unions and how to design policy objectives in an open economy. The creation of the Euro area, in which countries band together to share responsibility for monetary policy, poses interesting theoretical and empirical issues. Can a monetary union of countries with different characteristics be sustainable and under what conditions? How should monetary policy be designed to best fit various interests with one policy tool? What should be the role of fiscal policy in a monetary union? The work will also be accompanied with some theoretical work on the behaviour of the exchange rate over the business cycle.
GLOBALISATION (inc. International Financial Stability): Forward Look

Trade and location
Work is commencing on a project to analyse firms’ responses to the competitive pressures raised by globalisation, looking at the changing composition of firms in an industry (by productivity and size) and at the extent to which firms switch industries, initially using US plant-level data. Developing country responses to globalisation will be studied in a series of projects including further work on the response of the Indian economy to liberalization, and on the determinants of developing country export growth.

UK firm level data will be used to study the location decisions of firms, focusing on the entry of new plants, and seeking to distinguish between competing hypotheses of agglomeration and industrial co-location. The role of policy across regions of the UK in shaping these decisions will be investigated. The same data set will be used to study the impact of trade shocks on firms. In particular, the impact of UK membership of the EU on the spatial structure of activity in the UK will be studied, and implications drawn for membership of the Eurozone.

Work on the micro-foundations of firms’ location decisions will be developed. Theoretical work will go more deeply into the costs of distance – not just shipping costs, but costs of delay, information exchange, and face-to-face contact foregone. This will inform work on the activity of multinational firms, and on the nature of the productivity advantages conferred by cities. Empirical work on productivity in cities will be continued, looking in detail at labour skills, and at the role of density in raising productivity.

New theories of location and economic geography have important implications for the way in which transport and other infrastructure improvements are assessed. This will be investigated in two projects, one theoretical and the other a historical application, reassessing the social benefits of railroads in US.

International Financial Stability
Gianluca Benigno will continue to work on the optimal design for policy institutions in an open economy, including the design of central bank objectives. In addition, he plans to consider strategic interactions between different policymakers in order to see which policy institutions can achieve the optimal outcome. In other work, Benigno plans to address an important puzzle in international finance that relates the behavior of the real exchange rate (and its movement over the business cycle) with the consumption differential across countries. Empirical evidence rejects a statistical relationship between these variables, while current models in international finance predict a unitary cross-correlation. The aim of this research is to provide a simple framework that is consistent with the empirical regularity in order to yield a more sensible model for policy analysis.

Ellen Meade will analyse the role of leadership in monetary policy decisions, extending the data sample covered in her empirical analysis to encompass all of the FOMC transcripts available from the Greenspan period. In other work with Charles Goodhart, she will examine institutional transparency from the perspective of the high courts in the US, UK, and Europe, asking whether judicial transparency bears any similarity in these countries to the transparency of their central banks. In addition, she plans to write (with Peter Kenen) an analysis of issues facing the European Central Bank as the euro area widens to include countries in eastern Europe and possibly the UK.
Hyun Shin plans to explore the ways in which earlier research on the impact of public information can be applied to macroeconomic policy more broadly, and to monetary policy in particular. He plans to present “Monetary Stability and Financial Stability” at a conference hosted by the Bank for International Settlements in March 2003.

He will also work on the theoretical rationale for official assistance by the IMF and other public bodies, and in particular on the notion of catalytic finance. The doctrine of catalytic finance rests on the idea that the provision of official assistance to a country undergoing a financial crisis spurs other interested parties to take actions that mitigate the crisis. However, more recently the doctrine has fallen out of favour, giving way to the view that official finance only serves to foster moral hazard on the part of the borrowers. The question is: does IMF intervention always exacerbate moral hazard, or could it sometimes mitigate it? Shin (together with his collaborator Stephen Morris at Yale) will work on a theoretical framework for the assessment of the welfare effects of catalytic finance by constructing a model that treats the actions of creditors, debtor government and the IMF as interested parties in a game where their interests are inextricably intertwined.
The Centre has continued to dedicate significant resources to making the results of its research available both to the academic world and to a wider community in a popularly accessible form. This has been over and above the time and effort devoted to making its research generally known and available by way of the Centre’s Discussion Paper series, by staff contributing to academic publications and by participation in conferences. The academic publication and conference participation record of the members of the CEP compares favourably with that of any grouping of economists in the UK. Details of the publications and conference contributions relating directly to members of the CEP are contained in Annexes B, and I. The Centre has continued its active programme of workshops and conferences during the year, which are listed in Annexes C and D.

1. Academic activities

Our main aim must be to influence the way people think about the world and this requires first that our work is recognised by academic peers through the quality refereed academic journals and conference paper submission. We succeeded here, by publishing 5 books, 72 journal papers and book chapters; and presenting 110 conference papers in the UK and, mostly, abroad; writing 91 discussion papers, reports and non-journal articles. It appears that people read us: for example our discussion paper series is being downloaded from our website at the rate of 19,500 a month and attracting considerable interest, judging by the number of downloads of papers from the web-based resource centres such as Research Papers in Economics (REPEC). We calculate that there are on average 25 annual downloads of an author’s papers and four times as many abstract viewings. Papers of 8 members of the Centre who were registered with REPEC were downloaded four times more than the average. Of the 843 journals and working paper series listed, the CEP Discussion Series came only 6% from the top in terms of downloads.

2. Policy advice

The CEP has always encouraged its members to contribute to public debate and policy formation, not just by way of academic publication, but also by direct participation in the policy making process. We have mentioned before the involvements in policy making and advice – still ongoing - of Nickell (MPC), Metcalf (LPC), Gregg (Chancellor’s Council of Economic Advisors), Freeman (TUC), Layard (DfES and No 10 Policy Unit) Steedman (Skills Task Force) Venables (House of Lords Report on Globalisation).

There have been plenty of other examples of engagement:

- For the second year running DFES have seconded a young economist (Conlon) from CEE. His CEE work on returns to Higher Education fed into the department’s White Paper on the future of higher education.

- Steedman, drawing on research on other countries’ success in bringing most young people to Level 3 (A-level or equivalent), presented the case for an occupational route to Level 3 within the framework of a new British Baccalaureate qualification to the Tomlinson 14-19 Review Group.
• McIntosh worked for the Cabinet office on returns to qualifications and “soft” skills

• Xenogiani spent time at the World Bank and helped produce a report on poverty reduction of women in the Middle East and North Africa;

• Duranton’s work on regional wage inequality and Nickell’s work on productivity were both used in HMT’s Productivity Report;

• Gospel has contributed to research papers of the Group Training Associations in the UK;

• Metcalf was instrumental in getting established a Review of Pay Data to help correct the miscalculation by ONS of the number of workers on low pay which resulted in the NMW being applied to 4% rather than 9% of the working population

• Gregg and Wadsworth’s work on Workless Households has had influence in the development of New Tax Credits, Educational Maintenance Allowance, the pilot housing benefit reform and has also been part of Australia’s McClure Report proposing reform of the federal government’s welfare strategy.

• Manning advised the Kingsmill Review on Women’s Pay and Employment

• Pissarides gave evidence to the House of Commons Treasury Committee, and is a member of the Central Bank of Cyprus Monetary Policy Committee

• Venables presented a policy paper “The Economics of Isolation and Distance” to a group of ambassadors at the WTO.

• Layard was invited by the Chief Secretary of the Treasury to write a paper on apprenticeship policy which he presented at No10 as a contribution to the Spending Review.

• Venables and Krugman presented a Keynes seminar on regional disparities at 11 Downing Street.

• Freeman traveled to China to discuss with different enterprise workers and managers the potential for developing workplace organizations to the preconditions necessary to move market democracy without causing deep political instability;

• Freeman and Schedlitzki were instrumental in designing the first British Workplace Representation and Participation Survey (BWRPS) which examined how British workers see their workplace and employer. The survey generated sufficient interest around the world that they are now collaborating with German and Italian researchers on German and Italian variants of the survey.

• Quah gave the Sir Richard Stone Lectures at Cambridge on Growth and Distribution

• Manning gave the Adam Smith Lecture to the European Association of Labour Economists on his new Monopsony book.
• Secondment or visits to institutions which result in our gaining data access are of enormous importance to our research - Vallanti spent time at the European Central Bank, gaining the technology and growth programme access to data on 15 countries; Blanden won a stipend with Statistics Canada to collect data for comparison with UK and US data on intergenerational mobility; Redding has gained access to HM Customs & Excise Data; Dickens to DWP data; and Desai and Marsden to the Structure of Earnings Survey - the first time anyone has been allowed access to microdata held within Eurostat.

3. Media and the wider audience

Building on the major redesign that was carried through in the second part of 2001, the CEP web site is now an accessible showcase for the Centre’s research, an easy means of access to its discussion papers and other publications, and a promotional space promoting its full programme of activities.

The success of this operation is reflected in a page “hit rate” of over 2,056,000 in 2002, far higher than our most optimistic internal forecasts. Almost 234,000 of these “hits” were directly related to the Centre’s discussion papers and other publications, a 42% increase on last year.

The Centre also continued publication of its popular-style magazine, CentrePiece, aimed at the more general reader, which presents digestible but serious articles on the work being done in the Centre and which regularly attracts the interest of the broadsheet press. Articles this year on the decline in intergenerational mobility attracted an unprecedented amount of press attention. Unfortunately our attempts to market CentrePiece in the U.S. failed and we will concentrate marketing on the UK.

We do not only want to be reactive to the press but want them to be aware of what we consider important findings. We have thus instituted a new press policy of choosing a discussion paper of the month, translating it into digestible press form and email releasing it to a carefully selected group of journalists known to have interest in the area.

Our Press record remained strong: we were cited or wrote articles in the Press 135 times and appeared on the radio or TV 42 times – 3 of our younger junior researchers appeared quite frequently.

4. Events

The Centre staged 12 conferences, on topics including the national minimum wage; intellectual property law; dollarisation and euroisaztion; growth and unemployment; spatial inequality and development. We held three conferences which we put on to learn from others the state of knowledge in new areas we wished to investigate in the future: the most major of these was on the Determinants of Happiness which was led by Richard Layard and Daniel Kahneman, awarded the Nobel Prize for Economics later in the year, and which attracted some of the most eminent names in neuroscience, epidemiology and psychiatry. Many of the ideas from the conference will feature in the organization of a new programme on Happiness to be set up by Richard Layard who gave the 3 Lionel Robbins Lectures in 2003 on the topic and is writing a book on it.
Interdisciplinarity was alive and well also at the Crime and Faith Based Communities Forum in September which invited those who work with prison populations and young offenders—including representatives from different faith based groups, police-psychologists and criminologists, the Home Office as well as academics interested in the economics of crime. The theme of most economic analyses of crime is how to reduce the incentive to commit crimes, assuming that people have a fixed set of preferences or tastes. The theme of most religious teaching is how to alter the preferences or utility functions of persons so that they reject crime. The conference described many innovative crime-fighting activities, laid out ways to test programmes and assessed the role of changes in preference versus changes in incentives. Following on from the conference, we are currently discussing the possibility of a future collaboration between CEP and the Prison Fellowship to carry out an evaluation into the success of rehabilitation schemes run in a number of prisons throughout the country.

A new development was to debate in a public forum an issue of great public interest, and some would say ignorance. We held at LSE a major debate on globalisation attended by 600 people and involving Martin Wolf of the Financial Times, Robert Wade, Adrian Wood (Chief Economist, DfID) and the CEP’s Venables. This was a great success and we aim to hold another debate on British adoption of the Euro in 2003.
Full details of our income and expenditure are provided in Annex G. In addition to expenditure from the ESRC core grant of £1,142k we financed £963k of work from funds raised in 2001/02 and previous years, 9% more than in our last reporting year which established a record in CEP’s fundraising.\(^2\) We would like to express our gratitude to the ESRC and to all our other funders for their continued support of the Centre.

Our success with raising funds from business has been zero. Given the economic and political situation of the past year our funding appeals to business – inviting members to join the Forum as well as larger appeals for programme support - have been put on hold. We reiterate our comment from last year that even though this lack of success owes something to the current economic climate, it has become clear that businesses will, unsurprisingly, countenance funding only those projects which directly benefit their performance. Such projects, whilst of interest, would not usually add to knowledge nor help us achieve strategic research aims nor cover core costs. Nevertheless, we will need to pursue the rebuilding of the forum and other “non-tied” funding with the assistance of Chair of our Policy Committee, Adair Turner, once the situation improves.

**Outside Funds raised**

Funds raised this year for use in the future total £942,732 and come mostly from government (83%) with 9% from foundations and 8% from quangos. Details are as follows:

**ESRC Funding**

**Core Grant to the Centre for Economic Performance**
31/10/01 – 30/9/02
£1,079,645

**ESRC Skills for All Research Seminars**
Steedman
2/4/02 – 1/10/03
£11,957

**Government**

**DfES: Centre for Economics of Education**
(funding extended to 31/12/04)
Machin
1/1/02 – 31/12/04
£333,516

**DfES: Evaluation of Excellence Challenge Initiative**
Machin and Conlon
1/10/01 – 1/3/05
£118,000

**DfES: Review of Rates of Return to Higher Education**
Conlon 1/10/01 – 28/2/02  £16,100

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\(^2\) We raised an additional £255k which financed partners on CEP coordinated programmes, e.g. the Centre for the Economics of Education financing IFS and Institute of Education; EU Pay inequality project financing 7 European partners.
DfES: Estimates of Return to Schools, FE and HE Qualifications
McIntosh
1/3/02 – 28/6/02
£8,200

HM Treasury: Graduates and Public Sector Organisations
Dolton and Machin
1/10/01-31/12/01
£14,400

HM Treasury and Home Office: Economic Costs of Crime
Feinstein and Machin
8/6/02-31/7/04
£71,425

HM Treasury and DfES: Intergenerational Inequality
Dolton and Machin
1/8/02-31/7/04
£151,000

HM Treasury: Recruitment and Retention of Public Sector Workers
Dolton and Machin
15/8/02-31/8/04
£72,000

Charitable Trusts

Anglo-German Foundation: ICT Skills Supply
Steedman
1/1/02 – 31/12/02
£48,300

United Nations University: Spatial Inequality and Development
Venables
1/3/02-15/9/02
£27,027

Other

Harvard: Unions and the Internet Programme
Freeman
1/10/01 – 1/11/01
£4,450

Learning and Skills Council: Expanding Participation for 16-18 year olds
Conlon
1/10/01-30/3/02
£40,425

Low Pay Commission: Impact of National Minimum Wage
Manning and Dickens
1/3/02-31/10/02
£17,127

Qualifications and Curriculum Authority: Progression Routes of Cohort Members
Dolton and Machin
1/12/01-28/2/02
£8,760
ANNEXES
ANNEX A
Staff List
ANNEX A
CENTRE STAFF 2001/02
Co-Director: Richard Layard
Co-Director: Richard Freeman

LABOUR MARKETS

Programme Director: Alan Manning
Group Leaders: David Metcalf, Richard Freeman, Steve Nickell

Senior Staff & Associates
Badigannavar, Vidu
Dickens, Richard (CEP & QMC)
Faggio, Giulia
Fernie, Susan
Freeman, Richard (CEP & Harvard)
Gospel, Howard (CEP & King's London)
Gregg, Paul (CEP & Bristol)
Jackman, Richard
Manacorda, Marco
Marsden, David
Moore, Sian
Pischke, Stephen
Taylor, Robert
Wadsworth, Jonathan (CEP & Royal Holloway)
West, Mike (Aston)
Wood, Steve (University of Sheffield)

Junior Staff
Azmat, Ghazala
Belfield, Richard
Bewley, Helen
Blanes, Jordi
Charlwood, Andy
De Coulon, Augustin
Guadalupe, María
Gutierrez-Domenech, María
Eisby, Mike
Flood, Roisin
Foreman, Jim
Goos, Maarten
Kirchmaier, Tom
Schedlitski, Doris
Truong, Truc
Viitanen, Tarja

TECHNOLOGY AND GROWTH

Programme Director: Chris Pissarides
Group Leaders: Danny Tyson Quah

Senior Staff & Associates
Acemoglu, Daron (MIT)
Burgess, Simon (Bristol)
Crafts, Nick
Freeman, Richard (CEP & Harvard)
Henry, Brian
Michaelides, Alex
Ngai, Rachel
Pappa, Evi

Junior Staff
Bulli, Sandra
Gkionakis, Vasileios
Vallanti, Giovanna
Walker, Richard
GLOBALISATION

Programme Director: Anthony Venables
Group Leaders: Gilles Duranton, Henry Overman, Steve Redding,

Senior Staff & Associates
Benigno, Gianluca
Buitre, Willem (Cambridge)
Cunat, Alejandro
Faguet, Jean-Paul
Goodhart, Charles
Kay, John
Kenen, Peter (Princeton)
Krugman, Paul (Stanford)
Meade, Ellen
Puga, Diego (Toronto)
Shin, Hyun

Winters, Alan (Sussex)

Junior Staff
Albertin, Giorgia
Crowe, Chris
De Paoli, Bianca
Muuls, Mirabelle
Muñoz, Sonia
Petropoulos, Dimitri
Robert-Nicoud, Frederic
Schonborn, Marco
Soo, Kwok-Ton
Stewart, Martin
Tomura, Hajime
Urban, Dieter

EDUCATION

Programme Director: Stephen Machin

Senior Staff & Associates
Chevalier, Arnaud (UCD)
Conlon, Gavan
Dolton, Peter (University of Newcastle)
Dougherty, Chris
Feinstein, Leon (Institute of Education)
Galindo-Rueda, Fernando
Gibbons, Steve
Gospel, Howard (KCL)
McIntosh, Steve
McNally, Sandra
Steedman, Hilary
Vignoles, Anna

Junior Staff
Blanden, Jo
Foreman, Jim
Hansen, Kirsten
Pelizzari, Michele
Xenogiani, Theodora

RESEARCH SUPPORT

Bardhan-Roy, Anita
Cleavely, Linda
Desai, Tanvi
Cantlay, Jo
Durrant, Helen
Lodge, Gillian
O’Brien, Marion
Ofori, Ben
Raheem, Mirak
Rogers, Nigel
Stephenson, Hugh
Yacoob, Mary

Information Manager
Future Unions Co-ordinator
Data Manager
CEE/Events Administrator
Publications Administrator
Deputy Centre Administrator
Administrative Secretary
Information Centre Administrator
Admin Assistant
Centre Administrator
Head, Public Affairs
Finance/Library Administrator
CEP Policy Committee 2002

Adair Turner (Chair), Vice President Merrill Lynch
Chair, Low Pay Commission

Gavyn Davies Chairman, BBC

Richard Freeman (formerly Chief Economist ICI)

Richard Freeman Co-Director, CEP

John Kay

Hamish McRae The Independent

Jean Lemierre, President, EBRD

Gus O’Donnell Head of Government Economic Service,

HMT Richard Layard Co-Director, CEP

Tony Venables Research Director, CEP

Secretary: Nigel Rogers
ANNEX B

Publications: October 2001-October 2002

LABOUR MARKETS

Books Authored


2. R. B. Freeman, *The Labor Market Comes to China*, [publisher and date].


Books Edited


Chapters in Books


Articles in Refereed Journals


Articles in Non-Refereed Journals


Discussion Papers


Working Papers


179a A. Manning and S. Gibbons ‘The Incidence of Housing Benefit: Evidence from Rent Restrictions’


Reports


204. J. Wadsworth, C. Dustmann, F. Fabbri, I Preston, R. Haque et al Migrants in the UK: their characteristics and labour market outcomes and impacts. Home Office RD Occasional Paper 82

Mimeos


227a A.Manning, The Real Thin Theory: Monopsony in Modern Labour Markets, Adam Smith Lecture, EALE, 2002


Forthcoming Books Authored


Forthcoming Books Edited


Forthcoming Chapters in Books

65


Forthcoming Articles in Refereed Journals


264. F. Galindo-Rueda and A. Vignoles, ‘Class Ridden or Meritocratic: An Economic Analysis of Recent Changes in Britain’, *Journal of Human Resources*, forthcoming.


**Forthcoming Articles in Non-Refereed Journals**


Forthcoming Discussion Papers


Forthcoming Reports


Other Unpublished Papers


TECHNOLOGY AND GROWTH

Chapters in Books


292. BLANK.


Articles in Refereed Journals


Discussion Papers


**Working Papers**


**Reports**


**Mimeos**


Forthcoming Books


Forthcoming Articles in Refereed Journals


Forthcoming Chapters in Books


Forthcoming Discussion Papers

GLOBALISATION

Books Edited


Chapters in Books


Articles in Refereed Journals


**Articles in Non-Refereed Journals**


Discussion Papers


354a H. Simpson, R. Griffith and S. Redding ‘Productivity convergence and foreign ownership at the establishment level, ‘CEPR discussion paper 3765


**Working Papers**


364a Y.Niimi1, P. Vasudeva-Dutta1 and L. Alan Winters “Trade Liberalisation and Poverty Dynamics in Vietnam” mimeo, University of Sussex March 2002

Reports


Mimeos


370a H.G. Overman, D.Puga, M.Burchfield and M.Turner “Sprawl?”mimeo, publicly available on CD Rom from Lincoln Institute


**Forthcoming Books Authored**


**Forthcoming Books Edited**


**Forthcoming Chapters in Books**


**Forthcoming Articles in Refereed Journals**


400a E.E.Meade and N.Sheets ‘Regional Influences on FOMC Voting Patterns’ forthcoming, *Journal of Money, Credit and Banking*


**Forthcoming Discussion Papers**


**Forthcoming Occasional Papers**


**Forthcoming Mimeo**


408. H.Tomura “A Banking Crisis After Financial Deregulation: A Case in Japan”
ANNEX C
Centre Conferences, Lectures & Policy Dinners
ANNEX C
PUBLIC EVENTS

Conferences
28th September 2001
David Metcalf, Steve Machin, Alan Manning, Steve Pischke, Mark Stewart and others
‘National Minimum Wage in the 21st Century’

25th March 2002
CEE
‘Educational Choice Conference’

24th April 2002
Richard Layard, John Kay, Danny Quah and others
‘Intellectual Property Law and Economics Conference’

20th – 21st May 2002
CEP
‘Stoke Rochford Annual Conference’

24th – 25th May 2002
Richard Layard, Peter Kenen, Ellen Meade, Charles Goodhart and others
‘Dollarization and Euroization: Viable Policy Options? Conference’

27th - 28th May 2002
Steve Nickell, Barbara Petrongolo, Christopher Pissarides and others
‘CEP Macro Conference: The Macroeconomics of the Labour Market’

28th – 30th June 2002
Anthony J. Venables and others
‘Conference on Spatial Inequality and Development’

3rd July 2002
Henry G. Overman, Barbara Petrongolo, Alan Manning, Peter Dolton and others
LSE Research Laboratory “All Centre Event”

5th July 2002
Richard Layard, Hilary Steedman, Howard Gospel and others
‘Skills for All Research: Enhancing Industry’s Role in Apprenticeship’ Research and Policy Conference

5th – 6th September 2002
Richard Layard, Richard Freeman and others
‘Conference on Happiness’

9th – 10th September 2002
Richard B. Freeman, Kirstine Hansen, Richard Layard and others
‘Crime and Faith Conference’
8th October 2002
Stephen Redding and Alejandro Cunat
‘LSE International Trade Mini-Conference’

Book Launches

16th November 2001
Paul Gregg, Richard Dickens et al
Launch of “The State of Working Britain – Update 2001”

Public Lectures

Lionel Robbins Memorial Lectures 29th - 31st October 2001
Stan Fischer, IMF
“The International Financial System, Crisis and Reform”

28th February 2002
Jean Lemierre, President of EBRD (Also Business Forum Dinner)
Chair: Professor Lord Layard
“Economic Prospects for Central Asia”

5th March 2002
Martin Wolf, Professor Robert Wade, Professor Anthony J. Venables and Adrian Wood
Chair: Professor Lord Layard
Debate on Globalisation: “Has globalisation helped developing countries? Who gains and who loses? Should poor countries protect their industries? How can the World Bank and the IMF do better?”

14th May 2002
Anders Aslund, Carnegie Endowment for International Peace
“Building Capitalism in Russia: Where Are We Now?”

24 June 2002 (Also Business Forum Dinner)
Professor Paul Krugman, Princeton University
“America’s New Fiscal Mess”

15th October 2002
Professor Jeffrey Sachs, Columbia University
Chair: Professor Richard Jackman
“Economic Development Under Globalisation”
CONFERENCE PROGRAMMES

National Minimum Wage in the 21st Century
Friday 28th September 2001

11.00 – 13.00 Session I:
- Mark Stewart and Joanna Swaffield: “Using New Information in the BHPS to Evaluate the Impact of the National Minimum Wage”

13.45 – 15.45 Session II:
- James Jenkins and Nigel Stuttard: “Measuring Low Pay Using the NES and the LFS”
- Mary Gregory and Sara Connolly: “Transitions Between Full- and Part-Time Work: Implications for Low-Paid Women”
- Helen Robinson: “Wrong Side of the Track: the Impact of the Minimum Wage on Gender Pay Gaps in Britain”

15.45 – 16.00 Coffee

16.00 – 17.20 Session III:
- David Neumark, Mark Schweitzer and Bill Wascher: “The Effects of the Minimum Wage Throughout the Wage Distribution”
- Daron Acemoglu and Steve Pischke: “Minimum Wages and On-the-Job Training”
Centre for the Economics of Education

Educational Choice Conference
March 25th 2002, 2.30-6.30pm

2.30 Josh Angrist (MIT)
"Achievemnet Awards for High School Matriculation: Research Methods and Preliminary Findings"

3.10 Discussion: Alan Manning (LSE)

3.25 Costas Meghir (UCL)
"Education Maintenance Allowance: The first Year: A Quantitaive Evaluation"

4.05 Discussion: Gavan Conlon (CEE)

4.20 Refreshments

4.30 Harvey Goldstein (IoE) and Philip Noden (CER)
"Modelling Social Segregation in Schools"

5.15 Discussion: Anna Vignoles (CEE & DfES)

5.30 Reception in the Centre for Economic Performance
Intellectual Property Law & Economics
A Discussion Forum
24th April 2002, 3.00 – 8.00 pm

3.0 Registration 4th Floor
LSE Research Lab, 10 Portugal St, WC2

3.20 Welcome and Introduction John Kay

Session 1
Background and Summary of Key Issues in Industrial and Intellectual Property Law

3.30 Industrial Property Professor Bill Cornish
Cambridge University

3.50 Intellectual Property Professor David Vaver
Oxford University

4.10 Discussion Chair: Richard Layard

Session 2
The Economic Perspective

4.45 Economic Issues in Intellectual Property Professor John Kay, LSE

5.20 Innovation with and without Intellectual Property Rights Professor Danny Quah
LSE

6.00 Discussion Chair: Richard Freeman

7.30 Concluding Remarks John Kay

8.00 Dinner & Discussion for speakers, Director’s Dining Room LSE
CEP Annual Conference, Stoke Rochford 2002
20th and 21st May 2002

20th May 2002
10.00 – 10.20 Coffee

10.20 – 12.00 Session I: Search and Matching
   - Barbara Petrongolo and Christopher A. Pissarides: “Market Size and the Quality of Job Matches”
   - Fernando Galindo-Rueda: “Endogenous Wage and Capital Dispersion, On the Job Search and the Matching Technology”

12.00 – 13.15 Session on Alan Manning’s book Monopsony in Motion
   Presentation: Alan Manning
   Discussants: Richard Jackman and possibly others

14.15 – 15.35 Programme Meetings and Afternoon Tea

15.35 – 17.15 Session II: Organisations
   - Jordi Blanes I Vidal: “Authority and Reputation in Organisations”
   - Andy Charlwood: “Influences on Trade Union Organising Effectiveness in Britain”

17.30 – 19.15 Social/Sporting Activities/Free Time

19.45 Evening Meal
After Dinner Speech by John Kay

21st May 2002
9.30 – 11.10 Session III: Changes in Inequality
   - Jo Blanden, Paul Gregg and Steve Machin: “Family Income and Child Education in the NCDS and BCS British Birth Cohorts”
   - Theodora Xenogiani: “Demand for Women and Workplace Organisation: the Role of the Demand for Skills”

11.30 – 13.10 Session IV: The Domestic and International Economics
   - Alejandro Cunat: “Heckscher-Ohlin Business Cycles”
   - Chiara Criscuolo and Ralf Martin: “Multinationals, Foreign Ownership, and Productivity in UK Businesses”

14.30 – 15.20 Session V: Monetary Policy
   - Gianluca Benigno: “Monetary Policy Rules and the Exchange Rate”
   - Ellen Meade: “Regional Influences on US Monetary Policy: Some Implications for Europe”
Dollarization and Euroization: Viable Policy Options?  
May 24th and May 25th 2002

May 24th 2002

9:00 Conference registration and coffee

9:30 Introductory remarks
Richard Layard, LSE

Session 1 Chair: Peter Kenen, Princeton University

Exchange Rate Regimes and Macroeconomic Performance

9:45 – 10:30 Jeff Frieden, Harvard University
“The Political Economy of Dollarization”
Discussant: Lars Jonung, European Commission

10:30 – 11:15 Holger Wolf, Georgetown University
“Exchange Rate Regimes: Measurement, Choices, and Consequences”
Discussant: Peter Kenen, Princeton University

11:15 – 11:30 Coffee break

Session 2 Chair: Ellen Meade, LSE
Dollarization

11:30 – 12:15 Enrique Mendoza, University of Maryland
Discussant: Andrew Haldane, Bank of England

12:15 – 1:00 Andrew Powell, Universidad Torcuato Di Tella
“Currency Risk and Country Risk”
Discussant: David Stasavage, LSE

2:15 – 3:00 Eduardo Levy-Yeyati, Universidad Torcuato Di Tella
“Dollarization: A Primer”
Discussant: Ellen Meade, LSE

Session 3 Chair: Stanislaw Gomulka, LSE
Euroization

Willem Buiter, European Bank for Reconstruction and Development
“Central Banking and the Choice of Exchange Rate Regime for Accession Countries”

Jacek Rostowski, Central European University
“Why Unilateral Euroization Makes Sense for (Some) Applicant Countries”

Discussant: Robert Kahn, Salomon Smith Barney

7:00 
7:30 

Introduction: Charles Goodhart, London School of Economics
Speaker: Laurence Meyer, Center for Strategic and International Studies
“Exchange Rate Regimes, Monetary Policy, and Global Financial Stability”

May 25th 2002

8:45 
9:00 – 10:30 Session 4
Lender of the Last Resort
Panel Chair: Charles Goodhart, LSE
Robert McCauley, Bank for International Settlements
Tom Willett, Claremont Graduate School
Discussant: Hyun Shin, LSE

10:30 – 12:00 Session 5
Official views on Dollarization and Euroization
Panel Chair: Caroline Atkinson, Council on Foreign Relations
Herve Carre, European Commission
Christian Thimann, European Central Bank
Discussant: Stefan Collignon, LSE

12:30 – 14:00 Session 6

Market perspectives on Dollarization and Euroization

Panel Chair: Michael Gavin, UBS Warburg
Michael Marrese, JP Morgan Chase
Avinash Persaud, State Street Bank

Sum Up: Graham Ingham, The Economist
CEP Macro Conference
27th and 28th May 2002

27th May 2002
09.30 – 10.30  Steve Nickell and Luca Nunziata: “Unemployment in the OECD Since the 1960s. What Do We Know?”
11.00 – 12.00 Lars Ljungqvist and Thomas J. Sargent: “The European Employment Experience”
16.00 – 17.00 Claudio Michelacci: “Incomplete Wage Posting”

28th May 2002
09.30 –10.30  Kenneth Burdett, Ryoichi Imai and Randall Wright: “Unstable Relationships”
11.00 – 12.00 Robert Shimer: “Equilibrium Unemployment Fluctuations”
16.00 – 17.00 Barbara Petrongolo and Christopher A. Pissarides: “Scale Effects in Markets With Search”
Spatial Inequality and Development
June 28-30, 2002

Two Paper Sessions. Authors-20 min each; Discussant-15 min; Audience-20 min
Three paper Sessions. Authors-20 min each; Discussant-20 min; Audience-25 min

June 28th 2002

9.00-9.30 Session I: Introduction and Welcome
Ravi Kanbur, Tony Shorrocks and Tony Venables

9.30-10.45 Session II: Methodology: Measurement and Decomposition
Chair: Ravi Kanbur

Bettina Aten and Alan Heston: “Regional Differences in Output in International Perspective.”

Discussant: Tony Shorrocks

11.30-12.45 Session III: Geographical Externalities
Chair: Tony Venables

Discussant: Vernon Henderson

2.30-4.15 Session IV: Convergence
Chair: Jacques Silber

-Sanghamitra Bandyopadhyay:
“Convergence Club Empirics: Explanations of Unequal Growth Across Indian States.”
Carlos Azzoni, Naercio Menezes-Filho, Tatiane Menezes: “Opening the Convergence Black Box: Measurement Problems and Demographic Aspects.”
Discussant: Tony Venables

4.45-6.00 Session V: Migration and Spatial Inequality
Chair: Jed Friedman

Suleyman Ozmucur and Jacques Silber: “Spatial Inequality in Turkey During the 1968-1994 Period and the Impact of Internal Migration.”
Discussant: Matthew Drennan
June 29th 2002

9.00-10.45  Session VI: Geography and Polarization
Chair: Kathryn Anderson

Mabel Andalon Lopez and Luis Felipe Lopez Calva: “The Many Mexicos: Regional Income Inequality and Polarization During the Nineties.”

Sylvie Demurger, Jeffrey Sachs, Wing Thye Woo, Shuming Bao, Gene Chang and Andrew Mellinger: “Geography, Economic Policy and Regional Development in China.”

Javier Escobal and Maximo Torero: “Does Geography Explain Differences in Economic Growth in Peru?”

Discussant: Martin Ravallion

11.30-12.45  Session VII: Spatial Inequality During Transition  Chair: Bettina Aten
Kathryn Anderson and Richard Pomfret: “Spatial Inequality and Development in Central Asia.”

Michael Forster, David Jesuit and Timothy Smeeding: “Regional Inequality and Income Inequality in Central and Eastern Europe: Evidence from the Luxembourg Income Study.”

Discussant: Ruslan Yemtsov

2.30-4.15  Session VIII: Trade, Wages and Regional Inequality
Chair: Sanghamitra Bandyopadhyay

-Songhua Lin: “International Trade, Location and Wage Inequality in China.”


Dirk William te velde and Oliver Morrisey: “Is There a Wage Premium of Being Located in the Capital City in African Countries?”

Discussant: Luis Felipe Lopez-Calva

June 30

9.00-10.45  Session IX: Growth and Poverty: Regional Linkages Chair: Mabel Andalon Lopez
Jed Friedman: “How Responsive is Poverty to Growth? A Regional Analysis of Poverty, Inequality and Growth in Indonesia, 1984-1996.”
Luc Christiansen, Lionel Demery and Stefan Paternostro: “Growth, Distribution and Poverty in Africa: Messages from the 1990s.”

Discussant: David Weinstein

11.30-12.45  Session X: Overview and Conclusion
Ravi Kanbur, Paul Krugman and Tony Venables

92
Skills for All Research: Enhancing Industry’s Role in Apprenticeship Research and Policy Conference 5th July 2002

Raising Employer Involvement in Modern Apprenticeship – Expectations and Challenges

10.00 Welcome and Introduction
Professor Lord Richard Layard and Dr Ursula Howard

10.15 Keynote Address
Dr Jeffrey King – US-EURONET

10.40 “Employer Involvement in Apprenticeship – UK and Europe Compared”
Dr Hilary Steedman: Key messages from Skills for All research

10.55 “Employer Involvement in Group Training for Apprenticeship”
Professor Howard Gospel: KCL
Key messages from Skills for All research

13.15 “Integrating On and Off-the-Job Learning in Apprenticeship”
Claire Weiss: LSDA
Key messages from Skills for All research

13.30 “Support Strategies for Modern Apprenticeships in SMEs”
David Sims: NFIER
Key messages from Skills for All research

13.45 Discussion

14.30 Summing Up
Sir John Cassels Chair, Modern Apprenticeships Advisory Committee

14.50 Last word
Dr Jeffrey King
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<th>Date</th>
<th>Time</th>
<th>Session</th>
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| 5th September    | 9.00 – 10.15  | Welcome: Richard Layard  
                   | Richard Davidson: “Measurement of Happiness”                            |
|                  | 10.45 – 12.45 | Daniel Kahneman: “Measurement of Happiness”  
                   | Peter Shizgal: “Brain Reward Circuitry and the Mechanics of Happiness”  |
|                  | 13.45 – 15.15 | Eugene S. Paykkel: “Depression, Happiness and Treatment”  
                   | Richard Freeman: “Effect of Genes and Early Experience”                 |
|                  | 15.45 – 16.45 | Andrew Oswald: “Effects of Income”                                       |
|                  | 16.45 – 17.30 | General Discussion                                                       |
| 6th September    | 08.30 – 10.15 | George Loewenstein: “Relation of perceived and Actual Determinants of Happiness”  
                   | Michael Marmot: “Effects of Non-Income Dimensions of Experience”         |
|                  | 10.45 – 11.30 | John Skorupski: “Should We Maximise the Sum of Happiness?”               |
|                  | 11.30 – 12.30 | General Discussion                                                       |
|                  | 13.45 – 16.00 | Alan Krueger: “Implications for Policy”  
                   | John Kay: “Implications for Policy”                                     |
|                  |               | Richard Layard: “Conclusions”                                            |
Crime and Faith-Based Communities Forum  
9th and 10th September 2002

9th September
1.00-2.00  **Introduction to the Issues**  
Chair: Professor Richard Freeman

Kirsten Hansen: Introduction to the Briefing Pack  
Robin Gill: “Patterns of Change in Religion in UK”  
Dr Marian FitzGerald: “Crime and Criminal Justice in Britain: the Role of Ethnic Statistics

2.15-3.45  **Faith-Based and Community Programs in Disadvantaged Areas in UK**  
Chair: Byron Johnson

Simon Pellew: “Employment Programs in Peckham”  
Fran Beckett: “Investing in the Future”  
Andy Hull: “Incentive Programs for Kids, Inner City London”  
Stuart Dew: “Why the Church?”

4.00-6.00  **The Boston Experience**  
Chair: Kirstine Hansen

Presenters: Reverend Eugene Rivers, Co-Founder of the Boston Ten Point Coalition  
Stefan Lobuglio, Suffolk County Sheriff’s Department and Harvard  
Professor Anne Piehl, Kennedy School, Harvard

Discussants: Reverend Terry Drummond, Diocese of Southwark  
Chief Superintendent Steve Jordan, West Midlands Police  

10th September
9.00-10.45  **How Can Faith-Based and Community Groups Help Reduce Crime?**  
Chair: Richard Freeman  
Byron Johnson: “A Systematic Review of the Literature on Faith-Based Organisations”  
Danny Brierely, Anne Mason and Nick Tolson: “Faithworks in the Community”  
Commentator: - Michael Dewey

11.00-11.30  **Recent Student Research**  
Amrela Massiah, Department of Sociology, Crime and Deviance, LSE  
Dr Kathryn Curran, Institute of Criminology, Cambridge

11.30-12.00  **What Should Be Done?**  
Chair: Jim McManus  
Open Discussion
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<th>Time</th>
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<tr>
<td>09.30 – 10.30</td>
<td>Alejandro Cunat and Marco Maffezzoli: “Trade Integration and Growth”</td>
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<tr>
<td>10.30 – 11.00</td>
<td>Coffee</td>
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<tr>
<td>11.00 – 12.00</td>
<td>Matthew Slaughter, Gordon Hanson and Raymond Mataloni: “Vertical Specialization in Multinational Firms”</td>
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<tr>
<td>12.00 – 13.00</td>
<td>Stephen Redding and Peter Schott: “Distance, Skill Deepening and Development: Will Peripheral Countries Ever Get Rich?”</td>
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ANNEX D
Centre Seminars and Workshops
ANNEX D

Seminars and Workshops

Money and Macroeconomics Seminar
Organisers: Alex Michaelides, June Jarman & Rachel Ngai

9/10/01  Danny Quah, CEP, LSE
‘Some Simple Arithmetic on How Income Inequality and Economic Growth Matter’

16/10/01  Alexander Michaelides, University of Cyprus, LSE, and CEPR
‘Buffer Stock Saving and Habit Formation’

23/10/01  Torsten Persson, Stockholm and LSE
‘Causal Effects of Political Institutions on Economic Policy? Quasi-Experimental Evidence’

30/10/01  No Seminar

Lionel Robbins Lectures

6/11/01  Andrei Sarychev, LSE
‘Contract Enforcement and Growth Out of Steady State’
(Joint with Yulia Kossykh)

13/11/01  Mark Gertler, NYU
‘Markups, Gaps and the Costs of Economic Fluctuations’
(Joint with Jordi Gali and David Lopez-Salido)

20/11/01  Kosuke Aoki, Bank of England
‘Optimal Commitment Policy Under Noisy Information’

27/11/01  Wouter den Haan, UCLA, San Diego and CEPR
‘Shocks and Institutions in a Job-Matching Model’

4/12/01  Katsuya Takii, University of Essex
‘Prediction Ability’

11/12/01  Nobu Kiyotaki, LSE
‘Liquidity and Asset Prices’
(Joint with John Moore)

15/01/02  Takashi Shimizu, University of Tokyo
‘A Theory of Money with Market Places’
(Joint with Akihiko Matsui)

22/01/02  Evi Pappa, London School of Economics
‘A Monetary Model of Factor Utilization’
(Joint with Katharine Neiss)

29/01/02  Chris Pissarides, London School of Economics
‘Consumption and Savings with Unemployment Risk: Implications for Optimal Employment Contracts’

5/02/02  George Evans, University of Oregon
‘Monetary Policy, Expectations and the Timeless Perspectives’
(Joint with Seppo Honkapohja)

12/02/02  Nicholas Souleles, The Wharton School, University of Pennsylvania
‘Do Liquidity Constraints and Interest Rates Matter for Consumer Behaviour? Evidence from Credit Card Data.’

19/02/02  Annette Vissing, University of Chicago
Recruitment Seminar, ‘The Returns to Entrepreneurial Investment: a Private Equity Premium Puzzle’

26/02/02  Fabio Canova, Universitat Pompeu Fabra
‘Evaluating Two DSGE Monetary Models Through VARs’

5/03/02  Kiminori Matsuyama, Northwestern University
‘On the Rise and Fall of Class Societies’

12/03/02  Jeame Ventura, Massachusetts Institute of Technology
‘Trade Integration and Risk Sharing’
(Joint with Aart Kraay, World Bank)

19/03/02  Ricardo Lagos, New York University
‘A Unified Framework for Monetary Theory and Policy Analysis’
(Joint with Randall Wright, University of Pennsylvania)

30/04/02  Nicola Pavoni, University College London
‘Optimal Unemployment Insurance with Human Capital Depreciation and Duration Dependence’

7/05/02  Rachel Ngai, LSE
‘Does Size Matter? An Investigation of the Relationship between Public Sector and Unemployment’
(Joint with J. Horner, Kellogg School of Management, Northwestern and C. Olivetti, Boston University)

14/05/02  Alejandro Cunat, LSE
‘Growth and Interdependence Under Complete Specialization’
(Joint with M. Maffezzoli, Bocconi)

24/06/02  Deborah Lucas, Kellogg, Northwestern University
‘Investing Public Pensions in the Stock Market: Implication for Risk Sharing and Asset Prices’
International Economics Field Seminar
Organisers: Anthony J. Venables, Alejandro Cunat, Gilles Duranton, Henry G. Overman and Steve Redding

11/10/01  Antonio Ciccone, Universidad Pompeu Fabra, CREI and CEPR
‘Trade and Productivity’
(Joint with Francisco Alcala)

17/10/01  Stephen Redding, CEP and LSE
‘The Economic Geography of Trade, Production, and Income: A Survey of Empirics’
(Joint with Anthony J. Venables and Henry G. Overman)

24/10/01  Anthony J. Venables, CEP and LSE
‘Industrial Clusters: Equilibrium, Welfare and Policy’
(Joint with Victor Norman)

31/10/01  Alejandro Cunat, CEP and LSE
‘Sectoral Allocation in the Process of Growth’

7/11/01  Frederic Robert-Nicoud, CEP and LSE
‘Unilateral Trade Policy and Economic Geography’

21/11/01  Giorgia Albertin, CEP and LSE
‘Regional Blocs’

28/11/01  Giovanni Peri, University of California Davis
‘Innovation and Spillovers in Regions: Evidence from European Patent Data’

5/12/01  Gilles Duranton, CEP and LSE
‘Cities and Workplace Communication: Some Evidence’
(Joint with Sylvie Charlot)

12/12/01  Giulia Faggio, CEP and LSE
‘Location Decisions of Multinational Enterprises: the Experiences of Poland, Bulgaria and Romania’

16/01/02  Yong Kim, LSE
‘Borrowing Constraints and Technology Diffusion: Implications of Intra-Industry Trade’

23/01/02  Stephen Redding, CEP and LSE
‘Factor Price Equalization in the UK?’
(Joint with Andrew Bernard, Peter Schott and Helen Simpson)

30/01/02  Kwok Tong Soo, CEP and LSE

6/02/01  Tony Venables, CEP and LSE
‘The Geography of Intra-Industry Trade; Empirics’

13/02/02  Diego Puga, University of Toronto and CEP
‘Knowledge Creation and Control in Organisations’
(Joint with Dan Trefler)

20/02/02  Danny Quah, LSE
‘24/7 Competitive Innovation’

27/02/02  Henry Overman, CEP and LSE
‘Delocation and European Integration: Is Structural Spending Justified?’
(Joint with Karen-Helene Knarvik)

6/03/02  Holger Gorg, University of Nottingham
‘Foreign Ownership, Returns to Scale and Productivity: Evidence from UK Manufacturing Establishments’

13/03/02
Marco Schonborn, LSE
‘Core, Periphery and Taxes’

20/03/02
Maurice Kugler, Southampton University
‘National Income Distributions and International Trade Flows’

1/05/02
Dieter Urban, CEP/LSE
‘Vertical FDI Revisited’
(Joint with Henrik Braconier and Pehr-Johan Norbaek)

8/05/02
Giorgia Albertin, CEP/LSE
‘Regionalism or Multilateralism? A Choice of Political Economy’

15/05/02
Dimitra Petropoulou (LSE)
‘Information Costs and Trade Networks’

22/05/02
No seminar. (Stoke-Rochford)

29/05/02
Rod Falvey, University of Nottingham
‘Trade, Innovation and Patent Policy’
(Joint with Feli Matinez and Geoff Reed)

5/06/02
Frédéric Robert-Nicoud, LSE
‘Entry and Asymmetry Lobbying: Why Governments Pick Losers’
(Joint with Richard Baldwin)

12/06/02
Oriana Bandiera, LSE
‘Illegal Trade and the State’

19/06/02
No seminar.

26/06/02
Laurent Gobillon, ENSAE
TBA.

3/07/02
No seminar.
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<th>Speaker</th>
<th>Title</th>
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<tbody>
<tr>
<td>11/10/01</td>
<td>Charles Goodhart, CEP and LSE</td>
<td>‘Intervention to Save Hong Kong: the Authorities Counter-Speculation in Financial Markets in August 1998’ (Chair: Professor Lord Desai)</td>
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<tr>
<td>25/10/01</td>
<td>Anne Sibert, Birkbeck College</td>
<td>‘Monetary Policy with Uncertain Central Bank Preferences’</td>
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<tr>
<td>15/11/01</td>
<td>Stijin Claessens, University of Amsterdam and CEPR</td>
<td>‘Financial Development, Property Rights and Growth’</td>
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<td>22/11/01</td>
<td>Ellen Meade, CEP</td>
<td>‘Regional Influences on US Monetary Policy: Some Implications for Europe’</td>
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<tr>
<td>29/11/01</td>
<td>Anil Kashyap, University of Chicago Business School</td>
<td>‘Corporate Financing and Governance in Japan. The Road to the Future’</td>
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<tr>
<td>5/12/01</td>
<td>Steve Kamin, Federal Reserve Board</td>
<td>‘The Contribution of Domestic and External Factors to Emerging Market Devaluation Crises: An Early Warning Systems approach’</td>
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<td>11/12/01</td>
<td>Michael Bordo, Rutgers University</td>
<td>‘Core, Periphery, Exchange Rate Regimes and Globalization’</td>
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<td>17/01/02</td>
<td>Nikolas Müller-Plantenberg, LSE</td>
<td>‘Long Swings in Japan’s Current Account and in the Yen’</td>
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<tr>
<td>24/01/02</td>
<td>Matteo Iacoviello, LSE</td>
<td>‘House Prices, Borrowing Constraints and Monetary Policy in the Business Cycle’</td>
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<td>31/01/02</td>
<td>David Stasavage, LSE</td>
<td>‘Transparency, Democratic Accountability, and the Efficiency of Monetary Policy’</td>
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<td>7/02/02</td>
<td>Gianluca Benigno, LSE</td>
<td>‘Price Stability in Open Economies’</td>
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<td>14/02/02</td>
<td>Dimitrios Tsomocos, LSE</td>
<td>‘Equilibrium Analysis, Banking and Financial Instability: Theory and Applications’</td>
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<td>2/05/02</td>
<td>Chenggang Xu, LSE</td>
<td>‘Law Enforcement Under Incomplete Law: Theory and Evidence from Financial Market Regulation’</td>
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<td>9/05/02</td>
<td>Malcolm Knight, Bank of Canada</td>
<td>‘Current Issues in International Financial Architecture’</td>
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<td>23/05/02</td>
<td>Lars Jonung, European Commission</td>
<td>‘The Scandinavian Monetary Union 1873-1924’</td>
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<td>30/05/02</td>
<td>Petra Geraats, Cambridge University</td>
<td>‘Central Bank Transparency’</td>
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<tr>
<td>6/06/02</td>
<td>Adrian Penalver, Bank of England</td>
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‘Capital Flows to Emerging Markets’

13/06/02  

Jay Levin, Wayne State University  
‘Inflation Targeting and Exchange Rate Dynamics’

20/06/02  

Miguel Segoviano, LSE  
‘Internal Ratings, the Business Cycle and Capital Requirements: Some Evidence from an Emerging Market Economy’

27/06/02  

Gerhard Illing, University of Munich  
‘Financial Fragility, Bubbles and Monetary Policy’
**Centre for the Economics of Education Seminars**

Organisers: Gavan Conlon and Steve McIntosh

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<th>Date</th>
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<th>Institution</th>
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<tr>
<td>8/10/01</td>
<td>Maria Iscovou</td>
<td>University of Essex</td>
<td>‘Class Size in the Early Years: Is Smaller Really Better?’</td>
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<tr>
<td>26/10/01</td>
<td>Vincent Carpentier</td>
<td>Institute of Education</td>
<td>‘Public Effort on Education and Economic Performances in the United Kingdom: 19th and 20th Centuries’</td>
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<td>9/11/01</td>
<td>Paul Gregg</td>
<td>University of Bristol</td>
<td>‘Family Income, Children’s Educational Attainment and Intergenerational Mobility: Evidence from the NCDS and the BCS’</td>
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<td>7/12/01</td>
<td>Roope Uusitalo</td>
<td>VATT, Helsinki, Finland</td>
<td>‘The Effect of Student Aid Reform on Graduation Times in Finland’</td>
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<td>10/12/01</td>
<td>Colm Harmon</td>
<td>University College Dublin</td>
<td>‘Dispersion in the Rate of Return to Schooling’</td>
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<td>18/01/02</td>
<td>David Campbell</td>
<td>University of Kent</td>
<td>‘Rates of Return to Schooling and the Quality of Education’</td>
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<td>1/02/02</td>
<td>Peter Davies</td>
<td>Staffordshire University</td>
<td>‘Schooling Reforms in England: From Quasi-Markets to Co-opetition’</td>
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<td>15/02/02</td>
<td>Mikael Lindahl</td>
<td>University of Amsterdam</td>
<td>‘Home Versus School Learning: A New Approach to Estimating the Effect of Class Size on Achievement’</td>
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<td>1/03/02</td>
<td>Francis Green</td>
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<td>‘The Growth and Valuation of Generic Skills’</td>
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<td>15/03/02</td>
<td>Alison Wolf and Andrew Jenkins</td>
<td>Institute of Education</td>
<td>‘Why Employers Test’</td>
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<td>10/05/02</td>
<td>David Ulph</td>
<td>University College London</td>
<td>‘University Funding, University-Firm Links and the Pace of Innovation’</td>
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<tr>
<td>24/05/02</td>
<td>Vincent Hogan</td>
<td>University College Dublin</td>
<td>‘Using Heteroscedasticity to Estimate the Returns to Schooling’</td>
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<tr>
<td>21/06/02</td>
<td>Björn Öckert</td>
<td>Institute for Labour Market Policy Evaluation, Uppsala, Sweden</td>
<td>‘Do University Enrolment Constraints Affect Education and Earnings?’</td>
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<tr>
<td>05/07/02</td>
<td>Ian Walker</td>
<td>University of Warwick</td>
<td>‘Education and Risk: Implications for Policy’</td>
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## Labour Market Workshop

**Organiser:** Alan Manning

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<tr>
<td>9/10/01</td>
<td>Carl Campbell, NIU</td>
<td>‘A General Equilibrium Efficiency Wage Model’</td>
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<td>16/10/01</td>
<td>Augustin De-Coulon, CEP</td>
<td>‘Migration policy and the segmentation of the labour force: the Swiss case’</td>
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<td>23/10/01</td>
<td>Fernando Galindo-Rueda, CEP</td>
<td>‘Graduate Overeducation in Spain’</td>
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<td>30/10/01</td>
<td>Giulia Faggio, CEP</td>
<td>‘Foreign Direct Investment and Wages in Central and Eastern Europe’</td>
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<tr>
<td>6/11/01</td>
<td>Maria Guadalupe, CEP</td>
<td>‘The Hidden Costs of Fixed Term Contracts: the Impact on Work Accidents’</td>
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<td>13/11/01</td>
<td>Arnaud Chevalier, CEP</td>
<td>‘Just Like Daddy: the Occupational Choice of UK Graduates’</td>
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<td>20/11/01</td>
<td>Marco Manacorda, CEP</td>
<td>‘Child Labour in India’</td>
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<tr>
<td>27/11/01</td>
<td>Sandra McNally, CEP</td>
<td>‘Subsidies, Policy Reform and Labour Decisions of UK Farm Operators’</td>
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<td>4/12/01</td>
<td>Hilary Steedman, CEP</td>
<td>‘Benchmarking Apprenticeship: UK and Continental Europe Compared’</td>
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<tr>
<td>22/01/02</td>
<td>Alex Bryson and Raphael Gomez, Policy Studies Institute and LSE</td>
<td>‘You Can’t Always Get What You Want: Frustrated Demand for Union Membership and Union Representation in Britain’</td>
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<td>29/01/02</td>
<td>Steven McIntosh, CEP</td>
<td>‘Overeducation Again: is There a Genuine Under-Utilisation of Skills Amongst the Overeducated?’</td>
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<td>5/02/02</td>
<td>Damon Clark, Institute for the Study of Labor</td>
<td>‘From 30/70 to 70/30 in 20 Years: What Explains Recent Trends in Participation in Post-Compulsory Education in England?’</td>
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<td>19/02/02</td>
<td>Maria Gutierrez-Domenech, CEP</td>
<td>‘Job penalty After Motherhood: the Spanish Case in a European Context’</td>
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<td>26/02/02</td>
<td>Charles F. Manski, Northwestern University</td>
<td>‘Social Security Expectations and Retirement Savings Decisions’</td>
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<td>5/03/02</td>
<td>Michele Pellizari, CEP and LSE</td>
<td>‘Unemployment Insurance and Social Assistance: Interactions and the Need for Joint Policy Design’</td>
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<tr>
<td>12/03/02</td>
<td>Richard Belfield, CEP</td>
<td>‘Matchmaking: the Influence of Monitoring Environments on the Effectiveness of Performance Pay Systems’ (Joint with David Marsden)</td>
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<tr>
<td>19/03/02</td>
<td>Gavan Conlon, CEP</td>
<td>‘Qualifications and Credentials’</td>
</tr>
<tr>
<td>Date</td>
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<tr>
<td>30/04/02</td>
<td>Gianluca Violante, Visiting CEP</td>
<td>‘Firing Taxes and Severance Payments in Search Economies: a Comparison’</td>
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<tr>
<td>7/05/02</td>
<td>Barbara Petrongolo, CEP</td>
<td>‘A Test Between Unemployment Theories Using Matching Data’</td>
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<td>14/05/02</td>
<td>Jonathan Wadsworth, CEP</td>
<td>‘Gay Pay in the UK’</td>
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<td>21/05/02</td>
<td>No Seminar</td>
<td>CEP Stoke Rochford Conference</td>
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<tr>
<td>11/06/02</td>
<td>Peter Dolton, Institute of Education</td>
<td>‘The Returns to Computer Use: An Empirical Analysis for the UK’ (Joint with Gerry Makepeace)</td>
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<td>18/06/02</td>
<td>Ethan Kaplan, Berkeley</td>
<td>‘Outsourcing, Union Density and Wages’</td>
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<tr>
<td>25/06/02</td>
<td>Alan Manning, CEP</td>
<td>‘How Thin are Labour Markets or How Thick am I?’</td>
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<tr>
<td>2/07/02</td>
<td>Samuel Berlinski, University of San Andrés</td>
<td>‘Preschool Attendance and Primary School Outcomes in Argentina’</td>
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<tr>
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<tr>
<td>19/10/01</td>
<td>David Margolis, University of Paris</td>
<td>‘Do Firms Really Share Rents with their Workers?’</td>
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<td>2/11/01</td>
<td>Jean-Marc Robin, INRA</td>
<td>‘Wage Dispersion with Heterogeneous Firm Technologies and Worker Attributes: An Equilibrium Job Search Model for Matched Employer Employee Data’</td>
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<tr>
<td>16/11/01</td>
<td>Martin Browning, Copenhagen</td>
<td>‘Nonparametric Demand Analysis’</td>
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<td>23/11/01</td>
<td>Antonio Merlo, University of Pennsylvania</td>
<td>‘Wage Dispersion with Heterogeneous Firm Technologies and Worker Attributes: An Equilibrium Job Search Model for Matched Employer Employee Data’</td>
</tr>
<tr>
<td>30/11/01</td>
<td>Andrea Ichino, European University Institute, Florence</td>
<td>‘The Effect of Employment Protection on Workers Effort. A Comparison of Absenteeism During and After Probation’</td>
</tr>
<tr>
<td>14/12/01</td>
<td>Bas van der Klaauw, Tinbergen Institute</td>
<td>‘Counselling and Monitoring of Unemployed Workers: Theory and Evidence from a Controlled Social Experiment’</td>
</tr>
<tr>
<td>25/01/02</td>
<td>Thomas Piketty, CEPREMAP</td>
<td>‘Income Inequality in France and the United States, 1901-1998’</td>
</tr>
<tr>
<td>8/02/02</td>
<td>CANCELLED</td>
<td></td>
</tr>
<tr>
<td>22/02/02</td>
<td>Zvi Eckstein, Tel Aviv University and University of Minnesota</td>
<td>‘Labor Mobility of Immigrants: Training, Experience, Language and Opportunities’</td>
</tr>
<tr>
<td>8/03/02</td>
<td>Orazio Attanasio, UCL</td>
<td>‘Education Choices in Mexico: Using a Structural Model and a Randomized Experiment to Evaluate Progress’</td>
</tr>
<tr>
<td>22/03/02</td>
<td>Marianne Bertrand, Chicago Graduate School of Business</td>
<td>‘Are Emily and Brendan More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination’</td>
</tr>
<tr>
<td>3/05/02</td>
<td>Robin Burgess, LSE</td>
<td>‘Can Labor Regulation Hinder Economic Performance? Evidence from India’ (Joint with Tim Besley, LSE)</td>
</tr>
<tr>
<td>17/05/02</td>
<td>Kenneth Chay, Berkeley</td>
<td>‘Air Quality, Infant Mortality, and the Clean Air Act of 1970’       (Joint with Michael Greenstone)</td>
</tr>
<tr>
<td>31/05/02</td>
<td>Robert Shimer, Princeton University</td>
<td>Finding Jobs, Losing Jobs, and Changing Jobs’</td>
</tr>
<tr>
<td>14/06/02</td>
<td>Gerard Pfann, IZA and Maastricht University</td>
<td>‘Two-Sided Learning, Labor Turnover, and Worker Displacement’        (Joint with Dan Hamermesh)</td>
</tr>
<tr>
<td>28/06/02</td>
<td>Enrico Moretti, UCLA and NBER</td>
<td>‘Women Education and the Intergenerational Transmission of Human Capital: Evidence from College Openings and Longitudinal Data’ (Joint with Janet Currie, UCLA and NBER)</td>
</tr>
</tbody>
</table>
IIM/CEP Management Seminars
Organiser: Alberto Asquer

19/11/01  David Henderson, Westminster Business School
‘What’s Wrong with Corporate Social Responsibility?’

4/12/01   Shmuel Zamir, Hebrew University of Jerusalem and CNRS, Paris
‘The Value of Information in a Strategic Conflict’

21/01/02  Sir Michael Bichard, Rector of the London Institute
‘Improved Public Management - Should we be Optimistic?’

31/01/02  Vanessa Strauss-Kahn, LSE
‘Globalization, Agglomeration and Labor Market Inequality’

4/02/02   Tobias Kretschmer, Interdisciplinary Institute of Management
‘Adoption of New Technology’

7/02/02   Giovanni Peri, LSE
‘Human Capital and Externalities in Cities’

14/02/02  Giorgia Albertin, CEP and LSE
‘Will a Regional Bloc Expand?’

25/02/02  Edward McClennan, LSE Department of Philosophy, Logic and Scientific Method
‘Social Capital and Economic Growth’

28/02/02  Michael Storper, ?
‘Trade and the Location of Industries in the OECD and EU’

7/03/02   Louise Keely, University of Wisconsin
‘Keeping Up With the Joneses and Income Distribution’

11/03/02  John Mayo, former finance director of Zeneca, GEC and Marconi and former deputy chief executive officer or Marconi
‘Some Personal Observations on the Objectives, Measurement and Problems of Corporate Transformation’

18/03/02  Phanish Puranam, Assistant Professor of Strategy and Information Management, London Business School
‘Knowledge-Based Approaches to the Theory of the Firm’

13/05/02  Pat Doreian, University of Pittsburgh and LSE
‘Organisations in Networks’

20/05/02  Peter Lotz, Copenhagen Business School
‘The Old Economy Listening to the New: E-Commerce in Hearing Instruments’
ANNEX E
Centre Visitors
ANNEX E

Centre Visitors

August de Coulon
Swiss State Secretariat for Economic Affairs
12 months

Stanley Fischer
29 Oct – 1 Nov (inclusive) 2001

Brian Henry
University of Oxford
Since August 2002

T. Inagami
April 15th for six months

Giles Keating, CSFB
April 9th for 12th months

Peter Kenen
University of Princeton
Summer 2002

Morris Kleiner
Leverhulme Future of Unions Visitor
June 2nd – June 16th 2002

Paul Krugman
University of Stamford
June/July 2002
ANNEX F
PhDs Awarded and Current Registrations and Career Destinations
ANNEX F

PhDs Awarded and Current Registrations and Career Destinations

PhDs Awarded - 6
Fernando Galindo-Rueda
Jean-Paul Faguet  Lectureship, DESTIN, LSE
Sandra McNally
Thomas Kirchmaier  Lectureship, Management, LSE
Paolo Ramezzana  Associate Professorship, University of Virginia
Richard Walker  Associate Lectureship, University of Oxford

Research Assistants Registered for PhD  30
Albertin, Giorgia
Blanden, J
Blanes, Jordi
Bulli, Sandra
Charlwood, A
Elsby, Mike
Faguet, J-P
Flood, Roisin
Frederic Robert-Nicoud
Galindo-Rueda, Fernando
Gibbons, Steve  Lectureship, Department of Geography
Gkionakis
Goos, Marten
Gray, Helen
Guadalupe, Maria
Gutierrez-Domenech, Maria
Hansen, Kirsten  ESRC Postdoctoral Fellowship
Kirchmaier, Tom
Lopez-Garcia, Paloma
Munoz, Sonia
Muuls, Mirabelle
Pelizzari, Michelle
Petropoulou, Dmitra
Schonborn, Marco
Shvets, Julia
Soo, Kwok Ton
Tomura, Hajime
Vallanti, Giovanna
Walker, Richard
Xenogiani, Theodora
ANNEX G
Financial Statement and Staff Statistics
### TABLE 1
CEP Expenditure and Income - ALL SOURCES
1/10/01 - 30/9/02

<table>
<thead>
<tr>
<th>INCOME</th>
<th>EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESRC Core Grant</td>
<td>1,079,645</td>
</tr>
<tr>
<td>Business Forum</td>
<td>Senior Research Staff 853,602</td>
</tr>
<tr>
<td>DfES Core Grant</td>
<td>320,425</td>
</tr>
<tr>
<td>Senior Research Staff</td>
<td>Admin, Computing, Public Affairs and Secretarial Staff 362,879</td>
</tr>
<tr>
<td>Senior Research Staff</td>
<td>313,728</td>
</tr>
<tr>
<td>Research Assistants</td>
<td>314,460</td>
</tr>
<tr>
<td>Research Assistants</td>
<td>23,126</td>
</tr>
<tr>
<td>Admin, Computing and Secretarial Staff</td>
<td>60,698</td>
</tr>
<tr>
<td>Admin, Computing, Public Affairs and</td>
<td></td>
</tr>
<tr>
<td>Secretarial Staff</td>
<td></td>
</tr>
<tr>
<td>EC: Patterns of Economic Growth and Foreign</td>
<td></td>
</tr>
<tr>
<td>Direct Investment</td>
<td></td>
</tr>
<tr>
<td>Office Costs, Printing, Books, Dissemination,</td>
<td></td>
</tr>
<tr>
<td>Public Affairs Unit, Research Materials</td>
<td>105,513</td>
</tr>
<tr>
<td>ESRC Other Projects</td>
<td>52,965</td>
</tr>
<tr>
<td>Payments to Partners</td>
<td>255,263</td>
</tr>
<tr>
<td>EU TSER: PIEP Pay and Inequality, LoWER</td>
<td>91,148</td>
</tr>
<tr>
<td>Travel, Conferences, Seminars, Subsistence</td>
<td>125,431</td>
</tr>
<tr>
<td>Overseas Income: NBER (Harvard) and WIDER</td>
<td>61,789</td>
</tr>
<tr>
<td>United Nations University</td>
<td>383,421</td>
</tr>
<tr>
<td>Charitable Foundations: Esmee Fairbairn</td>
<td>129,086</td>
</tr>
<tr>
<td>Skills Programme</td>
<td></td>
</tr>
<tr>
<td>LEVERHULME: Technology &amp; the Labour Market</td>
<td>52,487</td>
</tr>
<tr>
<td>LEVERHULME: Future of Unions</td>
<td>233,529</td>
</tr>
<tr>
<td>MISCELLANEOUS: conference income, closure</td>
<td>52,901</td>
</tr>
<tr>
<td>of small grants, publications</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,250,292</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,360,867</td>
</tr>
</tbody>
</table>

*These include £185,920 paid to IFS and Institute of Education as part of Centre for Economics of Education, £44,289 paid to Oxford University as part of Leverhulme Technology programme and £8,082 paid to NFER for work on 'Skills for All' programme.

This figure includes a sum of £45,600 for overheaded staff which was paid direct to LSE during the period Oct 00 and Sep 01. This cost were not noted in last year's annual report.

### TABLE 2
ESRC Funding Only
1/10/01 - 30/9/02

<table>
<thead>
<tr>
<th>INCOME</th>
<th>EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESRC Core Grant</td>
<td>1,079,645</td>
</tr>
<tr>
<td>Senior Research Staff</td>
<td>313,728</td>
</tr>
<tr>
<td>Research Assistants</td>
<td>82,495</td>
</tr>
<tr>
<td>Admin, Computing and Secretarial Staff</td>
<td>314,460</td>
</tr>
<tr>
<td>Computing Equipment, Software and Maintenance</td>
<td>23,126</td>
</tr>
<tr>
<td>Office Costs, Dissemination, Public Affairs Unit, Research Materials</td>
<td>60,698</td>
</tr>
<tr>
<td>Travel, Conferences, Seminars, Subsistence</td>
<td>60,777</td>
</tr>
<tr>
<td>Overheads paid direct to LSE</td>
<td>286,818</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,079,645</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,142,102</td>
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</tbody>
</table>
### TABLE 3
Expenditure Breakdown ESRC & Non-ESRC
1/10/01 - 30/9/02

<table>
<thead>
<tr>
<th>STAFF BY PROGRAMME</th>
<th>ESRC £</th>
<th>Outside £</th>
<th>All Funds £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centrewide (Directors)</td>
<td>78,268</td>
<td>86,011</td>
<td>164,279</td>
</tr>
<tr>
<td>Labour Markets - Research Staff</td>
<td>201,732</td>
<td>297,569</td>
<td>499,301</td>
</tr>
<tr>
<td>Education and Skills - Research Staff</td>
<td>10,947</td>
<td>222,967</td>
<td>233,914</td>
</tr>
<tr>
<td>Technology and Growth - Research Staff</td>
<td>3,127</td>
<td>19,875</td>
<td>23,002</td>
</tr>
<tr>
<td>Globalisation - Research Staff</td>
<td>102,139</td>
<td>72,769</td>
<td>174,909</td>
</tr>
<tr>
<td>Total Research Staff</td>
<td>396,214</td>
<td>699,191</td>
<td>1,095,405</td>
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<tr>
<td>Support Staff</td>
<td>314,460</td>
<td>48,419</td>
<td>362,879</td>
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<tr>
<td><strong>Total Staff</strong></td>
<td><strong>710,674</strong></td>
<td><strong>747,610</strong></td>
<td><strong>1,458,284</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NON-STAFF</th>
<th>ESRC £</th>
<th>Outside £</th>
<th>All Funds £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computing Equipment, Software and Maintenance</td>
<td>23,126</td>
<td>9,821</td>
<td>32,947</td>
</tr>
<tr>
<td>Office Costs, Books, Dissemination, Public Affairs Unit, Research Materials</td>
<td>60,698</td>
<td>44,815</td>
<td>105,513</td>
</tr>
<tr>
<td>Payments to Partners</td>
<td>0</td>
<td>255,263</td>
<td>255,263</td>
</tr>
<tr>
<td>Travel, Conferences, Seminars, Subsistence</td>
<td>60,777</td>
<td>64,654</td>
<td>125,431</td>
</tr>
<tr>
<td>Overheads paid direct to LSE</td>
<td>286,818</td>
<td>96,603</td>
<td>383,421</td>
</tr>
<tr>
<td><strong>Total Non-Staff</strong></td>
<td><strong>431,419</strong></td>
<td><strong>471,155</strong></td>
<td><strong>902,574</strong></td>
</tr>
</tbody>
</table>

| Total Staff and Non-Staff | 1,142,093 | 1,218,765 | 2,360,858 |

### Research Staff: Expenditure by Grade
1/10/01 - 30/9/02

<table>
<thead>
<tr>
<th>FTE's</th>
<th>% or Research Staff Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (Freeman/Layard/Venables)</td>
<td>1.9</td>
</tr>
<tr>
<td>Senior Research Fellows</td>
<td>3.2</td>
</tr>
<tr>
<td>Research Fellows</td>
<td>1.8</td>
</tr>
<tr>
<td>Research Officers</td>
<td>12.2</td>
</tr>
<tr>
<td>Junior Research Staff</td>
<td>10.3</td>
</tr>
<tr>
<td>Associates</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>TOTAL FTE's (excluding HEFCE staff)</strong></td>
<td><strong>30.4</strong></td>
</tr>
<tr>
<td>Programme</td>
<td>Staff Grade</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Labour Markets</td>
<td></td>
</tr>
<tr>
<td>Aston University RO/RA</td>
<td>RO</td>
</tr>
<tr>
<td>Armat, G</td>
<td>RA</td>
</tr>
<tr>
<td>Battpassavvar, V</td>
<td>RO</td>
</tr>
<tr>
<td>Bullard, R</td>
<td>RA</td>
</tr>
<tr>
<td>Brayley, H</td>
<td>RA</td>
</tr>
<tr>
<td>Bandari, J</td>
<td>RA</td>
</tr>
<tr>
<td>Byssen, A</td>
<td>RO</td>
</tr>
<tr>
<td>Charlwood, A</td>
<td>RO</td>
</tr>
<tr>
<td>Diamond, W</td>
<td>RO</td>
</tr>
<tr>
<td>Dissan, R</td>
<td>RO</td>
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<tr>
<td>Paggio, G</td>
<td>RO</td>
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<tr>
<td>Edmonds, B</td>
<td>SRF</td>
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<tr>
<td>Gregg, P</td>
<td>SRF</td>
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<tr>
<td>Hansen, K</td>
<td>RA</td>
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<tr>
<td>Kelly, R</td>
<td>SRF</td>
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<tr>
<td>Menning, A</td>
<td>Associate</td>
</tr>
<tr>
<td>McAllister, D</td>
<td>SRF</td>
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<tr>
<td>Moore, S</td>
<td>RO</td>
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<tr>
<td>Nickell, S</td>
<td>Associate</td>
</tr>
<tr>
<td>Parsons, D</td>
<td>SRF</td>
</tr>
<tr>
<td>Patropoulos, B</td>
<td>SRF</td>
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<tr>
<td>Plotsko, B</td>
<td>Associate</td>
</tr>
<tr>
<td>Quintini, G</td>
<td>PO</td>
</tr>
<tr>
<td>Ryan-Flood, R</td>
<td>RA</td>
</tr>
<tr>
<td>Taylor, R</td>
<td>RF</td>
</tr>
<tr>
<td>Tuning, T</td>
<td>RA</td>
</tr>
<tr>
<td>Tzoumou, K</td>
<td>RA</td>
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<tr>
<td>Vlamin, R</td>
<td>RA</td>
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<tr>
<td>Wadsworth, J</td>
<td>SRF</td>
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<tr>
<td>Wood, S</td>
<td>SRF</td>
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<tr>
<td>Hourly Paid ORAs</td>
<td>DRA</td>
</tr>
<tr>
<td>Non-ESRC FTE's</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Chevalier, A</td>
<td>RO</td>
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<tr>
<td>Chung, T</td>
<td>RO</td>
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<tr>
<td>Coles, G</td>
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<td>Faistate, L</td>
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<td>Suman, J</td>
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<td>Salindo-Rueda, F</td>
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<td>Martin, S</td>
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<td>Mar, D</td>
<td>RA</td>
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<tr>
<td>McIntosh, S</td>
<td>RO</td>
</tr>
<tr>
<td>McNally, S</td>
<td>RO</td>
</tr>
<tr>
<td>Stedman, H</td>
<td>SRF</td>
</tr>
<tr>
<td>Singoles, A</td>
<td>RF</td>
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<tr>
<td>Hourly Paid ORAs</td>
<td>DRA</td>
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<tr>
<td>Non-ESRC FTE's</td>
<td></td>
</tr>
<tr>
<td>Globalisation</td>
<td></td>
</tr>
<tr>
<td>Chaney, T</td>
<td>RA</td>
</tr>
<tr>
<td>Can, A</td>
<td>RF</td>
</tr>
<tr>
<td>Fayyad, JP</td>
<td>RO</td>
</tr>
<tr>
<td>Meade, E</td>
<td>RF</td>
</tr>
<tr>
<td>Overman, H</td>
<td>Associate</td>
</tr>
<tr>
<td>Patel, D</td>
<td>Associate</td>
</tr>
<tr>
<td>Neider, S</td>
<td>Associate</td>
</tr>
<tr>
<td>Stewart, M</td>
<td>RA</td>
</tr>
<tr>
<td>Stijan, D</td>
<td>RO</td>
</tr>
<tr>
<td>Winters, A</td>
<td>SRF</td>
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<tr>
<td>Hourly paid ORAs</td>
<td>DRA</td>
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<tr>
<td>Non-ESRC FTE's</td>
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</tr>
<tr>
<td>Technology and Growth</td>
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</tr>
<tr>
<td>Bull, S</td>
<td>RA</td>
</tr>
<tr>
<td>Nakari, G</td>
<td>RA</td>
</tr>
<tr>
<td>Hourly paid ORAs</td>
<td>DRA</td>
</tr>
<tr>
<td>Non-ESRC FTE's</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>ESRC FTE's</th>
<th>Non-ESRC FTE's</th>
</tr>
</thead>
<tbody>
<tr>
<td>396,214</td>
<td>699,191</td>
</tr>
<tr>
<td>10.8</td>
<td>19.6</td>
</tr>
</tbody>
</table>
ANNEX H
Progress Towards Objectives
2001-2002
LABOUR MARKETS
2.1A LIFETIME SUCCESS Milestones:
Year 2001/02 Produce second paper comparing impact of child deprivation on adult outcomes in 1958 and 1970 cohorts. Get 1946 cohort into shape subject to receiving permission from holders. Explore possibility of comparison papers between 1958 cohort and the close US data the National Longitudinal Survey of Youth.

- GREGG: year 00/01 done complete 01-02 we have decided not to use 1946 cohort but to construct a third cohort from BHPS over a number of years. We are also using the 1991 ALSPAC birth cohort. We have focused on producing comparable US data to look at comparisons of intergenerational mobility but data is rather unrobust. We are trying to contact US researchers to understand there results and sampling. We have a paper on changing relationship between family income and educational attainment underway but not yet complete. Hence we have swapped part of 02/03 programme into 01-02 but not focused on child deprivation and outcomes in NCDS/BCS. Rather this will come more from the ALSPAC data in the next year.

Year 2002/03 Produce papers comparing the 3 British cohorts and 1958 cohort with the US data.
Year 2003/04 Explore the use of extra data from later sweeps of 1958 and 1970 cohorts currently in the field. Extend original analysis to look at older out turns.
Year 2004/05 Project completed.

2.1B MEN LEAVING THE LABOUR MARKET Milestones:
Year 2000/01 Use LFS and GHS data to compare growth and levels of earnings, inactivity and employment of less skilled men across area labour markets experiencing different levels of performance. Data preparation complete

- Wadsworth 165
- International comparative paper on workless households completed. It shows widespread increase in the polarization of work across households in OECD countries but this trend has been most marked in UK and unusually focused on families with children in UK.

Year 2002/03 Construct panel data sets from LFS to compare labour market transition rates into work of non employed conditional on their economic status classification 3 months prior to any transition.
Year 2003/04 The data analysis for both studies will be completed and the work written up.

2.1C LABOUR MARKET MOBILITY (Dickens)
2.1C Milestones:
Year 2000/01 Data analysis for low pay/ no pay cycle using BHPS, NES/JUVOS and LLMD.B data Analysis of distribution and repeat incidence of unemployment using JUVOS longitudinal cohort. Set up area based
data set of labour market (unemployment, vacancies, earnings) variables to merge into this data 2.1.b
Preliminary investigation of UK and US cohort data sets.

- **Hold up with Data; this is being released in March 2003 and work will go ahead as planned.** In meantime Dickens has worked on comparisons of US and UK labour market, tax and welfare policies to reduce relative, absolute and child poverty in the 1990’s. An Economic Journal article will appear in the Summer of 2003.

Year 2002/03
- Low Pay/ No Pay analysis will be complete
- Analysis of distribution and repeat incidence of unemployment complete
- Analysis of area labour market effects on unemployment ongoing.
- Analysis of cohort data sets ongoing

Year 2004/05
- Area effects on unemployment study complete
- Analysis of scarring in cohort studies complete

**WELFARE POLICIES**

**2.2.A LABOUR MARKET FOR YOUNG PEOPLE & EVALUATION OF THE NEW DEAL (Dolton)**

Year 2001/02
- Collate data from DfEE sources on New Deal incl data by unit of delivery.
- Gain access to PSI survey on New Deal (subject to data availability)
- Finish data cleaning on North East New Deal survey.
- Analysis of above data to determine effect of New Deal on unemployment. Analysis of sorting role of New Deal options. Panel analysis of the UoD data to assess effect of New Deal across local geographies.

- **Dolton and O’Neill show that there is a long run impact of the Restart programme in the sense that those who received this treatment when they were unemployed are much less likely to be unemployed even 4 years after their unemployment spell.**

- **Progress was made on the assessment of New Deal for Young People. The Routes data set was completed and a first draft of a paper on the assessment of the New Deal for Young People was completed. A methodological paper on the problem of Refreshment sampling was completed relating to the use of data-augmentation via refreshment sampling using the Routes data. Work continues on young people’s entry into self employment. We are in the process of completing a new dataset of around 500 young people who have gone into self-employment and seeking funding for a follow-up survey**

Year 2002/03
- Impact of Welfare Reform: research completed.
- Complete data collection on self-employment

Year 2003/04
- Complete econometric modelling of New Deal YCS and self-employment data.

**2.2.B THE IMPACT OF WELFARE REFORM (Manning)**

Year 2001/02
- Collect data on WFTC for empirical application

- **On Target (A.Manning with G.Azmat)**

Year 2002/03
- Complete econometric analysis

**2.2.C LABOUR MARKET INSTITUTIONS AND UNEMPLOYMENT (Jackman, Layard)**
Year 2001/02  Empirical work on dynamics of impact on institutions and policies
- Nickell & Nunziata
- Pissarides 292

Year 2002/03  Empirical analysis of policy endogeneity
Year 2003/04  Conclusion and final report

OBJECTIVE ADDED: BARRIERS TO ENTREPRENEURSHIP
Pissarides/ Lopez-Garcia

2.2. D Barriers to entrepreneurship and their implications for aggregate unemployment. As well as considering labour market institutions above, it is also important to consider product market institutions and their impact on the start up of new companies which are as least as important. We aim to use OECD data on product market regulation and barriers to the starting up of new companies to quantify their contribution to the employment performances of countries and compare these to contribution of labour market institutions.

2.3A FAMILY POLICY - MATERNITY LEAVE, CHILD CARE AND WOMEN’S EMPLOYMENT (Waldfogel)
2001/02  Data extracted and preliminary analysis complete.
Consultation with policy makers regarding topics of interest on conference on family policy and the future of the family.
Paper authors identified and pre-conference planning meeting held.
- Conference has not yet been planned. Postponed to next year

2002/03  Completion of paper on impact of maternity leave and child care policies on women’s employment.
- Draft is advanced looking at how employment of mothers has responded to maternity rights legislation, child care costs and rising female wages. It shows that there is a key role for maternity rights but with strong interactions with rising earnings opportunities.
- 134, 168, 169, 170

2003/04  Conference on family policy and future of the family held.
2004/05  Papers revised for publication.

2.4A MINIMUM WAGE (Machin)
2001/02  Produce academic paper on the economic effects of minimum wages using the care homes data.
- Complete 139, 175, 176

2002/03  Work to be carried out on monitoring the uprating of the minimum wage.
2003/04  Impact of the minimum wage on poverty using FES (FRS) data. Book on the minimum wage (Machin and Dickens)

2.4.B CONSUMER DEMAND AND THE LABOUR MARKET (Machin, Wadsworth)
Year 2000/01  Complete data collection, matching data across industries common to both consumption and labour market data sets.
- This has not been started since other work (on immigration, on digital divide, but particularly on the production of a 3rd completely revised State of Working Britain publication have been undertaken: Wadsworth is reviewing this objective since it is now considered more difficult to carry out.
Year 2002/03 Data analysis completed and produce discussion paper on the relationship between household income and expenditure on goods and services produced by low paid workers.

Year 2003/04 Collection of European Data for cross country comparisons (collaborative with other European Members of LoWER)

Year 2004/05 Conference and conference publication

2.5 HOW LABOUR MARKETS WORK (Manning)
Year 2001/02 Write theoretical paper on relationship between travel-to-work and wages
- Complete 38, 138, 227a

Year 2002/03 Complete empirical research on theoretical model

TOP MANAGEMENT EFFECTIVENESS

3.1A CORPORATE RESTRUCTURING AND GOVERNANCE
2001/02 Attempt to relate extent of restructuring to performance (matching with Data-Stream). The theoretical framework for this exercise is one which searches for complementary effects of a number of changes (demergers, internal restructuring etc).

2002/03 Plan the 3rd administration of the restructuring survey with a greater emphasis upon governance issues. Attempt to improve the “panel” aspects of the study.

2003/onwards In general expect the research to shift in the direction of governance (and perhaps corporate culture).

3.1B TOP MANAGEMENT TEAMS AND FIRM PERFORMANCE (West)
3.1b & 3.2 Milestones:
Year 2000/01. Multi-firm survey; Select sample of around 60 companies. Collection of data on environmental context; some initial performance and employee attitude data.
- Case studies: Companies selected, baseline data collected.
- The multiform survey is underway. Some 79 companies have agreed to participate. Collection of data on environmental context, performance and employee attitude data is well underway. Companies have been selected for case studies and baseline data has been collected. Top management teams have been surveyed in 80 companies to date.

Year 2002/03 Multi-Firm survey: Complete data collection on initial situation and existing and new management practices Case studies: Monitoring of management interventions completed
- The multi firm study is complete. Seventy nine companies have participated. Collection of data on environmental context, performance and employee attitude data is complete. The analysis of the data is underway. Benchmark reports have been sent to participating companies. The results of the research have been reported via a suite of six seminars attended by separately by Birmingham, Telford, and Staffordshire Call Centre forums, the Institute of Customer Service, the Chartered Institute of Personnel and Development, and a UK consortium of UK call centre managers. Accounts
Research findings will be presented at international conferences. Case studies of several organizations have been completed. Work on two academic articles to be completed by the end of 2003 has begun, focusing on the links between HRM and customer satisfaction and the other examining the links between HRM and staff turnover. Practitioner articles to be published in People Management and Call Centre Europe are also in progress.

- 69, 75, 76, 233

Year 2004/05
- Multi firm survey: Final performance and other data collected. Full analysis completed.
- Case studies: Post intervention data collected and the impact of the interventions analysed and written up.

- ADDED 2002: Further academic articles exploring the links between HRM and productivity, HRM and organisational performance in UK call centres, and the impact of bottom-up change management upon organisational performance are planned. Plans are also in place to grow and develop the consortium of UK call centre managers in order to effectively disseminate research findings into the UK workplace. Call centre research links with the CIPD, the ICS and the CCA will be continued and developed in order to ensure the widest possible practitioner audience will have access to research findings that will increase their effectiveness and improve their performance.

3.3A USES OF INCENTIVES (Marsden)
Year 2002/03
- Some analysis of the initial data on the teachers PRP study complete as will be the third mailing. Similar studies on the Inland Revenue and the Employment Service will be underway.


- Dolton has also been awarded funding by HMT Evidence Based Policy Fund to review recruitment and retention of public sector workers and by the DFES for the labour market for teachers; these studies will intersect with Marsden's

Year 2004/05
- All the PRP studies will be finished.

3.3.B INCENTIVES IN CALL CENTRES (Fernie)
Year 2001/02
- Book produced on employee relations in call centres.
- Second wave of data collection carried out in major retail bank call centres in conjunction with Institute of Work Psychology Sheffield.

Year 2002/03
- Analysis of call centre data at time 2 and changes from time 1. Examination of factors associated with high performance and job satisfaction and effects of the implementation of changes in job design and human resource management.

- See 3.1b above

Year 2003/04
- Completion of call centre project.
4.1 REALLOCATION AND GROWTH (Pissarides & Ngai)
Year 2001/ 2002 Data work on OECD Inter-sectoral database. Analysis. Paper completed on role of employment reallocation in the growth process
Year 2002/ 2003 Analysis of US data (assuming access is obtained via US colleagues J.Haltiwanger and J.Lane Paper(s) completed on micro aspects of reallocation and productivity growth.

NEW OBJECTIVE
4.1 B Investigate the extent to which imperfection in local labour markets influences the duration of unemployment and the quality of the jobs that are formed.
- 2001/ 2 Study completed. 306/ 317

NEW OBJECTIVE ADDED 2002: BARRIERS TO INVESTMENT AND MOBILITY
4.1.C. (Pissarides & Ngai) Barriers to investment and mobility and implications for labour market flexibility and labour reallocation in a growing economy. With an increasing specialisation in services in OECD countries in the past 30 years, considerable capital and labour reallocations have taken place from manufacturing and agriculture to services. Are countries that have fewer barriers to labour and capital mobility more successful in bringing about this allocation in terms of overall country performance? We shall use the OECD sectoral database of services, manufacturing and agriculture
- Ngai Paper 305 completed

4.2 LABOUR MARKET POLICY AND FLOWS (Pissarides)
Year 2001/ 02. Collection of data on job and worker reallocation and on policy instruments in OECD countries. The sources will be secondary OECD and Eurostat sources.

Year 2002/ 03. Final report written up and study completed.

6. KNOWLEDGE & GROWTH

6.1A COPYRIGHT VERSUS PATENTS (Keely, Quah)
Year 2000/ 01. Project on copyright versus patents completed.
Project on public procurement versus monopoly property rights completed.
Year 2001/ 02 Role of non-profit agencies and of private bundling. Lock-in effects in software and standards; counterparts in science and technology. Completed.
Role of institutions: project completed.
- 295, 309

6.2A PRODUCTIVITY EFFECTS (Redding, Quah)
Aims: Why do growth and economic performance cluster geographically both at aggregate country, regional, city and industry levels, and why does this happen especially strongly in knowledge-intensive industries despite knowledge’s infinite expansibility? We will model the microeconomic processes by which ideas spillover between agents, and investigate the role of distance within these processes.
PROJECT 6.2.B FACTORS AFFECTING DIFFUSION (Quah, Crafts, Keely, Redding)
Aims: How are ideas shared between economic agents? We shall examine the factors affecting the diffusion of ideas using industry level data for the OECD economies, on output and factor inputs and thereby deriving empirical measures of growth rates and relative levels of productivity over time. We will examine roles of human capital, R&D expenditure, international trade, and foreign direct investment in explaining productivity growth through innovation or technology transfer.

6.2.C HIGH TECH INDUSTRIES WITHIN POOR COUNTRIES: SUSTAINABILITY AND SPILLOVERS (Keely, Quah)
Aims: How are developing countries able to develop centres of excellence in high-tech industries? We will model the roles of ideas in high-tech production and analyse the emergence of localised centres of excellence within complex adaptive systems and will complement this with case study analyses of Bangalore and South Africa.

Milestones:
Year 2001/02 Factors affecting diffusion: project completed.
High-tech industries within poor countries – sustainability and spillovers: project completed.
- 354a Griffith, Redding and Simpson evaluate technological spillovers from foreign owned to UK plants. They find that increased foreign presence within an industry raises the speed at which knowledge is transferred from the technology frontier to other plants in the sector

PROJECT 6.3.B TACIT VS. CODIFIED KNOWLEDGE (Keely, Quah, Redding)
Aims: By explicitly modelling the mechanics of knowledge sharing, one can investigate the dynamics of income distributions in knowledge-intensive economies. We plan to use empirical characterisations from rich cross sectional dynamic data on incomes, education and attainment to test and illuminate the theoretical predictions of work we have already completed.

6.3 Milestones:
Year 2000/01 Barriers to technological progress – types of education, bureaucratic incentives, vested interests, income inequality: Project completed
Tacit versus codified knowledge; education and learning-by-doing: project completed
Duranton will complete 3 papers by July 2003

9. GLOBALISATION
9.1A CHANGING PATTERN OF TRADE (Redding)
- Data collection and development analytical framework complete
• Papers completed, Cunat and Maffezzoli, 347; Redding 332; Redding and Venables, 354; Venables and Limaо 335;

Year 2002/03 Empirical analysis and project completion.

9.1B TRADE AGREEMENTS AND THE PATTERN OF INTERNATIONAL TRADE ((Winters, Venables)
2001/02 Selection of countries for study and data collection. Development of analytical frameworks.
• Papers completed: Winters, Bond and Syropolous, 336; Chang and Winters (to be added to list); Venables, 392, 402; Cunat and Maffezzoli 359; Venables and Winters, 394; Overman, 320;

2002/03 Empirical analysis and project completion

9.1C DYNAMICS OF TRADE FLOWS (Redding, Venables, Overman)
Year 2000/01. Completion of initial phase of work on dynamics. Application to two digit industry level data.

Year 2002/03 Investigation using disaggregated trade data
• CUNAT: Data collection (complete) Development of analytical framework (Not finished). ("The Growth of North-South Trade," joint with Marco Maffezzoli) Data collection implied dividing world trade volume in its North-North, North-South and South-South components. (IMF Direction of Trade Statistics)

Year 2004/05 Completion of project.

9.2 A: COUNTRIES AND INDUSTRIAL LOCATION (Redding, Venables, Overman)
Year 2000/01. Completion of work based on national data using OECD (STAN) and UNIDO databases

9.2B: REGIONAL SPECIALISATION AND AGGLOMERATION (Overman, Redding, Winters)
Year 2001/02 Initial work on reconciling regional data sets

• WINTERS: Data on UK trade flows by 62 commodity groups and over 100 UK ports, 1970-1992 collected and cleaned. To be written up in 2003. Converters between industrial and trade classifications constructed for 1970s UK trade. Comprehensive data on UK firm location and statistics collected (ARD)
• REDDING Distance, Skill-Deepening, and Development: Will Peripheral Countries Ever Get Rich?" (joint with Peter Schott)
• DURANTON Our conclusion so far is that wage differences across local labour markets mostly reflect the composition of the local labour force and the overall scale of the city. This work is relevant for policy making with respect to the causes of regional inequalities.
Year 2002/03 Empirical analysis and project completion. Completion of work using regional data.

9.2.C TRADE AND INDUSTRIAL LOCATION IN EUROPE (Venables, Overman)
Year 2001/02 Empirical analysis and project completion.

- First phase completed:
  - Overman and Midelfart Knarvik, 326; Overman et al 327.

9.3 DETERMINANTS OF TRADE AND LOCATION (Venables, Overman Redding)
Year 2002/03 Model construction and hypothesis formulation.

- In progress

Year 2003/05 Empirical analysis and completion.

9.4A NEW TECHNOLOGIES AND COMPARATIVE ADVANTAGE (Puga, Duranton)
9.4.B: NEW TECHNOLOGIES AND MARKET INTEGRATION (Venables)
9.4.C TRADABLE AND NON-TRADABLE SECTORS (Redding)
9.4.D TRADE AND PRODUCT CYCLES (Venables, Puga, Duranton)

2001/05 These projects will have a major theoretical component, as a new analytical approach will need to be developed. This work will go on through the period 2001-2005. In addition we will work with colleagues in other programmes to acquire and develop databases for ICT sectors. We anticipate substantial empirical work through the period 2002-2005.

- Papers completed:
  DURANTON & PUGA 324; Redding et al 344

9.5 REASONS FOR AGGLOMERATION (Venables, Overman, Redding, Duranton, Puga)
Year 2000/02 Cleaning and developing the ARD database (in conjunction with IFS)

- Puga: [390]
- Duranton 349; Duranton and Overman, 350.

Year 2002/03 Empirical analysis. (Winters)
Year 2003/04 Conference on location of firms (Winters)

9.1, 9.2, 9.3, 9.4, 9.5 Milestone
Year 2002 Conference: Trade and location: what do we know? New sub-projects will be added to this programme as work develops.

- Duranton and Venables, urban conference in London in June 2003 and a follow up with a more regional focus in Paris 2004.
11 EXPORTS VERSUS FDI

2001/04 Theoretical work will continue through the period
PUGA: Discussion Paper: shift from sectoral to functional urban specialisation

- Redding: ‘Technological Convergence and Foreign Ownership at the Micro Level’ (joint with Rachel Griffith and Helen Simpson)

2002/03 Completion of papers

11.1A WHAT DETERMINES THE GEOGRAPHICAL DIVISION OF A FIRM’S ACTIVITIES (Redding & Venables)

11.1B FOREIGN DIRECT INVESTMENT (FDI) VERSUS ARMS LENGTH TRANSACTIONS: INSIDE OR OUTSIDE THE FIRM?
Book nearing completion (Barba-Navaretti and Venables)

11.1B Milestones
2002/03 Conference on Foreign Direct Investment

- Puga & Trefler paper on knowledge creation and control in organisations (NBER Sept 2002

11.2 IT AND GLOBAL COMPANIES (Redding/ Venables)

11.3 CONSEQUENCES OF FDI FOR RECEIVING AND SENDING COUNTRIES (Neary, Redding, Venables)

- Book nearing completion (Barba-Navaretti and Venables)
ANNEX I
Performance Indicators 2001-2002
## ESRC RESEARCH CENTRE PERFORMANCE INDICATORS SUMMARY 2001-2002

**CENTRE FOR ECONOMIC PERFORMANCE**


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**NOTE**

** Where writings have been co-authored with non-centre members, the appropriate fraction has been used.

~~ Other publications: Discussion Papers, Reports, CentrePiece articles. Excludes CEP working Papers (first drafts) and mimeos

# 2001/2 : We ascribe the decline in numbers of articles and chapters to coincide with the contraction of the Centre’s ESRC funding that took place for the five year period beginning 2000. Totals for 2000/1 would have been larger since they included the tail end of publications produced by the Centre at its former full funding level.
### GROUP B: EXTERNAL RELATIONSHIPS

**beginning October**

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**Note**: Exact numbers have not been entered because many of those staff who appear often, have failed to keep an exact record. See return Details, Section B8.

### GROUP C: FINANCIAL RESOURCES

**beginning April**

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<td>2471</td>
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<td>2695</td>
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**Note**: Approximate: excludes rent, premises costs and library costs.
### GROUP D: STAFF RESOURCES

#### D1. RESEARCH STAFF

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<td>43.9</td>
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<td>TOTAL RESEARCH INDIVIDUALS</td>
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#### D2. ASSOCIATED FTE’S

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#### D3. SUPPORT STAFF

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#### D4. RESEARCH STUDENTSHIPS

(M.PHIL/PH.D.)

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<td>ESRC-FUNDED STUDENTS GRADUATED</td>
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## ANNEX I

### Performance Indicators 2001-2002

#### Indicator Group A

**Publications and Dissemination**

<table>
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<td>TECHNOLOGY &amp; GROWTH</td>
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<td>GLOBALISATION (including International Financial Stability)</td>
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<td><strong>TOTALS</strong></td>
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<td><strong>30.5 books</strong></td>
<td><strong>44.5 articles</strong></td>
<td><strong>25 non-reviewed articles</strong></td>
<td><strong>66 other publications: discussion papers &amp; reports</strong></td>
<td><strong>94 working papers &amp; mimeos (not counted)</strong></td>
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Publications Count Taken from Annex B of this Annual Report

**includes: CEP Discussion Papers, CEE Discussion Papers, Other Discussion Papers by CEP Authors, Reports Excludes: CEP Mimeos, CEP Working Papers

#### B2 MEMBERSHIP OF NETWORKS

**Badigannavar, V.**

Research Network: LURNER
Area of Work: Trade Union Research Group
Institution Coordinating: Queen Mary College, London

**Benigno, G.**

Research Network: ESRC Young Scholar
Area of Work: International Macroeconomics
Institution Coordinating: CEPR
Bewley, H.
Research Network: British Universities Industrial Relations Association
Area of Work: Industrial Relations Research
Institution Coordinating: University of Keele

Duranton, G.
Research Network: Economic Geography
Area of Work: Urban systems
Institution Coordinating: CEPR

Faguet, J-P.
Research Network: Initiative for Policy Dialogue
Area of Work: Decentralization
Institution Coordinating: Professor Joseph Stiglitz, Columbia University

Freeman, R. B.
Research Network: Trade Union Program
Area of Work: Faculty Co-Chair
Institution Coordinating: Harvard University

Gospel, H.
Research Network: The Growth of Large Firms
Area of Work: Growth of large companies
Institution Coordinating: CEP, Ashridge, Osaka University, Bielefeld University

Gospel, H.
Research Network: Corporate Governance and the Management of Labour
Area of Work: Corporate governance and the management of labour
Institution Coordinating: CEP, Manchester, Max Planck Institute Cologne, Bocconi University

Freeman, R. B.
Research Network: Apprenticeship Training
Area of Work: Apprenticeship training
Institution Coordinating: CEP, Oxford

Gospel, H.
Research Network: ESRC Seminar Series on 14-16 Year Olds and Vocational and Technical Education
Area of Work: Education and training of 14-16 year olds
Institution Coordinating: CEP, NFER
Gregg, P.
Research Network: DAEUP
Area of Work: Unemployment
Institution Coordinating: CEPR

Guadalupe, M.
Research Network: IZA
Area of Work: Labour Economics
Institution Coordinating: IZA

Guell, M.
Research Network: ACE-LTU
Area of Work: Long Term Unemployment
Institution Coordinating: CERGE-EI (Prague)

Lopez-Garcia, P.
Research Network: Centre for Economic Studies
Area of Work: 
Institution Coordinating: University of Munich

Marsden, D.
Research Network: Founding Editor of the Socio-Economic Review
Area of Work: Editor
Institution Coordinating: Oxford University Press

Research Network: Knowledge, Education and Future Societies
Area of Work: President
Institution Coordinating: Society for the Advancement of Socio-Economics (SASE)

Pissarides, C. A.
Research Network: Centre for Economic Policy Research
Area of Work: Research Fellow
Institution Coordinating: CEPR

Research Network: Research
Area of Work: Research Fellow
Institution Coordinating: IZA, Bonn

Research Network: Economica
Area of Work: Associate Editor
Institution Coordinating:

Research Network: Economic Journal
Area of Work: Associate Editor
Institution Coordinating:

Research Network: Labour
Area of Work: Editorial Board
Institution Coordinating:
B3 OVERSEAS VISITORS
See Annex E of Annual Report

B5 SUBSTANTIAL ADVICE AND CONSULTANCY UK NON UK

Dickens, R.
Advice to: Low Pay Commission
Subject: Impact of the National Minimum Wage on the wage distribution, poverty and the gender pay gap.

Duranton, G.
Advice to: French Council of Economic Advisors
Subject: Regional Wage Inequalities

Faguet, J-P.
Advice to: The World Bank
Subject: Poverty Alleviation Fund and Decentralization in Nepal, ongoing – decentralization and social funds specialist working on a team analyzing institutional constraints in Nepal and developing a framework for possible implementation of a Poverty Alleviation Fund project.

Freeman, R.
Advice to: Academic Advisory Council of the National Campaign Against Youth Violence
Subject:

Galindo-Rueda, F
Advice to: Qualifications and Curriculum Authority
Subject: Individual Progression and learning over lifetime
Advice to: Learning and Skills Development Agency
Subject: Individual Progression and learning over lifetime

Gospel, H.
Advice to: Cabinet Office
Subject: Drafting of green paper ‘High Performance Workplaces: the Role of Employee Involvement in a Modern Economy’. With Paul Willman.

Advice to: DTI

Advice to: DfES
Subject: Group Training Associations in the UK. Helped with the final drafting of the DfES report.

**Gregg, P**
Advice to: HMT/DWP
Subject: Welfare to Work

Advice to: Low Pay Commission
Subject: Youth and NMW

Advice to: TUC
Subject: Youth and NMW

Advice to: DWP
Subject: HB Reform

Advice to: No 10 Policy Unit
Subject: Social Mobility

Advice to: DWP
Subject: Welfare Reform and partners of benefit claimants

Advice to: BofE
Subject: Company Failure

Advice to: dti
Subject: Regional Policy

**Guell, M**
Advice to: ANEP
Subject: Spanish Reform on unemployment benefits

**Layard, R**
Advice to: DfES / Forward Strategy Unit
Subject: Co-author of report commissioned by No 10 Downing Street on ‘Study into Regulation, Quality and Excellence in Higher Education’

**Manning, A.**
Advice to: Kingsmill Review
Subject: Position of women in the labour market.

Advice to: HMT
Subject: Transport and labour markets.
Advice to: Low Pay Commission  
Subject: Minimum wage.

Marsden, D.  
Advice to: European Commission  
Subject: Paper in EU Barcelona Conference in May 2002. The aim of the conference was to discuss ideas for the EU’s sixth framework programme.

Advice to: Prime Minister’s Delivery Unit Priority Review  
Subject: The DfES and the Prime Minister’s Delivery Unit were carrying out a joint review of the state of delivery of policy and strategies on performance management in schools. Presented results of CEP research on performance pay in the public services and with teachers.

Advice to: Association of Teachers and Lecturers  
Subject: One of the biggest teachers’ unions on designing a pay survey of teachers in private schools.

McIntosh, S  
Advice to: Cabinet Office  
Subject: Various Aspects of education, mainly returns to qualifications and soft skills

Advice to: DfES  
Subject: Estimating rates of return to education

Nickell, S.  
Advice to: Member of the Monetary Policy Committee  
Subject: Actually executing policy

Overman, H  
Advice to: Norwegian Department of Trade and Industry  
Subject: Reform of regional policy

Pissarides, C. A.  
Advice to: Specialist Adviser to House of Commons Treasury Committee  
Subject: 

Advice to: Member, Cyprus Monetary Policy Committee  
Subject: 

Puga, D  
Advice to: Comision del Plan Estrategico del Area Metropolitana de Barcelona  
Subject: Barcelona’s future role

Quah, D.  
Advice to: The Economist Intelligence Unit
Redding, S
Advice to: 10 Downing Street
Subject: Attended Seminar on Public and Private Returns to R & D
Advice to: 10 Downing Street
Subject: Attended seminar on transatlantic trade relations
Advice to: HM Treasury
Subject: Consultancy services

West, M.
Advice to: Department of Health
Subject: Advise senior civil servants on good human resources practice

Wood, S
Advice to: DTI – Employment Relations Review Team
Subject: Statutory Union Recognition Procedure. July and September 2002

Venables (Lords/ EU President)
Machin (DfES)
Metcalf, (LPC)
Steedman (Cassels Commission;

B6 CONFERENCE PAPERS
N= Rapid Category: CP

Author: R. Belfield and D. Marsden
Conference: Applied Econometrics Association
Paper Presented: Performance Pay, Monitoring Environments, and Establishment Performance
Date: May 2002, ULB, Brussels

Author: G. Benigno and P. Benigno
Conference: Stoke Rochford
Paper Presented: Exchange Rate Determination Under Interest Rate Rules
Date: May 2002, Stoke Rochford

Author: H. Bewley
Conference: British Universities Industrial Relations Association
Paper Presented: Sisters Are Doing It For Themselves: the Relationship Between the Availability of Equal Opportunities and Family-Friendly Policies and Workplace Union Organisation
Date: July 2002, University of Stirling
<table>
<thead>
<tr>
<th>Author</th>
<th>Conference</th>
<th>Paper Presented</th>
<th>Date</th>
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<tr>
<td>J. Blanden and S. Machin</td>
<td>Levy Institute Conference on Social Mobility</td>
<td>Cross Country Changes in Intergenerational Mobility</td>
<td>October 2002, New York State</td>
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<tr>
<td>J. Blanden, P. Gregg and S. Machin</td>
<td>Stoke Rochford</td>
<td>Education and Family Income</td>
<td>May 2002, Stoke Rochford</td>
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<tr>
<td>J. Blanden, A. Goodman, P. Gregg and S. Machin</td>
<td>Royal Economics Society</td>
<td>Changes in Intergenerational Mobility in the UK</td>
<td>March 2002, Warwick</td>
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<tr>
<td>A. Charlwood</td>
<td>Stoke Rochford</td>
<td>Influences on Trade Union Organising Effectiveness in Great Britain</td>
<td>May 2002, Stoke Rochford</td>
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<td>A. Chevalier, P. Dolton and S. McIntosh</td>
<td>European Association of Labour Economists, Paris</td>
<td>Graduate Pay in the public and private sector</td>
<td>September 2002</td>
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<td>A. Chevalier and W. S. Siebert</td>
<td>French Economic Association, Lyon</td>
<td>Employee Turnover and productivity</td>
<td>May 2002</td>
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<tr>
<td>A. Chevalier</td>
<td>Royal Economic Society, Warwick</td>
<td>Just like daddy</td>
<td>March 2002</td>
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<td>A. Chevalier, P. Dolton and S McIntosh</td>
<td>American Economic Association, Atlanta</td>
<td>Recruiting and retaining teachers in the UK</td>
<td>January 2002</td>
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<td>Conlon, G with Chevalier, A</td>
<td>Northern Ireland GES</td>
<td>Financial Returns to Undergraduates</td>
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<td>Date</td>
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<td>October 2002</td>
<td>A. CuZat with M. Maffezzoli</td>
<td>European Research Workshop in International Trade - ERWIT</td>
<td>Heckscher-Ohlin Business Cycles</td>
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<td>June 2002, Munich</td>
<td>R. Dickens</td>
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<td>June 2002, Munich</td>
<td>S. J. Evenett with A. J. Venables</td>
<td>European Research Workshop in International Trade - ERWIT</td>
<td>Export Growth by Developing Countries: Market Entry and Bilateral Trade</td>
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<td>June 2002, Munich</td>
<td>J-P. Faguet</td>
<td>World Bank Human Development Network</td>
<td>Designing Effective Social Funds for a Decentralized Context</td>
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<td>April 2002, Bogot&lt;, Colombia</td>
<td>J-P. Faguet</td>
<td>Instituto de Estudios Políticos y Relaciones Internacionales, Universidad Nacional de Colombia</td>
<td>Como Combinar M étodos Cualitativos y Cuantitativos Para la Investigación en Economía</td>
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<tr>
<td>April 2002, Bogot&lt;, Colombia</td>
<td>J-P. Faguet</td>
<td>Instituto de Estudios Políticos y Relaciones Internacionales, Universidad Nacional de Colombia</td>
<td>La Descentralización Aumenta la Sensibilidad Gubernamental a la Demanda Local? Descentralización e Inversión Pública en Bolivia</td>
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</table>
Author: Foreman, J and Gospel, H  
Conference: First international conference on Training Employment and Employability, Kings College  
Paper Presented: (The Provision of Training in Britain: Case studies in Inter firm Coordination)  
Date: 11 -12 July 02

Author: R. B. Freeman  
Conference: US-EU Conference  
Paper Presented: Can the Egalitarian EU Compete with the Market-Driven US?  
Date: April 2002, John F Kennedy School of Government

Author: R. B. Freeman  
Conference: 23rd Annual Economics Conference – The Changing Role of Unions  
Paper Presented: Redefining Unionization in the US: How the Internet Makes Minority Unionism Viable  
Date: April 2002, Middlebury College

Author: R. B. Freeman  
Conference: 5th Annual NBER-CCER Conference on China and the World Economy  
Paper Presented: China’s Labour Problems  
Date: July 2002

Author: R. B. Freeman  
Paper Presented: The Road to Full Employment  
Date: June 2002

Author: R. B. Freeman  
Conference: Crime and Faith-Based Communities  
Paper Presented: The Role of Faith in Prevention of Crime and Reduction of Re-Offending  
Date: September 2002

Author: R. B. Freeman and W. M. Rogers  
Conference: Association for Public Policy and Management Meetings  
Date: November 2001,

Author: Galindo-Rueda, F  
Conference: CEP, Stoke Rochford  
Date: May 2002
Author: H. Gospel and J. Foreman
Conference: Training, Employment and Employability, Monash and Kings College London
Paper Presented: Group Training in Britain
Date: June 2002, Kings College London

Author: H. Gospel and P. Willman
Conference: LSE Representing Workers
Paper Presented: Dilemmas in Worker Representation
Date: May 2002, LSE

Author: H. Gospel and P. Willman
Conference: LSE Learning and Skills Development Agency
Paper Presented: The Provision of Training in Britain; Case Studies in Interfirm Coordination
Date: June 2002, LDSA

Author: P. Gregg
Conference: Performance and Innovation Unit
Paper Presented: On implications for long term income distribution; advice on policy directions for promoting social mobility
Date: January 2002, Performance and Innovation Unit

Author: Guadalupe, M
Conference: SOLE, Baltimore USA
Paper Presented: The Hidden Cost of fixed term contracts: the impact on work accidents
Date: May 2002

Author: Guadalupe, M
Conference: FEDEA internal seminar, Madrid
Paper Presented: The Hidden Cost of fixed term contracts: the impact on work accidents
Date: March 2002

Author: Gutierrez – Domenech, M
Conference: ESPE, Bilbao
Paper Presented: Employment Penalty after Motherhood in Spain
Date: June 2002

Author: Gutierrez – Domenech, M
Conference: IZA Workshop, Bonn
Paper Presented: Employment Penalty after Motherhood in Spain
Date: May 2002

Author: Gutierrez – Domenech, M
Conference: EEA Venice
Date: August 2002
Author: Gutierrez – Domenech, M
Conference: EALE Paris
Date: September 2002

Author: Jackman, R
Conference: Economic policy directions in the OECD countries: analysing the experiences. Warsaw
Date: 21-22 March 2002

Author: Jackman, R
Conference: Geneva
Paper Presented: Determinants of unemployment in western Europe and possible policy responses.
Date: 6-7 June 2002

Author: J. Kelly and V. Badigannavar
Conference: International Labour Process Conference
Paper Presented: Labour-Management Partnership in Non-Union Retail Sector
Date: May 2003, Bristol Business School

Author: Layard, R
Conference: Beyond Transition – Dev Perspectives and Dilemmas organised by Centre for social and Economic Research. Falenty, near Warsaw
Paper Presented: How to make national labour markets more flexible
Date: 12 – 13 April 2002

Author: Layard, R
Conference: Re thinking Public Economics: the implications of rivalry and habit
Paper Presented: CEP
Date: 5/6 Sept 2002

Author: Layard, R
Conference: Seminar Presentation at No 11 Downing St on
Paper Presented: European Growth Prospects and Economic Reform –
Date: 18 September 2002

Author: Layard, R
Conference: Seminar Presentation at No 10 Downing St on
Paper Presented: Modern Apprenticeships
Date: 18 June 2002

Author: L. Ljungqvist, O. Blanchard and C. A. Pissarides
Conference: Society for Economic Dynamics 2002 Annual Meeting
Paper Presented: The European Labor Markets
Date: June 2002, New York University, N.Y., USA

Author: S. Machin
Conference:
Paper Presented:
Date:

Author: S. Machin
Conference: Conference of the European Association of Labour Economists
Paper Presented: Adam Smith Lecture, Commuting and Wages
Date: 2002, Paris

Author: D. Marsden
Conference: Society for the Advancement of Socio-Economics
Paper Presented: Did the Introduction of Appraisal-Based Pay Raise Public Service Performance Pay in Britain in the 1990s?
Date: June 2002, Minnesota

Author: D. Marsden, Peter Hall and Masahiko Aoki
Conference: Society for the Advancement of Socio-Economics
Paper Presented: Author Meets Critics Debate on Aoki’s ‘Towards a Comparative Institutional Analysis’
Date: June 2002, Minnesota

Author: D. Marsden
Conference: EU Conference on Policies, Institutions and Citizens in the Knowledge Society
Paper Presented: What Kind of Employment Contracts for the Knowledge Economy
Date: May 2002, Pompeu Fabra University, Barcelona, Spain

Author: E. Müller
Conference: Spring Meeting of Young Economists
Paper Presented: Benefits of Control, Capital Structure and Company Growth
Date: April 2002, Paris, France

Author: E. Müller and A. Spitz
Conference: New Research in Corporate Governance
Paper Presented: Managerial Ownership and Firm Performance in German Small and Medium-Sized Enterprises
Date: March 2002, Belgium

Author: S. Muñoz
Conference: Royal Economic Society Conference

Paper Presented: The Breakdown of Credit Relations Under Conditions of a Banking Crisis. A Switching Regime Approach
Date: March 2002, Warwick

Author: S. Nickell
Conference: The Future of the European Union

Paper Presented: Employment in the European Union
Date: April 2002, Madrid, Spain

Author: S. Nickell
Conference: Economic Inactivity Conference

Paper Presented: Male Inactivity in Britain – An Overview
Date: September 2002, Cardiff

Author: S. Nickell, L. Nunziata, W. Ochel and G. Quintini

Paper Presented: The Beveridge Curve, Unemployment and Wages in the OECD from the 1960s to the 1990s
Date: October 2001, Columbia University, New York, USA

Author: S. Nickell, S. Redding and J. Swaffield
Conference: European Association of Labour Economists Annual Conference

Paper Presented: Educational Attainment, Labour Market Institutions and the Structure of Production
Date: September 2002, Paris, France

Author: Overman, H and Midelfart, K H
Conference: CEPR Economic Policy Panel Meeting

Paper Presented: Delocation and European integration: Is structural spending justified?
Date: April 2002

Author: Overman, H, Puga, D and Turner M
Conference: CEPR Micro and macro aspects of economic geography

Paper Presented: Sprawl?
Date: November 2001

Author: Overman, H, Puga D and Turner M
Conference: RSAI Meetings

Paper Presented: Sprawl?
Date: November 2001

Author: Overman, H and Duranton G
Conference: RSAI Meetings
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<td>Date:</td>
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<tr>
<td>Author:</td>
<td>Pappa, E</td>
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<tr>
<td>Conference:</td>
<td>33rd Konstanz seminar on Monetary Theory and Monetary Policy</td>
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<td>Date:</td>
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<td>Author:</td>
<td>Pappa, E</td>
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<tr>
<td>Conference:</td>
<td>Joint ECB, Deutcbank and University of Frankfurt Seminar, European Central Bank</td>
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<td>Date:</td>
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<td>Author:</td>
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<td>Conference:</td>
<td>The Federal reserve of Atlanta Lunch Seminar</td>
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<td>Author:</td>
<td>D. Perrons and R. Ryan-Flood</td>
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<td>Conference:</td>
<td>Women, Work and Health Conference</td>
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<td>Paper Presented:</td>
<td>Employment and Equality in the New Economy</td>
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<td>Date:</td>
<td>May 2002, Stockholm, Sweden</td>
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<tr>
<td>Author:</td>
<td>C. A. Pissarides</td>
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<tr>
<td>Paper Presented:</td>
<td>Company Start-Up Costs and Employment</td>
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<tr>
<td>Date:</td>
<td>2001, Montevideo, Uruguay</td>
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<td>Author:</td>
<td>C. A. Pissarides</td>
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<td>Paper Presented:</td>
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<tr>
<td>Date:</td>
<td>October 2001, Columbia University, New York, USA</td>
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<tr>
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<td>Conference:</td>
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<td>Author:</td>
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<td>D. Quah</td>
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<td>150th anniversary De Economist, Amsterdam</td>
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<td>D. Quah</td>
<td>EU Conference on Policies, Institutions and Citizens in Knowledge Society</td>
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<td>D. Quah</td>
<td>Sir Richard Stone Lectures, University of Cambridge</td>
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<tr>
<td>Redding, S, Aghion P, Burgess R</td>
<td>RLAB Conference and NBER Summer Institute (Boston, Mass)</td>
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<td>Redding S, Griffith R and Simpson H</td>
<td>CEPR FDI Conference (Hydra Greece)</td>
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Author: Redding S, Griffith R and Simpson H  
Conference: Royal Economic Society (Warwick)  
Paper Presented: Foreign Ownership and technological convergence at the micro level  
Date: April 2001

Author: Redding S, Griffith R and Simpson H  
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Date: November 2001

Author: Redding S, Griffith R and Simpson H  
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Author: S. Redding, A. Bernard, P. K. Schott and H. Simpson  
Conference: European Research Workshop in International Trade - ERWIT  
Paper Presented: Factor Price Equalization in the UK?  
Date: June 2002, Munich

Author: S. Redding, A. Bernard, P. K. Schott and H. Simpson  
Conference: European Economic Association Conference (Venice)  
Paper Presented: Factor Price Equalization in the UK  
Date: August 2002

Author: S. Redding, A. Bernard, P. K. Schott and H. Simpson  
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Paper Presented: Factor Price Equalization in the UK  
Date: September 2002

Author: Redding S  
Conference: American Economic Association Conference  
Paper Presented: Specialization Dynamics  
Date: January 2002

Author: Redding S and Venables A  
Conference: Conference on International Trade, Kobe, Japan  
Paper Presented: Economic Geography and International Inequality  
Date: February 2002

Author: R. Ryan-Flood  
Conference: Workers Out! Conference  
Paper Presented: Beyond Recognition and Redistribution  
Date: October 2002, Sydney, Australia

Author: Steedman, H  
Conference: Enhancing Industry’s role in Apprenticeships organised by skills for all programme and learning and skills development agency, CEP  
Paper Presented: Enhancing Industry’s Role in Apprenticeship. Key issues for the LSDA / CEP Conference

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Date: 5 July 2002
Author: A.Venables
Conference: World Trade Organisation to a group of ambassadors at the WTO.
Paper Presented: ‘the Economics of Isolation and Distance’

Date: 
Author: A.Venables
Conference: 
Paper Presented: 

Date: 
Author: A.Venables
Conference: 
Paper Presented: 

Date: 
Author: J.Wadsworth
Conference: LoWER Conference
Paper Presented: 

Date: 
Author: M. West
Conference: SIOP 2002 17th Annual Conference
Paper Presented: Setting the Tone for Organisational Success: the Impact of CEO Effect on Organisational Climate and Performance
Date: April 2002, Toronto, Canada

Date: 
Author: M. West
Conference: SIOP 2002 17th Annual Conference
Paper Presented: CEO Reflexivity, Organisational Climate and Organisational Change
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Date: 
Author: M. West
Conference: SIOP 2002 17th Annual Conference
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Date: April 2002, Toronto, Canada

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Author: M. West
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Paper Presented: Leadership in Health Care Teams: It’s Whether Not How
Date: April 2002, Toronto, Canada

Date: 
Author: M. West
Conference: Irish Management Institute 2002 National Management Conference
Date: April 2002, Killarney, Ireland
Author: M. West
Conference: Connecting 2002 – the NHS Confederation Annual Conference
Paper Presented: Good HR, Better Patient Outcomes
Date: May 2002, Harrogate International Centre, Yorkshire

Author: M. West
Conference: Primary Care – A Risky Business
Paper Presented: Risk Assessment in Human Resources
Date: June 2002, Cardiff

Author: M. West
Conference: 2002 Impact Conference
Paper Presented: Creating more effective working communities can solve current social problems
Date: June 2002, Windermere, Lake District

Author: M. West
Conference: Academy of Management Meeting
Paper Presented: Goal Interdependence
Date: August 2002, Denver, Colorado

Author: M. West
Conference: Managing for Strategic Change
Paper Presented: Processes for Encouraging Creativity and Innovation
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Rapid Category: NP

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Topic/Article Title: Equilibrium Exchange Rate and Supply Side Performance

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CEP staff cited: Blanden, J.
Topic/Article Title: ‘Comment on Social Mobility’ by Libby Purves
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CEP staff cited: Blanden, J.
Topic/Article Title: Article discussing social mobility citing ‘Changes in Intergenerational Mobility in Britain’
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Topic/Article Title: ‘New Breed of Middle Class Closes Ranks. Social Mobility Suffers as Poorer Children Kept Off Ladder’, on research titled ‘Changes in Intergenerational Mobility in Britain’
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Topic/Article Title: ‘Social Mobility Declines, Despite Education Gains’ on CentrePiece article titled ‘Mobility Has Fallen’
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Topic/Article Title: ‘University Boom ‘Left the Poor Behind’, on CentrePiece article titled ‘Mobility Has Fallen’
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Publication: Belfast Telegraph, 17/06/02

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CEP staff cited: Blanden, J.
Topic/Article Title: ‘Campus Life Reinforced Class Divides’ cites CEP study showing that higher education restricted social mobility despite the expansion in university places. Quotes J. Blanden
Publication: Times Higher Educational Supplement, 22/06/02
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Topic/Article Title: ‘Pupils May Get £40 a Week to Stay On’ cites CEP research supports intention of government to increase the number of less well-off students in higher education
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Topic/Article Title: What articles are in the issue
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Publication: The Guardian, 20/05/02
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Topic/Article Title: ‘Beware – No Economy is an Island’ reviews and cites research from book The State of Working Britain Update 2001
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Topic/Article Title: Interviewed about opening of Research Laboratory in article titled ‘Research Active’
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Topic/Article Title: ‘An Education for Tomorrow’s Workers’ mentions research on comparing Britain’s provision of vocational training with that of Continental Europe
Publication: Financial Times, 13/02/02

CEP staff cited: Steedman, H.
Topic/Article Title: ‘Don’t Mention the V-Word’ mentions research report on apprenticeship.
Publication: The Economist, 16/02/02

CEP staff cited: Steedman, H.
Topic/Article Title: ‘Empty Promises. Any Questions?’ article discussing Modern Apprenticeship and giving H. Steedman’s opinion following her research
Publication: The Daily Telegraph, 20/02/02

CEP staff cited: Steedman, H.
Topic/Article Title: ‘Just a Jungle of Confusion’, opinion article discussing government green paper and vocational qualifications cites CEP research paper ‘Benchmarking Apprenticeship: UK and Continental Europe Compared’
Publication: The Times Educational Supplement, 22/02/02

CEP staff cited: Steedman, H.
Topic/Article Title: ‘Modern Times’, comments on Modern Apprenticeships as an authority on post-16 training
Publication: The Guardian, 28/05/02

CEP staff cited: Tirado, D. A., Paluzie, E. and Pons, J.
Topic/Article Title: ‘Economic Integration and Industrial Location: the Case of Spain Before World War I’ article on change of Spanish industrial geography during the second half of the 19th Century

CEP staff cited: Turner, A.
Topic/Article Title: ‘Business Brains Sign Up’ mentions A. Turner as an adviser to Prime Minister Tony Blair in ‘Forward Strategy Group’
Publication: The Times, 6/10/01

CEP staff cited: Wadsworth, J.
Topic/Article Title: ‘A Degree of Success’ about chapter on ethnicity and the labour market in The State of Working Britain Update 2001 quoted in article
Publication: The Economist, 17/11/01

CEP staff cited: Wadsworth, J.
Topic/Article Title: ‘Ethnic Minorities Better Educated but Paid Less’ quoted in article saying the pay gap is not because educational achievement amongst
minorities is lower after chapter in *The State of Working Britain Update 2001*

**Publication:** Observer, 18/11/01

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘In-Mood Bosses Can Boost Profit’ cites research on how bosses being positive can have a positive effect on employees productivity

**Publication:** Birmingham Evening Mail, 4/12/01

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘Business: Good Vibes Work’ cites research on how bosses being positive can have a positive effect on employees productivity

**Publication:** Birmingham Post, 4/12/01

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘The Ratings That Can Mean Big Money’ interviewed on teaching methods, student results and resulting funding of Higher Education

**Publication:** The Times, 28/01/02

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘Hundreds of Deaths Blamed on Hospital Management’ cites results of research that shows poor management in Britain's hospitals costing hundreds of patients their lives

**Publication:** Birmingham Post, 5/03/02

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘Limited Jobs Are Worse for your Health Than No Job At All’ about speech given at CIPD’s annual training conference illustrating a key weakness in the UK economy: insufficient attention to work organisation, which limits innovation and creativity in UK workplaces

**Publication:** M2 Presswire, 12/04/02

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘Do a Reggie Perrin and Quite, Bored Workers Told’ on research finding that if workplace feels restricted then employees unfulfilled and unhappy at work

**Publication:** The Express, 16/04/02

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘Bored Workers Happier on the Dole…Study Has Claimed’ on research finding that a dead-end job makes employees unhappier than being on the dole and how more attention needed on organising work

**Publication:** Daily Star 16/04/02

**CEP staff cited:** West, M.

**Topic/Article Title:** ‘You’d Be Better Off on the Dole’ on research finding that a dead-end job makes employees unhappier than being on the dole and how more attention needed on organising work

**Publication:** Daily Record, 16/04/02
CEP staff cited: West, M.
Topic/Article Title: ‘Happiness Is Taking Control of Your Career’ on research finding that a dead-end job makes employees unhappier than being on the dole and how more attention needed on organising work
Publication: Sunday Times, 21/04/02

CEP staff cited: West, M.
Topic/Article Title: ‘Breaking Free of Job Hell’ on research finding that a dead-end job makes employees unhappier than being on the dole and how more attention needed on organising work
Publication: The Scotsman, 22/04/02

CEP staff cited: West, M.
Topic/Article Title: ‘Staff Suffer In Dead-End Jobs’ on research finding that a dead-end job makes employees unhappier than being on the dole and how more attention needed on organising work
Publication: Financial Adviser, 24/04/02

CEP staff cited: Wood, S.
Topic/Article Title: ‘LSE Journals Top Notch’ how The British Journal of Industrial Relations edited by Stephen Wood ranked third in a US citation index
Publication: LSE News and Views, 11/11/02

**B8 MEDIA COVERAGE: RADIO & TV**

*Appearances were poorly recorded and this represents only a sample*

**TELEVISION COVERAGE**

CEP Contributor: Gibbons, S.
TV Programme: BBC News, (6.00 am)
Subject: Work on Property Prices and Primary School Performance

CEP Contributor: Gibbons, S.
TV Programme: BBC News website
Subject: ‘Primary Schools ‘Boost House Prices’ article on BBC website following TV interview regarding work on property prices and primary school performance

CEP Contributor: Gibbons, S.
TV Programme: BBC Breakfast News
Subject: Work on Property Prices and Primary School Performance

CEP Contributor: Gibbons, S.
TV Programme: BBC Breakfast News website
Subject: Work on Property Prices and Primary School Performance

CEP Contributor: Wadsworth, J.
TV Programme: German TV interview
Subject: On German/UK unemployment figures

CEP Contributor: Layard, R
TV Programme: German TV - ARD
Subject: On UK escaping the recession, 6 Dec 01

CEP Contributor: Layard, R
TV Programme: NTV Germany
Subject:

CEP Contributor: Overman, H
TV Programme: BBC World News
Subject: EU Labour Mobility

RADIO COVERAGE

CEP Contributor: Badigannavar, V.
Radio Programme: BBC Radio Asia
Subject: Role of unions in developing countries within the context of globalisation

CEP Contributor: Blanden, J.
Radio Programme: Today
Subject: Social mobility

CEP Contributor: Blanden, J.
Radio Programme: Fi Glover
Subject: Social mobility

CEP Contributor: Chevalier, A.
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: BBC 5 Live, Morning News
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: BBC London, Morning News
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: BBC Manchester, 10 o’clock news
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: BBC Asian Network, interview with Osma Malik
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: BBC Shropshire, interview with Chris Ashley
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: LBC, interview with Tessa Dunlop
Subject: ‘Just Like Daddy’ paper

Radio Programme: Radio 5 Live, Fi Glover Show
Subject: ‘Just Like Daddy’ paper

CEP Contributor: Chevalier, A.
Radio Programme: BBC World Service - The World Today
Subject: Occupational Choice

CEP Contributor: Chevalier, A.
Radio Programme: Morning News – BBC 5 Live
Subject: Occupational Choice

CEP Contributor: Chevalier, A.
Radio Programme: Tessa Dunlop – LBC
Subject: Occupational Choice

CEP Contributor: Chevalier, A.
Radio Programme: Ireland AM – TV3
Subject: Occupational Choice

CEP Contributor: Conlon, G
Radio Programme: Woman’s Hour
Subject: Benefits of University

CEP Contributor: Conlon, G
Radio Programme: PM, July 2002
Subject: Labour Market for Teachers

CEP Contributor: Conlon, G
Radio Programme: You and Yours
Subject: Labour Market for Teachers

CEP Contributor: Dickens, R.
Radio Programme: BBC Radio 4, PM programme
Subject: Unemployment and Inactivity

CEP Contributor: Gibbons, S.
TV Programme: Radio 5 Live
Subject: Work on Property Prices and Primary School Performance

CEP Contributor: Layard, R
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<thead>
<tr>
<th>Radio Programme</th>
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<tr>
<td>BBC PM Programme</td>
<td>The Euro</td>
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<tr>
<td>BBC Radio 4 – The World tonight (producer Mathew Davies)</td>
<td>Skills and training</td>
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<tr>
<td>BBC Radio 5 Live, 17 July 02</td>
<td>Skills and Training</td>
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<tr>
<td>BBC Radio 4, Today Programme</td>
<td>Public Sector Pay</td>
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<td>BBC Radio 4, Today Programme</td>
<td>Job Insecurity</td>
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<td>BBC Radio 4, Analysis Programme</td>
<td>House Prices</td>
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<tr>
<td>BBC World Service, International Question Time</td>
<td>The Nation State in the 21st Century</td>
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<td>Analysis, August 15th, 02 Radio 4</td>
<td>EU Labour Mobility</td>
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<td>International Question Time, BBC World Service, Nov 01Analysis,</td>
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**B9 SEMINARS, CONFERENCES AND WORKSHOPS**


**OTHER PUBLICATIONS AND OUTPUT**
Badigannavar, V.
Association of University Teachers (AUT) used Survey of Contract Researchers in Aberystwyth University. This survey was carried out during the course of the organising campaign AUT had launched to organise contract researchers. The survey provided diagnostic information to the union on organising methods and tactics that could be successfully used in the campaign. AUT has asked for me work in this area to be carried out. Date: August 2002.

Oldrid and Co. UK Ltd., a medium sized retail firm in Lancashire have used a survey of employees, staff representatives and managers. This organisation was recommended, as a best known case of social partnership by the Involvement and Participation Association of UK and formed a case study for the Social Partnership research. The findings of the survey provided useful insights to the management on how they could facilitate information and communication within the organisation and promote employee commitment and trust. Date: August 2002.

Surveys of employee involvement and partnership in the NHS with the assistance of the Department of Health. Provided useful evaluative and diagnostic information on the status of implementation of employee-involvement policies and practices within NHS trusts. This information is being made available to the unions and managements of the participating NHS trusts and the Department of Health.

Bewley, H.

Dickens, R.
Advice to Low Pay Commission provided better estimates of the impact of the National Minimum Wage on the pay distribution. This influenced discussion about future up-rating of the minimum wage.


Duranton, G.
The UK Treasury used the research on regional wage inequalities in a productivity report. May 2002.


Awarded a Leverhulme Trust Prize Award for work on location patterns in UK manufacturing.

Faguet, J-P.
The World Bank used research on how to design social funds for a decentralized context/country.

The Government of Nepal used research on how to design their Poverty Alleviation Fund given complex national policy imperatives.

Freeman, R.
First Morgan Fellow, Berlin American Academy, Hans Arnold Center

On the Academic Advisory Council of the National Campaign Against Youth Violence (1999-02)

Gospel, H.
On the publication of the government’s green paper, ‘High Performance Workplaces’, gave evidence with P. Willman to the DTI.

Organised and written up a project with J. Foreman which has sought to map training provision in the UK. The work has been of interest to the DfES who invited H. Gospel to help with the drafting of their own research paper on Group Training Associations in the UK.

With H. Steedman (CEP) and S. Stoney (NFER) has organised an ESRC financed seminar series on the Disaffected and Demotivated 14-16 year olds and the role which technical and vocational education might play in their motivation.

Gregg, P
Jobless Households, Workless Households, Social Mobility – used by: Mc Clure Report on Participation Support for a more Equitable Society to FACS Dept. Australia Opportunity for All, DWP Margaret Hodge and other ministers


Guell, M
Employment protection legislation indicator; use of court outcome data to construct such index – Used by ILO

Layard, R.

Invited as an expert to attend a conference on ‘Philosophies of Labour Market Policies: a comparison of France, UK and Germany’ Organised by the Berlin – Brandenburg Inst for Franco-German cooperation in Europe and the German Foreign Office. Dec 7 and 8, 2001
Invited to chair session at a conference in Madrid as part of Spain’s Presidency of the European Union Conference on ‘Employment in Europe: From Luxembourg to Barcelona’ Feb 11 and 12, 2002

Presentation to Policy Directorate at No 10 Downing Street on Post 16 Education, 7 March 2002

Requested by Andrew Smith at the time Chief Secretary to the Treasury, for RL to write a paper on Labour markets to help frame his and other Treasury officials’ thoughts for the current spending review. Letter from Andrew Smith 14 May 02

Took part in Oxford Union debate on the Euro – 30 May 02

Seminar Presentation at 10.10 Downing St on modern Apprenticeships – 18 June 02

Invited to chair session at the fourth European Conference of the Fondazione Rodolfo De Benedetti on the information Economy: Productivity Gains and the Digital divide’, held in Catania, June 15 / 16, 2002

Universities UK publication on 50 years of HE research included a piece on Claus Moser and Richard Layard’s contribution to the Robbins Report on higher Education 1963 which paved the way for more students to go to university


Muller, E.
Her paper ‘Benefits of Control, Capital Structure and Company Growth’ was one of the finalists for the best paper award at the Spring meeting of Young Economists in Paris in April 2002.

Nickell, S.
President of the Royal Economic Society, 2001-2004

Chairman, the Council of Management of the National Institute of Social and Economic Research

Chairman, Advisory Board of the Centre for Microdata Methods and Practice, UCL

Member, Bank of England Monetary Policy Committee

Pissarides, C. A.
Elected a Fellow of the British Academy, July 2002.
Redding, S

World Trade Organisation used speech. Anthony Venables presented a joint policy paper summarizing joint academic research called: ‘the Economics of Isolation and Distance’ to a group of ambassadors at the WTO. The Presentation was organised by the Commonwealth Institute in London, March 2001

Co organiser of CEP Stoke Rochford Conference. May 2002

Co-organiser CEPR Erwit Conference, Munich, June 2002

Quintini, G.
Joined the OECD.

Venables, A. J.
Panel member with A. Wood, Chief Economist to Claire Short, Department for International Development; Professor R. Wade and M. Wolf, Chief leader writer of the Financial Times in debate on political and economic issues involved in globalisation. Debate chaired by Richard Layard held 5/03/02.

West, M.
Chair, British Psychological Society Journals Committee
Member, Department of Health Service Delivery and Organisation Commissioning Group

Downloads of DPs = 4284
Abstracts Viewed = 31199
Statistics from LogEc

B10 COLLABORATIVE RESEARCH PROJECTS
N=21

Unchanged from last year: Duranton 2, Freeman 3, Machin 2, Marsden 1, Metcalf 1 Overman 1, Pischke 2, Redding 3, Steedman 1, Venables 3, Wadsworth 2

INDICATOR GROUP C: FUNDING RESOURCES

C1 ESRC FUNDING
Core Grant to the Centre for Economic Performance
31/10/01 – 30/9/02
£1,079,645
C2 OTHER ESRC FUNDING
ESRC Skills for All Research Seminars
Steedman
2/4/02 – 1/10/03
£11,957

C3 CONTRIBUTION OF HOST INSTITUTION

£307,980 LSE Academic Staff (HEFCE paid)
Professors: Metcalf, Manning, Nickell, Jackman, Pissarides, Venables, Kelly, Wilman, Marsden, Pischke.

£75,850 LSE Support Staff
Research Office, Finance, Personnel, Library, Reprographics, Telecoms, IT, Porterage and Cleaning

£149,280 LSE Non-Staff Costs
Premises – Heat, Light, Power, Water; Insurance; Furniture; Equipment; Reprographics, Stationery, Telephone, Postal Costs; Computer allocation (inc, relocation and wiring); Relocation works; Advertising; Training Costs.

C4 OTHER FUNDING

Government

DfES: Centre for Economics of Education
(funding extended to 31/12/04)
Machin
1/1/02 – 31/12/04
£333,516

DfES: Evaluation of Excellence Challenge Initiative
Machin and Conlon
1/10/01 – 1/3/05
£118,000

DfES: Review of Rates of Return to Higher Education
Conlon
1/10/01 – 28/2/02
£16,100

DfES: Estimates of Return to Schools, FE and HE Qualifications
McIntosh
1/3/02 – 28/6/02
£8,200

HM Treasury: Graduates and Public Sector Organisations
Dolton and Machin
1/10/01-31/12/01
£14,400

HM Treasury and Home Office: Economic Costs of Crime
Feinstein and Machin
8/6/02-31/7/04
£71,425

HM Treasury and DfES: Intergenerational Inequality
Dolton and Machin
1/8/02-31/7/04
£151,000

HM Treasury: Recruitment and Retention of Public Sector Workers
Dolton and Machin
15/8/02-31/8/04
£72,000

Charitable Trusts

Anglo-German Foundation: ICT Skills Supply
Steedman
1/1/02 – 31/12/02
£48,300

United Nations University: Spatial Inequality and Development
Venables
1/3/02-15/9/02
£27,027

Other

Harvard: Unions and the Internet Programme
Freeman
1/10/01 – 1/11/01
£4,450

Learning and Skills Council: Expanding Participation for 16-18 year olds
Conlon
1/10/01-30/3/02
£40,425

Low Pay Commission: Impact of National Minimum Wage
Manning and Dickens
1/3/02-31/10/02
£17,127

Qualifications and Curriculum Authority: Progression Routes of Cohort Members
Dolton and Machin
1/12/01-28/2/02
£8,760

INDICATOR GROUP D: STAFF RESOURCES

D1 RESEARCH STAFF
Directors (freeman, Layard, Venables) 1.9
Senior Research Fellows 3.2
Research Fellows 1.8
Research Officers 12.2
Junior Research Staff 10.3
Consultants 1.0

D2 ASSOCIATED ACADEMIC STAFF
HEFCE Paid Staff (6.2 FTE 19 individuals)
Professorial 3.5
Senior Lecturer 0.4
Lecturer 2.3

D3 SUPPORT STAFF (FTE)
Centre Manager (AR5) 1
Deputy Administrator (AR2) 1
Information Systems Manager (AR2) 1
Information Manager (AR3) 1
Data Manager (AR3) 0.6
Head of Public Affairs 0.5
CRA6 1
CRA4 4
CRA3 1

D4 RESEARCH STUDENTS (See Annex F)
Enrolled M.Phil/Phd 30
Graduated (Rueda, Kirchmaier, Ramezzan, Walker, McNally, Faguet) 6
ESRC Funded (Pelizzari, Muuls, Elsby, Petropoulou, Walker, Crowe) 6
Databases Compiled

**V. Badigannavar**
Employee data on involvement and influence, from matched firms with and without partnership agreements in the Health Sector. June to August 2002.

Documentation available, although similar data from local government and finance sector is also being compiled. Data held in SPSS form.

**A. DeCoulon**
Historical Data on the Swiss Labour Market, for the years 1971 and 1975
In the CEP data Library

**Faguet, J-P.**

**H. Gospel**
Work carried out on the Workplace Employee Relations Database, looking at the consequences of information sharing on performance.
