

Annual Review

January 2010 - December 2010

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1. INTRODUCTION

Centre Objectives

The Centre for Economic Performance (CEP) was established in 1990 and this report covers the first year of its fifth term of ESRC funding beginning 2010.

The Centre studies the determinants of economic performance at the level of the company, the nation and the global economy. To do this it focuses on the links between globalisation, technology and institutions (in particular those in the education and the labour market) and their impact on productivity, inequality and wellbeing.

The 7 programmes which cover these issues are: (all except Wellbeing funded by ESRC)

Labour Markets	director	Prof. Stephen Machin
Education and Skills	director	Dr. Sandra McNally
Productivity and Innovation	director	Prof. John Van Reenen
Community	director	Prof. Alan Manning
Globalisation	director	Dr. Emanuel Ornelas
Macro Programme	director	Prof. Francesco Caselli
Wellbeing	director	Prof. Richard Layard

1a. THE YEAR 2010/11: A BIRD'S EYE VIEW

The Centre has made excellent progress in 2010 in launching into its new areas of work as well as finishing the consolidation of its last programme reported last year.

It has **produced some major books:**

- “The Labour Market in Winter: The State of Working Britain (OUP)” which provides an overview of the key issues concerning labour market in the last 10 years;
- CEP published in just 6 weeks “The Future of Finance And the Theory that Underpins It” which brought together the fruits of the seminars the centre has organised with leading academics, financiers, journalists and officials from the UK's Financial Services Authority, the Bank of England and the Treasury;
- Mark Schankerman with Josh Lerner brought out “The Comingled Code”, which we launched in December which brings rigorous economic analysis to bear on the economic impact of open source software on consumers, firms, and economic development in general
- David Marsden and Francois Ryckx brought out ‘Wage structures, employment adjustments and globalisation: evidence from linked and firm-level panel data’ (Palgrave, 2010) based the CEP’s EU Network Pay Inequalities and Economic Performance (PIEP) project.

We celebrated 21 years of the CEP with the launch of a **21st Birthday Public Lecture series** given by senior staff in the centre and public intellectuals who have an association with it. Lectures, which will continue throughout the year, have included Van Reenen on where future growth is to come from, Machin on Inequality, Olivier Blanchard on The State of the World Economy and Barry Eichengreen on the Rise and Fall of the Dollar. Adair Turner gave the three Lionel Robbins lectures on "Economics after the Crisis".

We made considerable **advances in new areas of work** - public sector productivity (work on management practices and productivity in hospitals and schools); business response to climate changes where we report some key results from our survey of 800 companies; immigration – exploring how different generations of immigrants fare in the labour market and the claim of their impact on crime; and inequality at the top, showing the extent to which changes in wage inequality in the last decade have been driven by gains at the very extreme of the distribution in contrast to previous experience.

The year also saw the **adoption of new methodological approaches** – greater concentration on primary data collection and random controlled experiments - which our 2010-15 programme highlighted: our productivity programme ran randomised control trials (RCTs) in Indian textile firms introducing consultants to improve management practices with results cutting quality defects in the treatment group by 50% and increasing overall productivity by 10%; and our education programme concluded data collection in 22 secondary schools on the impact of the Resiliency Programme. This was a positive psychology programme that we implemented to build resilience, adaptive coping skills and social problem-solving to help children respond to daily challenges. Preliminary results suggest a small positive average treatment effect on reducing depression and anxiety.

The **Centre's work is well cited** and read by our academic peers. Using as a quality impact measure, the citation rate of our discussion papers from REPEC, the largest bibliographic database of economics papers in the world (<http://ideas.repec.org/top/top.wpseries.simple.html>), we find that at the end of March 2011, CEP Discussion Papers (1057 deposited since 1998) have been cited on average 10.4 times each, putting the series 9th place in the world out of the 120 institutions registering over 500 papers since 1998, and more than 4 times the average citation level of all papers in the database.

Our **research output continues to be impressive**: we produced 5 books, 89 refereed journal articles and chapters, 109 discussion papers and reports, and 32 articles in our research magazine CentrePiece.¹ We gave 374 papers at seminars and conferences including at a large number of top US universities

We continued to ensure that **our work reached wider audiences** and our public profile remains high - we appeared 512 times in the international and national press, our highest number ever and our website received 13.4 million hits, 17% up on last year, with 2.44 million downloads of CEP research papers, policy briefings, CentrePiece articles. We produced 12 election analyses on policy areas in which the Centre has expertise including on climate change, inequality, urban renewal, youth unemployment, macroeconomics and the public finances, financial regulation, bankers' bonuses, immigration, crime, health spending, economic policy evaluations. These were press released, put on the web (downloaded 29,599 times) and on the British Politics and Policy at LSE website: our web hits spiked in the period immediately after these were circulated.

Our **engagement with policy stakeholders** has been significant with much individual advice provided by Centre staff to government departments. Manning advised both Hutton reviews, German Low Pay Commission, Migration Advisory Committee and continuing work on NHS Pay Review Body; Ornelas responded to the Trade Policy White Paper call for evidence; Steedman advised Minister John Hayes MP, top civil servants at the DFE on 26 November 2010 and Apprenticeship Ambassadors Network, a group of leading company chief executives promoting apprenticeships, for whom she prepared a report on the future of Apprenticeship. Most recently, we were invited to a summit at 10 Downing Street on youth unemployment (March 2011) where Dr. Petrongolo presented CEP's work directly to the Prime Minister and discussed with him, the DWP Secretary of State, Ian Duncan Smith and other senior policy makers the causes of problems in the youth labour market and what policies could be implemented to combat the problems. Van Reenen presented CEP's skills work to Vince Cable and David Willets in a high level BIS meeting and the productivity work to the new BIS Permanent Secretary. He also discussed Vince Cable's

¹ These figures are net of the fractions of non-CEP authors in multi-authored papers

growth policies at a business breakfast meeting. Garicano gave presentations on labour, pensions and financial reforms to the Spanish Prime Minister and the Leader of the Opposition party.

Staffing our Director of Globalisation Prof. Redding took up a Chair at Princeton but we are fortunate in that he will still work with members of the programme and make long visits to the Centre as has been the case with Prof. Bloom at Stanford and Dr. Sadun at Harvard Business School. We appointed Dan Hale, Zack Cooper, Ferdinand Rauch, Gill Wyness, Rebecca Homkes as post doctoral, and Rachel Berner, Luca Fornaro, Scott Murani, Hande Kucuk-Tuger, Stephan Seiler, James Vernoit as pre-doctoral researchers. Denis Novy, a lecturer from Warwick, and Prof. Yona Rubinstein from Brown University and LSE Dept of Management joined as associates. Dr. Criscuolo is on secondment at the OECD, assistants Richard Murphy and Felix Weinhardt are at University of California Berkeley and Tom Cunningham is at Harvard for a term.

Fundraising: During the year 2010-11, we raised £1.77 million (last year £1.82m) in addition to our core ESRC grant of £1.02m for projects in this and future years. Given the difficult current funding environment we consider this to be an achievement.

Outside Recognition: CEP Researcher and former Director of the Macro Programme, Chris Pissarides, was awarded the Nobel Prize for Economics for his work on the economics of unemployment, especially job flows and the effects of being out of work. Layard was awarded the Royal College of Psychiatrist's President's Medal on 23 June for his contributions on Wellbeing; Sturm was awarded a coveted European Research Council grant for £823,000 for work on the economic geography of cities. Our young staff were also recognised, Waldinger receiving the German Economic Society's Reinhard Selten Prize for young researchers; Nina Guyon won the European Economic Association award (for the 3 best papers presented at the annual congress by young economists) for research on grammar schools reform. Van Reenen and Caselli were elected as Fellows of the British Academy.

2. CEP IMPACT AND HIGHLIGHTS

Research Progress 1: The State of Working Britain

CEP researchers and associated colleagues produced the third CEP book on the UK labour market 'The Labour Market in Winter: The State of Working Britain 2010' (edited by Paul Gregg and Jonathan Wadsworth, published by Oxford University Press). The book offers nineteen chapters, plus an introduction, by leading economic experts, mainly from CEP, on the UK labour market. It provides up-to-date statistics and economic commentary on key issues of labour market performance (with sub-sections on Employment and Unemployment, Job Quality and Inequality). A particular focus is placed on the impact and consequences of the recent recession, and the various chapters offer assessments of the impacts of policies on employment, education and welfare. This gives a unique assessment of the Labour government's record in the field of employment during its time in office.

The contents of the book are of broad appeal and use for the academic research community but its empirical analysis and discussions will be relevant to those interested in contemporary labour market developments in the UK, including academics, students, practitioners, and policy makers. We plan a public and press launch of the book with Ed Balls and Chris Giles in May 2011.

Research Progress 2: Climate Change and the Environment

A series of CEP research ventures have considered the impact of climate change policies. This work is pushing forward the research frontier in issues of environmental economics and from a methodological perspective introducing techniques and methods drawn from other areas of economics to evaluate and appraise policies on climate change.

Ralf Martin and colleagues have studied the functioning of the European Union Emissions Trading System (EUETS), the largest and most sophisticated emissions trading system in the world to date. This has been carried out by means of a large scale interviewing effort of businesses in Europe. Learning from and building upon previous CEP research undertaking company interviews (like the Productivity programme work highlighted in earlier reports on Management Practices), around 800 interviews of business regulated and not regulated by the EUETS have been undertaken. This has resulted in a unique data source that Martin and co-authors have begun to analyse. They find that the EU policy to allocate some emissions permits for free does not seem to have been justified. The regulations have not hindered competitiveness as this policy only posed a competitiveness risk to a small number of high energy intensity firms. The research also established a connection between free permit allocation and clean product innovation. Businesses that obtained free permits performed less climate change related innovation than they would have done in the absence of the policy. We discuss the policy implications of this work on page 34.

Scientific Impact 1: Crime and Police

A perennial policy and research question in the economics of crime is whether more police reduce crime. A serious difficulty arising in empirical analysis is that, whilst more police resources may have the potential to lower crime, it is the case that more resources tend to be allocated to high crime places. Thus establishing the direction of causation flows from police to crime, and not the other way, is a difficult challenge.

Only a very small number of research papers directly tackle this question. CEP research has done so in an innovative way by noting that police deployment went up very rapidly in central London directly after the July 2005 terror attacks (with little change in police deployment in outer London). In a paper in the American Economic Review, Mirko Draca, Stephen Machin and Robert Witt use this variation in police hours induced by the terror attacks (in a police action known as Operation Theseus) to study causal links between crime and police.

They find a strong, precisely determined, causal impact of police on crime, looking at what happened to crime and police before and after the terror attacks that hit central London in July 2005. The attacks resulted in a large redeployment of police officers to central London as compared to outer London (a 34 percent increase). During this time, crime fell significantly in central relative to outer London (by about 11 percent). Thus the elasticity of crime with respect to police is approximately -0.3 to -0.4, so that a 10 percent increase in police activity reduced crime by around 3 to 4 percent.

Scientific Impact 2: Healthcare Productivity

Despite the fact that public sector productivity and its determinants are of critical policy importance this is a research area where robust evidence is relatively sparse. CEP research has sought to fill this gap.

In their Journal of Political Economy paper, Carol Propper and John Van Reenen considered the impact of labour markets on hospital performance by noting that, for medical staff, pay is regulated to be the same for individuals across heterogeneous geographical labour markets. Thus there may be labour supply problems and potential falls in the quality of service provision in areas with stronger labour markets. They construct hospital-level panel data on both quality - as measured by death rates (within hospital deaths within thirty days of emergency admission for acute myocardial infarction, AMI/heart attacks) - and productivity, and present evidence that stronger local labour markets significantly worsen hospital outcomes in terms of quality and productivity. A 10% increase in the outside wage is associated with a 4% to 8% increase in AMI death rates.

The impact of the market-based health reforms introduced by the Blair government on hospital performance are studied in an Economic Journal paper by Zack Cooper, Steve Gibbons, Simon Jones and Alistair McGuire. Their paper finds that hospital competition within markets with fixed prices led to

improvements in quality and efficiency of NHS hospitals. Thus, healthcare productivity was enhanced by increased competition. However, while the current government has proposed introducing both quality and price competition, this work suggests that only the former will lead to better performance. Cooper has presented the results of his work on hospital competition to the Prime Minister's Strategy Unit, OFT, the Competition and Cooperation Panel at the Department of Health, and to the Royal Society of Medicine. The findings from these papers provide robust evidence on the determinants of productivity in the healthcare sector. They therefore advance knowledge on an important (and growing) area of the economy where there was previously a shortfall of convincing and credible research evidence.

Economic and Social Impact 1: Wellbeing and Mental health

The impact of Layard's work on wellbeing policies has been reported before, but this year received attention at the very top with Prime Minister Cameron's announcement in November 2010 recognising that GDP was an incomplete way of measuring a country's progress and that plans to introduce a wellbeing index in addition to tracking economic growth were to be introduced from next year. Layard has become an advisor to the ONS on ways of instituting this. His work on the impact of mental illness, wellbeing, employment and the benefits system has also borne fruit and a campaign he coordinated with MIND and the Royal Colleges (Psychiatry, GPs, Paediatricians) succeeded in getting a commitment to ensuring access to psychological therapies in all major political parties' manifestos. The Comprehensive Spending review in October 2010 retained a commitment to full funding of Improving Access to Psychological Therapy services which Layard had argued for in previous years (http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf)

Economic and Social Impact 2: Social Mobility

Blanden, Machin and Gregg's discovery that social mobility fell in the UK and is at a low level compared with other countries informs the Government's cross-department Social Mobility Strategy, whose success will be monitored by Alan Milburn MP. Blanden has been asked to be one of a small number of advisors to him in this role. The Blanden and Machin findings on mobility were also extensively quoted in Frank Field's Poverty Report, *The Foundation Years*, commissioned by David Cameron and on which four members of the Centre advised him during 2010. The CEP work on the relationship between access to Higher Education and intergenerational mobility continues to be referred to extensively in the media and has very recently contributed to the central argument in the BBC 2 programme Who Gets the Best Jobs, shown on February 1st.

3. PROGRESS AGAINST 2010/11 OBJECTIVES

3a: Programme Progress with Contract Objectives

GLOBALISATION PROGRAMME (REDDING, Michaels, Ornelas, Sturm)

G1A What determines how much trade is within firms and how much is between firms?

PLAN: Discussion paper and journal article planned

OUTCOME: Redding (joint with Andrew Bernard, Bradford Jensen and Peter Schott) published "Intra-firm Trade and Product Contractibility", *American Economic Review, Papers and Proceedings*, 100(2), 444-448, 2010. The authors create a new measure of product contractibility and find that intra-firm trade is higher for products with low levels of contractability sourced from countries with weak governance, for skill-intensive products from skill-scarce countries, and for capital-intensive products from capital-abundant countries.

Ornelas (joint with John L. Turner) has submitted the paper "Protection and International Sourcing" (initial version: CEPDP0900) to *Economic Journal*, how import protection affects relationship-

specific investments, the conditions under which firms choose to outsource versus to vertically integrate, and welfare.

G1B What determines trade patterns in services (e.g. how important is physical distance and has this changed over time)?

PLAN: Journal article planned

OUTCOME: Redding (joint with Andrew Bernard, Bradford Jensen and Peter Schott) published "Wholesalers and Retailers in U.S. Trade", *American Economic Review, Papers and Proceedings*, 100(2), 408-413, 2010. The authors find that trade usually involves long chains of independent agents who move goods through wholesale and retail distribution networks.

Breinlich and Criscuolo have submitted the paper "Service Traders in the UK" (initial version: CEPDP0901) to the *Journal of International Economics*, authors find that many of the novel recent empirical findings about goods trade apply also to services trade in the UK. In particular, trade volume, employment, turnover and value added are highly concentrated among a small group of firms trading with many countries and/or in many services types.

G1C What is the causal impact of offshoring on jobs, wages, productivity and profitability? Will this change in the future?

PLAN: Journal article planned

OUTCOME: Redding (joint with Elhanan Helpman and Oleg Itskhoki) published "Inequality and Unemployment in a Global Economy", *Econometrica*, 78(4), 1239-1283, 2010. The authors uncover new theoretical channels through which the opening of international trade is likely to enhance wage inequality and raise unemployment. After some trade has been opened, however, further liberalisation can either raise or reduce wage inequality.

Redding (joint with Elhanan Helpman and Oleg Itskhoki) published "Unequal Effects of Trade on Workers with Different Abilities", *Journal of the European Economic Association, Papers and Proceedings*, 8(2-3), 421-433, 2010. The authors show that the effects of international trade can be very different on different types of workers with different levels of human capital.

Redding (joint with Elhanan Helpman, Marc Muendler and Oleg Itskhoki) has assembled detailed data on Brazil's labour market outcomes and trade policies in the 1980-1990s to study empirically the relationship between trade liberalisation and wage inequality.

G2A How does trade affect inequality when firms produce a wide variety of products?

PLAN: Journal article planned

OUTCOME: Redding (joint with Andrew Bernard and Peter Schott) published "Multi-product Firms and Product Switching", *American Economic Review*, 100(1), 70-97, 2010. The authors find that U.S. manufacturing firms frequently alter their mix of products and that these changes are an important factor behind trade growth in the U.S. The firms more likely to drop products are younger and have smaller production volumes relative to other firms producing the same product. A consequence of this product switching is that economic activity is relocated within firms towards more productive uses, with implications for workers' productivity and compensation.

G2B How does trade affect inequality when there is substantial heterogeneity of firms and workers and labour markets have search and other serious frictions?

PLAN: Paper planned

OUTCOME: See outcomes for G1C

G2C Has trade changed the demand for different skill types and through what mechanisms has this occurred (e.g. via faster technical change)?

PLAN: Data being collected on 11 countries over 25 years: mimeo will be produced.

OUTCOME: Michaels and Van Reenen (joint with Ashwini Natraj) have collected the data and produced DP on "Has ICT Polarized Skill Demand? Evidence from Eleven Countries over 25 Years", CEPDP0987. The authors find that OECD labour markets have become more "polarized", with employment in the middle of the skill distribution falling relative to the top and also the bottom of the skill distribution. They find that information and communication technologies are the main drivers of this polarization.

G3A How can regional free trade agreements be politically sustained? Do such agreements help support (and are in turn supported by) democracy?

PLAN: Discussion Paper Expected

OUTCOME: Ornelas (with Xuepend Liu) has produced a work in progress version of "Free Trade Agreements and the Consolidation of Democracy". Their key (preliminary) findings are that free trade agreements help democracy to "consolidate" in a country, and that, in turn, governments in fledgling democracies are more likely to engage the country in free trade agreements. (http://personal.lse.ac.uk/ornelas/Liu&Ornelas_lastversion.pdf).

G3B Is exporting to nearby countries a "springboard for growth"?

PLAN: Discussion paper expected

OUTCOME: Ornelas (with Facundo Alborno, Hector Calvo-Pardo and Gregory Corcos) has produced the working paper "Sequential Exporting" (initial version: CEPDP0974). Their key finding is that firms discover their profitability as an exporter only after actually engaging in exporting, but that this profitability is positively correlated across foreign destinations. This gives rise to a process where firms enter foreign markets sequentially. This implies that trade policies have multi-market consequences so far neglected by both academics and practitioners.

G3C Has the eastern expansion of the EU generated better economic performance in Western Europe? Will further expansion continue to do this?

PLAN: Discussion paper expected

OUTCOME: Redding and Sturm (joint with Gabriel Ahlfeldt and Nikolaus Wolf) have produced a draft on "The Economics of Density: Evidence from the Berlin Wall". In the paper the authors attempt to explain the uneven distribution of economic activity by separating agglomeration and dispersion forces from natural advantages and amenities, a perennial empirical challenge for researchers in the field. They do so by using the division and reunification of Berlin as a natural experiment.

PRODUCTIVITY AND INNOVATION PROGRAMME (VAN REENEN, Bloom, Criscuolo, Garicano)

P1A Does our design and implementation of randomised control trials of business policies show (a) any effect and (b) a causal impact of management on productivity?

PLAN: Complete experimental period of providing management consulting to some firms (in India) and not others and evaluate impact of better management on performance. Over the next two years explain why firms do not adopt practices and the extent to which practices do and do not "spill over" from one firm to another. A draft paper will be prepared for AEA 2010 Papers and Proceedings. Discussion Paper will be produced during year and experimental data will be made available when main paper published

OUTCOME: A randomised control trial of running a management field experiment on Indian textile firms: implemented and evaluated free consulting and implementation of modern management practices was offered to a randomly chosen set of treatment plants and their performance was then compared to the control plants. Results found an 11% rise in productivity, increased decentralization of decision making, and increased use of computers. CEP Discussion Paper 1042 a Centrepiece Article <http://cep.lse.ac.uk/pubs/download/cp329.pdf> and podcast. "Does Product Market Competition Lead firms to decentralize?" (Nick Bloom, Raffaella Sadun and John Van Reenen), American Economic Review Papers and Proceedings (2010) 100, 434-438 <http://cep.lse.ac.uk/pubs/download/dp0966.pdf>. General methodology has also been written up as CEP DP 969 "New Approaches to Measuring Management and Firm Organisation" and published in American Economic Review 100(2): 105-09. Overviews of work in the area published in major review journals and as working papers: "Recent Advances in the empirics of organizational economics". *Annual Review of Economics* (2010) 2:105-37 <http://cep.lse.ac.uk/pubs/download/dp0970.pdf>; "Why do Management Practices Differ across Firms and Countries?" *Journal of Economic Perspectives* (2010) 24(1) 203-224 <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.24.1.203%20>

P1B What are the causes and consequences of different management practices in private services (e.g. retail and legal services) and public services (e.g. schools and hospitals)?

PLAN 2010: Continue data collection on schools and hospitals in 7 countries comparing management practices to performance. Complete initial analysis accounting for differences between public and private sector performance. Look at changes in hospital management over time. Present initial findings in non-technical launch in Autumn.

OUTCOME: Completed data collection surveyed almost 1200 hospitals across seven countries and nearly 1000 secondary schools across five countries. Presentation with McKinsey at “Management Matters in Healthcare” October 26th 2010; CEP DP 983 May 2010 Impact of Competition on Management Quality: Evidence from Public Hospitals. Better managed hospitals in our study also have better clinical outcomes, such as lower mortality rates from emergency heart attacks, as well as higher levels of patient satisfaction and enhanced financial performance.

P1C Is growth caused by firm re-organisation? What causes management and organisational practices to change over time?

PLAN: For 1b,1c completing survey of management practices in Chinese and Indian Firms. We will also re-survey this year the c.4,000 firms we collected data from in 2006 so we can observe the extent to which organizations change over time.

OUTCOME: The work re-surveyed all the firms surveyed in 2006. The 2010 work finds that there is a persisting management gap between the UK and its EU peer countries such as France and Germany, and it falls significantly below the US in terms of management. The UK's position and overall productivity could significantly increase by raising the management quality of British firms especially in the lower tail of the distribution. A report was written and presented to the Department of Business and Innovation and will appear as a DP. The presentations are available on: http://cep.lse.ac.uk/textonly/_new/staff/vanreenen/pdf/bis_pres5_HC.pdf

PLAN: We will match up performance data with this survey over the next two years to explain extent to which changes in management practices can explain differences in growth rates across countries and ultimately help evaluate policies to accelerate British growth. We have also audited all the related existing large-scale datasets in the world and will prepare a paper in stylized facts of organizational change.

OUTCOME: Draft report confirms (unfortunately) that the CEP Management/Organization data was best practice in the world on this. We have set up a website (World Management survey) which has all management materials including an on-line tool where managers in four sectors (manufacturing, retail, schools and hospitals) can benchmark themselves against best practice (using our database of 10,000 interviews over 20 countries). <http://worldmanagementsurvey.org/>. Some of the publications in the area include: Does Competition Raise Productivity through Improving Management Quality? CEP DP 1036, Dec 2010 ; Organizing for Growth (2010, Journal of Economic Theory) Garicano and Raossi-Hansberg

P2A Do R&D tax credits raise the rate of innovation and productivity growth?

PLAN: We will do a preliminary draft of the effect of fiscal policies on innovation and productivity. A new version of Bloom, Schankerman and Van Reenen will be produced (and hopefully published) which incorporates these

OUTCOME: New draft of the paper under revision at Econometrica. Van Reenen together with Slade and co-authors produced an extension paper which looked at geographical spillovers <http://cep.lse.ac.uk/pubs/download/dp0991.pdf>; We have a draft paper examining R&D tax policy suggesting that it is effective

P2B Do innovation policies for small and medium-sized enterprises (SMEs) work? How should we improve them?

PLAN: Extend theoretical model of how patent thickets and judicial enforcement affect settlement, extend econometric work that exploits our comprehensive data set on patent disputes for the U.S. covering 1978-2000. Martin will begin a study of barriers and drivers to firm level innovation related to Climate Change

OUTCOME: “Patent Thickets, Courts and the Market for Innovation,” published in *RAND Journal of Economics* (2010), Mark Schankerman and Alberto Galasso

P2C What is the effect of different policies on climate change related innovation?

PLAN: Carry out econometric evaluations on European countries' government firm level energy datasets similar to those currently being carried out on the Climate Change Levy

OUTCOME: Analysis underway of the EU Emissions Trading Scheme: initial findings that the EU Commissions criteria for identifying those businesses that are at risk are flawed, leading to an excessive number of business and sectors receiving free permits, even though there is no risk to competitiveness. At the same time there are businesses failing to take advantage of the permits causing an unnecessary risk to jobs: finally there appears to be a link between free permit allocation and clean product innovation. We find that businesses receiving free permits conduct less Climate Change related product R&D than they would otherwise do.

P2D Can we develop a macro model usable by governments to predict the effects of different innovation policies on the growth and distribution of productivity?

PLAN: We will develop a model to allow interactions in product and technology markets and will use this to work out the social and private rates of return to R&D and innovation policies.

OUTCOME: This will not be done till towards 2015 since it relies on a summation of the work we are producing in the P& I projects

EDUCATION AND SKILLS PROGRAMME (MCNALLY, Besley, Gibbons, Silva, West)

E1A What determines the diffusion of phonics teaching and what is its effect on educational achievement?

PLAN: Data collection started. Build model Preliminary regression analysis conducted.

OUTCOME: Currently analysing data and refining model. (Machin, McNally, Viarengo).

E1B How do aspects of the devolved education systems in different countries within the UK (e.g. League Tables in England vs. Wales) affect school quality?

OUTCOME: paper on reform to the grammar school system in Northern Ireland The Effect of Tracking Students by Ability into Different Schools: A Natural Experiment (Nina Guyon, Eric Maurin and Sandra McNally).

E1C What is the effect of different forms of governance and management on quality?

PLAN: Initial data collection a) survey by productivity programme of schools management will take place alongside survey of hospital management. b) Machin and Vernoit will carry out evaluation of Academies programme to isolate impact on performance of state funded secondary schools in close proximity to an academy; also gather evidence on how academies use autonomy from LEA to pursue admissions policies favouring the most advantaged

OUTCOME: We have a draft paper - Machin, S. and J. Vernoit (2011) 'Changing School Autonomy: Academy Schools and Their Introduction to England's Education'.

E2A How do private schools and higher post-graduate degrees affect social mobility?

PLAN: Using data from HESA document composition of those studying 6 months after graduating; analyse effect of increasing number of foreign students on intergenerational mobility.

OUTCOME: We have produced two interim reports on this in collaboration with the Sutton Trust who co-financed the research; The Social Composition and Future Earnings of Postgraduates and Increasing University Income from Home and Overseas Students.

75% of students from independent schools go to the leading research universities, compared with only 38% of those who are state-educated; yet students from state schools do better at university than those from similar backgrounds who were privately educated, four percentage points more likely to get a first or 2:1, and also outperforming their independent-school peers by almost as much at Russell Group universities. Received high media profile:

E2B What do parents value most in schooling for their children? Does this reduce the relative achievement of pupils from low income families?

PLAN: Journal article expected.

OUTCOME: Paper, Valuing School Quality Using Boundary Discontinuities, currently under revision for Journal of Public Economics

E2C How do school admissions work and what is the impact of different procedures? How much evidence of 'cream skimming' exists?

PLAN: Primary data collection on schools admissions has recently begun and will continue in 2010

OUTCOME: Data enquiries and collection work from non-London Local Education Authorities nearly complete. Currently seeking admissions data from the Pan London Admissions Authority. Data being consolidated and cleaned prior to analysis.

COMMUNITY PROGRAMME (MANNING, Hobbs, Iyengar, Manacorda)

C1A How are attitudes passed through families? Do these affect economic outcomes?

No work was planned for 2010

C1B What types of behaviour are admired and respected in society and how have these changed? What are the economic effects of these changes?

PLAN: Document similarities and differences in values across communities in the UK. Initial paper

OUTCOME: Work will start on this in year 3.

C2A To what extent are migrants from Eastern Europe integrating? Does this have productivity growth and labour market effects?

OUTCOME: 1) Alan Manning The integration of immigrants and their children in Europe , Centrepiece, Feb 2010; 2) Alan Manning “The Economic Situation of Immigrants and their Children in France, Germany and the UK” Economic Journal Features 120, F4-F30 2010; 3) “Culture Clash or Culture Club: The Identity and Values of Immigrants in Britain” Economic Journal Features 120, F72-F100 2010 Sanchari Roy; 4) Bell, Machin, Fasani, 'Crime and Immigration: Evidence From Large Immigration Waves', CEP DP 984. A specific focus in this paper is on the A8 wave of migrants.

C2B How are South Asian communities in the UK evolving socially (e.g. through inter-marriage) and economically? How does this affect the local economy?

PLAN: Manacorda and Manning to start work on theoretical and empirical modeling of marriage markets.

OUTCOME: Work to commence 2011.

C2C Has the new immigration “points based” system worked & how can it be improved?

OUTCOME: This project may need to be discontinued since the Principal Investigator has been made a member of the Migration Advisory Committee and if he remains one will be constrained from carrying on the project. With this possibility in mind he is planning a project on Immigration and Health which will not compromise his position and this will be reported on in 2012

C3A How can policy and economic incentives reduce repeat offending?

PLAN: Liaise with Home Office to obtain more up to date data on repeat offending and to analyse its connections to economic incentives and different crime fighting policies (Bell, Machin, Marie).

OUTCOME: Data currently being put together.

C3B How do economic incentives affect organised crime?

PLAN: Obtain Istat data on allocation of European structural funds across different municipalities of Italy and match to crime to begin analysis (Cornaglia, Manacorda).

OUTCOME: We have looked at our proposed project on organized crime. At this stage we are not sure that this would pan out and lead to a top publication. This is mainly because the level of geographical variation in the data that we have managed to obtain is too coarse to generate precise and fully credible estimates. Nevertheless a replacement project, also on organized crime is planned which is detailed in our forward plan section.

LABOUR PROGRAMME (MACHIN, Freeman, Layard, Petrongolo, Pischke)

L1A Are aggregate employment fluctuations due to rigid wages?

PLAN: Initial data work: Compare employment fluctuations in occupations with very flexible wages to other occupations with more typical wage setting by looking at estate agents data, and at wage and employment data from the CPS, Census, and ACS, combining these with data on home sales from the National Association of Realtors, and price data from OFHEO (Pischke).

OUTCOME: Some initial data collection and preliminary analysis has been completed. However, the house price data so far only reach up to just before the crisis, and there is not enough variation in the data to get precise enough estimates for these to be valuable. As the price data have to be pulled from the web and put together by hand, the project will be returned to in the academic year 2013/14 to ensure there is enough data through the crisis and associated house price drop.

L1B Does linking wages with firms' value improve productivity and wellbeing?

PLAN: Write a report reviewing the literature and providing new evidence on the impact of incentive payment schemes on economic outcomes for firms and establishments (Bryson) and consider connections between different well being measures and income (Bryson)

OUTCOME: The first objective was achieved with a report (written by Bryson, Freeman, Lucifora, Pellizzari and Perotin) to the Fondazione Rodolfo DeBenedetti entitled "Paying for Performance: Incentive Pay Schemes and Employees' Financial Performance". This was presented at the 12th European Conference of FRDB, Cagliari, 29 May 2010. Forthcoming, Oxford University Press.

The second objective was achieved with Bryson, A., Barth, E. and Dale-Olsen, H. (2010) *Do Higher Wages Come at a Price?*, CEP Discussion Paper No. 1011. This paper is currently under revision for a journal.

L2A How important are demand and supply in explaining the international differences in gender wage gaps? What can be done to reduce discrimination?

PLAN: Investigate data on marketisation of female labour supply using American Time User Survey; Investigate Current Population Survey to decompose rise in female employment into within and between industry components (Petrongolo)

OUTCOME: 1) Draft of paper by Petrongolo and Olivetti "Gender Gaps across Countries and Skills: Supply, Demand and the Industry Structure". Soon to be a DP. 2) Ngai and Petrongolo: Paper, "Structural transformation and female employment" to be completed and submitted to a conference. Paper published by Manning "Understanding the Gender Pay Gap: What's Competition Got to Do with It?", *Industrial and Labor Relations Review*, 63, 681-698 (2010).

L2B What explains the "glass ceiling" for women in high skill professions (e.g. law firms) and what needs to change to improve female career progression in such firms?

PLAN: Initiate telephone survey of law firms: Target 800 interviews (Iyengar)

OUTCOME: Done - Petrongolo and Iyengar surveyed several hundred lawyers in partnership with the Law Society. Initial analysis suggests female lawyers suffer from lower wages, especially after starting families. This is primarily because of choice of speciality (e.g. family law vs. corporate tax)

L2C What is the structure of the market for child services (such as daycare) and does it hold back the ability of women to progress in the labour market?

PLAN: One of the following according to which appears most fruitful: a) estimate the relative wage of childcare workers (relative to workers in care homes) against measures of relative supply and demand; b) analyse labour market participation of mothers – how this relates to increase in the supply of childcare provision ;c) chart the relationship between quality of childcare provision (as measured by OFSTED) and characteristics of childcare providers (McNally) Preliminary investigation conducted. Still ongoing

OUTCOME: The research assistant working on this left in the Summer; work will recommence in the academic year 2011/2012.

L3A Why does the proportion of youths not in employment, education or training (NEETs) remain so high? What can be done?

PLAN: An academic paper should look at the effects of incentives schemes for staff at State Employment Services on the re-employment probability of youths (Petrongolo)

OUTCOME: Completed chapter by Goujard, Petrongolo and Van Reenen (2011) "The labour market for young people" for the edited volume "The Labour Market in Winter: The State of Working Britain". Produced a pre- election briefing in 2010. Presented to Prime Minister on youth unemployment (March 2011)

L3B Apprenticeships in the past, present and future. Can the massive planned expansion of apprenticeships be made to work? Did apprenticeships work historically?

OUTCOME: Steedman produced a report "The State of Apprenticeship in 2010: Australia, Austria, England, France, Germany, Ireland, Sweden, Switzerland". Downloaded 16,500 times from CEP website in 5 months.

L3C Using new international data on numeracy and literacy, can we identify how much basic skills affect economic performance and what policies improve them?

PLAN: Use OECD data to assess current literacy, numeracy and ICT skills issues and their effect on labour market outcomes, and how this picture has changed since the mid-1990s. (Green, Machin)

OUTCOME: Green and Machin have attended meetings at OECD to suggest research topics that the data will be useful for.

MACRO-ECONOMIC GROWTH PROGRAMME (CASELLI, Pissarides, Sheedy, Tenreyro)

M1A What are the channels whereby an abundance of natural resources affects the economy and society?

PLAN: Submit papers on theory of ethnic conflict, oil windfalls and the improvement of living standards to top journals.

OUTCOME: submitted to American Economic Review. 2011: draft of paper on power struggles around natural resources (Michaels and Caselli). Will be sent to Journal of Development Economics

PLAN: Build cross country panel dataset of giant oil discoveries to see their impact.

OUTCOME: Work has started on building the dataset but has been interrupted whilst the RA involved is on leave. The CEP discussion paper “Do Oil Windfalls Improve Living Standards? Evidence from Brazil” is currently under review by a journal. Michaels' paper “The Long Term Consequences of Resource-Based Specialisation” is forthcoming in Economic Journal

M1C Business policies: Can business and industrial policies ever be effective in supporting growth?

This will be investigated further on return of co-author Criscuolo from maternity leave in 12/13.

Initial finding is that investment subsidies do appear to have a causal effect on raising jobs and capital in the treated firms, but do not raise TFP. However, we identify policy effects only on smaller firms. Larger firms appear to be able to game the system insofar as they “pocket” the subsidies without raising their investment or employment levels.

M2A How can we incorporate uncertainty and volatility shocks into macro models of business cycles? Does uncertainty cause recessions and is this now happening?

PLAN: Build a US Census database on establishment level volatility over time and a micro to macro model of uncertainty. Draft paper analysing the impact of uncertainty in driving business cycles.

OUTCOME: Bloom's building of a micro and macro dataset of uncertainty is well underway as is his construction of a micro to macro simulation model of uncertainty.

M2B Are moral hazard and pay incentive structures a cause of systemic financial crises? Can we improve financial regulation to reduce the risk of future financial crises?

OUTCOME: The data collection from the Towers Watson database has begun.

M2C Can central banks use the experiences of central banks in other countries to improve their economic models and monetary policy decisions?

This objective has been dropped; the project turned out to be much more challenging than anticipated, and we no longer felt we would be able to devote to it the amount of time and effort that it turned out to require. We have replaced it with M2A(ii), detailed in our Forward Plan 2011-2012.

3b. RESEARCH ENVIRONMENT

All 2010 aims of engagement with CAGE, IFS, CMPO were achieved.

3c. CAPACITY BUILDING

We will hold a weekly workshop in term for PhD students to present work in progress to peers and senior staff. **DONE**

We will hold a series of 4 workshops on the use of STATA. **Not run in 2010: Data Manager on ESRC secondment at ONS, Cardiff**

We will make available funding for staff a) to present programme work at conferences b) to attend methodology courses at the Centre for Microsocial change. **14 course days attended**

We will hold a media relations course involving practice sessions on film of researchers talking about their work to a journalist **Done, with Romesh Vaitilingam in preparation for launch of Election Analyses 25th March 2010. Meeting of CEP staff and journalists followed Paul Wallace (Economist), Sean O'Grady (Independent) and Anushka Asthana (Obs)**

We will hold a series of three workshops for Treasury staff on measuring productivity (depending on Treasury funding continuing). **Carried out via LSE Enterprise**

We will hold a conference for the Centre's staff to present and peer review work in progress. **Held, Brighton, 10th and 11th May 2010**

We will encourage staff to attend Teaching and Learning Centre courses on presentation skills. **DONE**

All our background training material on how to carry out a survey will be available on the CEP website. **DONE “A Users Guide To Conducting A Management And Organisational Practices**

Survey” <http://cep.lse.ac.uk/new/research/productivity/management.asp#Guide> We also produced a professional video with the assistance of one of the survey team (http://worldmanagementsurvey.org/?page_id=187).

All data (anonymised) on management practices and productivity surveys and on the results of the Climate Change Levy survey will be available to researchers from the CEP website. **DONE see above.**

3d. CO FUNDING

Planned Bids:

- the Higher Education Infrastructure fund for funding of the dissemination of our Management Practices Survey to business and the public sector (£70,000) SUCCESSFUL
- the World Bank for extensions to our Management Practices Survey covering Argentina and Mexico (£40,000) SUCCESSFUL
- the Asian Development Bank for extensions to our Management Practices survey covering India and China £30,000 SUCCESSFUL
- Harvard Business School for extensions to our public sector management survey £20,000 SUCCESSFUL
- the Hamlyn Foundation to cover projects on PSHE Curriculum in Schools £75,000 SUCCESSFUL
- the ESRC Grants board for coverage of work outside our objectives, (though related to them) on the impact of uneven technological progress on female employment. £95,000 SUCCESSFUL
- the ESRC Grants board for coverage of work on fiscal multipliers in developing countries (150,000) NOT APPLIED FOR BECAUSE WORK TOO ADVANCED
- Abu Dhabi Economic Research Agency for our Macro Programme for work on volatility, international trade and development. We have already had initial meetings with representatives of the Agency. £150,000 UNSUCCESSFUL
- LSE Development Office: following up LSE Alumna labour economist for funding of work on inequality £184,000 SO FAR NO RESULT BUT ALUMNA HAS TO REACH AGE OF RETIREMENT TO DECIDE
- The International Growth Centre (LSE & Oxford,DfID) We will seek to raise funding for Education projects, Productivity projects on productivity across countries with a focus on developing countries and Globalisation. This will include work on the changing organization and management of firms in developing countries. EDUCATION PROJECT UNSUCCESSFUL; PROJECTIVITY PROJECT RAISED £50,000
- the National Institute of Ageing to cover projects in Wellbeing and Mental Health £900,000 SUBMITTED, OUTCOME AWAITED
- Esmee Fairbairn Foundation for work on Wellbeing £80,000 p.a. SUBMITTED: UNSUCCESSFUL
- The Leverhulme Trust to fund comparative US,Canadian,UK education data for Education Programme (£150,000) UNSUCCESSFUL (BID TO ESRC ALSO UNSUCCESSFUL)
- ESRC Harnessing Administrative Data, (with New York and McMaster Universities) (£245,000) UNSUCCESSFUL
- HEFCE for funding for dissemination and work on the impact of social science research SUCCESSFUL: £110,000

3e. SCIENTIFIC OUTPUTS

All Journal Article, Chapter and Book outputs planned for 2010-11 have been achieved but for space reasons are included as a subset of our output in our uploading submission to the ESRC Today website.

Full details available on demand. Statistics of our outputs are on the KPI tables.

Academic Dissemination Events

The only objective not achieved was running a joint Conference on Education Policy with Harvard. This has been postponed since Harvard's first funding bid for the conference was unsuccessful. Viarengo has submitted a further bid for 2011/2012

All other events planned, took place as below:

Education Programme: Cognitive Skills Conference, (Tominey); . Machin gave Presidential Address at SOLE/EALE Conference 'Houses and Schools: Valuation of School Quality Through the Housing Market'.

Presentations on theoretical and empirical aspects of economics of education at Pinhas Sapir Centre for Development at Tel Aviv University, (McNally, Machin) **DONE**/

Presentation on CEP's intergenerational mobility work and on Ability Tracking at European Association of Labour Economics, (McNally, Blanden, Guyon)

Community Programme: Presentation at RES Annual Conference "The Crime Reducing Effect of Education" Stephen Machin (UCL), Olivier Marie (Maastricht), and Suncica Vujic Machin, S., O. Marie and S. Vujic (2011) 'The Crime Reducing Effect of Education', Economic Journal, forthcoming 2011 Productivity Programme Van Reenen giving Adam Smith Keynote Lecture at 5-yearly Society of Labour Economists/EALE London meetings at June 2010,); Van Reenen invited speaker at 5-yearly Econometric Society World Congress, Shanghai (August); Van Reenen keynote speaker at annual conference European Association of Researchers in Industrial Economists (September)

Globalisation Programme: Redding and Garicano are invited speakers at 5 yearly Econometric Society World Congress, Shanghai

3f. ECONOMIC & SOCIETAL OUTPUTS & IMPACTS

We will continue our policy of bringing out 3 issues of our research magazine CentrePiece annually. **DONE**

We will aim to appear in the press at least once daily on average. **DONE**

We will seek to increase our Schools readership and links with Schools by combining a release of extracts of the Briefings (see below) to Heads of 6th Form Business Studies and Economics. **DONE**

However we did not have the capacity to investigate how we could adapt Centrepiece for use in A level teaching, although working with schools directly on other projects has been greater than ever before. (careers information, S.McNally, and Resiliency Programme, A.Challen, CBT and wellbeing of Teachers, R.Murphy). We will seek advice on this from ESRC in 2011.

Van Reenen will give the annual Royal Economic Society lecture to Sixth Formers studying economics in London and Manchester in November. **DONE**

Labour Programme will run a workshop for press, public and policy makers around launch of new publication State of Working Britain (October Wadsworth). **Launch delayed to May 2011 because OUP took eight months to publish.**

Macro Programme will run a major Conference on Future of Finance 14th July, Institute of Engineers The papers from the conference will be edited and published as a book. **DONE**. The papers from the conference will be edited and published as a book. **DONE**

Productivity Programme will make a final Presentation to EU Directorate General Information Society and Media DG and to Bruegel, (Brussels based think tank) on the economic impact of ICT. **DONE**

Martin will work with civil servants and businesses at BIS and DECC on the implications of findings on the impact of the Climate Change Levy on manufacturing firms and pushing our results to a wider audience with the help of the European Climate Change Foundation. **DONE**

Van Reenen et al will ensure that CEP work on management in hospitals continues to have a significant effect. **DONE**

A business presentation will also be made to HP/EDS. **DONE**

He is also giving keynote addresses in the SOLE/EALE meetings (June), the World Econometric Society Conference (August) and the European Association of Research in Industrial Economics (September). **DONE**

All Programmes: For the Press, MPs, General Public, Schools. We will launch at least 10 election analyses covering all the main CEP areas for the 2010 election as we did in the 2005 election. **DONE, we produced 12**

We will continue to have an impact through chairmanship/ membership of boards and committees: Manning advising NHS Pay Review Body (continued 2010); additionally talked to the Hutton reviews, German Low Pay Commission, Migration Advisory Committee; Metcalf (Chair) Wadsworth (Member) Migration Advisory Committee; Machin Member of Low Pay Commission and President from 2009-11 of the European Association of Labour Economists; McNally and Blanden on BIS academic panel and ESRC Peer Review College; Layard advising Department of Health on child mental health reform; Pissarides President Elect of the European Economics Association; Van Reenen on board of Pensions Policy Institute, BIS Advisory Board, ONS Strategy Board. **ALL ROLES CARRIED OUT AS ANTICIPATED**

4a. KEY PERFORMANCE INDICATORS

We have given a clear indication of the direction of our efforts in the “bird’s eye view” that begins this report and are pleased that we have increased or maintained previous years’ outputs of publications.

Our dissemination through newspapers, broadcasts has increased considerably, with the highest recorded numbers since we began. We are making efforts to branch out from more traditional forms of dissemination and moves to increase appearances in blogs, to upload interviews, lectures and debates on our website on the British Politics and Policy Website at LSE and vox.eu have met with success: for example sound files were downloaded 18,000 times last year from our own site, and Van Reenen’s lecture in February on growth was downloaded 20,000 times in one month alone this year. Our webhits also showed an increase of 17% over last year and we were pleased that our election analyses were downloaded 29,600 times and policy analyses 19,110 which justified the very large amount of staff effort that went into producing them. Whilst increases over past years totals are encouraging, and even these increases cannot capture all impact since our outputs are uploaded and commented on at other sites than our own, we should not overestimate the significance of absolute numbers of appearances; to do this would require comparative evidence with other centres and this is not possible since there is no stable basis of data definitions, which also change through time. (For example CEP discounts in multi-authored papers fractions of non-CEP staff. Similarly methods of collecting, let alone appraising, webhits can vary according to the software used.) For this reason CEP prefers to concentrate on the core indicators it has used for previous years as this allows a time series to be built up. In the end the most crucial output indicator is a) that of our discussion paper series which is our flagship and represents new research coming out of the centre before it is translated into different outputs for wider dissemination and b) that we produce quality publications. We have referred to the REPEC statistics on page 3 which indicate that we are cited well above average: and this year we published well in the top journals e.g. 8 papers in the

Economic Journal, 3 in *American Economic Review*, 2 in *Journal of Economic Perspectives* and 2 in *Review of Economic Studies*. A sign of our increased productivity is that the discussion paper numbers and the quality journal output have been maintained even when we devote more time to popularising the work in other formats and through other outlets.

Section 4b: ESRC General Indicators for Reporting to Government

Please complete the table below, as well as separately giving more detailed information on indicators A-D in the format set out below the table.

<i>Name of investment: Centre for Economic Performance, LSE</i>	
<i>Indicator</i>	<i>Number</i>
Indicator A: Number of activities and events involving the general public	10
Indicator B: Number of projects attracting co-funding	14
Indicator C: Number of public policy/business orientated seminars and workshops	20
Indicator D: <i>(i) How many non-academic users have worked within the investment on a formal basis to complete a specific programme of work? (ii) How many researchers have the investment placed in user organisations on a formal basis to complete a specific programme of work?</i>	(i) Number of non-academic users hosted: NONE (ii) Number of researchers placed in user organisations: NONE
Indicator E: Number of non-academic users on the investment's Advisory Committee	(i) Total number of Advisory Committee members: 9 (ii) Total number of non-academic user members: <i>Including:</i> Number of private sector members: 6 Number of public sector members: 2 Number of third sector members:

Indicator A: Activities and events involving the general public

For each activity/event please complete the table below:

Title:	Date:	Format: [type of event (e.g. lecture/broadcast ...)]	Number of participants:
The Comingled Code - Open Source and Economic Development (Mark Schankerman)	07/12/2010	Book Launch	30
Royal Economic Society Lecture: Does Management Matter? (John Van Reenen)	03/12/2010	Public Lecture (Manchester)	400
Royal Economic Society Lecture: Does Management Matter? (John Van Reenen)	02/12/2010	Public Lecture (London)	400
CEP 21st Birthday Lecture: Restoring Growth (John Van Reenen)	16/11/2010	Public Lecture	250
CEP 21st Birthday Lecture: The State of the World Economy (Olivier Blanchard, IMF)	04/11/2010	Public Lecture	400
Management in Healthcare: why good management practices really matter	26/10/2010	Report Launch & dissemination	200
Lionel Robbins Memorial Lecture, Economics After the Crisis: Economic freedom and public policy - economics as a moral discipline (Adair Turner)	13/10/2010	Public Lecture	400
Lionel Robbins Memorial Lecture, Economics After the Crisis: Market Efficiency and Rationality: Why Financial Markets are Different (Adair Turner)	12/10/2010	Public Lecture	400
Lionel Robbins Memorial Lecture, Economics After the Crisis: Economic Growth, Human Welfare and Inequality (Adair Turner)	11/10/2010	Public Lecture	400
The Future of Finance (and the theory that underpins it)	14/07/2010	Conference	400

Indicator B: Number of projects attracting co-funding

For each project please complete the table below:

Name of project:	Amount of external funding:	Name of co-funding body/bodies:
Economic Geography of Cities	£823,100	European Research Council
How firms differ between countries and how organisations are evolving over time	£27,000	International Growth Centre,LSE
How modern social science research helps shape public policy, market forces and social understanding: economic performance and business change	£110,412	Higher Education Funding Council
Education and Information Decision: Dissemination of Results	£7,720	Higher Education Infrastructure Fund
Public Private Partnerships	£15,000	Higher Education Infrastructure Fund
Management practices and productivity: transferring research into managerial practice	£66,271	Higher Education Infrastructure Fund
Wellbeing Programme Development	£24,661	LSE SEED FUNDING
Enterprise Development and the Challenge of Inclusive Growth	£32,600	Asian Development Bank
Conference on Human Capital and Development	£4,957	Asian Development Bank
Management Practices Survey: Data Contribution	£26,785	Harvard Business School
Hukou Policies and Labour Market Outcomes of Rural to Urban Migrants in China	£5,000	British Academy
Effects of Non native speakers of English in the classroom	£43,823	Nuffield
Value of Inclusion	£10,000	Princes Trust
Future of Finance: Conference and Book Publication	£41,125	Paul Woolley Centre for Study of Capital Market Dysfunctionality

Indicator C: Public policy/business orientated seminars and workshops

Indicator C: Public policy/business orientated seminars and workshops

Title:	Date:	Target audience	Number of participants:
HP Innovation Seminar: New Technology in Schools: Is there a payoff? (Sandra McNally)	26/01/2010	Business; policy makers	30
OECD Expert meeting: Mental Health, Disability and Work, Paris	26/04/2010	Policy, Think Tank	
Do Private Equity Owned Firms Have Better Management Practices? Bruegel Workshop Brussels "The Economic Impact of Private Equity Investment)	27/04/2010	Policy, Government, Business	50
Royal College of General Practitioners (RCGP) Seminar: On Psychological Therapies (Layard)	29/04/2010	NHS Practitioners	
World Bank Seminar: Transnational Partnerships: Analysing the universe of global PPPs (Grous)	01/05/2010	Business, Policy	
DG CLIMA European Commission (Martin)	02/06/2010	Policy	
The Government's approach to measuring and improving well-being - Dept BIS Well-Being Seminar (Layard)	07/07/2010	Policy	
LSE Executive Education Programme: Innovation, Management and Productivity (Grous)	09/07/2010	business	
Conference: The Future of Finance (and the theory that underpins it) (Layard)	14/07/2010	Business; policy makers; Finance; Think Tanks	400
Ministerial Seminar on Mental Health and Employment (Layard)	26/07/2010	Policy, Government	
Singapore Ministry of Trade & Industry , MTI-CSC Lecture - Bossonomics: Can Firms Really Raise Productivity or is it Just Hype?	17/08/2010	Policy, business	
Skills and UK Plc Consultation: Are we Serious about Social Mobility?	01/09/2010	Policy, business	
European Parliament, Environment Committee (Martin)	06/10/2010	Policy	
Irish Government workshop on Developing Ireland: Management Matters(Grous)	13/10/2010	policy	
Associate Parliamentary Health Group: It's Good to Talk - Mental Health and Talking Therapies (Layard)	19/10/2010	Government	
Manangement in Healthcare: why good management practices really matter	26/10/2010	Business; Policy makers; public sector management	200
The Bridge Group Inaugural Seminar: A summary of evidence on social mobility in the UK (Blanden)	01/11/2010	Policy, think tank	
LSE Executive Education Programme: Innovation, Management and Productivity (Grous)	03/11/2010	business	
HP Innovation Seminar: Management in Healthcare: Why Good Practice Really Matters (john Van Reenen)	25/11/2010	Business; policy makers	30
LSE Executive Education Programme: Innovation, Management and Productivity (Grous)	09/12/2010	business	

<p>Indicator D: <u>Number of (i) non-academic users hosted and (ii) number of researchers placed in user organisations</u> <i>NB – Placements funded through ESRC placement schemes should not be included.</i>Name:</p>	<p>Hosted: <i>[Where from?]</i></p>	<p>Placed: <i>[Where to?]</i> NONE</p>	<p>Dates/duration:</p>	<p>Purpose:</p>
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ANNEX 1

KEY PERFORMANCE INDICATORS STATISTICS

** Note: In the case of joint papers, these numbers discount fractions of non-CEP authors.

INDICATOR	08/09 **	09/10**	TARGET 10/11	10/11**
Journal Articles (refereed only)	68	33	50	56
Chapters	27	22	Maintain preceding year	33
Books	1.5	7	Maintain preceding year	4.5
Working Paper & Reports	130	128	Maintain preceding year	170
Seminars	240 (51 of which to non- academic audiences)	218	Maintain preceding year	226
Conference Paper	196 (39 to non- academic audiences)	150 Of which 36 to non academic audiences	Maintain preceding year	148
Newspaper	371	323	Maintain preceding year	512
Broadcasts	162	121	Maintain preceding year	140
PhD's	4	5	5	3
Events run by CEP	172## (31 to policy audiences)	170	150	148

** Note: In the case of joint papers, these numbers discount fractions of non-CEP authors.

This was incorrectly entered as 231 in 08/09 which was the figure for 15 months not 12: this has now been corrected

ANNEX 3 – RISK MANAGEMENT (NO MAXIMUM LENGTH)

The anticipated high level risks facing the Centre have been those to do with staff retention, access to data and reduced funding. The probability and impact of these risks remains high since they are structural ongoing risks associated with the market for economists, the recession and cuts in government research funding and increased data security measures being introduced by government departments following the data security standards following the implementation of the new Statistics and Registration Services Act 2007, and the Report into Data Handling in Government. The measures taken to mitigate these risks are as planned and outlined at pp 4,28,29 (retention) p14,30 (funding); the Centre is well placed to to meet government department security standards for access to confidential status, since as well as having its own data management strategy and data security protocols by which all centre members are bound, its Data Manager has spent the past year seconded to ONS working on the VML transfer to SDS and improving access to the new Security Data Service security.

A new additional risk has been identified: this is that a conflict of interests may arise for members of the centre who become co-opted onto government committees or assume official government advisory positions which prevent them undertaking planned research in the areas of work covered by their government role. This has occurred in the case of Prof.Wadsworth who has been made a member of the Migration Advisory Committee (see project C2C, p11). The Centre's objectives will be shielded in 3 ways from severe impacts of such risks a) projects will rarely be dependent on one individual but will be shared in research teams; b) researchers take on more than one objective and not all their work will be affected by the above participation; c) the Centre and ESRC will be flexible about the postponement of objectives till after the government position has ended.

FORWARD PLAN 2011/ 2012

1. RESEARCH

Contract Objectives to be progressed during 2011

Future scientific outputs, rather than being listed separately, mainly appear under the programme objective to which they relate.

GLOBALISATION

G1A What determines how much trade is within firms and how much is between firms?

Ornelas (joint with John L. Turner) will revise and resubmit “Protection and International Sourcing” (initial version: CEPDP0900) to Economic Journal.

G1B What determines trade patterns in services (e.g. how important is physical distance and has this changed over time)?

Breinlich and Criscuolo will revise and resubmit “Service Traders in the UK” (initial version: CEPDP0901) to the Journal of International Economics

G1C What is the causal impact of offshoring on jobs, wages, productivity and profitability? Will this change in the future?

Redding plans to publish the paper “Trade and Labour Market Outcomes” (CEPDP1028) in academic journal and will carry out initial empirical analysis on how trade liberalisation has affected wage inequality in Brazil.

G2B How does trade affect inequality when there is substantial heterogeneity of firms and workers and labour markets have search and other serious frictions?

As G1C

G2C Has trade changed the demand for different skill types and through what mechanisms has this occurred (e.g. via faster technical change)?

Michaels and Van Reenen (joint with Ashwini Natraj) submit the paper “Has ICT Polarized Skill Demand? Evidence from Eleven Countries over 25 Years” (CEPDP0987) to an academic journal.

Mion (joint with Luca David Oromolla) will complete empirical analysis and produce a DP on “Managers' Mobility, Trade Status and Wages”.

Faber will compile data on Mexican micro prices database 1980-2010 and prepare draft on “Trade Integration and Real Income Inequality When Preferences and Technology Conspire”.

G3A How can regional free trade agreements be politically sustained? Do such agreements help support (and are in turn supported by) democracy?

Ornelas (with Xuepeng Liu) will carry out additional robustness checks on their main empirical findings in “Free Trade Agreements and the Consolidation of Democracy” and produce a DP.

Mrazova to produce theoretical DP on “Trade Agreements when Profits Matter”.

G3B Is exporting to nearby countries a “springboard for growth”?

Ornelas will submit the paper “Sequential Exporting” (initial version: CEPDP0974) to academic journal. Defever will finish assembling Chinese customs and firms data to study how firms choose their new export destinations. Produce a draft of “Spatial Exporter Dynamics”.

G3C Has the eastern expansion of the EU generated better economic performance in Western Europe? Will further expansion continue to do this?

Redding and Sturm (joint with Gabriel Ahlfeldt and Nikolaus Wolf) expect to produce a DP on “The Economics of Density: Evidence from the Berlin Wall”.

Redding and Sturm will start project using the experience of East Germany during the period of Germany division to quantify the efficiency loss from a spatial misallocation of resources.

PRODUCTIVITY

P1A Does our design and implementation of randomised control trials (RCTs) of business policies show (a) any effect and (b) a causal impact of management on productivity?

Make experimental data available when main paper published (it is submitted to American Economic Review)

There will be further investigation in the experiment of why so many firms had failed to adopt best practice and of spillover effects within and between. Negotiate with EBRD to set up other management practices RCTs to test our hypotheses.

P1B What are the causes and consequences of different management practices in private services (e.g. retail and legal services) and public services (e.g. schools and hospitals)? 2010:

Write an overview of new work on management and organization for leading management journal

P1C Is growth caused by firm re-organisation? What causes management and organisational practices to change over time?

Continue analysis of the new data in public and private sector and produce papers

P2A Do R&D tax credits raise the rate of innovation and productivity growth?

Publish the Bloom, Schankerman and Van Reenen paper by extending to look at general properties of spillover indices. Defer tax effects paper planned to 2012 because of maternity leave of Criscuolo.

P2B Do innovation policies for small and medium-sized enterprises (SMEs) work? How should we improve them?

Examine the effects of carbon pricing and green R&D subsidies on innovation using an endogenous growth framework. Apply this to auto market and look at innovations in electric and hybrid cars ("clean innovation") vs. internal combustion engine ("dirty innovation"). Use patents dataset from EPO and USPTO.

P2D Can we develop a macro model usable by governments to predict the effects of different innovation policies on the growth and distribution of productivity?

To be done towards end of the current grant since existing work needs to be drawn together.

EDUCATION AND SKILLS PROGRAMME (MCNALLY, Besley, Gibbons, Silva, West)

E1A What determines the diffusion of phonics teaching and what is its effect on educational achievement?

Continue data analysis and write up draft paper

E1B How do aspects of the devolved education systems in different countries within the UK (e.g. League Tables in England vs. Wales) affect school quality?

Revise and Resubmit The Effect of Tracking Students by Ability into Different Schools: A Natural Experiment for the *Journal of Human Resources*. Scene setting article planned for 2011 on England v Wales in Education Performance and Accountability. Work proper to start on this in 2012

E1C What is the effect of different forms of governance and management on quality?

(1) Discussion paper 'Changing School Autonomy: Academy Schools and Their Introduction to England's Education'. Present at RES Conference and Education Conference in Trondheim and Maastricht.

(2) Consider the impact of academy school conversions (autonomy increases) on a number of neighbourhood characteristics (for example, crime rates and unemployment rates in the local area). Start by creating a new dataset that matches each school to the neighbourhood characteristics of the local area.

E2A How do private schools and higher post-graduate degrees affect social mobility?

Test the model for whether overseas students displace domestic student. Present paper at UCL conference "Migration: Economic Change, Social Challenge".

E2B What do parents value most in schooling for their children? Does this reduce the relative achievement of pupils from low income families?

Investigate whether the capitalization of school quality differentials into house prices varies by the density of the environment: do better schools fetch higher premia in urban vs. rural areas? This is interesting for a number of "spatial economics equilibrium" reasons, and also from the point of view of education quality and neighbourhood stratification.

E2C How do school admissions work and what is the impact of different procedures? How much evidence of 'cream skimming' exists?

Produce a descriptive paper on admissions arrangements using the available data and develop a strategy for further empirical analysis.

COMMUNITY PROGRAMME (MANNING, Hobbs, Iyengar, Manacorda)

C1A How are attitudes passed through families? Do these affect economic outcomes?

Manning to start in academic year 12/13

C1B What types of behaviour are admired and respected in society and how have these changed? What are the economic effects of these changes?

Manning to continue in academic year 12/13.

C2A To what extent are migrants from Eastern Europe integrating? Does this have productivity growth and labour market effects?

C2B How are South Asian communities in the UK evolving socially (e.g. through inter-marriage) and economically? How does this affect the local economy?

Manacorda and Manning to start work on theoretical and empirical modelling of marriage markets.

C2C Has the new immigration “points based” system worked & how can it be improved?

For data to come on stream this will need to be deferred to year 4. This project however may need to be discontinued since the Principal Investigator has been made a member of the Migration Advisory Committee. If he remains on MAC he will be constrained from carrying on the project. With this in mind he is planning a project on Immigration and Health which will not compromise his position and this will be reported on in 2012.

C3A How can policy and economic incentives reduce repeat offending?

Draft papers by Bell and Machin to be completed by Summer 2011 on 'Crime Scars: Recessions and Career Criminals' by Machin and Marie on 'Targeting Prolific Offenders to Reduce Crime'. Machin, Marie and Vujic to have published paper 'The Crime Reducing Effect of Education', *Economic Journal*, May 2011. Participate in organising and presenting CESifo conference 'Lessons from the Economics of Crime: What works in reducing offending? 22 – 23 July 2011, Venice.

C3B How do economic incentives affect organised crime?

Dropped (see report on 2010), replaced with:

C3B (i) **Human trafficking** (Radha Iyengar). To begin 2010: In order to improve counter measures against human trafficking we need to understand the labour market and organisation structure of trafficking operations: previous studies give no clue as to the extent of the market and trafficking networks nor the relationship between this illicit market and traditional labour markets.

2012/13 The effect of police intervention on hierarchical structures in illegal enterprises'. The work will look at how enforcement intensity changes (like formation of new police forces, or arrests in countries of the same or competing organised crime groups) affect network structures of interactions between individuals based on a hierarchical structure based on their roles in human trafficking activities (Iyengar).

LABOUR PROGRAMME (MACHIN, Freeman, Layard, Petrongolo, Pischke)

L1A Are aggregate employment fluctuations due to rigid wages?

To ensure there is enough data through the crisis and associated house price drop, and as the price data has to be pulled from the web, the project will be returned to in the academic year 2013/14.

L1B Does linking wages with firms' value improve productivity and wellbeing?

Revise Bryson, A., Barth, E. and Dale-Olsen, H. (2010) *Do Higher Wages Come at a Price?* CEP Discussion Paper No. 1011 for a journal.

L2A How important are demand and supply in explaining the international differences in gender wage gaps? What can be done to reduce discrimination?

Petrongolo and Ngai to draft paper investigating impact on women's employment of two developments: structural transformation from production to services and marketisation of home production (cleaning, childcare etc) We will decompose the rise in female market hours into a between-industry and a within-industry component, where the between-industry component captures the impact of structural transformation on female employment. Also, we will use time use data to quantify the impact of marketisation

L2B What explains the “glass ceiling” for women in high skill professions (e.g. law firms) and what needs to change to improve female career progression in such firms?

Use existing surveys, augmented by our own primary data collection from 2010, to determine the effect of

changes in the returns to partnership on the career tracks of men and women. Complete final report for the Law Society, and work on an academic paper in 2011/12.

L2C What is the structure of the market for child services (such as day care) and does it hold back the ability of women to progress in the labour market?

Complete data work and analysis.

L3A Why does the proportion of youths not in employment, education or training (NEETs) remain so high? What can be done?

Petrongolo and Van Reenen prepare a paper on incentives at Public Employment Service. While interest in NEETS and JSA continues we shall also investigate other benefit recipient categories. A draft paper will be produced during 2011.

L3B Apprenticeships in the past, present and future. Can the massive planned expansion of apprenticeships be made to work? Did apprenticeships work historically?

Steedman produced a report "The State of Apprenticeship in 2010: Australia, Austria, England, France, Germany, Ireland, Sweden, and Switzerland". To accompany this, a paper setting out the next moves for policy will be written in 2011. Steedman to arrange with Gatsby and Nuffield to run a series of seminars on Technical Education in the UK. A report on Scottish Apprenticeship will also be written.

L3C Using new international data on numeracy and literacy, can we identify how much basic skills affect economic performance and what policies improve them?

Research will be undertaken in academic years 2012/13 and 2013/14 when the PIAAC data should first become available for analysis.

MACRO-ECONOMIC GROWTH PROGRAMME (CASELLI, Pissarides, Sheedy, Tenreyro)

M1A Natural resources curse: What are the channels whereby an abundance of natural resources affects the economy and society?

Write up a new paper on the effects of natural resource windfalls on democracy-autocracy. Revise and submit paper on Ethnic Conflict to a new journal.

M1B Domestic institutional constraints :How quantitatively important is the under-development of local financial markets (and other institutions) in explaining aggregate economic growth?

Develop and calibrate a growth model with agents who are heterogeneous in managerial skills, and study how exogenous variation in the efficiency of credit markets maps into endogenous variation in per-capita income levels (Caselli & Boehm) Run simulations and plan a new draft within first half of 2011.

M1C Business policies: Can business and industrial policies ever be effective in supporting growth?

Van Reenen & Criscuolo will produce working paper on industrial subsidies (RSA). Caselli and Siegel will begin calibration of model

M2A Volatility, uncertainty and the credit crunch How can we incorporate uncertainty and volatility shocks into macro models of business cycles? Does uncertainty cause recessions and is this now happening?

Bloom to develop a draft paper analysing the impact of uncertainty in driving business cycles. Produce paper using natural disasters as instruments for uncertainty (i.e. trying to get the causal impact). For example, what is the destruction impact and the uncertainty impact of the Japanese earthquake?

M2A (ii) New Objective Caselli Tenreyro: a project on the relationship between trade and macroeconomic volatility. Existing wisdom links increased openness to trade to greater macroeconomic volatility, as trade induces countries to specialize. Evidence suggests, however, that country-wide, not sectoral, shocks are the key drivers of volatility.

Plan: Construct theory of new view of the effect of trade on volatility and assesses its quantitative importance. Write paper.

M2B The financial sector and the real economy Are moral hazard and pay incentive structures a cause of systemic financial crises? Can we improve financial regulation to reduce the risk of future financial crises?

Analyse Towers Watson data (i) rent sharing at all levels of the organization from CEO to shop floor worker; (ii) the role of incentive pay in stimulating productivity, growth and volatility.

2. RESEARCH ENVIRONMENT

The Centre remains extremely well networked both internationally and in the UK. Faced with an environment where competitive salaries make staff retention increasingly difficult, we will continue to maintain active and fruitful working relationships with staff and students trained at CEP who have moved to posts abroad. Not only does this leave the completion of our objectives unthreatened, it also disseminates our work and best practice and opens up other avenues for funding, data, in kind contributions and international collaboration. For example we have active collaboration with Steve Redding at Yale University working with staff here on the globalisation trade projects; with Stanford through Nick Bloom which facilitates our ability to run management practice interventions in India; with Raffaella Sadun at Harvard Business School which will broaden the work on management in the public sector with US case studies of the adoption of managerial processes across multiple levels and departments in the same acute care organisations; Bryson and Layard work with Richard Freeman, head of the Labor Program at NBER on share ownership and worker wellbeing; with the OECD through Chiara Criscuolo working on whether subsidies to attract multinational corporations represent money well spent; with Helena Holmlund in Stockholm whose expertise on the system of education in Sweden helps compare policies such as ‘free schools’ in Sweden and the UK and with Julien Grenet at Paris School of Economics who will assist our comparative work on French and British compulsory schooling laws.

In the UK we will maintain links with associates from several universities and research institutes - Institute of Education, Cambridge, Royal Holloway, Queen Mary, Bristol, St. Andrews, Surrey, IFS, IPPR - and participate (on a funded basis) in EU networks on innovation and migration (SCIFIGLOW, TOM), and on management in developing countries with the International Growth Centre (DFID). Our globalisation programme will develop our working relations with Competitive Advantage in a Global Environment at Warwick and as a first step in this has appointed Nikolaus Wolf and Dennis Novy as associates. We participated in the CAGE International Research Trade Day on February 23rd.

We also collaborate with non-academic bodies: for example Steedman will organise a series of seminars for the Gatsby Trust and Nuffield Foundation on technical education in the UK; Machin, McNally, Silva, Murphy and Blanden have worked on educational inequality and non-cognitive skills in collaboration with The Prince’s Trust and the Sutton Trust which provide other channels of dissemination to users and the press.

We will maintain our business collaborations which include partnership with EBRD in order to set up more management practice randomised controls; Computershare for access to companies running share ownership schemes; Towers Perrin for access to data on executive remuneration.

Our junior staff have been invited to spend parts of the year working in Stanford (Draca) Berkeley California (Richard Murphy, Felix Weinhardt) and Harvard (Tom Cunningham). As for visitors to the Centre, CEP is lucky to receive far more international requests for visitorships than it is able to accommodate. It makes it a rule to accept only visitors actively engaged and who are working on related projects. For example, Nina Guyon and Francois Kessler’s visits via an RTN Network “Economics of Education and Education Policy in Europe” have contributed enormously to work on “The Effect of Tracking Students by Ability into Different Schools: a Natural Experiment” and into evaluation of the Every Child Matters programme.

3. CAPACITY BUILDING

- We will hold a weekly workshop in term for PhD students to present work in progress to peers and senior staff
- We will hold a series of workshops on the use of STATA

- We will make available funding for staff a) to present programme work at conferences b) to attend methodology courses at the Centre on Micro-social Change
- We will hold a media relations course involving practice sessions on film of researchers talking about their work to a journalist; We will encourage staff to attend Teaching and Learning Centre courses on presentation skills;
- We will hold a conference for the Centre's staff to present and peer review work in progress.
- Each programme will hold 20 seminars a year.
- Our plans for outreach work (LEAs on resilience programme; businesses and management productivity work) have been outlined in the future economics and social impact section.
- We will also be providing the World Management Survey website for businesses to benchmark themselves against the management practice results of our surveys; <http://worldmanagementsurvey.org/>
- The CEP Data Manager, using her 10 years of experience dealing with the data needs of researchers and secondment experience at the ONS, will prepare a guide on how academic institutions using sensitive government data meet government's new data security standards following the implementation of the new Statistics and Registration Services Act 2007, and the Report into Data Handling in Government. Few institutions have the infrastructure, contractual procedures or expertise to meet the new requirements. We will help here.

4. CO FUNDING

Our funding strategy will continue to be to encourage staff of all levels to apply for funding of extension projects from all available sources and calls as long as the work to be funded is related to and helps achieve or extend our strategic objectives. Consultancy work which does not further our strategic aims will not be undertaken: the Centre will also continue to exert strong control over the quality of proposals to ensure that only strategically important work is undertaken. All staff will be given considerable help in preparing bids by the CEP's Manager. Our funding priority for this year is to support the continuation of the Wellbeing Programme, which received no funding from ESRC either in a separate bid or as part of our Core bid.

In the next year we plan the following bids. Others will be applied for as calls for them come up.

- Through the development office bids up to £200,000 to fund the work on Wellbeing
- Through the development office funding requests for two £150,000 programmes on Labour Economics and Education
- Harvard Business School for extensions to our public sector management survey £6,000
- National Institute of Health for £1.06m for an interdisciplinary programme on Wellbeing
- The Leverhulme Foundation for £1.75m for interdisciplinary programme on Resilience (again for Wellbeing Programme)
- The ESRC Growth programme – we have projects in globalisation and macro programmes not included in our core funding for which we will make applications under this programme
- ESRC Individual Research Grants (4) and Postgraduate Research Fellowships (4) applications totalling £1m are planned
- Two tenders are planned through the Home Office for work on immigration

Our strategy on co-funding will introduce a new element of involvement of LSE's Office for Development and Alumni Relations, who will help us focus on raising funding from cash rich individuals with an interest in the areas of work covered by CEP. It will be a long-term project involving cultivating individuals' interest and closer engagement with the Centre's events and work.

We have also worked with the Alumnus Office to put together funding packages at different levels of

sponsorship ranging from a conference to a small research programme which with the help of the office we will target to mainly economics alumni.

Another new element to our strategy is to approach companies for help in funding surveys, the incentive for them being that they are as interested in the results as we are, if for different reasons. We have in the past year for example approached a major multinational to help fund evaluations of the educational effectiveness of introducing ICT based learning in China and will make further approaches in 2011; we are approaching another multinational to help fund work to launch a randomized control trial assessing the impact of management improvement on hospital performance in the US.

5a. SCIENTIFIC OUTPUTS

Details of most of these outputs have been incorporated into our scientific objectives for the year in pages 23-26 of this Forward Look 2011-2012. Overall we anticipate producing approximately 60-70 new pieces of work which will appear in our discussion paper series.

Examples of other outputs for the year include the following:

- The Macro Programme (Caselli) will work on bringing out a special journal publication on the contribution of Human Capital to growth in developing societies;
- The Productivity Programme will work to bring out a special journal issue on patent innovation and entrepreneurship with Mark Schankerman organising a conference for the US Patent and Trademark Office
- The Labour Programme will contribute to a special issue of the Journal of Labor Economics on Monopsony which springs directly from Alan Manning's seminal book (Princeton University Press) which he wrote whilst director of the Labour Markets Programme.
- The Labour Programme (David Marsden) will also bring out a book (OUP): *Employment in the Lean Years: Policy and Prospects for the Next Decade*, following the conference in celebration of the work of David Metcalf, former deputy director of the Centre.
- Caselli will write and present the CREI lectures for a book produced by Princeton University Press which bring together his work on cross-country technology differences, technology choice, and rate-of-return differentials

5b SCIENTIFIC IMPACT

Forward Scientific Impact 1 - Running Fieldwork Experiments in Economic Analysis

A key CEP research venture that has had significant scientific impact over the years has been its commitment to collection of primary data. A key development here is its undertaking of rigorous fieldwork experiments which are yielding impressive results. We will make the methodology of these available for other social scientists. For example, the methodology for the management work is posted on our websites (<http://cep.lse.ac.uk/new/research/productivity/management.asp#Guide>).

The first RCT example is in the Productivity programme, where the design and implementation of randomised control trials (RCTs) of business policies is allowing Bloom and Van Reenen to adopt an experimental approach to studying the causal impact of management practices on productivity. The first evaluation on the RCT among Indian firms is now a working paper (<http://cep.lse.ac.uk/pubs/download/dp1042.pdf>). The findings from the trials in turn generate other research questions, such as why, if the impact of management practices is so great so many firms had failed to adopt them in the first place. The data for the Indian RCTs will be eventually posted on the website when the paper is accepted for publication, just as we have done with the data from the 2004 and 2006

surveys. The plan is to continue these management intervention RCTs working with partners in the public and private sectors, such as the EBRD.

The second RCT example is in the Education programme where McNally and colleagues are running field experiments in schools. Their primary aim is to see how information improvements may affect education decisions considering students' perceptions of the costs and benefits of staying on in education and testing whether (and how) systematic provision of relevant information to students changes their expectations and subsequent educational choices and outcomes. This is being tested by means of an 'information campaign' in about half of 60 participating schools in London. The content of the 'information campaign' is about economically relevant aspects of career choices (e.g. employment and wage returns to education). Questionnaires have been administered to the 'treatment' and 'comparison' groups of students before and after the intervention to judge whether the provision of information changes knowledge, expectations and choices.

Thirdly CEP researchers on climate change have also gone into the field to collect data. Martin and Muuls have further advanced and developed the highly influential CEP management practices fieldwork in this direction. They have collected data from UK firms on management and organizational practices relating to environmental policy in order to assess the extent to which climate change issues impact on managerial and firm performance and vice versa (<http://cep.lse.ac.uk/pubs/download/dp1039.pdf>).

Forward Scientific Impact 2 - Broader Economic and Social Effects of Immigration

Most work by economists on the effects of immigration looks at its impact on the labour market. Studies of this sort report only minimal effects and this challenges researchers to work out where, and to what extent, immigration does have identifiable impacts. Existing CEP programmes (Education, Labour, Globalisation) will interact with the new Community programme to broaden the labour market focus, considering the impact of immigration on a range of economic and social outcomes.

For example, Bell and Machin are working on the connections between crime and immigration. They look at whether area crime rates in England and Wales were affected by the two big immigration waves to enter the country in the last fifteen years or so (the influx of asylum seekers in the mid to late 1990s and the flow of A8 immigrants from 2004 onwards when the accession countries entered Europe).

Given the centrality of the impact of immigration policy on our higher education system and the current funding changes, there has been surprisingly little research done. CEP work will plug this gap. Machin and Murphy research whether high skill immigration via studying at UK universities and, in some cases, taking up employment in the UK post-degree, crowds out UK resident students and high skilled workers.

The impact of migrant pupils in schools is also to be investigated by researchers in the Education programme (Geay, McNally and Telhaj). This work will consider several questions, including whether having more non-native students in the classroom affects native children's academic performance, whether they influence teacher time and resources and on how long they take to assimilate in terms of language skills. A media and policy concern has also been expressed about the possible increased pressure that migrants may place on public services. In this area, Wadsworth will write a paper on whether immigrants are reducing demands on health services.

It is hoped that our work here will begin to fill in the gaps in the literature about where immigration may really have an impact and, where pertinent, alter academic consensus on the economics of immigration.

Forward Scientific Impact 3 - Using Large Scale Natural Experiments in Economic Research

The natural experiment (or 'quasi' experiment) approach to establishing a coherent identification strategy in empirical economics is now well established. Indeed the methodology underlying the experimental approach has been pioneered by CEP researcher Steve Pischke in his influential textbook "Mostly

Harmless Econometrics” which we reported on last year and which is being used as a core econometric textbook in economics departments all over the world. Prof. Pischke is currently working on a students’ manual that can be used in conjunction with the textbook to help students learn the techniques.

However, quite a lot of work using such natural experiments is very narrow, and often of too small a scale for its results to be generalised. Ambitious and innovative CEP research is looking at large scale natural experiments to generate causal effects, and it is expected that this work will have a significant impact on the academic economics profession in due course.

In the Globalisation programme for example, Redding and Sturm test the empirical predictions of the recent advances in the economic geography literature. They use the division and reunification of Berlin as a natural experiment to provide new evidence on the strength of agglomeration and dispersion forces and to quantify the efficiency loss from a spatial misallocation of resources. This natural experiment overcomes the challenge of explaining uneven distribution of economic activity, by separating agglomeration and dispersion forces from natural advantages and amenities. They will develop a quantitative model of city structure that allows for variation in natural advantages, amenities and transport infrastructure and test this using disaggregated data on land rents, workplace employment and residence employment. Sturm will in the next years widen the work to look at the experience of war-time destruction in London to assess the causal impact of variation in neighbourhood characteristics on adjacent neighbourhoods. Finally, Redding will work on estimating the costs of international disintegration, using the partition of Bangladesh, India and Pakistan as a natural experiment to provide estimates of the welfare gains from trade that are consistent with a broad class of standard trade models.

This move to consider large scale natural experiments is a major research shift that is likely to reap high dividends in terms of scientific impact. CEP researchers are currently at the forefront of this aspect of economic research.

6a ECONOMIC AND SOCIETAL OUTPUTS

Centre Events:

- Ed Balls, MP will publicly launch the State of Working Britain book with a prominent journalist (Stephanie Flanders/ Chris Giles)
- A workshop for teachers on the impact of careers information on secondary pupils’ qualifications choices will be run by Dr. Sandra McNally
- A conference on Employee Share Ownership will be run by Alex Bryson
- CEP will help organise and participate in the Venice CESifo conference ‘Lessons from the Economics of Crime: What Works in Reducing Offending?’ (Organisers: Philip Cook, Stephen Machin, Olivier Marie and Giovanni Mastrobuoni)
- Viarengo will raise funding with Harvard for a Joint Conference on Education Policy with Harvard at CEP
- A new series of interdisciplinary seminars on Wellbeing in the Firm will be run by Richard Layard
- A conference on Innovation and Entrepreneurship will be run by Mark Schankerman at the US Patent and Trademarks Office
- Caselli will deliver seminars to DFID, Bank of Italy and present at the Asian Development Bank conference in Boston
- We will run more 21st Birthday Lectures including one on housing with Stephen Nickell, one on Wellbeing by Richard Layard debating with Robert Skidelsky, one by Nobel laureate Daniel Kahneman and one by (ex CEP staff) Peter Orszag on the future of Public Health.

Individual Presentations

- Examples of dissemination through staff presentations are too numerous to mention. Two relating to our new work are: Machin will concentrate dissemination on Crime and Migration with Keynote

presentations at International Workshop on Applied Economics Education; CESifo Conference on Lessons from the Economics of Crime; RES Conference Special Session on "Crime and Immigration; NORFACE Conference on Migration: Economic Challenge, Social Challenge

- Manacorda will concentrate dissemination on labour markets in developing countries with presentations at World Bank, Office of the Chief Economist, "Do Cash Transfers to the Poor Affect Birth Outcomes?"; at Inter American Development Bank in Washington, Labor Policy and Social Security Network, "Options to increase social security coverage in Latin America and the Caribbean", and in September at the OECD

Non-Academic Publications and Website

- We will continue to increase our online recorded interviews with centre researchers and distinguished visitors, online - and also make available recordings of CEP hosted events <http://cep.lse.ac.uk/new/interviews/default.asp>
- We will continue to encourage increased appearances on VOX.eu.org.
- We will continue our policy of bringing out 3 issues of our research magazine CentrePiece annually, encouraging and helping staff of all levels to write up their work in non-technical ways for the magazine; we will increase our dissemination of Centrepiece to 3000 including all MPs of press releasing selected articles.
- We will maintain our record of appearing in the press more than once daily and assist staff in the writing of press releases and offer media training.
- We will update and press release our policy analyses as or before the new policies of the Coalition Government come into effect

We anticipate however rather less Centre conferences of finished work this year since we are at an early stage with our new objectives.

6b: ECONOMIC AND SOCIETAL IMPACT

Economic and societal impact 1

As reported in previous years, findings from our management practices surveys have been extremely widely broadcast and regularly quoted in top newspapers and professional journals worldwide. The impact of this work was shown by the fact that we were approached by government economic agencies in Ireland, Australia, Singapore, Chile, New Zealand and Canada and in 2010 by the World Bank to carry out studies in Mexico and Argentina. We have obtained Higher Education Infrastructure Fund money to respond to other organisations wanting to run their own surveys and implement some of the best practices. Our first response has been to set up a World Management Survey Website (http://worldmanagementsurvey.org/?page_id=1830). This includes all our reports, downloadable data and methods. We have also developed an on-line benchmarking tool that Small and Medium Sized firms, hospitals and schools can use to measure their management practices and compare this with other firms in their country/industry/size class. We think that this will be a valuable tool in enabling firms to improve their productivity and management.

Next we will run more training sessions on management practices survey methodology for agencies such as Canadian Institute of Competitiveness and Prosperity, Irish Management Institute, Oregon Health and Science University (OHSU) UCH Ibadan, and to education researchers in Italy to extend the data collection on management practices across 300 private and public schools. Alex Grous, a former CEP colleague, will deliver similar training to public sector executives in the LSE's Executive Programmes.

We expect impacts on firm productivity already evidenced by firms we worked with in India which improved their productivity and performance and so helped lift some workers out of poverty. To widen such impacts we are also working with the EBRD and other agencies to implement our methods to

improve the functioning of businesses in emerging economies. A key part of this is examining whether the proposed business policies are successful.

On the policy front, although our various policy proposals are frequently discussed it is difficult to know whether any of them will be taken up. In the case of healthcare, for example, our findings on the role of competition in the public sector have been mentioned in the debate over healthcare reforms both in the UK and the US. The finding that quality competition can improve safety in hospitals (Bloom et al, 2010; Cooper et al, Centrepiece and forthcoming EJ) has been incorporated into the proposed healthcare bill which gives a stronger role for competition policy and multiple providers. The finding that pay which is inflexible across regions endangers patients lives (Propper and Van Reenen, 2010) has influenced the government's decision to grant greater autonomy to hospital trusts to set pay scales. The criticism of introducing price competition in the NHS may have helped this part of the bill being reformed. It remains to be seen if our concerns over the accelerated decentralization of budgets to GPs will have an impact.

An important point is that even if many of the policy proposals we make are not enacted, this is not a sign of failure. A Centre like ours can affect the public debate, but directly affecting the decisions of policy makers is beyond our capacity or role. For example, we have long been arguing to simplify the tax system and remove distortions such as the tax break for family firms (the exemption of business assets from inheritance tax if passed down the family). We have been spectacularly unsuccessful in getting any traction with this proposal (although there is a new office of tax simplification). The main problem is that anything with the merest hint of increasing inheritance tax is seen as taboo.

Economic and societal impact 2

The preliminary findings from the Wellbeing Programme's implementation and evaluation of a modified Penn Resiliency Programme- a structured positive psychology programme for adolescents - indicate that if rolled out in schools on a wider scale and for longer (this programme was for 18 hours only), such programmes could have positive effects on adolescent wellbeing. Results showed a reduction in depression and anxiety scores particularly for pupils with SEN, lower-attaining pupils, and those who had worse psychological scores at baseline. To promote this rollout, we are extending our outreach activities with education authorities and schools in Hertfordshire, South Shields and Manchester. Amy Challen has been running several open meetings with teachers, Heads and LEA officials and producing written guidance on ways of introducing the programme on a wider basis and incorporating new elements of social education which teachers have begun to highlight as important. Challen will advise on how to implement such programmes properly and in such a way that they can be effectively evaluated. In turn she will gain access to the new data arising from these extensions and to the vital perspective of teachers on what interventions are needed. Having practitioners "on side" in this way is an important way of ensuring that other schools take an interest in the programme. We are also working to present to MPs and Heads of Schools at No.10 our proposals for a revised PSHE programme for schools based on our investigation world wide of evidenced-based programmes that work. To back this up we are forming partnerships with the National Children's Bureau, and consulting with a wide range of professionals including teachers, curriculum developers, researchers and professional bodies (such as the PSHE Association).

Economic and Social Impact 3 Climate Change

We have referred to Martin's work on evaluating existing policies such as the Climate Change Levy and looking at the impact of environmental/climate change policy on innovation subsidies and taxes in this year's annual report. We are hoping for three impacts: 1) in the UK the question of short run growth and Climate Change policies is high on the government agenda. We expect that Martin's research on innovation and climate will provide the much needed evidence base for this debate. 2) The UK government has to decide how to continue with its Climate Change Levy (CCL) and Climate Change Agreement (CCA) policy package. It is possible that the findings from our Climate Change Levy work will influence the

government's extension of the CCL at a uniform rate to all businesses. 3) In Europe we want to ensure that in the third trading phase of the EU Energy Trading Scheme to be introduced in 2013, our work will provide evidence to reinforce the policy initiative to increase the allocation of emission permits that are auctioned rather than given away free.

The types of engagement we envisage for the coming years will be along the lines that Martin and his team pursued indefatigably with business, the EU, the UK government and environmental think-tanks during 2010. For example in the UK, results from their research have been presented to HM Treasury economists on the Climate Change Committee and workshops at Department of Energy and Climate Change (DECC) to the BIS academic panel on green growth. Martin has presented to the Manufacturers Climate Change Group (London June 15, 2010) and industry lobby group where he was the only non lobby group participant in a stakeholder workshop on the future of the Climate Change Agreements organised by DECC (December 13, 2010).

On the European front we were part of a series of round table events in Berlin and Paris (February June and October) with industry and policy stakeholders organised jointly by Climate Strategies (CS) Cambridge and the Climate Change Policy Initiative (CPI) <http://www.climatestrategies.org/research/our-reports/category/63.html>). We presented the results at a press conference and a panel discussion with policy makers and industry stakeholders organised by the European Climate Change Foundation (ECF) in Brussels("ETS and Innovation", October 7), and to the EU Environment DG (June 2nd 2010) and (Brussels, June 2, 2010); the European Parliament to staff of the parliament's environmental committee .

Several pieces of the team's research on Climate Change featured in a recent OECD publication "Taxation, Innovation and the Environment" and in the World Bank's 2010 World Development Report (patent based analysis of global innovative activity in low carbon technologies). http://www.oecd.org/document/8/0,3746,en_2649_34295_46091974_1_1_1_1,00.html We bolstered this with "popular" articles in CentrePiece Magazine, the ESRC's "Britain in 2011" and with press-released election and policy analyses on our website. The work was quoted in the online edition of the New York Times (October 10th).

We hope that activities such as the above will help our work have impact and have obtained funding from HEFCE² to monitor the impact of the work minutely using impact proxies (publications, reports, attendance at lectures, media interest, downloads, involvement in government panels). This will be a useful impact case-study for other researchers.

² How modern social science research helps shape public policy, market forces and social understanding: mapping influences and developing metrics for the digital era

7. CONCEPTUAL FRAMEWORK FOR REVISED ESRC KPIS. FROM MEAGHER ET AL (2008)

Quantitative and Qualitative aspects of KPIS – please populate with data relating to your investment.* **BOLD** are mandatory

Indicator	KPI	Impact within the <u>Public, Policy and Practice world</u>			<u>Academic world and scientific quality</u>			Total		
		Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12
Targets										
Literature - Value placed upon incentives for generation of impact										
*L1	Conference papers					148				
L1Q	In the case of joint papers, these numbers discount fractions of non-CEP authors									
L2	Books					4.5				
L2Q										
*L3	Book chapters					33				
L3Q										
*L4	Refereed journal papers / non-refereed journal papers					56				
L4Q										
L5	Other publications (inc Working Papers, Research Briefings, Newsletters)									
L5Q										
Capacity building										
*CA1	PhD students					27				
CA1Q	8 in receipt of ESRC doctoral awards; 1 in receipt of ESRC Centre linked award; the remainder independently funded and attached to centre projects as hourly paid assistants and or working on their thesis on an area focused around Centre's programme themes. PhD Students have an outstanding research environment in the Centre, with access to 5 different seminar series, an annual 2 day conference, opportunities to present work in progress at seminars, support for reading groups, encouragement to attend training courses on media presentation, public speaking as well as technical courses laid on during the year on advanced numerical methods, and funding to present centre related papers at conferences.									

Indicator	KPI	Impact within the Public, Policy and Practice world			Academic world and scientific quality			Total		
		Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12
CA2	Post-Doc Fellows					3				
CA2Q	Grenet, Cooper, Ducheletpretre									
CA3 Qual	Destination of staff	Julien GRENET Ecole d'Economie de Paris, Paris School of Economics Researcher Renata LEMOS Cambridge University PhD student Christian FONS-ROSEN UPF Barcelona Assistant Professor Economics Emma TOMINEY York University, Lecturer in Economics Mimi QI ctrip.com International Ltd,Investor Relations Manager Steve REDDING Princeton University, Department of Economics, Full Professor Andreas GEORGIADIS University of Oxford Quantitative Research Officer Dongshu OU Chinese University of Hong Kong,Assistant Professor Alex EBLE Brown University PhD student Michela MEGHNAGI OECD, Statistical Assistant								
CA4 Qual	Staff development	Weekly Work in Progress Seminar for staff and annual 2 day away conference for all CEP members; conference funding to present papers made available; staff and students have taken training days on advanced numerical methods arranged by CEP (Wouter den Haan); public speaking and presentation;dealing with media one days course laid on by CEP; funding has also been made available for junior staff to attend CEMAPP courses at IFS.								
Collaborations - Two way interactions between researchers and users										
CO1	Overseas / UK visitors	/	/	/	/	13/	/	/	/	/

Indicator	KPI	Impact within the <u>Public, Policy and Practice world</u>			<u>Academic world and scientific quality</u>			Total		
		Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12
Targets										
*F3	funding from host institution (£)		£792.5k							
F3Q										
*F4	External funding (£) – from outside ESRC and Host institution							£735.1k		
F4Q										
*F5	Percentage of external funding as a percentage of core ESRC funding								108%	
F5Q										
*F6	Funding applications made / funding applications secured							35/18	/	/
F6Q										
Knowledge Facilitation - Facilitating role(s) of knowledge intermediaries										
K1	Membership of Committees									
K1Q										
K2	Membership of networks									
K2Q										
*K3	Substantial advice and consultancy		46							

K3Q	<p>See Pages 3,6,16; The CEP Performance Indicator Forms filled in annually by all centre members record substantial advice, reports, presentations, discussions with policymakers given by 19: Blanden, Breinlich, Challen, Cooper, De Preux, Dolton, Garicano, Iyengar, Layard, Machin, Martin, Manacorda, Manning, McNally, Murphy, Steedman, Telhaj, Wadsworth, Van Reenen, Yueh. <i>Individual records available on request.</i></p> <p>UK: All Parliamentary Group on China; Apprenticeship Ambassadors Network; BIS (Academic Panel Green Growth) (Vince Cable - work on skills; growth policies); Boston Consulting Group (free schools); Bridge Group (Intergenerational Mobility); Cabinet Office (mental health services; apprenticeships); Department for Education (apprenticeship John Hayes,MP; free schools –Robert Balchin; Children’s Workforce; Resilience Programme); Department of Energy and Climate Change (Climate change levy); DFID (Labour Markets LDC’s Research); DOH (Improving Access to Psychological Therapy; Competition & Cooperation Panel;Children’s mental health); DWP (Children & Poverty; Social return on investment task force;Child and Adult Mental Health Services; Duncan Smith,MP Youth Labour Markets); Education Select Committee; Hutton Reviews (pensions; high pay in public sector); Local Education Authorities Hertfordshire, South Shields Manchester (Resilience Programmes in Schools); Manufacturers Climate Change Group; Migration Advisory Committee; Low Pay Commission (Impact of recession on minimum wage); National Children’s Bureau (PSHE Education); NHS Pay Review Body; No.10 Downing Street (Youth Unemployment; Wellbeing policy; long-term unemployment –Gordon Brown); Office of Fair Trade (carbon trading policies; NHS reforms); ONS (wellbeing measurement; VML move to SDS); PM Strategy Unit (hospital competition); Poverty Report (Field MP); Princes Trust (youth unemployment); Royal Society of Medicine (health service productivity); Social Mobility Commission (Milburn,MP); Sutton Trust (intergenerational mobility; higher education; student finance); TUC (Union Organisation and the Quality of Employment Relations)</p> <p>OVERSEAS: China National Development and Reform Commission (NDRC) and Asian Development Bank, Beijing, China;) EU DG Environment, European Climate Change Foundation; Eurostat on workless household statistics,European Parliament Environmental Committee; German Ministry of Finance, German Vodafone Foundation, German Low Pay Commission, OECD, Spanish Prime US: Minerva Grant; Minister Inter-American Development Bank; World Bank; US Dept of Labor Technical Advisory Group)</p>										
*K4	<table border="1"> <tr> <td>Conferences – keynote and abstract provided. Audience ...</td> <td>/</td> <td>32/?</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> </tr> </table>	Conferences – keynote and abstract provided. Audience ...	/	32/?	/	/	/	/	/	/	/
Conferences – keynote and abstract provided. Audience ...	/	32/?	/	/	/	/	/	/	/		
K4Q											
K5	<table border="1"> <tr> <td>Seminars and workshops for ...– attended / and organised</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> </tr> </table>	Seminars and workshops for ...– attended / and organised	/	/	/	/	/	/	/	/	/
Seminars and workshops for ...– attended / and organised	/	/	/	/	/	/	/	/	/		
K5Q											
*K6	<table border="1"> <tr> <td>International collaborative research projects participated in</td> <td></td> <td></td> <td></td> <td></td> <td>11</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	International collaborative research projects participated in					11				
International collaborative research projects participated in					11						
K6Q											

Indicator	KPI	Impact within the Public, Policy and Practice world			Academic world and scientific quality			Total		
		Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12
Targets										
K7	Written policy briefings									
K7Q										
K8 Qual	Knowledge created through ESRC funding	Many examples have been given of findings in the context of reporting on our objectives for the year								
Communications - Communications/ increasing accessibility of research										
*CS1	Media coverage – newspapers		512							
CS1Q	Our press record is sent weekly to ESRC and is available on our website at http://cep.lse.ac.uk/new/news/default.asp . We note an increase in blog references 60, and a large spike in mentions as a result of the CEP Election and Policy Analyses. 158 online articles (we have not counted these if there is also a hard copy newspaper version) We have 9 mentions in the Daily Mail. In the quality press we record Telegraph 20; Guardian 24; FT 34; Times 10; Independent 15; The Economist 13; New York Times 10; Wall Street Journal 11; Le Monde/Figaro 6;Handelsblatt 3;El Pais/El Mundo 4;									
CS2	Media coverage – radio and TV		140							
CS2Q										
CS3	Internet visits (unique visitors)									
CS3Q										
*CS4	Public lectures / seminars	/	5/ 131	/						
CS4Q										
CS5	Blog subscribers									
CS5Q										
CS6	Podcast downloads									
CS6Q										

Appendix C – Investment specific Key Performance Indicators (KPIs)

Quantitative and Qualitative aspects of KPIs – please populate with data specific to your investment. Investment specific KPIs will be agreed and signed off by the BLM and your Case Officer during your Spring Troika.

Indicator	KPI	Impact within the <u>Public, Policy and Practice world</u>			<u>Academic world and scientific quality</u>			Total		
		Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12	Target 2010/11	Actual 2010/11	Target 2011/12
Targets										
	SEE PAGE 22									