

National Institute Economic Review

Journal of the National Institute of Economic and Social Research

No. 219 January 2012

ECONOMIC PROSPECTS

Scotland's currency and fiscal choices by Angus Armstrong

The world economy edited by Dawn Holland

The UK economy edited by Simon Kirby

The government's response to the Independent Commission on Banking by Angus Armstrong

POLICY EVALUATION IN A TIME OF AUSTERITY

Introduction

by Alex Bryson, Richard Dorsett and Jonathan Portes

The power of evidence: improving the effectiveness of government by investing in more rigorous evaluation
by Rachel Glennerster

The evaluation of English education policies

by Stephen Machin and Sandra McNally

*Still evidence-based? The role of policy evaluation in recession and beyond:
the case of the National Minimum Wage*

by Tim Butcher

The state of evidence-based policy evaluation and its role in policy formation

by Philip Davies

Time-limited in-work benefits in the UK: a review of recent evidence

by Haroon Chowdry

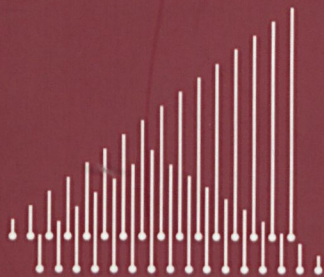
Requiring the long-term unemployed to train: is benefit conditionality effective?

by Heather Rolfe

*Implications of the national employment savings trust for vulnerable sectors of the UK labour market:
a reduced-form statistical evaluation*

by Justin van de Ven

ISSN 0027-9501



www.niesr.ac.uk

Forthcoming issues

In addition to the regular forecasts, articles on the following themes will be the subject of forthcoming issues:

- | | | |
|------|-----------------|--|
| 2012 | No. 220 April | <i>Measuring performance of EU service sectors</i> |
| | No. 221 July | <i>Financial structure: lessons from the crisis</i> |
| | No. 222 October | <i>From cradle to career: evidence from the British Birth Cohort Studies on education and employment</i> |
| 2013 | No. 223 January | <i>The Chinese economy</i> |

Discussion Papers

All National Institute discussion papers are now available on our website www.niesr.ac.uk

No. 382. Change and persistence in the German model of collective bargaining and worker representation
by A. Bryson, J.T. Addison, P. Teixeira and A. Pahnke

No. 383. Education and its effects on the income, health and survival of those aged sixty-five and over
by S. Lui and M. Weale

No. 384. Mortality in the British Panel Household Survey: a test of a standard treatment for non-response
by S. Lui, J. Mitchell and M. Weale

No. 385. A structural dynamic micro-simulation model of household savings and labour supply
by J. van de Ven

No. 386. Examining the relationship between immigration and unemployment using National Insurance Number registration data
by P. Lucchino, C. Rosazza Bondibene and J. Portes

NIESR's Monthly Email Newsletter

A free monthly email newsletter service from the National Institute of Economic and Social Research. Included every month are:

- * Summaries of recent research from NIESR
- * E-newsletter articles on topical economics subjects
- * Forthcoming NIESR events

To receive the email newsletter please fill in the form at:
<http://www.niesr.ac.uk/enews/enews.php>

National Institute Economic Review

Editorial Board

A. Armstrong
A. Bryson
G.S. Clisham
D. Holland
S. Kirby
G. Mason
H. Metcalf
J. Portes (Director)
R. Riley

Council of Management

Sir Nicholas Monck (President)
Professor Timothy Besley (Chairman)
Nicholas Barber
Kate Barker
Professor Charles Bean
Bronwyn Curtis
Professor John Ermisch
Professor John Hills
Professor Heather Joshi
John Llewellyn
Lord Oakeshott of Seagrove Bay
Jonathan Portes (Director)
Dr Sushil Wadhvani

National Institute Economic Review (ISSN:0027-9501 print, 1741-3036 online) is published quarterly in March, June, September and December by SAGE (Los Angeles, London, New Delhi, Singapore and Washington DC). Annual subscription including postage: institutional rate (combined print and electronic) £353/US\$653; individual rate (print only) £118/US\$218. Electronic only and print only subscriptions are available for institutions at a discounted rate. Note VAT is applicable at the appropriate local rate. Visit <http://ner.sagepub.com> for more details. To activate your subscription (institutions only) visit <http://online.sagepub.com>. Abstracts, tables of contents and contents alerts are available online free of charge for all. Student discounts, single issue rates and advertising details are available from SAGE Publications Ltd, 1 Oliver's Yard, 55 City Road, London EC1Y 1SP, UK, tel. +44 (0)20 7324 8500, fax +44 (0)20 7324 8600 and in North America, SAGE Publications Inc, PO Box 5096, Thousand Oaks, CA 91359, USA. Periodicals postage paid at Rahway, NJ. POSTMASTER, send address corrections to National Institute Economic Review, c/o Mercury Airfreight International Ltd, 365 Blair Road, Avenel, NJ 07001, USA.

Aims and Scope

The *Review* is the quarterly publication of the National Institute of Economic and Social Research. The Institute's objective is to promote a deeper understanding of the interaction of economic and social forces that affect people's lives so that they may be improved. It has no political affiliation, and receives no core funding from government. Its research programme is organised under the headings of Economic Modelling and Analysis; Productivity; Education and Training and the International Economy.

Copyright © National Institute of Economic and Social Research, 2012. Apart from fair dealing for the purposes of research or private study, or criticism or review, and only as permitted under the Copyright, Designs and Patent Act 1988, this publication may only be produced, stored or transmitted, in any form or by any means, with the prior permission in writing of the Publishers, or in the case of reprographic reproduction, in accordance with the terms of licences issued by the Copyright Licensing Agency. US: Authorization to photocopy journal material may be obtained directly from SAGE or through a licence from the Copyright Clearance Center, Inc. (www.copyright.com). Enquiries concerning reproduction outside those terms should be sent to SAGE Publications.

The *Review* welcomes articles relating to the themes listed on the back cover, with publication dates in January, April, July and October respectively. Articles should normally comprise 4–10,000 words. All articles are refereed. Full notes for contributors are available from Fran Robinson (f.robinson@niesr.ac.uk). Articles intended for publication should be sent to National Institute Economic Review, 2 Dean Trench Street, London SW1P 3HE, or by e-mail to Fran Robinson (as above).

Abstracting and indexing

Please visit <http://ner.sagepub.com> and click on the Abstracting/Indexing link on the left hand side to view a full list of databases in which this journal is indexed.

Disclaimer: The authors, editors, and publisher will not accept any legal responsibility for any errors or omissions that may be made in this publication. The publisher makes no warranty, express or implied, with respect to the material contained herein.

Printed by Rapidity Limited, London.

National Institute Economic Review No. 219 January 2012

		Page
ECONOMIC OVERVIEW		F2
COMMENTARY	Scotland's currency and fiscal choices Angus Armstrong	F4
THE WORLD ECONOMY	World overview: focus on national monetary policies Box A: Impact of fiscal austerity in the Euro Area by Dawn Holland and Gerhard Rünstler	F10
	Prospects for individual economies	F17
	Appendix A: Key forecast assumptions	F29
	Appendix B: Forecast detail Dawn Holland, with Aurélie Delannoy, Tatiana Fic, Ian Hurst, Stephen le Roux, Iana Liadze, Ali Orazgani and Paweł Paluchowski	F34
THE UK ECONOMY	Prospects for the UK economy Simon Kirby	F41
	The Government response to the Independent Commission on Banking Angus Armstrong	F64
RESEARCH ARTICLES	Policy evaluation in a time of austerity: introduction Alex Bryson, Richard Dorsett and Jonathan Portes	R1
	The power of evidence: improving the effectiveness of government by investing in more rigorous evaluation Rachel Glennerster	R4
	The evaluation of English education policies Stephen Machin and Sandra McNally	R15
	Still evidence-based? The role of policy evaluation in recession and beyond: the case of the National Minimum Wage Tim Butcher	R26
	The state of evidence-based policy evaluation and its role in policy formation Philip Davies	R41
	Time-limited in-work benefits in the UK: a review of recent evidence Haroon Chowdry	R53
	Requiring the long-term unemployed to train: is benefit conditionality effective? Heather Rolfe	R65
	Implications of the national employment savings trust for vulnerable sectors of the UK labour market: a reduced-form statistical evaluation Justin van de Ven	R77

Further detail underlying the forecast figures is available on subscription from NiGEMWEB (<http://nimodel.niesr.ac.uk/nigemweb/nigemweb.php>).