

Taking the Long View 2010-2011



About ISER

The Institute for Social and Economic Research is based at the University of Essex and is jointly core-funded by the University and the Economic and Social Research Council (ESRC). However, nearly half of its annual income is derived from grants and contracts awarded from research councils, charitable trusts, government departments, commercial enterprises and European institutions.

Established in 1989, the Institute incorporates three centres:

ESRC Research Centre on Micro-Social Change (MiSOC)

ESRC UK Longitudinal Studies Centre (ULSC)

The Microsimulation Unit, which is responsible for the EUROMOD project.

ISER is home to *Understanding Society*, the largest household panel survey in the world. *Understanding Society* collects information annually from people in 40,000 UK households and will provide valuable new evidence about the people of the UK, their lives, experiences, behaviours and beliefs.

International links

The Institute has a strongly international atmosphere, with the majority of its researchers originating from outside the UK. We frequently collaborate with research teams in other countries in comparative analytical programmes, in the organisation of international conferences, in the production of cross-national datasets and in the development of new national panel surveys. ISER also regularly hosts visits from researchers and research groups on the Essex campus, offering analytical advice as well as access to data resources.



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From the Director

This year's Taking the Long View is a testament to the incredible array of exciting and innovative work that continues to be the lifeblood of ISER. We are sending this annual report to you just a few weeks after publishing early findings from *Understanding Society*, as the University of Essex celebrates becoming an ESRC Doctoral Training Centre, and as we welcome some outstanding new academics who will help shape the future research direction of ISER.

For the survey research team, it has been a particularly productive and busy year with Waves 1, 2 and 3 of *Understanding Society* all in the field at the same time and the release of the first year of Wave 1 data to researchers via the Economic and Social Data Service. We have now had over 160 downloads of the data and we look forward to researchers making use of the early release data and to undertaking longitudinal research as future waves become available. We were delighted to be able to publish the first in what we hope will be a series of research findings in the form of *Understanding Society: Early findings from the first wave of the UK's household longitudinal study*. The publication has been well-received by academic colleagues, the ESRC, our co-funders, the media and others and is available on the *Understanding Society* website. We are also looking forward to carrying on the tradition of the successful BHPS Conference, now of course the *Understanding Society*/ BHPS Conference to be held at the end of June 2011 at the University of Essex.

The ESRC Research Centre on Micro-Social Change continues to thrive and there have been notable new funding successes as well as a stream of top quality publications and policy engagements. There has been high profile work on social mobility with the Sutton Trust which is part of a wider international comparative project for the Russell Sage Foundation. We are delighted to be working with the Nobel Prize-winning economist James Heckman on a prestigious project looking at developing a completely new approach to understanding the socio-biological determinants of health that will lay the groundwork for an integrated approach to health

currently lacking in public policy. Our own Professor of Survey Methodology, Peter Lynn, is also part of a team nominated for the Nobel Peace Prize for work in post-conflict Bosnia.

Although we are sad to have said farewell to Stephen Jenkins and Lucinda Platt, we have been delighted to welcome Yvonne Kelly from UCL, as Professor of Lifecourse Epidemiology. Yvonne's research will undoubtedly boost ISER's growing reputation in the sphere of longitudinal health research. We are equally delighted to welcome Mike Brewer from the Institute of Fiscal Studies as Professor of Economics. Mike has a range of interests including the evaluation of the impact of taxation, labour market and family welfare policy reforms. We will also be welcoming Adeline Delavande, who will be Professor of Economics from September 2011. Adeline is carrying out innovative and ground-breaking research on the measurement and analysis of subjective expectations which will add significantly to the inter-disciplinary research at ISER.

It is no surprise that ISER has played a significant role in helping the University of Essex to be awarded Doctoral Training Centre status, one of only 21 centres to be accredited by the ESRC in the country. ISER continues to create challenging and fulfilling postgraduate opportunities and has recently launched two new Masters Degrees and two new PhDs.

In challenging economic times, we are delighted to maintain the support of the Economic and Social Research Council, our co-funders, and the University and look forward to another exciting and stimulating year.



A handwritten signature in dark ink that reads "Heather M Laurie".

Heather Laurie
Director

How children's life chances are affected by their parents

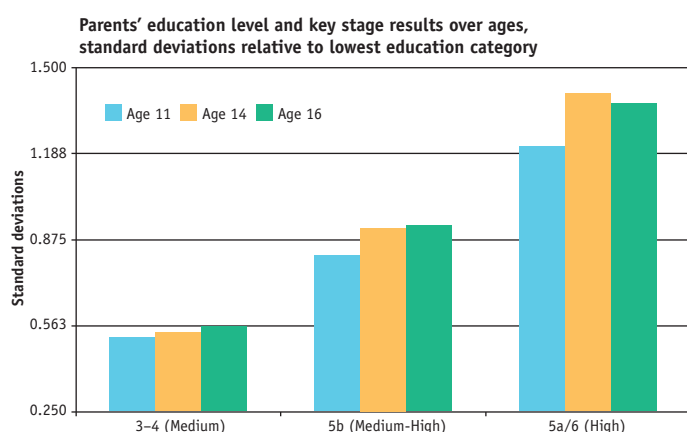
There has been a tendency, observed for generations born before 1970, for the life chances of children of parents from more unequal countries to have lower mobility. Today these same countries have higher inequality now than at any time in the past (excepting France) and the rank order of countries by annual income inequality is about the same now as it was for older generations, suggesting that chances for mobility may have become worse for the current generation of children because of higher inequality. John Ermisch and Emilia Del Bono have been involved in a large cross-national study, with the Russell Sage Foundation and the Sutton Trust, of how a child's chances in life are affected by the family into which he is born – 'intergenerational mobility' for short. An important motivation for the study is the concern that rising income inequality will have the long-run effect of reducing intergenerational mobility and one of its principal objectives is to see where policy lessons might be drawn.



The study aims to examine the association between parents' socio-economic status (SES) and outcomes during childhood that are salient for intergenerational income mobility among more recent generations, who have been affected by the rise in inequality. The research is based on a life-course approach in a nationally comparative perspective, making it possible to see where divergences in outcomes between high and low SES children occur in the life cycle and how they evolve.

Differences between countries in these patterns can suggest differences in how private and public institutions affect opportunities for individuals born into families at different points along the income distribution. If some countries are delivering more equal life chances, then we should find out how they are doing so, and draw policy lessons from these findings where possible.

The main aim of the English component of the study is to measure differences in mobility-relevant outcomes by parental SES among English children during adolescence. In particular, it addresses the following question: do differences by parents' SES narrow, widen or stay the same as children move through secondary school? The analysis uses the Longitudinal Study of Young People in England (LSYPE), which samples children born in 1989-90 and links their survey data to their achievement results in the education system's national standardised tests. It measures achievements at ages eleven (end of primary schooling), fourteen and sixteen (end of compulsory schooling).



We find that the higher the parents' highest education, the better are their children's achievement during adolescence. The answer to our main question is that this relationship becomes stronger (i.e. child achievement gaps by parental education group become wider) between the end of primary school and part-way through secondary school and then stabilises.

The widening of the parental education gap in pupil performance after primary school appears to be related to the sorting of children into secondary schools. Better educated parents have their children in better quality schools, and the association between school quality and parental background is stronger at secondary school than at primary school. The sorting is primarily achieved by living in areas with good access to better schools. Nevertheless, a gradient with respect to parents' education remains for children going to the same school, and part of it appears to be related to differences in cognitive achievement before children start school.

In contrast to the results for England, the USA and many European countries, children's achievements in test scores at fifteen are much less strongly related to parents' highest education in Canada and Australia and it is important to find out what these two countries are doing to provide more equal life chances.

The educational system is likely to be the most widely used and most acceptable policy tool we have for equalizing life chances. Our analysis of England suggests that more equal access to good secondary schools (e.g. through lottery allocation) could make a contribution, but as long as there is large variation in school quality, such a policy would be resisted by better off parents, because some would be forced to send their children to inferior schools (violating 'parental autonomy'). A reduction in the variance of school quality through a 'levelling up' would make a larger contribution. Finding the resources and ways to accomplish this is, however, a considerable challenge. For one thing, it requires that we know what makes a 'good quality' school or pre-school; for instance, what role do pupils' peers or teacher qualifications play? What role do parents themselves play in shaping a good school? These are research questions the answers to which are important for formulating education policy.

In the end we will never be able to eradicate SES differences in child outcomes, especially in highly unequal societies, and we will never be able to, or wish to, override parental autonomy. However there seems to be scope for policy to help reduce barriers to intergenerational mobility.



John Ermisch

How protected are the unemployed?

It is well known that the UK system of cash protection for unemployed people offers very low levels of benefit payments relative to many OECD countries and the UK's counterparts in the European Union, where earnings-related unemployment benefits are the norm.

The UK benefit system relies to a large extent on means-tested benefits and one might expect that even if it performs relatively badly in terms of the protection of incomes in a relative sense, it should perform better in protecting incomes from falling below the poverty threshold. But research comparing the UK with four other diverse EU countries shows this isn't the case and concludes that the level of protection that the UK welfare system needs to be improved if it is the match that of our EU neighbours.



‘Stress testing’ is a common practice applied to financial institutions in which the sensitivity of the value of a portfolio to extreme shocks is assessed by varying key assumptions. Applied to welfare systems, it can be used to assess the impact of loss of employment on the living standards of the individuals that might be affected, and their families. As unemployment rises, it becomes particularly relevant to understand the extent to which the incomes of newly unemployed people are protected by the tax-benefit system and to assess the cost pressures on the public budget of this increase in unemployment.

Comparing with four diverse EU countries (Belgium, Italy, Lithuania and Spain) the research shows that for newly unemployed people in the UK, relative income replacement (household income after becoming unemployed as a proportion of it before) is much lower. In Belgium and Spain on average household income replacement is more than 80 per cent compared with 62 per cent in the UK. Only in Lithuania is it lower, at 59 per cent.

In the UK 65 per cent of newly unemployed people are protected from poverty. The proportion is the same in Italy, lower in Lithuania (58 per cent) but much higher in Belgium (90 per cent) and Spain (75 per cent).

The analysis makes use of EUROMOD, the tax-benefit microsimulation model which simulates tax liabilities and benefit entitlements for the household populations of EU member states. A microsimulation approach allows the researchers to calculate disposable incomes for the same set of households in different situations, taking account of the operation of tax-benefit systems and the ways in which they depend on the level of market income and personal/household characteristics.

Using published information from the European Labour Force Survey, the researchers identified the people with the highest risk of becoming unemployed in each country in the initial period of economic downturn. Similar people in the EUROMOD input data were identified and the researchers then simulated the effect of their becoming unemployed on annual household income.

The flexibility of EUROMOD made it possible for the team to explore the implications of different scenarios, enabling them

to take into account factors such as time-limiting payment of contributory benefits. Assuming no entitlement to these benefits made hardly any difference to the effects in the UK, but the levels of relative protection, and the extent of protection from poverty were much lower without unemployment benefits in the other four countries, the effect being particularly large in Spain and Italy.

Any earnings of other household members play a major role in maintaining income relative to its pre-unemployment level. For unemployed people with no other earners in the household, income in the year after becoming unemployed is on average 53 per cent of its pre-unemployment level; around 9 percentage points lower than for newly unemployed people as a whole. This group of unemployed also has a much higher risk of falling into poverty: only 23 per cent are protected from poverty, compared with 65 per cent for all newly unemployed. There are also lower levels of protection in the other four countries for unemployed living in workless households. However in Belgium more than two thirds (69 per cent) of this group protected from poverty.

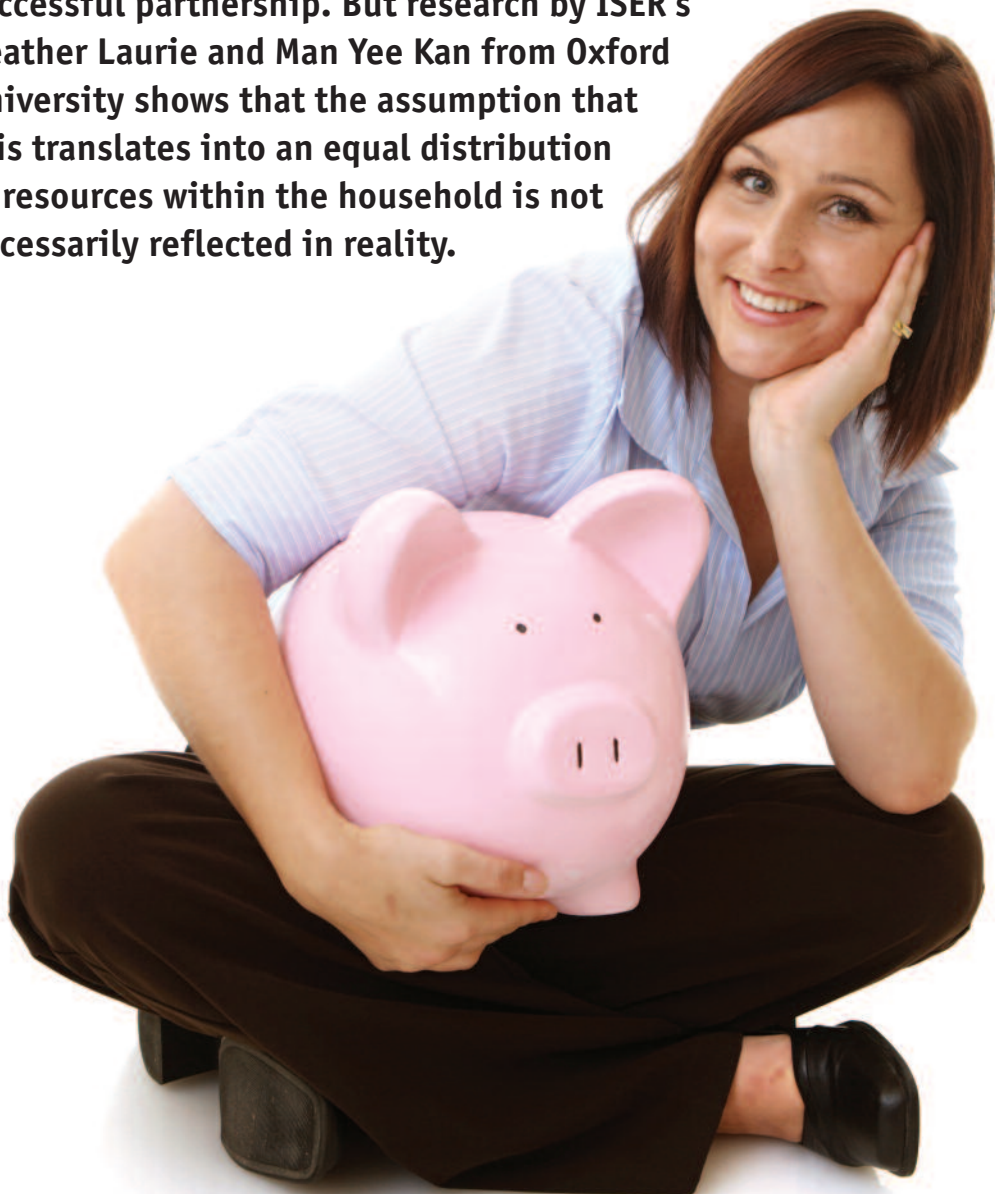
The analysis also shows how the direct budgetary cost (extra benefits and reduced income tax and social contributions) of each new unemployed person varies across countries. Not surprisingly the cost is greatest in countries with systems that provide better protection, and vice versa. But what is striking is that in all countries the component of the net cost arising from additional benefits is a small part of the total which also includes reductions in revenue from income tax and employee and employer contributions: one third in the case of the UK. The analysis shows that the level of protection that the UK welfare system offers the unemployed is inferior to those of some others in the EU. Improving it requires that the level of support offered by unemployment benefits be increased substantially. The cost of such an increase would be a relatively small addition to the direct budgetary cost of unemployment overall.



Holly Sutherland

Couples and money – a changing picture

The management of money between married and cohabiting couples has been the subject of research over the past few decades primarily as a means to trace gender inequalities within the household. This work has, on the whole, found that couples are most likely to report that they share financial management and financial decision-making, reflecting the mutuality that is seen as central to any successful partnership. But research by ISER's Heather Laurie and Man Yee Kan from Oxford University shows that the assumption that this translates into an equal distribution of resources within the household is not necessarily reflected in reality.



There is considerable variation in the way couples manage their money and the access each partner has to money coming into the household. These processes produce gendered patterns of consumption for individual household members, but may also have longer term implications for financial well-being, particularly where the relationship breaks down. For women who may be less able independently to accrue savings and financial assets over their working life, the effects are potentially far reaching.

Using data from the British Household Panel Survey 1995, 2000 and 2005 to look at the ownership of savings, investments and non-housing debts provides a rather different picture of the ways in which couples manage money. These types of liquid assets and debts tend to be more individualised and less likely to be held jointly than money used for day-to-day expenditure. For both men and women, savings are more likely to be shared assets and to be held jointly than either investments or debts. Overall 41.5% of married and cohabiting men and 34.7% of women report having jointly held savings compared with 23.4% (men) and 21.6% (women) for investments and 34.3% (men) and 33.9% (women) for debts.

Using the longitudinal information there is also evidence of increasing independence in financial arrangements between couple members between 1995 - 2005 with the research showing a marked decrease in the likelihood of having joint holdings of savings, investments and debts over the ten year period. After controlling for age, cohabitation is a major factor in whether couples have joint holdings, with cohabiting couples having a significantly lower chance of having joint holdings in all the three types of assets and debts compared to married couples. This may reflect their lower commitment to the relationship, greater independence within the relationship, or indicate that those who choose to cohabit have differing views on how finances should be managed within a relationship. In addition, some cohabitees in the sample are cohabiting following the breakdown of a marriage, with an experience in a previous relationship potentially affecting how they manage their finances in future relationships.

Inequalities in labour market participation and differences in income levels between men and women translate into inequalities within the household in terms of the ownership of assets and debts by each partner. For both men and women, being in full-time employment is a strong predictor of having savings or investments, but women are less likely to work full-time and when they do, earn on average less than their male partner. Women are less likely to have investments than their male partner and where they do have savings or investments, the amounts women hold relative to their partner are typically significantly lower. The research also showed that those in a cohabiting couple are less likely to have savings and investments than those who are married and the likelihood of having debts is associated with being younger.

Independence in financial arrangements within marital partnerships is also reflected in psychological well-being as measured by the General Health Questionnaire 12 item scale (GHQ12). Higher levels of well-being are associated primarily with an individual's own saving or investment status. Having savings and investments affects the psychological well-being of both men and women in marital relationships, but it is individual rather than joint holdings of savings and investments that are associated with higher levels of well-being.

The trend for partners to keep their finances separate is likely to be of concern to equality campaigners, who believe that the pay gap – which sees women in the UK paid 16.4 per cent less than men – is extending inequality within the home, too.



Heather Laurie

Disability and disadvantage over three decades

The number of disabled men and women claiming out-of-work benefits has been of great concern both to policy makers (worried about public expenditure) and to disabled people themselves (worried about poverty). There was a large increase in claims over the 1980s and early 1990s, and the numbers have remained stubbornly high since then, despite efforts by governments of all parties to reduce them. Politicians and the media have conducted a vocal campaign against claimants over the past year or so, accusing them of choosing benefits as a 'lifestyle choice', or even of being benefit cheats. Further policies to restrict entitlement are in train.



Benefit statistics tell us very little about the people who do not have jobs, and nothing at all about disabled people who do have jobs. In a series of papers supported by the Nuffield Foundation, Richard Berthoud, Morten Blekesaune and Lina Cardona Sosa have been analysing survey data to compare the employment rates of disabled people with those of otherwise similar people with no health problems.

The research helps to counter the idea that some disabled people are unequivocally capable of work, while others are wholly incapable. It supports instead the concept of disadvantage – a sliding scale of employment probabilities affected both by the nature and severity of people's impairments, and by the willingness of employers to hire them.

Most disabled people have combinations of health conditions and impairments which significantly reduce their probability of having a job, without eliminating it altogether. If a group of disabled people have only a 50:50 chance of working, how should policy treat the half of them who do not have a job: pay them long-term benefits on grounds of disability, or treat them as jobseekers and assume that they can find work?

It is commonly assumed that most of the changes in the prevalence of disability and in employment prospects have affected people with relatively minor impairments – but the research shows, on the contrary, that people with severely disadvantaging sets of health conditions have been more, not less, affected by the trends.

Detailed analysis over 30 years suggests that changes in disabled peoples' employment rates or in benefit payments have not coincided with major changes in the social security rules and procedures.

It has often been argued that the deindustrialisation and high rates of unemployment associated with the Thatcher government were responsible for the steep rise in the number of disabled people claiming benefit during the 1980s. It is true that disabled people are very sensitive to long-term geographical variations in the health of regional labour markets.

On the other hand, disabled people's employment is hardly affected over time by booms or busts in the national economy.

People without educational qualifications are more likely to be disabled, and their employment rates are more affected by disability, than (at the other extreme) people with degrees. Both of these tendencies have increased in intensity over time, so that the current generation of unqualified people has very high rates of disability, and the disabled members of the group have very low rates of employment. But the number of poorly educated people in Britain has been declining over the decades, so very little of the overall growth in the number of disabled people without work can be explained by the skills effect.

The fact that well-educated people are relatively less affected by disability helps to show that it is not disability, on its own, that determines outcomes, but the interaction between disability and opportunities. Disability nevertheless has a substantial effect across the spectrum.

It is possible that the main shift over the years has been at the boundary point between social convention and labour market activity. The same period witnessed a major positive shift in the economic identity of women with children – mothers have increasingly been seen as potential workers. It is possible that an opposite trend is affecting disabled people, who increasingly see themselves, and are seen by others, as permanently unable to work – in spite of the new emphasis on disability rights in public discourse. While employers have become more willing to recruit from the large pool of well-qualified women, they have become less motivated to hire or retain people who combine ill-health with low skill levels.



Richard Berthoud

Methods make centre of excellence

Early findings from the *Understanding Society* project have understandably generated considerable interest in the last few months. Less attention is focused on the very specialist area of research that helps survey academics and professionals around the globe gain a better understanding of how surveys work.

ISER has become a centre of excellence for survey methodology in recent years and has developed an outstanding reputation for its research in this area and the study opportunities it offers. Indeed ISER can justifiably claim to be one of the world's leading centres for survey methodology.

ISER's activity in the field of survey methodology has three main components: an MSc programme, a PhD programme and a research programme. All three are unique in the UK.

The Masters programme in Survey Methods for Social Research is now in its second year and has seen student numbers double compared with 2009-10. Two of the core modules are taught by ISER staff. These modules are attracting PhD students, junior researchers and visitors to the University, as well as the MSc students. Additionally, ISER contributes a 'practicum' to the programme, offering students the opportunity to study practical aspects of survey implementation in a real survey environment. The recent accreditation of our PhD programme in Survey Methodology means that ISER is one of just four institutions in the world to offer a PhD with this title, and the first outside of the USA. Two students are currently enrolled on the programme and we can expect our first graduates in 2013.

At a time of increased competition in the employment market, these specialist MSc and PhD degrees should stand ISER survey methodology graduates in good stead. The students also benefit from being embedded in a rich research environment. The active ISER survey methods research group involves around a dozen ISER researchers. Recent and current research projects have addressed panel attrition, mixed mode designs, respondent consent, data linkage, and measurement error in estimates of change.

Some of this research is carried out as part of the *Understanding Society* programme and has been published as part of the *Understanding Society* Working Paper Series. Other projects have separate funding.

'It is widely recognised that there is a mismatch between the knowledge and skills needed by survey organisations and those currently offered by university graduates. This unique programme should be able to address this mismatch and provide survey organisations with a workforce trained in survey data collection, questionnaire design and applied sampling. The combination of hands-on experience and theoretical knowledge of survey methodology will be of particular value to organisations such as NatCen.'

Gerry Nicolaas, Research Director, National Centre for Social Research (NatCen)



Peter Lynn

Understanding Society

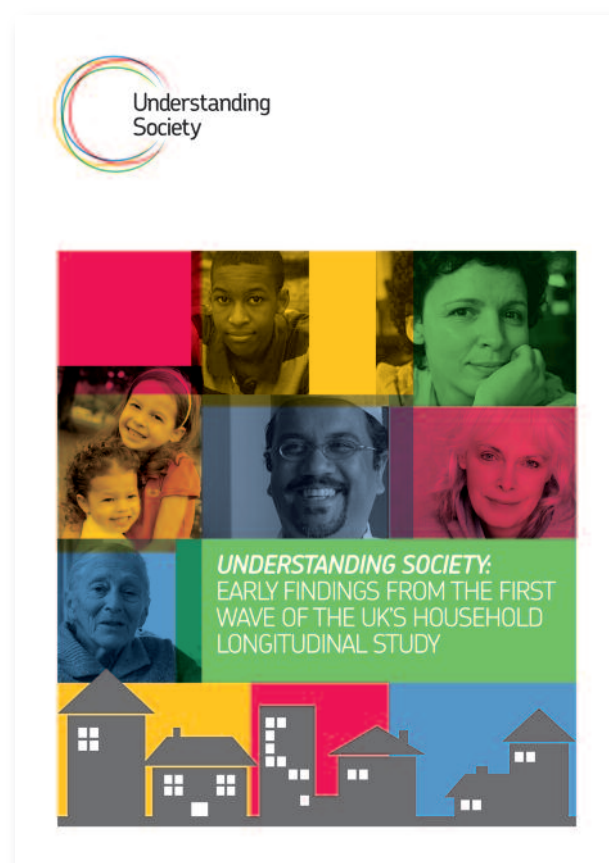
It has been an eventful year for the specialist team that manages *Understanding Society* here at ISER. *Understanding Society* is the world's largest household longitudinal study and as such is considered a flagship of UK social science and an extremely prestigious project. Government refunding was secured in January 2010 so data collection up to and including Wave 5 is now in place.

This year the collection of the first longitudinal data began with the fieldwork for Waves 2 and 3, which commenced in January 2010 and January 2011 respectively. At the same time, analysis started on the findings from the first year of the first wave of data collection in 2009. Teams of researchers from ISER and the universities of Oxford, Surrey and Warwick were given access to the early data, which represents approximately 14,000 households.

A book of early findings based on this initial analysis was published in February 2011, and was very well received by the science and policy communities. It gives just a taste of the rich and varied analysis that is possible, and the potential to improve and influence the evaluation and formulation of policy and professional practice. Another publication is to follow later in 2011 once the full set of data is available.

This interim data was made available to the wider science community in December 2010, via the Economic and Social Data Service. It is now available for greater in-depth analysis to researchers, and we have been promoting it extensively. Our ambition for *Understanding Society* is that the quality and richness of data attracts and encourages a broad spectrum of users; not only social scientists, but collaborations between inter-disciplinary research teams, drawn from both the private and public sectors to address some of the most complex issues facing our society.

The *Understanding Society* team at ISER also opened up the Innovation Panel - which is used to test survey methodology - to the wider science community. The first annual open competition to suggest experiments to be carried on it was launched in March 2010. The next call for proposals for experiments on Wave 5 of the Innovation Panel is also imminent.



As a bio-social survey *Understanding Society* will collect appropriate data to examine the interactions between individuals' behaviours, and family and social environments and their state of health. During 2010/11 the collection of bio-markers began with an estimated 25,000 to 30,000 adults providing data throughout Waves 2 and 3. This includes measures of height and weight, waist circumference, bio-electrical impedance, grip strength, blood pressure and pulse rate and lung function. Biological samples including whole blood, saliva, and dried blood spots, will also be collected as well as cognitive ability/functioning measures.

These physical and cognitive measurements will supplement data about respondents collected using questionnaires, combined with data linked - subject to informed consent - from external sources such as health service records, providing a unique resource for inter-disciplinary research between the social and medical sciences.

Early findings

Britain's happiest couples are married but childless and less than five years into their relationship, according to early research undertaken using *Understanding Society*.

The project, described by Patricia Broadfoot, Chair of the project's Governing Board as 'nothing less than the creation of a living laboratory of British life', is one of the most comprehensive investigations ever conducted into the life of the nation.

Commissioned by the Economic and Social Research Council (ESRC), designed and managed by ISER's specialist team of survey experts, with fieldwork carried out by the National Centre for Social Research (NatCen), the survey is following the lives of the people living in 40,000 UK households, interviewing 100,000 individuals of all ages. The information is being gathered every year in face-to-face interviews and made available to government departments, social policy units and academic researchers.

Understanding Society: Early findings from the UK's Household Longitudinal Study, was published at the end of February and is available to download as a whole or as individual chapters from the *Understanding Society* website. Its first findings provide a picture of recession Britain, through the eyes of 14,000 households in 2009 – a smaller sample than will be surveyed once the project hits its stride. Out of 34,503 individuals surveyed, 2,163 children aged between 10 and 15 gave interviews.

According to the data gathered so far, happiness with one's partner declines with the duration of the union and with a person's age. Marriages are happier than cohabiting unions, a trend that rises for better-educated people. In turn, children are happier with their family situation if their parents are happy. The happiest relationships are those less than five years in duration, between two people educated to degree level, who have no children and where the man is employed. The decline in happiness is steeper for women than men. Overall, older people are less happy in their relationships.

Among men, unemployment brings with it lower levels of happiness with their partner, although income appears to be unrelated to relationship happiness among men and is only mildly important for women. Of the young, 60% are 'completely satisfied' with their family situation and 70% are very satisfied with their lives. The survey's authors observe that compared with their peers in other countries, children in the UK rank extremely low on life satisfaction. The research also concludes that neither material wealth nor poverty have a bearing on children's life satisfaction.

Not living with both natural parents has a greater negative impact on a young person's life satisfaction than their material situation. But children are more satisfied with their lives the fewer other children live in their household.

The research suggests that bullying begins in the home, with more than half of all siblings (54%) being involved in bullying



– a higher rate than has been reported in the US, Israel or Italy. A third of all adolescents both bully their siblings and are the victims of bullying by their siblings. Fewer children in Wales (40%) than in England, Scotland or Northern Ireland bully siblings.

Of adolescents, 12% reported being bullied at school and there are no differences between boys and girls in victimisation. Children from step families are bullied slightly more often. Bullying at school has a more detrimental effect on a child than bullying at home. But children who are bullied at school and at home are 14 times more likely to report severe behavioural problems, and 10 times more likely to be unhappy, than those not bullied at all.

The report unveils ‘surprisingly high levels of optimism among the unemployed’ with almost two-thirds expecting their financial situation to improve in the next year. The most common single household income was £1,000 per month. About one household in six is in poverty, with poverty rates higher than average for pensioners and for families with children; 64% of households with more than four children and 47% of lone-parent households suffer poverty. The authors note that in the longer term the survey will show how far poverty in childhood is predictive of continued poverty among adults.

Neighbouring – a concept that contains elements of David Cameron’s ‘big society’ project, by asking questions about willingness to volunteer – produced interesting variations. The

English score lowest and the Welsh highest. The Scottish have below-average scores on social expenditure, while the Northern Irish have the highest scores on trust, suggesting high levels of social cohesion and the least interest in politics.

The survey also asks how well we sleep at night, because of its relevance to public health policy. One in 10 people reports taking sleeping medication on three or more nights a week and married people, the employed and self-employed report the best sleep.

A quarter of the population living in the most deprived areas of England are non-white, compared with 9% in the least deprived areas. The more highly educated a person is, the less likely they are to stop and talk to neighbours and their sense of community is lower. Sixty per cent believe, if things continue on their current course, we will soon experience a major environmental disaster, but only 50% are prepared to pay more for environmentally friendly products.

It’s hoped that more researchers will begin to use the data that’s now available in their analysis and that the full first wave of data will be available towards the end of 2011.



Nick Buck



It's hard to tell how happy we are

In the policy world, well-being is in the air. Last November, David Cameron announced plans for the Office of National Statistics to develop official measures of well-being, observing that 'prosperity alone can't deliver a better life'. In France, Nicolas Sarkozy's Commission sur la Mesure de la Performance Économique et du Progrès Social (the Stiglitz Commission) has been working since 2008 on measures of economic performance with broader scope than traditional indicators like GDP, and similar initiatives are being pursued by other governments and international organisations like the OECD.

These new measures will use evidence derived from survey questions which ask respondents for subjective assessments of their own level of some notion of well-being. It's an area that is of particular interest to academics at ISER who specialise in the production and analysis of longitudinal surveys like the British Household Panel Survey and *Understanding Society*.



There is a sharp division of opinion among academic researchers about the value of this kind of survey information, particularly in economics, where there remain many sceptics, despite the recent explosion of research in 'happiness economics'. Concepts of well-being (and the related notion of mental health) are central to the MiSoC research programme, but we approach the debate on subjective well-being measurement with an open mind.

There is reason for concern, since (unlike income or financial wealth) there are no natural units of measurement and no accepted 'arithmetic' of well-being to help people carry out these self-assessments. In surveys, we ask general questions like 'All things considered, how satisfied or dissatisfied are you with your present job overall?' and require interviewees to answer on a numerical scale from (say) 1 to 7, where 1 means completely dissatisfied and 7 completely satisfied. Many surveys around the world use questions of this type, with differences in question wording and design of the response scale.

Are the answers to these questions sensitive to the fine detail of question design and interview method? A study of the BHPS job satisfaction questions analysed two 'natural experiments' in the design of the BHPS. The first was an apparently small change in the design of the response scale: in the 1991 interview, only points 1, 4 and 7 on the response scale were given textual labels (on a showcard), while all seven points were labeled from 1992 on. The result was a large change in the distribution of responses, with far fewer people responding at the 1, 4 and 7 levels after 1991. Another BHPS innovation was the introduction of another job satisfaction question in a self-completion paper questionnaire, in addition to the standard question asked in open interview. Fewer than half the respondents gave the same assessment in the open interview as they did in the more private self-completion assessment and, when used to assess change over time, in only just over half of cases did the two responses indicate the same direction of change in job satisfaction. Different ways of asking the question resulted in conflicting indications of satisfaction and its change over time. This lack of robustness was more serious for women than for men, with implications for the apparent gender differences in job satisfaction – for example, results from the open interview suggested that women's job satisfaction is unaffected by the level of pay, whereas data from the self-completion questionnaire indicated that women are similar to men in attaching considerable importance to pay

as a job characteristic. Women also appear to be more strongly influenced than men by the presence of others during an open interview. During an open interview in the family home, there appear to be three behavioural processes at work, distorting the pattern of responses:

- a 'put on a good show in front of the visitor' effect
- a 'don't look too happy with your job in front of your partner' effect
- a 'let's not worry the children' effect

Many surveys used for well-being analysis use partially-labelled response scales and open oral or telephone interviewing, so these findings give cause for concern about the current measurement initiatives. Follow-up work using randomised experiments in the *Understanding Society* Innovation Panel have largely confirmed these BHPS findings for a wider range of satisfaction questions.

A second important issue relates to change over time – possibly in response to policy interventions. How reliable are individual perceptions of well-being as reflections of the outcome of changing circumstances? Recent ISER research has used BHPS data on financial well-being to look at this issue, finding a general tendency towards slow adjustment of perceptions, overlaid with temporary over-reaction to certain events, including house price inflation. Retrospective questions which ask people to assess the change in their well-being over the past year appear to be particularly unreliable and consequently have not been implemented in *Understanding Society*.

It is certainly not crazy to ask people about their well-being – we do it all the time in everyday life – but the artificial context of survey interviews and rigid format of the permitted responses suggest the need for care in designing surveys and interpreting evidence. We will watch with interest ONS' recommendations on well-being measurement.

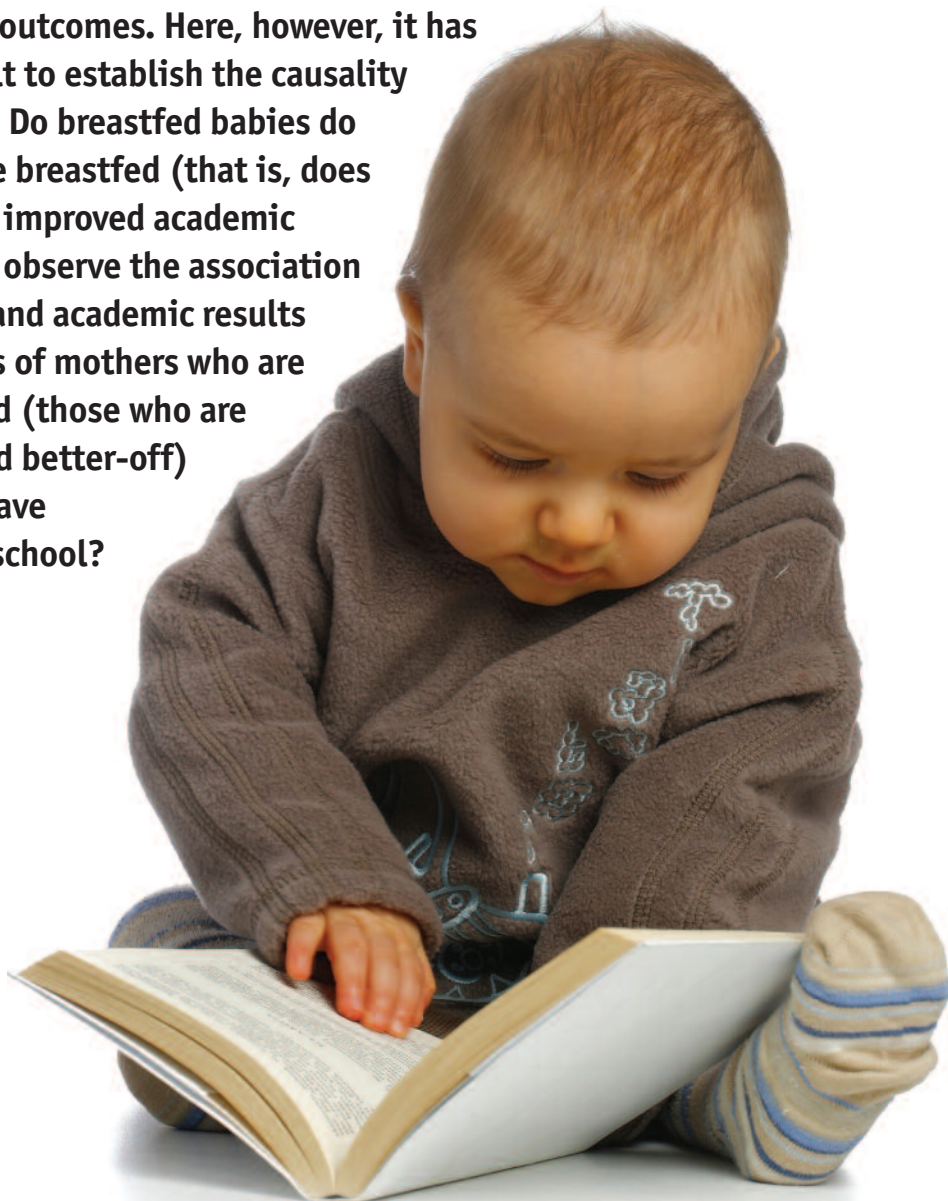


Steve Pudney

Does breastfeeding make children brighter?

Breastfeeding is known to have many benefits for children's health: among other things, breastfed babies have fewer episodes of respiratory and gastrointestinal illness than bottle-fed babies, fewer ear infections, and they are at lower risk of being hospitalised for these and other complaints. Breastfeeding is also beneficial for mothers: women who breastfeed have a lower incidence of Type II diabetes as well as breast and ovarian cancer. These benefits have been established pretty conclusively by doctors and epidemiologists.

We have also known for many years that breastfed babies do better in terms of their academic outcomes. Here, however, it has been much more difficult to establish the causality behind the relationship. Do breastfed babies do better *because* they were breastfed (that is, does breastfeeding cause the improved academic performance)? Or do we observe the association between breastfeeding and academic results simply because the sorts of mothers who are most likely to breastfeed (those who are older, more educated and better-off) are also more likely to have children who do well at school?



Two recent research projects at ISER have used novel statistical techniques to take a fresh look at this issue. Maria Iacovou and Almudena Sevilla-Sanz have used a technique known as Propensity Score Matching (PSM). This procedure uses data on a large sample of babies and their parents, and is based on ‘twinning’ each breastfed baby with one or more babies who were not breastfed, but who share a large number of other characteristics with the breastfed baby. Babies are matched on around 50 characteristics, including sex, gestational age, birth weight, their parents’ education, their parents’ attitudes towards breastfeeding, their parents’ work status, housing tenure, the characteristics of their neighbourhood, and so on.

By comparing outcomes of breastfed babies with those of their not breastfed but otherwise very similar ‘twins’ we can identify the effects of breastfeeding. We find evidence that breastfeeding is responsible for a relatively small, but statistically significant, increase in SATs scores – around 10 per cent of a standard deviation, which translates roughly into about two positions in a class of 30 children. These differences are visible at all the ages we consider (5, 7, 11 and 14) and across a range of subject areas.

Using PSM, it’s not possible to ‘twin’ every baby in the sample – in particular, some babies who are not breastfed simply do not have a breastfed counterpart. At first sight, leaving these ‘untwinned’ children out of the analysis may seem to be a drawback, because it leads to smaller sample sizes. However, in many ways it is an advantage: because we are comparing children who *were* breastfed with children who *were not, but might have been* breastfed, we can interpret our results as showing what sort of improvements in children’s outcome might come about as the result of an intervention to increase breastfeeding rates.

Emilia del Bono and Birgitta Rabe have taken an alternative approach, using a technique known as Instrumental Variables (IV). This involves finding a variable which influences the

probability that a mother breastfeeds, but which is demonstrably *not* directly related with a child’s cognitive development. Previous attempts to use the IV technique have foundered because of the difficulty of finding such a variable. However, the ISER team has had success with using a hospital-of-birth indicator. This works as follows. At the time when the babies in the sample were born, some hospitals had fully adopted the ‘UNICEF Baby Friendly Hospital’ guidelines – a set of ten criteria aimed at improving breastfeeding rates. Other hospitals had signed up to the initiative, but were not yet fully accredited, while others had not signed up.

The research found that babies born in hospitals which had signed up to the initiative, or which were fully accredited, were more likely to be breastfed, and breastfed exclusively, than babies born in other hospitals. Not only does this demonstrate that the UNICEF initiative has been effective – an interesting and useful finding in itself – it also allows us to implement the IV technique effectively. In common with the Iacovou and Sevilla-Sanz study, the research finds that breastfeeding is associated with a significant increase in indicators of children’s cognitive development as measured by the British Ability Scales. These effects emerge from age 5 onwards. There are also some positive impacts of breastfeeding on health, in particular in reducing children’s likelihood of being overweight. The first study by Maria Iacovou and Almudena Sevilla-Sanz used data from the Avon Longitudinal Study of Parents and Children (ALSPAC). The second study by Emilia Del Bono and Birgitta Rabe used data from the Millennium Cohort Survey.



Maria Iacovou

Migration research shows integration is easier in school than in work

Over the past five decades migration has changed the face of Europe, resulting in unprecedented ethnic and socioeconomic diversity in many immigrant receiving states. With one in five residents reporting either foreign birth or foreign born parents, the German case is emblematic of the opportunities and challenges of immigrant integration facing Europe today. Research undertaken by Renee Luthra examines the educational and labour market outcomes of the children of immigrants who were born in, or migrated to, Germany before the age of six. This group, the 'second generation', is especially suited for the study of integration and ethnic inequality because, in contrast to their foreign born parents, they have the potential to fully participate in receiving country social, educational and political institutions as well as the labour market.



Nearly every third child under the age of five in Germany has at least one foreign born parent. The educational and labour market outcomes of the children of immigrants will therefore shape the demographic horizon of Germany well into the future, and the success or failure of second generation integration is a topic of much political and academic debate. Although there is general consensus that the second generation in Germany have better outcomes than their foreign born parents, they still lag behind Germans without a migration background in their educational attainment and labour market performance. A central question in the German integration research agenda is to explain the disadvantage of the second generation relative to the native born: do the children of immigrants perform worse than the children of natives because they are disproportionately poor, or because they are immigrants?

As a key mediator between the social position of parents and children, a first indicator of second generation integration is educational attainment. Prior research on second generation educational attainment in Germany has found that the lower attainment of the children of immigrants relative to the children of native Germans can mostly, though not entirely, be accounted for by parental background. However, this research only examined one major immigrant group – the children of guest workers – and omitted the most integrated immigrants and their children by restricting their analysis to the second generation who remained foreign nationals.

Expanding on this work with new data, Renee Luthra's research examined the educational attainment of the children of all immigrant origins as well as the naturalised second generation. The resulting findings reveal that the children of immigrants actually have higher educational attainment than the children of native Germans after controlling for parental socioeconomic characteristics. Allowing the effect of ethnicity to differ by parental education, the author finds that the positive effect of immigrant origins are most pronounced among children with very low educated parents.

Contrary to the expectations of traditional assimilation theories, the superior performance of the second generation is not attributable to a more positive context of reception, parental naturalisation or even intermarriage. Rather, the children of naturalised German citizens are indistinguishable from those whose parents remain foreign nationals, and immigrants who intermarry with native Germans have children who perform worse than children with two foreign born parents. These surprising

findings are most consistent with recent qualitative documentation of a general 'immigrant advantage' among second generation youth, either due to selective acculturation, the intergenerational transmission of immigrant's higher aspirations, or positive selection among the foreign born.

Despite this more positive picture of second generation integration, it is important to be cautious about interpreting these results too optimistically. Although the children of immigrants perform better than the children of native Germans with similar backgrounds, they still are a long way from catching up in terms of average levels of education. Moreover, the immigrant advantage observed in education is not observed in the German labour market. In an examination of labour force participation, employment, and occupational status, another paper reveals considerable variation in ethnic inequality across different labour market outcomes.

Most importantly, both positively and negatively received immigrant origin workers experience much higher probabilities of unemployment, even after controlling for differences in educational attainment, household characteristics, and geographic distributions. For instance, one in four Turkish origin second generation men are unemployed. On the other hand, once employed, the ethnic gap essentially disappears: among employed workers of similar qualifications, there are only negligible differences in the occupational status of the jobs attained by second generation and native German men and women. Institutional differences between hiring and job placement and promotion may explain the different levels of ethnic inequality found in employment and among those employed.

Differences in the level of governmental oversight, employer institutions, and selection processes determine the saliency of immigrant origins across labour market outcomes: network driven referral and recruitment practices exhibit higher inequality than more transparent, formalised job placement and promotion. Further work with alternative data sources is planned to explore these patterns in the future.



Renee Luthra

Postgraduate study

ISER has always been a top destination for postgraduate social scientists, but never more so. In the last few months, the University of Essex has become an ESRC Doctoral Training Centre, just one of 21 universities that have been awarded this status and, with it, a number of exciting studentship opportunities.

ISER continues to make a significant contribution to the processes by which Essex has been recognised as the number one university in the UK for social science research. On top of that we continue to review and improve the range of study opportunities and in the last few months alone have added a fourth Masters Degree and two new PhDs to ISER's postgraduate portfolio.

One of the principal reasons that students choose to come to ISER is the varied and exciting opportunities to showcase and communicate their research. PhD student, Michalis Veliziotis has been looking at what impact the decline in power of the trade unions has had on sickness absence and unpaid overtime at work.



Trade unions in the UK have experienced a significant decline in membership and overall power in the last thirty years. At the end of the 1970s, over 13 million British workers were unionized (a unionization rate of 50% of all employees), while today the relevant number is lower than 8 million (a unionization rate of 27%). Along with the decline in their membership, the impact of British unionism on various measures of individual and firm performance has been weakened as well. This has been confirmed in economics and industrial relations literature which has focused on the impact of unions on employees' wages and British firms' employment, productivity and financial performance.

Less attention has been paid to other dimensions of unionization – but these may matter more now that the bargaining power of unions to achieve higher wages is much more limited. By investigating the relationship between unionization, sickness absence from work and unpaid overtime, the research aims to provide a clearer picture of the effect that trade unions have today.

Sickness absence from work in the UK has fluctuated around 3% of total contracted working time since the mid-1980s. It is related to the health status of the workforce and its productivity and has important public policy implications. The traditional interest of trade unions in aspects of working time and health and safety at work suggests that unionization may be an important determinant of sickness absence. Indeed, the results indicate that union members are between 27-30% more likely to report sick and on average take between 29-32% more absence from work due to sickness than comparable non-union employees. Further analysis suggests that this can be attributed to a large extent to the protection that unions offer to their members.

One of the main questions addressed by the research is whether the impact of union membership on sickness absence indicates increased 'absenteeism' (or 'shirking') among union members, or whether it reveals a decreased amount of 'presenteeism' (employees going to work when sick). In fact,

the research finds evidence of reduced presenteeism among union members, a finding which has important normative and policy implications. More generous sick leave provisions may induce more voluntary absence but, on the other hand, can increase firm productivity through decreased presenteeism.

An aspect of the long working hours 'culture' and the conflict between work and life, which have been widely and publicly debated in recent years, is the phenomenon of unpaid overtime. Unpaid overtime has increased in extent and importance in Britain during the last decades and analysis of data from the British Household Panel Survey confirms the expectation that the impact of union status on the amount of unpaid overtime will depend on the nature of the firm and the sector in which it operates.

In the for-profit sector of the economy, being covered by a trade union in the workplace leads to less unpaid overtime, apparently because unions protect employees from employer coercion and negotiate standardised reward and promotion procedures which provide no long-term incentives to work extra hours. On the other hand, in the non-profit, caring sector (education, health and social work), union members work more unpaid overtime than covered non-members. The latter result can be attributed to a specific pro-social ethos of union members.

The research shows that being a union member is indeed associated with a higher probability of belonging to any other social or interest group organisation in Britain. It appears that the pro-social attitudes of union members lead them to donate extra working time in the non-profit, caring sector.



Michalis Veliziotis

A year at ISER

Here are some other ISER highlights from the last 12 months.



Being in Britain will offer new insights into the lives of newcomers to the UK

‘Being in Britain’ survey to provide first information on recent immigrants to the UK

Polish and Pakistani immigrants in London and Birmingham were asked to take part in a groundbreaking survey of new migrants across Europe. The survey, Being in Britain, is led by academic experts at ISER, the University of Essex Department of Sociology and the Institute of Education. It is set to become the single and most important source of information on the views and lives of Polish and Pakistani newcomers to the UK.

The researchers concerned, and eventually others around the UK and the world will use the survey results to better understand how immigrants first get jobs, how they feel about Britain and their home societies, and their intentions and plans for the future. Together with researchers in Germany, the Netherlands, and Ireland, the results from the survey will be used to evaluate the effect of immigration and integration policy on the lives of newcomers in each country.

Prestigious new research project for ISER

Stephen Pudney and Amanda Sacker have joined forces with Nobel Prize winning economist James Heckman on a multi-million pound ground-breaking health research project.

Nine academics, all leaders in their field, are working together to produce an interdisciplinary developmental approach to health that brings together the study of the origins and the evolution of health inequalities and the role played by cognition, personality, genes and environments.

Panel presentation

Heather Laurie was the plenary speaker at a special event focused on longitudinal surveys in Beijing. Challenges and Innovations in Longitudinal Studies was held at Peking university and marked the release of the first wave of data and annual report from Wave 1 of the new China Family Panel Study (CFPS) called Chinese Family Dynamics 2011. The CFPS has a sample size of 16,000 households interviewing from age 10 upwards.



**ISER now offers
four PhDs and four
Masters Degrees**

What difference does a degree make?

Renee Luthra and Jennifer Flashman (Nuffield College, Oxford) have been awarded a British Academy Small Grant for their project entitled *Who benefits the most from post-secondary schooling?: A cross-national comparison of selection and the economic returns to post-secondary education*. The research will examine the effect of a college or university degree on workers' earnings, comparing the wage gains for post-secondary graduates across four countries: the UK, Germany, Sweden, and the United States.

Essex is a DTC

ISER played a leading role in helping to secure the future of the University of Essex as a Doctoral Training Centre (DTC), one of only 21 centres to be accredited by the Economic and Social Research Council. The prestigious accreditation is recognition of the high quality postgraduate training provided by Essex's internationally renowned social science researchers.

Nobel Peace Prize nomination or project involving ISER

Peter Lynn played a part in a remarkable scientific venture which has now been nominated for the 2011 Nobel Peace prize. The project, a collaboration between three statisticians from Bosnia, Serbia and Croatia, brought together 619 statisticians from 105 countries on six continents as well as leading experts from around the world and resulted in the publication of the Encyclopedia of Statistical Science. Peter Lynn contributed a chapter to the encyclopedia on 'Sample survey methods'.

Pensions Policy Institute appointment

Holly Sutherland was appointed as a Governor and Member of Council of the Pensions Policy Institute. The PPI is an educational charity which provides non-political, independent comment and analysis on public policy on pensions and the provision of retirement income in the UK. Governors are responsible for preserving the Institute's independence and partiality and the Council is collectively responsible for its management and strategic development.

Further reading and references

Details of all ISER projects and Working Papers are available on the website. Below are some other references and further reading relating to the articles in Taking the Long View.

How protected are the unemployed?

Economic downturn and stress testing European welfare systems – Francesco Figari, Andrea Salvatori and Holly Sutherland
Research in Labour Economics, forthcoming

Stress testing the UK welfare system for unemployment – Francesco Figari, Andrea Salvatori and Holly Sutherland
Journal of Poverty and Social Justice 18(3), 2010

Policy simulation across countries using EUROMOD: Stress testing European welfare systems for unemployment – Francesco Figari, Andrea Salvatori and Holly Sutherland
Income and Living Conditions in Europe, 2010. Atkinson A. B. and E. Marlier (eds.).

The economic downturn, unemployment and risk of poverty: stress testing European welfare systems – Francesco Figari, Holly Sutherland and Alberto Tumino
Research Note 2/2010, Social Situation Observatory

Couples and money

Savings, investments, debts and psychological well-being in married and cohabiting couples – Heather Laurie and Man Yee Kan (2010)
ISER Working Paper 2010-42

Disability and disadvantage over three decades

Have some European countries been more successful at employing disabled people than others? – Morten Blekesaune
ISER working paper 2007-23

Disability employment penalties in Britain, Work – Richard Berthoud
Employment and Society, vol 22 no 1, 2008

Trends in the employment of disabled people in Britain – Richard Berthoud
ISER working paper 2011-03

Patterns of employment disadvantage in a recession – Richard Berthoud and Lina Cardona Sosa
Labour Economics vol 32, forthcoming

Understanding Society

Understanding Society: Early findings from the UK's household longitudinal study – Stephanie McFall and Christine Garrington (eds.)
<http://research.understandingsociety.org.uk/findings/early-findings>

It's hard to tell how happy we are

Survey design and the analysis of satisfaction – Gabriella Conti and Steve Pudney
Review of Economics and Statistics, forthcoming

Perception and retrospection: The dynamic consistency of responses to survey questions on well-being – Steve Pudney
Journal of Public Economics 95, 300-310 [doi: 10.1016/j.jpubeco.2010.08.004], 2011

An experimental analysis of the impact of survey design on measures and models of subjective well-being – Steve Pudney
ISER Working Paper 2010-20

See also

<http://www.number10.gov.uk/news/speeches-and-transcripts/2010/11/pm-speech-on-well-being-57569>
http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

Does breastfeeding make children brighter?

The effect of breastfeeding on children's cognitive development – Maria Iacovou and Almudena Sevilla-Sanz
ISER Working Paper 2010-40

Estimating the Causal Effects of Breastfeeding on Early Child Outcomes – Emilia Del Bono and Birgitta
ISER Working Paper, forthcoming

Migration research shows integration

is easier in school than in work

Assimilation in a New Context: The Educational Attainment of the Immigrant Second Generation in Germany – Renee Luthra
ISER Working Paper 2010-21

Cohort Effects in the Educational Attainment of Second Generation Immigrants in Germany: An Analysis of Census Data – Regina T. Riphahn (2003)
Journal of Population Economics. 16: 711-737

Bright vs. Blurred Boundaries: Second-generation Assimilation and Exclusion in France, Germany, and the United States – Richard Alba
Ethnic and Racial Studies 28 (Jan. 2005): 20-49.

For details of ISER's research and activities:

<http://www.iser.essex.ac.uk>

For information on Understanding Society:

<http://www.understandingsociety.org.uk>

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