

CEP WORK PROGRAMME 2000-2005

LABOUR MARKETS

Programme Director: Professor Alan Manning

1. Life chances and social intervention: What is the impact of government intervention in the labour market?

Manning (Group Leader), Dickens, Dolton, Gregg, Jackman, Layard, Wadsworth, Waldfogel

- What factors determine individual lifetime success?
- What is the impact and cost-effectiveness of welfare to work policies?
- How should family policy attempt to influence future patterns of family life and work?
- How do Minimum Wages affect inequality and employment?
- How does the labour market work and how does this help us to understand the effects of policy interventions?

2. People management and economic performance: How can firms best use and motivate their workers?

Metcalf (Group Leader), Fernie, Freeman, Marsden, West (Aston)

- How do job design factors influence company performance and employee well-being? Does employee involvement lead to improved performance?
- Should incentive systems be individual (piece-work, other performance-related pay systems) or collective (team-based systems, profit-sharing)?
- What types of top management teams are best for company performance?
- How does public policy – e.g. recognition rules – affect union membership and behaviour at the workplace?
- How does the Internet affect labour organisation?
- What are the prospects for non-union forms of employee involvement?

3. Labour market adjustment: How much turnover does an economy need?

Pissarides (Group Leader), Burgess (Bristol)

- Do barriers to worker turnover help or hinder productivity growth?
- What determines job creation in SMEs?
- How does technical progress affect unemployment?

4. Institutions: How do labour market institutions affect the overall performance of the economy?

Freeman (Group Leader), Card, Jackman, Layard, Nickell, Pissarides

- *Seeking a Premier League Economy* (book published jointly with NBER) and other studies

EDUCATION & SKILLS

Programme Director: Professor Stephen Machin

5. Skills: What is the economic impact of education?

Machin (Group Leader), Dolton, Conlon, Gospel, Layard, Nickell, Steedman, Vignoles

- Why is the demand for skilled workers rising? Is it accelerating? Does this affect the prospects for women compared with men? How far is the service sector sustaining demand for low-skilled workers?
- What are the social and private rates of return to different kinds of education? Is the return higher or lower on vocational or general education, and on part-time or full-time? What is the relative importance of literacy, numeracy and the 'softer' personal social skills?
- How does the supply of skilled workers respond to the increase in demand?
- What methods of organisation and teaching are the most effective? What are the effects of class size, classroom organisation, homework, teaching?
- What affects the supply of school teachers?
- What are the conditions for an effective system of vocational education?
- How do neighbourhood factors affect school performance?

TECHNOLOGY & GROWTH

Programme Director: Professor Chris Pissarides

6. Knowledge and growth: How is knowledge produced and distributed - and how should it be?

Quah (Group Leader), Freeman, Kay, Redding

- What systems of intellectual property rights work best (patents, copyright, tie-in sales, public production or none)?
- At the world level, how far is catch-up frustrated by other forces?

7. The Internet economy: How will the Internet affect our lives?

Freeman (Group Leader), Quah

- How does the Internet affect matching and efficiency in product and labour markets?
- How does the Internet affect the distribution of scientific knowledge? Does the Internet increase or decrease competition in markets?

8. Macroeconomic Stability (see also Reform of International Financial Systems over)

Pissarides, (Group Leader), Benigno, Pappa, Ngai, Michaelides

- How should monetary policy be designed in an open economy?
- What are the effects of the euro? How stable were previous monetary unions?
- How does productivity affect real exchange rates?

GLOBALISATION

Programme Director: Professor Tony Venables

9. Trade and the location of economic activity: What determines which areas of the world experience the most rapid economic growth?

Venables (Group Leader), Krugman, Puga, Redding, Winters

- What precisely is happening to the pattern of international trade and why?
- What is the role of geographical position as opposed to factor endowments, technological and catch-up in determining patterns of trade and growth?
- How is European integration affecting the patterns of specialisation and income across regions?
- How is technological change transforming the pattern of specialisation across European regions?
- Why do industries tend to agglomerate in a limited number of areas?

10. Future of cities: What determines the patterns of urban agglomeration?

Duranton (Group Leader), Overman, Redding

- What determines the sizes of cities?
- What determines the degree of specialisation in a city? What degree of specialisation is optimal?
- What determines the relation between where people live and where they work?
- How will all this be affected by the new information and communications technologies? How will these effects differ from those of the telephone?

GLOBALISATION (contd)

Programme Director: Professor Tony Venables

11. Global companies and foreign direct investment: Will multinationals continue to grow and with what effects?

Venables (Group Leader), Neary, Redding

- What determines whether a firm produces within a market (using foreign direct investment [FDI]) or exports to it?
- What are the consequences of FDI for receiving and sending countries?
- Will more sophisticated IT lead to smaller companies which relate to each other through the market, or to larger global companies? How is the management of global companies evolving - towards centralisation or decentralisation?
- Will globalisation lead towards convergence between business cultures in different continents?

12. Policy in an integrating world: What policies are needed in an integrating world - especially within Europe?

Overman (Group Leader), Winters, Gomulka

- As EMU proceeds, how viable will separate national policies become in the areas of welfare, tax and labour markets?
- As world integration proceeds, what rules should govern competition and technology policies?
- How can the WTO extend the degree of true openness in member countries (including issues such as standards, public procurement, anti-dumping)?
- How can post-Communist countries be best integrated into the world economy?

13. Reform of the international financial system: How can it be made more stable?

Goodhart, Shin (Group Leaders), Meade

- Financial crises: what are their causes and propagating mechanisms? How far and why are they contagious? How can they be modelled?
- Which forms of capital flow have been most volatile, and are there are means of controlling these?
- What are the determinants of volatility in capital flows, what role do speculators and highly leveraged institutions (e.g. Hedge Funds) play?
- What is the best exchange rate regime for countries to adopt? When should countries adopt a fully fixed system, and which kind of fixed system, eg Currency Board, Dollarisation, Regional Currency (e.g. euro) etc.
- What is the role of the IFIs, especially the IMF? Should there be an international Lender of Last Resort? How can national regulatory systems be monitored and strengthened by international surveillance?
- What role for international standards and codes, and how can they be monitored/enforced?
- What role is there for public sector intervention in international (e.g. FX) markets? What use should be make of foreign exchange reserves?
- How can the volatility of capital flows be best managed? How can crises be prevented and/or reduced in effect?
- What are the political economy issues of reforming the financial architecture, eg giving emerging, smaller countries more influence; voting and control of the IFIs; concerns about US domination, etc.?