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HD **There goes the neighbourhood Publicising where paedophiles live tells us the price parents US put on child safety.**

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LP No politician ever lost votes by being tough on paedophiles, something that the home secretary, John Reid, clearly realised as he lambasted a judge for being too soft on one offender. Reid also dispatched a junior minister to the US to examine the operation of "Megan's Law" to see whether a similar system might work in the UK.

Megan's Law is a loose term for laws in the US that provide the public with information about sex offenders living nearby. The laws are named after Megan Kanka, a young girl who was raped and murdered by her next-door neighbour, who was known as a sex offender to the police but not to her parents.

TD I would not recommend that anyone look up the horrific details of what happened to Megan, but it is hardly a surprise that paedophiles provoke extreme reactions from parents and extreme responses from legislators. But the very severity of the response has produced some very unusual economic data on the effects of Megan's Law in the US.

The economists Leigh Linden and **Jonah Rockoff**, both from Columbia University, examined what happened to house prices in Mecklenburg County, North Carolina, when a sex offender moved into the neighbourhood: they fell almost 4 per cent, or Dollars 5,000. Because Linden and Rockoff have data showing house prices over time, they can confirm that this effect is real, not a spurious correlation of perverts and cheap neighbourhoods. They offer a bland enough conclusion: "These results suggest that individuals have a significant distaste for living in close proximity to a known sex offender." Astonishing.

Actually, there is more to the research than that. The point is not that sex offenders mean negative equity, but that they give us some measure of just how much ordinary people worry about the presence of sex offenders in their neighbourhood: the Dollars 5,000 is, it seems, just enough to attract some house-buyers into the neighbourhood despite the risks, whatever they may be.

It is also striking how short-range the effects are. People seem willing to pay full price for a house, as long as it is more than a 10th of a mile away from a sex offender. Perhaps this is because there are only so many things that a parent can worry about, beyond establishing that the man next door is not a paedophile.

For example, I logged on to one website for a map of my old neighbourhood in Washington DC. It appears that there was a child molester living two blocks north west of us, another two blocks south, and a third three blocks north east. That's without mentioning the rapists. But would we live there again, with a young daughter? Of course. These men are everywhere, so what else can you do? Still, the 518 registered offenders in Mecklenburg County have knocked a total of Dollars 58m off the value of the houses they live near - about Dollars 110,000 per offender. That is useful information - it gives legislators some sense of how much voters are actually willing to pay to steer clear of paedophiles.

It is certainly more information than is offered by the tabloid clamour. Some other policy that could reduce the risk of future offences for a lower cost would be better - if only we knew what that policy was.

There is also a simple economic policy prescription: sex offenders should be forced to pay homeowners compensation for the loss of value they create by moving into the neighbourhood. In principle, that would encourage them to live far from other people and to make every effort to show that they were now harmless. I can think of half a dozen reasons that the simple prescription would backfire. But then, this is a problem that has always defied easy answers, no matter how politically attractive they are.

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