New research findings from the Centre for Economic Performance (CEP) at the London School of Economics are highlighted in the Summer 2013 issue of CentrePiece magazine:

**BRITISH CITIES:** planning restrictions and other mistakes keep Manchester too small

**HAPPINESS:** we value work but it has adverse effects on our wellbeing ‘in the moment’

**BULLYING:** job loss hurts more for people who feared bullying when they were children

**EDUCATION IN SCOTLAND:** pupil outcomes and inequalities similar to the rest of UK

**INDIAN MANAGERS:** long tail of badly run organisations in retail, education and health

**CHINESE EXPORTERS:** subsidies benefit the West at the expense of local consumers

**HOSPITAL CHOICE:** NHS reforms saved lives and pushed hospitals to improve quality

Previously Released:

**FALLING CRIME:** indirect benefits of improving education and ‘making work pay’

**UNIVERSITY DEGREES:** the better the results, the better your early career earnings

---

**The economic future of British cities**

Planning restrictions and other misguided measures are keeping British cities like Manchester smaller and less successful than they otherwise would be. That is one of the conclusions of Henry Overman in a survey of the evidence on potentially effective urban policy responses to the challenges of the recession and longer-term structural change.

He notes that cities everywhere have become more important as places of production and as places of consumption. But the positive productivity effect of living in Britain’s more successful cities is far outweighed by the cost of living effect. Planning restrictions make the country’s more successful cities very expensive – so the issue is not that London is too big but that second-tier cities are too small.

**Are you really happy while you work?**

Although we typically value our work positively when reflecting on its meaning in our lives, we don’t much enjoy it ‘in the moment’. That is the central finding of a study by Alex Bryson and George MacKerron, which uses smartphone technology to collect responses on people’s momentary wellbeing. This contrasts with most happiness surveys, which typically ask people to say how they feel about their life experiences in retrospect.

They note that people tend to be positive about paid work when reflecting on the meaning and value of their lives. But their analysis of the new ‘Mappiness’ data source indicates that actually engaging in paid work is one of the activities that people least like doing in terms of their immediate feelings of happiness.

**The long reach of childhood bullying**

Unemployment hurts – but it hurts more for people who feared being bullied in childhood. That is the central finding of research by Nattavudh Powdthavee, which investigates whether the ‘scarring’ effects of the fear of bullying are particularly damaging to individuals who lose their job.

Does the fear of being bullied in childhood affect people’s resilience to adverse life events they may face in adulthood?, he asks. His study suggests that people who feared being bullied a lot as children are less able to adapt to the unhappiness that unemployment brings.

**Education in Scotland: performance in a devolved policy area**

Continued devolution should not result in a change in Scotland’s educational outcomes relative to the rest of the UK. But perhaps with independence Scotland would be better able to tackle the inequalities in its education system.

These are among the conclusions of a study by Gill Wyness, Stephen Machin and Sandra McNally, which explores how Scotland compares with the rest of the UK in education, an area of public policy that is already highly devolved. Their research shows that despite big differences in education systems, pupils across the UK nations perform similarly in international tests.

**Bad management: a constraint on economic development?**

Indian management practices in retail, education and healthcare are, on average, poorer than in Europe and North America. While some Indian organisations have top-notch management practices, there is a large tail of badly
managed ones. And Indian managers in all sectors significantly over-rate the quality of their organisations’ management.

These are among the findings of research by Renata Lemos and Daniela Scur. CEP’s global survey of management practices (of which this study is a part) consistently demonstrates how relatively low-cost changes can yield significant improvements in firms’ productivity, particularly in middle-income countries like India.

**China’s trading success: the role of pure exporter subsidies**
If China’s government were to abandon subsidies to domestic firms selling mainly to export markets, there would be a 3% gain in real income for Chinese consumers – and a real income fall for Western consumers. That is the central finding of research by Fabrice Defever and Alejandro Riaño.

Their study analyses the impact of ‘pure exporter subsidies’ – the wide range of incentives that China’s government provides to encourage firms to produce almost exclusively for the foreign market. They find that China’s pure exporter subsidies not only boost exports but also protect domestic firms from foreign competition.

**Free to choose? The impact of healthcare reform**
The mid-2000s choice reforms in England’s NHS have raised the quality of hospitals and led to better health outcomes, especially for the most severely ill. For example, had the reforms not been implemented, nine fewer cardiac surgery patients (out of just over 300 deaths a year) would have survived every year.

These are among the findings of research by Martin Gaynor, Carol Propper and Stephan Seiler. Their study of the impact of the NHS reforms shows that once restrictions on choice were lifted, patients receiving cardiac surgery became more responsive to the quality of hospital care, with poorer patients reacting no differently from other income groups. This gave hospitals stronger incentives to improve their quality.

**Already Released**
**The UK’s ‘riddle of peacefulness’**
The minimum wage and enhanced educational opportunities for the most disadvantaged have had the indirectly beneficial effect of reducing crime rates. That is one of the conclusions of Mirko Draca in a survey of CEP studies that shed light on the substantial fall in rates of property theft and violent crime – what BBC home editor Mark Easton has labelled the country’s ‘riddle of peacefulness’.

Draca shows that increased police numbers combined with new policing strategies have reduced crime. But so too have policies aimed at improving education and ‘making work pay’.

**University exam results matter**
Men get about 6% higher wages from getting a first class degree compared with an Upper Second – but women get nothing extra. That is one of the findings of a study by Andy Feng and Georg Graetz.

Their research reveals the importance of degree results for subsequent earnings – specifically the value of a First compared with an Upper Second and the difference between an Upper Second and a Lower Second. But they note that it is possible that the earnings bonus for a First or Upper Second may wear off over time.

ENDS

For further information:
1. **CentrePiece** is the magazine of the Centre for Economic Performance. It is published three times a year. The Summer 2013 issue is Volume 18, Issue 1. Cover price £5; subscription rates on application to +44 (0)20 7955 6648.

2. **The Centre for Economic Performance** is an independent ESRC funded research centre based at the London School of Economics and Political Science. Its members are from the LSE and a wide range of universities within the UK and around the world.

@CEP_LSE