New research reports from the Centre for Economic Performance (CEP) at the London School of Economics are highlighted in the winter 2013/14 issue of CentrePiece magazine.

Among the findings:

DOMESTIC VIOLENCE: enhancing women’s job security could lead to a reduction in domestic violence
CRIME ECONOMICS: fight crime by improving the life opportunities of potential offenders
BAD NEIGHBOURS?: ‘neighbourhood quality’ has no impact on children’s outcomes
OUTSOURCING: the dominance of the professional and business services industry
LONG-TERM UNEMPLOYMENT: daily Jobcentre visits unlikely to promote effective job search
BAD LOCATIONS: many French towns trapped in obsolete places for centuries
EUROZONE CRISIS: dismantle the euro or change policy direction dramatically
THATCHER’S LEGACY: a modern industrial policy should not fixate on manufacturing
HIGHER EDUCATION: an online forum on the funding and performance of universities

Unemployment and domestic violence
Policies that enhance women’s job security could contribute to a reduction in domestic violence. That is one of the conclusions of a study by Jonathan Wadsworth and colleagues, which explores the impact of the recession on the level of physical and emotional abuse within the home.

Their study finds that contrary to popular belief, the incidence of domestic violence in Britain does not seem to have risen during the recession. But men and women have experienced different risks of unemployment – and these have had contrasting effects: female unemployment increases the risk of domestic abuse while male unemployment reduces the risk.

Lessons from the economics of crime
Criminal behaviour results from individual choices influenced by perceived consequences – and crime reduction can be achieved by influencing the life opportunities of potential offenders. These are among the many conclusions of a body of economic research that began with Nobel laureate Gary Becker nearly 50 years ago and which is making a valuable contribution to crime-fighting policy.

In a new book he has co-edited, Olivier Marie explains the economic approach to crime and its importance in the analysis, design and evaluation of crime-fighting policies. He notes that crime can be analysed using the same apparatus routinely applied to education and health. But if the goal is to minimise total social costs, the optimal amount of crime is unlikely to be zero.

Everybody needs good neighbours?
The quality of your neighbours makes no difference to your child’s outcomes at school, but high residential turnover may disrupt the educational achievement of local teenagers. These are among the findings of a longstanding CEP research programme by Steve Gibbons and colleagues on links between the kinds of neighbours with whom children grow up and their subsequent educational achievements.

The researchers note that there are large disparities between the achievements, behaviour and aspirations of children in different neighbourhoods – but, they ask, does this mean that the place where you grow up determines your later life outcomes? Surprisingly perhaps, any significant effects of ‘neighbourhood quality’ have proved hard to detect. Neighbourhood segregation is the outcome – not the cause – of inequalities in income and wealth.

Outsourcing and the shift from manufacturing to services
Part of the explanation for the much-discussed structural transformation of modern economies from manufacturing to services is a shift in organisational boundaries, in which work that was previously done within manufacturing firms is now outsourced to specialised service providers. That is the conclusion of research by Giuseppe Berlingieri, which looks at changes in the US economy over the past 60 years.

His study finds that while manufacturing is still more important than the simple industry data suggest, the professional and business services industry now has the biggest influence on the rest of the economy, accounting for 40% of the growth of the service sector. He also notes that the outsourcing of services to specialist providers often entails substitution of an old superseded task with a new, more technologically advanced one.

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Tackling long-term unemployment: the research evidence
The long-term unemployed are unlikely to become more effective jobseekers by being forced to visit a Jobcentre daily. That is one of the conclusions of a survey by Barbara Petrongolo of the research evidence on the effectiveness of the ‘sticks’ and ‘carrots’ of active labour market policies. She notes, for example, that job search requirements of the Jobseeker’s Allowance failed to raise search efforts among the unemployed.

It is now widely understood that the ‘scarring’ effects of long periods without work on future earnings, employment and happiness can last a lifetime. Hence the importance of trying to discover what works in tackling long-term unemployment, an issue addressed here. The UK’s long-term unemployed face tougher requirements in return for their benefits – community work, training programmes or daily visits to the Jobcentre. But as the study concludes, fiercer competition for jobs will not increase transitions into work when there are so few openings.

Can cities be trapped in bad locations?
Only three of the 20 largest cities in Britain are located near the site of Roman towns, compared with 16 in France. That is one of the findings of research by Guy Michaels and Ferdinand Rauch, which uses the contrasting experiences of British and French cities after the fall of the Roman Empire as a natural experiment to explore the impact of history on economic geography – and what leads cities to get stuck in undesirable locations, a big issue for modern urban planners.

The study notes that in France, post-Roman urban life became a shadow of its former self, but in Britain it completely disappeared. As a result, medieval towns in France were much more likely to be located near Roman towns than their British counterparts. But many of these places were obsolete because the best locations in Roman times weren’t the same as in the Middle Ages, when access to water transport was key.

Tough choices for a troubled euro
The euro should be dismantled or the direction of economic policy dramatically reversed so as to promote growth and jobs and avoid creating a lost generation of educated young people. That is the conclusion of Nobel laureate Christopher Pissarides, who was once a passionate believer in the benefits of European monetary union.

He argues that bringing the European economy back to life requires brave action in both monetary and fiscal policy. We also need a single supervisory authority that can dissolve banks when necessary, recapitalise them and insure their deposits.

Mrs Thatcher’s industrial legacy
Manufacturing’s share of national income has fallen from a quarter when Mrs Thatcher entered Downing Street in 1979 to just over a tenth today. But according to CEP’s director John Van Reenen, this long-term ‘unbalancing’ of Britain’s economy should not be a cause for concern.

A modern industrial policy does not fixate on manufacturing, he says, but looks to where potential lies and constantly searches for areas of future growth. Governments need to focus on removing barriers to the growth of these capabilities, regardless of whether they produce heavy goods or ‘weightless’ services like research and teaching.

Britain has a major strength in higher education, for example, that is being hamstrung by the absurd government target of reducing net immigration to fewer than 100,000 people a year and the cumbersome visa regime that accompanies it. This must change if the country is to seize the opportunities for the next 30 years.

Economics of higher education
CEP researchers Gill Wyness and Richard Murphy have launched an online forum for discussion of key issues in the economics of higher education between academics and policy-makers. The Economics of Higher Education network aims to inform policy, generate debate and stimulate new research on the funding and performance of universities.

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Further information:

1. CentrePiece is the magazine of the Centre for Economic Performance. It is published three times a year. The Winter 2013/14 issue is Volume 18, Issue 3. 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.