



# Spatial Economics Research Centre

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## Everybody Needs Good Neighbours?

Posted by **Steve Gibbons, LSE and SERC**

New neighbours have moved in to your street. Should you worry about the effect their children will have on yours? Will they be a good influence or bad? If you had read a lot of the past research on so called 'neighbourhood effects' you might be very worried. These studies often show a correlation between the kind of neighbours a child grows up with, and their subsequent behaviours and educational achievement. These findings have been very influential, for example in motivating policy to encourage mixed communities.

However, a study by SERC researchers [Dr Steve Gibbons](#), [Dr Olmo Silva](#) and [Dr Felix Weinhardt](#) published in this month's issue of the [Economic Journal](#) (also [here](#)), tells a very different story. It turns out that changes in neighbours make *no difference at all* to how well children already living in the neighbourhood do in tests at school. Neighbours seem to make some difference to a child's attitude to school and their propensity for anti-social behaviour, but even here the effects are very weak.

The study looks at the effect of neighbouring, similar-age children on a child's school test scores and on other behavioural outcomes. It investigates how these test scores and behaviours change over time, as other children move in and out of a child's home neighbourhood and change the composition of the child population in the local area. It looks at changes in the mix of boys and girls, the average ability (measured by early age 7 test scores) and whether or not they are on free school meals (a standard proxy for low income). The investigation is carried out using a big administrative data set of over 1.3 million teenagers in England, who can be tracked for up to five years.

So why do the findings differ from earlier work? The reason is that people choose where to live, subject to their incomes and the cost of housing. This point was made in an [earlier SERC blog](#). The correlation between children's outcomes and neighbours' characteristics comes about mainly from the fact that the children from richer families live next to other children from rich families, and children from poor families live next to other children from poor families. And children from rich families tend (on average) to do better at school. Neighbours' school test scores are also correlated with each other because children in the same neighbourhood attend the same schools.

Researchers can use statistical methods to try to 'control' for these differences using data on income and school quality, but this approach always has limited success. In contrast, this latest study, by looking at what happens to a given child as their neighbours move in and out over a number years, is able to circumvent the worst of these problems.

These research findings do not stand alone in this respect. The best evidence emerging from the US and elsewhere using experimental methods (e.g. the [Moving to Opportunity](#) experiment) or other experiment-like research designs comes to similar conclusions. The quality of your neighbours, good or bad, does not make any difference to your child's education, or other outcomes related to economic self-sufficiency. Neighbours may, on the other hand, [matter for physical health and mental wellbeing](#) – but as yet there's limited evidence on this for Britain.

Posted by [Stephen Gibbons](#) on [Friday, September 27, 2013](#)

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