

TEEW

Taking the Long View 2013-2014
Institute for Social and Economic Research



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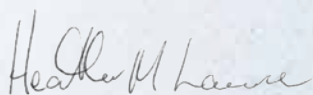
ISER's research for the Prudential on the nation's pension saving habits.



Welcome from the Director

Welcome to this special anniversary edition of Taking the Long View, our annual review which this year includes a look back by our past Directors at our work over the last 25 years. Over the next few pages my predecessors reflect on the challenges of setting up what has become today one of the world's most prestigious social research centres. We also look back through this year at ISER's current research portfolio – with just a glimpse of some of our upcoming output of policy-relevant research.

It has been another fantastic year for ISER and with a quarter of century of success behind us and a new era of funding ahead we are looking forward to an exciting future. We remain, as ever, very grateful to the support of our partners and funders, in particular the Economic and Social Research Council and the University of Essex, as well as the government departments, charitable trusts, third and private sector commissioners who support our research.



**PROFESSOR HEATHER LAURIE MBE,
ISER DIRECTOR**



Very many congratulations to everyone involved at ISER on their 25th anniversary. ESRC has enjoyed a long and fruitful relationship with ISER and we are delighted to be associated with a world-class team who specialise in the production and analysis of longitudinal data. Surveys such as Understanding Society, and its predecessor the British Household Panel Survey, are vitally important sources of information, providing real evidence to help better understand the changing nature of people's lives.

Furthermore, we're delighted in this anniversary year to have confirmed an additional five years of funding to the ESRC Research Centre on Micro-social Change (MISOC), which is one of a number of centres based within ISER. This will now become one of our longest running investments, undertaking ambitious new research on individual and family behaviours in a new era of uncertainty and change.

Professor Paul Boyle, Chief Executive, Economic and Social Research Council



Celebrating this 25 year milestone anniversary with ISER enables us to recognise the significant part that evidence from highly regarded longitudinal studies, such as Understanding Society, plays in shaping public policy. This helps to improve all our lives. ISER's work, and social science more generally, makes a significant contribution to the economic and societal impact of the UK's world class research base.

**The Rt Hon David Willetts MP,
Minister of State for Universities
and Science**



The Institute for Social and Economic Research has carried out some of the most important and comprehensive research on poverty in the UK today. Their independent and rigorous work is hugely valuable for policy makers trying to understand the nature, scope and scale of poverty in the UK. Congratulations on 25 years of illuminating research. We look forward to the next 25.

**Julia Unwin, Chief Executive,
Joseph Rowntree Foundation.**



ISER is a jewel in the crown of our University, which is a world leader in the social sciences, and committed to research which improves the way society works. ISER's outstanding postgraduate study programme produces first rate researchers and many are already influential before they complete their doctorates. There is a thirst within the policy making world for the kind of research that ISER produces and after a quarter of a century of excellence, ISER provides powerful and reliable evidence on which to base policy change.

Professor Anthony Forster, Vice-Chancellor of the University of Essex

25TH ANNIVERSARY
SPECIAL EDITION

PROFESSOR IVOR CREWE WITH THE VICE-CHANCELLOR MARTIN HARRIS, PROFESSOR PHILLIP CONVERSE FROM THE UNIVERSITY OF MICHIGAN AND PROFESSOR RAY PAHL AT A SEMINAR DISCUSSING THE FORMATION OF ISER.

THE ORIGINS OF ISER

The ESRC Research Centre on Micro-social Change, as ISER's precursor was originally known, was established in 1989 following over five years of preparatory work by members of the social science departments at the University of Essex.

By DAVID ROSE, EMERITUS PROFESSOR, ISER

That work began when I produced a short paper in 1983 suggesting the need for an interdisciplinary Centre for Social Research which would consolidate and strengthen the social science research base at Essex. It wasn't until 1986, however, that the pursuit of my ideas were formalised into what was called the Committee on Advanced Research at Essex (CARE).

CARE's task was to come up with the 'big idea' for a research centre and in 1987 we decided to pursue the possibility of creating a UK household panel study modelled on the Panel Study of Income Dynamics at the Institute for Social Research, University of Michigan.

In order to make the case for a panel study as the most appropriate vehicle for making advances in our understanding of household dynamics, my first task was to get to grips with

the methodology and unique advantages of panel studies, as well as their logistics; and, for this purpose, I visited Michigan in the summer of 1987 both to familiarise myself with PSID as well as to look at ISR as a model for our proposed centre. From this point forward, Greg Duncan, PSID Director, gave us his unstinting support and advice.

However, having the big idea and obtaining funding for it were two very different things. Fortunately, in

pursuing the idea of an interdisciplinary research centre based around a household panel study, we had anticipated the direction of travel of UK scientific policy. First the committee responsible for the direction of UK science policy recommended the establishment of large interdisciplinary research centres (IRCs). Then ESRC declared a need for more longitudinal data.

This encouraged us to press ahead with our plans both in terms of the development of our idea for a panel study and by garnering support from academia, government departments

and the ESRC. We were now ahead of the game.

In November 1987 we held a launch event at which we explained our plans for what we called the Essex Social Science Research Institute in general and the panel study in particular.

In March 1988 ESRC invited universities to submit three-page outline proposals for IRCs by the end of May. IRCs were defined in precisely the terms that we had already decided on.

In July ESRC informed us that our outline bid had been accepted



**ABOVE: DAVID ROSE
IN 1989**

“David had the original vision of an international survey and research centre carrying out high quality studies and recognised for its expertise in the production and analysis of longitudinal data. His commitment to the project got it off the ground and his tenacity and determination in the early days saw it through to become a reality.”

**Professor Colin Riordan (Vice-Chancellor of
University of Essex, 2007-2012)**



**ABOVE: AERIAL SHOT OF THE
UNIVERSITY IN THE 1980s**

and now required a full bid by the end of August. Ivor Crewe and I proceeded by me writing draft proposals and then submitting them to him for editing. We produced a tightly argued application which appended letters of support from the Department of the Environment, two from the DHSS and, most crucially, one from the Treasury. The application was entitled British Society 2000 and the sub-title we agreed on was An IRC to Study Micro-social Change in Britain.

In September we heard from ESRC that it had decided to submit our bid to the Advisory Board for the Research Councils for funding. This required a revised proposal.

In October we heard that ABRC had accepted our bid, but that was not the end of the matter. Our proposal now had to go to the Secretary of State for Education and Science for final funding approval.

We had an anxious wait of over two months before, in February 1989, we could open the champagne bottles and celebrate success in obtaining a £7m grant for the centre.

DAVID ROSE, EMERITUS PROFESSOR, ISER

A highly-regarded expert on class and social stratification, Professor Rose was also responsible for developing the UK government's official measure of social class, the NS-SEC, during his time at ISER.

25TH ANNIVERSARY
SPECIAL EDITION

CHANGING TIMES

Professor Jonathan Gershuny remembers an anxious era of funding uncertainty when his thirteen year stint as Director commenced in 1993.

By PROFESSOR JONATHAN GERSHUNY, UNIVERSITY OF OXFORD

I first encountered David Rose (10.30 Friday 20th May 1988 according to my diary) working with my old friend and sparring partner Ray Pahl (seconded for a year from Kent) on Essex University's Unilever Research (not Leverhulme) funded Household Research Project which I now realize must have been part of David's CARE package. This preparatory household work, as David wrote, fed-forward into the IRC application and these preliminaries certainly explain how it came about that, uniquely among the major national panel studies, BHPS

was from the first, led by non-economists. Ivor Crewe, I remember, pending the arrival of the RCMSC's first Director Tony Coxon, acted as the genial host of the first BHPS steering committee meeting in London in spring of 1989.

We should not forget that the reason for the BHPS' really excellent design, data structure and documentation is the generation of senior staff (Marcia Taylor, Randy Banks, Helen Fitzgerald and others) who arrived at the RCMSC as refugees (with hilarious tales of managerial dysfunction) from a rather unwelcoming regime at.....another nearby research or-

ganization. They, together with David, and the relatively newly arrived research director Jackie Scott, and the wonderful Nick Buck whose insights pervade the entire enterprise, provided the vastly effective base of experience and good practice that explains the BHPS' subsequent enormous success. I arrived at Essex early in the summer of 1993 in the joint role of PI of the BHPS and Director of the Centre. I'd intended to come in the autumn, but was told firmly by the Essex VC Ron Johnson that, with the first five-year tranche of funding almost at an end, there might be no Centre to come to if I waited.

This bad news reflected a structural problem in the ESRC. The generation of research administrators who arrived in the wake of Thatcher's reformation of the old Social Science Research Council at the end of the 1970s were very strongly focused on short-term outputs. Despite the fact that the Essex Centre had, at the time of my arrival, just one single wave of data, (ie just 50 percent of the requirement for a first longitudinal analysis) some senior officials of the Research Council were already threatening premature closure because of the lack of publications!

Gradually, the crises evaporated. The ESRC agreed a sixth-month extension to our original quinquennial funding, which reduced uncertainties about salaries, and gave sufficient lead time to allow us to write a successful proposal for the next five years. An alliance with Gert Wagner, the Director of the German Socio-Economic Panel, led to success in persuading Eurostat to use the BHPS as the source of the UK component of the ECHP. The second wave of panel data coming available for researchers' use in March 1994, the Research Centre produced and

There was a growing problem of governance. The ESRC Research Centre on Micro-social Change, was by 1995, funded by quite a range of different UK research council, European Union, Government Department and some commercial sponsorship. But it was still, increasingly incongruously, overseen by the RC-MC's steering committee. In the summer of 1995 the Essex Senate agreed to establish the Institute for Social and Economic Research (fighting off a brief challenge from those who wanted an Institute of Economic and Social Research) as an independent academic department in the School of Social Science, an umbrella for the various research projects. And in the next quinquennial funding round (1999/2000), ISER for the first time competed for two separate Centres, the UK Longitudinal Studies Centre (so named to reflect the ESRC's short-lived and vigorously contested desire to bring the management of all longitudinal data resources into a single institution), and MISOC in its third incarnation. I remained briefly wearing too many hats, as director of both Research Centres as well as ISER, but by 2002 Nick Buck took over direction of the ULSC. By this time ISER had around 60 staff and students.

As ISER settled towards its present shape, its original round tower becoming too small, we set about designing the new, (present) building (Stephen Jenkins insisting on the then revolutionary idea of in-house showers for biking members) and I returned to my pre-Essex academic focus on the much shorter-term longitudinal study of daily and weekly activity sequences. I raised a large responsive-mode ESRC grant for a project on the social economics of daily life, which I took with me when I left ISER for Oxford in 2006 – its successor was, last month, established as the new ESRC Centre for Time Use Research.

“A shrewdly judged package of research. A panel of at least 12,000 people from 5,000 households will be interviewed over 10 years to provide much deeper information and explanations about people's behaviours than can be gleaned from existing research such as the General Household Survey or the Family Expenditure Survey... It will discover whether there has been a long term shift in the way people think. Are home owners more cost-conscious about social provision than their council tenant neighbours? Are private sector workers more enterprising and risk-taking than in the public sector? Do people who have private health insurance take more care of themselves?”

Melanie Phillips, *The Guardian*, 10.2.89 on the ESRC Research Centre on Micro-social Change and the setting up of the British Household Panel Survey.

No funding was guaranteed beyond September 1994. “Planning Blight”, in David Rose' accurate metaphor, made staff increasingly interested in the Higher Education Supplement's job adverts.

My diaries for my early years in Essex reveal a dizzying round of committees, a weekly cycle of many meetings within the Centre, monthly gatherings of the BHPS Steering Committee (run vigorously by Terry Becket, ex-head of Ford UK and the CBI, who, mysteriously required the Director's explanation for unexpected variances in monthly cash-flow), regular negotiations with the survey agency NOP about data deliveries, visits to the ESRC at Swindon, public meetings to sell longitudinal data to skeptical officials, trips to Luxembourg, both to Eurostat to negotiate with the formidable Lydia Barreiros about the rival European Community Household Panel (ECHP) (whose UK component, in the context of funding shortages, initially seemed to threaten the BHPS' survival) and also the headquarters of the Luxembourg Income Study, whose Director, the ever-energetic and voluble Gaston Schaber took the lead in what he saw as LIS' natural successor; the “Panel Comparability” PaCo project.

self-published the first book on the BHPS *Changing Households, The BHPS 1990-1992* (which has more than 160 citations in the academic literature), in time for the Annual Meeting of the British Association for the Advancement of Science in August 1994.

Essex University always supported us generously. But the funding, when I first arrived, went entirely – as was appropriate in those early years – to support the data production infrastructure. My major contribution was to persuade the University to switch its support, now the survey was securely bedded down, from infrastructure staff, to senior academics. Two Chairs were advertised, and we made three new Professorial appointments (John Ermisch, Stephen Jenkins and, given the unusual strength of the field, the University allowed us to make an offer also to Alison Booth). Richard Berthoud soon followed, supported by EU research funds. And suddenly we had a world-class interdisciplinary social science department, with seven full professors, (David by now having an ad hominem chair), three economists, three sociologists and a social policy specialist, and a growing polyglot band of brilliant post-docs.



**PROFESSOR
JONATHAN
GERSHUNY,
UNIVERSITY OF
OXFORD**

ISER DIRECTOR 1993-2006

Photograph: Chris Overend

FROM SUCCESS TO SUCCESS



Former Director PROFESSOR STEPHEN JENKINS reflects on his time at the helm during a significant time of re-funding and the birth of the world's largest panel study, Understanding Society.

I welcome this opportunity to celebrate ISER's 25th birthday and to salute an organisation going from success to success, as demonstrated by the ESRC's recent announcement of its refunding of the Research Centre on Micro-Social Change (MiSoc), and its on-going support for the UK Longitudinal Studies Centre (ULSC) and Understanding Society. A lot happened as well during in the period between April 2006 through September 2009 when I was ISER Director (but remember the fallacy of *cum hoc ergo propter hoc!*).

We moved from the 'round building' into the new Social Science Research Centre in February 2007 gaining many improvements in the working environment (though I also recall the painful discarding of one third of the paper in my old office). The period was also distinguished by the re-application for MiSoc funding during 2007, the first application for the ULSC and for the UK Household Longitudinal Study (now also known as Understanding Society) in 2006, and preparation of a refunding bid in 2008. Preparing these large bids was stressful: there was much to be conjured up in terms of academic substance as well as deriving credible budgets and wrestling with the forms. But the teams led by Steve Pudney and Nick Buck did a great job and the rest is history. And let's

remember not only the end of the BHPS fieldwork in 2008/9, but also the launch of Understanding Society with design, field work, and initial data returns handled so well by the survey and IT teams, along with researchers' contributions.

The advent of Understanding Society stimulated other changes. There was the first research staff appointment from outside ISER's traditional disciplines of economics, sociology, and survey methods, with the arrival of social epidemiologist Amanda Sacker. The new interest in the biosocial data and links to administrative data also led to extensive internal discussions led by Randy Banks and the IT team about improving data security.

We began a more conscious investment in communications and outreach by hiring our first Communications Manager, Christine Garrington. The number of taught masters students and PhD research students increased substantially, with our status crowned by the award in 2009 of 25 ESRC quota studentships, the largest ever made to one group. Meanwhile, researchers kept researching with, for instance, 163 working papers issued between 2006-9, and a steady flow of publications including another collective book, *Changing Relationships*, edited by Malcolm Brynin and John Ermisch. All our activities were ably supported by the

administrative staff led by the late Helen FitzGerald.

Being Director means having more contact with the rest of university, especially the management and other heads of department. Colin Riordan arrived as VC in 2007 with a totally different management style from Ivor Crewe but he too championed ISER. Rob Massara was a supportive 'link' pro-VC throughout. As one who joined ISER in 1994 in a post originally financed by the university's co-funding of MiSoC, I always appreciated its support personally and the support of the University has continued over the years.

As new directors quickly learn, responsibility for staff and budgets brings stress and takes time. That was the downside for me; the upside was contributing to ISER's successes as part of the team as well as the opportunities to continue my own research. ISER kept evolving throughout the 17 years I worked there – one of its great strengths – and it continues to do so. Here's to the next 25 years!

STEPHEN P. JENKINS,
PROFESSOR OF ECONOMIC AND
SOCIAL POLICY, LSE
VISITING PROFESSOR, ISER
ISER DIRECTOR 2006-2009

25TH ANNIVERSARY
SPECIAL EDITION

BRINGING US UP-TO-DATE



PROFESSOR HEATHER LAURIE MBE, ISER's Director since 2009, reflects on the legacy and impact of a quarter of a century of interdisciplinary social and economic research evidence.

We have seen four Directors including Tony Coxon (sadly now deceased), Jonathan Gershuny (now at Oxford), Stephen Jenkins (now at LSE), and myself. All have made significant contributions to ISER's development and most importantly financial sustainability – a critical element for a self-funding research institute such as ISER. All have provided research leadership to ensure we produce high quality academic research that is policy relevant but not policy driven and have overseen an expansion of our research portfolio.

Understanding Society, the UK Household Longitudinal Study which is the successor study to the BHPS and is directed by the remarkable yet self-effacing Nick Buck, remains a major part of the work done at ISER. ISER has become internationally recognised for longitudinal survey methodology and this ambitious study includes many new elements including the collection of bio-markers, an ethnic minority boost sample and an extremely large sample size of households across the UK.

The legacy of the BHPS lives on, as do its sample members who are included in the new survey, but the study has evolved and developed to meet the emerging research needs of the research and policy community. The ESRC Research Centre

on Micro-social Change (MiSoC) has had continuous ESRC funding since 1989 and, following a fiercely competitive funding round, has been refunded for a further five years from 2014 to 2019 – a fitting tribute to the work of the last 25 years in our anniversary year.

In addition to our ESRC funded centres other large scale projects have developed at ISER, including Euromod, a tax benefit simulation model for the 27 countries of the EU as well as a range of other smaller projects. Whatever the subject matter or size of project, they share a common interest in using longitudinal methods to understand the dynamics of social change.

For example, improving our understanding of social inequalities through the lifecourse; the impact of family background on education, employment, health and family outcomes for children; understanding people's labour market decisions and the effects of recession on later employment prospects; the dynamics of poverty over time; health trajectories and the socio-economic factors associated with poor health outcomes; the impact of an ageing society on family life; changing gender and political attitudes and how our values and attitudes change and influence our behaviours.

It is an honour and a pleasure to be directing ISER 25 years after it began and simultaneously to be celebrating the 50th anniversary of the University of Essex.

From a starting point of David

Rose and his part-time secretary, ISER now has eighty staff, forty post-graduate students and an annual research income of over £10 million. We can all be very proud of what we have achieved and know that our legacy will be a lasting one for social and economic research over many decades to come.

In 1987, the University of Essex showed vision and commitment in supporting what is now recognised as a world-class inter-disciplinary research institute and in establishing a centre of excellence for social research that has nurtured a generation of social researchers.

The BHPS and Understanding Society are the most widely used longitudinal datasets in the UK and internationally regarded as world-leading studies. They have influenced policy makers and provided wonderful insights for our understanding of how our society works and most importantly how it changes and evolves over time.

For that I must say a final thanks to all the people who have taken part in the BHPS and Understanding Society over the last 25 years. Without our participants being willing to share their life experiences with us year in and year out we would not be here today. We are looking forward to a future full of promise and exciting new developments for the next 25 years.

PROFESSOR HEATHER LAURIE,
ISER DIRECTOR
2009-present

ISER's research matters

Twenty-five years of innovative surveying, analysis, simulation and methodology



MiSoC – at the cutting edge of policy-relevant longitudinal analysis of social change

Founded at ISER's inception in 1989 The Research Centre on Micro-Social Change (MISOC) is one of the ESRC's longest running investments.

The Centre is dedicated to research on the process of social change. The MiSoC research programme examines how behaviours, outcomes and attitudes for individuals, households and families are influenced by, and themselves influence, the wider processes of macro-social change.

MISOC research is both substantive, addressing important social issues, and methodological, contributing to the development of research methods and the building of research capacity. It is based primarily on household- and individual-level survey data and aims to take a dynamic, longitudinal view rather than a static cross-section view; and to allow for the inter-relatedness of different aspects of social change and the endogeneity and selection effects that are typical of social research problems. MISOC research aims to be relevant to policy and practitioner research needs, but to inform the development of policy and practice rather than to evaluate specific policies or practices.

Our current programme covering the funding period 2009-2014 has multiple related themes, which we organise in three main substantive strands: Family and Social Ties, Working Lives, Inequalities and Opportunities and a fourth complementary strand, Advances in Research Methods.

In March 2014 the ESRC announced a new multi-million pound funding grant for another five years of funding and a new programme of work for the ESRC Research Centre for Micro-social Change: Understanding individual and family behaviours in a new era of uncertainty and change. The centre will be directed jointly by Mike Brewer, Professor of Economics and David Voas, Professor of Population Studies.

Announcing ISER's share of funding of £29 million from 2014, Universities Minister David Willetts said: "Investment in these research priorities is key to driving innovation and growth, helping to influence and shape policy and deliver a better society for us all. The UK through its research councils, universities and research institutions is well known for world class research and driving excellence. These new investments and the research they produce will contribute to this and ensure that the UK stays ahead in the global race."



ULSC – world leaders in surveys

The UK Longitudinal Studies Centre (ULSC) was established by the Economic and Social Research Council in 1999 and is the national resource centre for promoting longitudinal research and for the design, management and support of longitudinal surveys.

Its goal is to ensure the collection of longitudinal data of the highest quality to meet UK social research needs and to promote its widest and most effective use. In achieving this the centre makes a major contribution to the UK's unique portfolio of longitudinal studies and to the advances they help us make in advancing the social sciences and in understanding society.



EUROMOD

EUROMOD – state of the art micro-simulation

EUROMOD was established at ISER a decade ago. Funded by PROGRESS through the European Commission Directorate General on Employment, Social Affairs and Equal Opportunities, EUROMOD is a tax-benefit micro-simulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

This state-of-the-art micro-simulation model allows researchers to produce policy-relevant research which is being used by the EU, individual member states, the IMF and third sector groups to calculate the financial impact of policy changes on individuals.

As well as calculating the effects of actual policies it is also used to evaluate the effects of tax-benefit policy reforms and other changes on poverty, inequality, incentives and government budgets.

EUROMOD is a unique resource for cross-national research, designed to produce results that are comparable across countries and meaningful when aggregated to the EU level. As a model it is being used as the basis of design for models for individual countries, with guidance from ISER's expertise.

EUROMOD is managed, maintained, developed and updated by the Microsimulation Unit, a team of researchers, in ISER. This is done in collaboration with national experts based in universities across Europe. The current version of EUROMOD represents the accumulation of technical developments and expertise over a number years and involving a large team of people.

OUR SURVEYS

The British Household Panel Survey

The British Household Panel Survey has transformed our understanding of the complex trends affecting UK society, and informed long-term policy making in many areas of government.

Launched in 1991 as the UK's first socio-economic household panel survey, the BHPS surveyed people annually until 2008 and has 18 Waves of data.

It was incorporated into Understanding Society from the second wave of interviews onwards offering long-term and inter-generational research opportunities even though Understanding Society is still a young study.

The British Household Panel Survey is a multi-purpose study whose unique value resides in the fact that it follows the same representative sample of individuals – the panel – over a period of years, it is household-based, interviewing every adult member of sampled households and it contains sufficient cases for meaningful analysis of certain groups such as the elderly or lone parent families.

The wave 1 panel consists of some 5,500 households and 10,300 individuals drawn from 250 areas of Great Britain. Additional samples of 1,500 households in each of Scotland and Wales were added to the main sample in 1999, and in 2001 a sample of 2,000 households was added in Northern Ireland, making the panel suitable for UK-wide research.

Every year all adults (16 and over) in the house answered a 45 minute questionnaire about the following aspects of their lives:

- make-up of the household
- housing conditions
- residential mobility
- education and training
- health and usage of health services
- employment
- socio-economic values
- income from employment, benefits and pensions

Other questions were asked from time to time to get more information on life history. These included questions about:

- marriage
- cohabitation
- children and parenting
- job history
- wealth and assets
- health measures
- ageing, retirement and quality of life
- neighbourhood and friends

The youth questionnaire and interview also covered a wide range of questions such as:

- attitudes to smoking and other health-related matters
- time spent watching tv and on computer
- relationships with parents and friends
- getting into trouble
- school work
- attitudes to jobs

Many of these core areas of research have been carried forward into Understanding Society

As part of wave 18 BHPS participants were asked if they would consider joining the new, larger and more wide-ranging survey Understanding Society.

Almost 6,700 of just over 8,000 BHPS participants invited to join did so. First interviews with BHPS participants in Understanding Society were carried out in wave 2 of the study in 2010-2011.

The data

Eighteen waves of data from the BHPS are available to access, download and use in academic, third sector, policy and commercial research.

All of the documentation relating to the survey can be found on the BHPS web pages. BHPS data is stored by the Economic and Social Data Service, which provides a comprehensive guide to accessing and downloading the data for use in research.

Some 8,000 analysts have accessed and made use of the data from the BHPS, which has more than 10,000 publications to its name.

The survey is internationally-recognised and has large numbers of data users in the USA, Europe and beyond.

Find out more about the achievements of the BHPS by downloading and reading *In Praise of Panel Surveys*, published to mark the incorporation of the survey into Understanding Society.

Impact

The longitudinal perspective of the BHPS has transformed understanding of a range of areas such as anti-social behaviour, poverty and ill-health, and party political preferences.



Understanding Society

Understanding Society, ISER's huge successor to the British Household Panel Survey, is a unique and valuable academic study that captures important information every year about the social and economic circumstances and attitudes of people living in 40,000 UK households.

It also collects additional health information from around 20,000 of the people who take part.

Information from the longitudinal survey is primarily used by academics, researchers and policy makers in their work, but the findings are of interest to a much wider group of people including those working in the third sector, health practitioners, business, the media and the general public.

Key facts

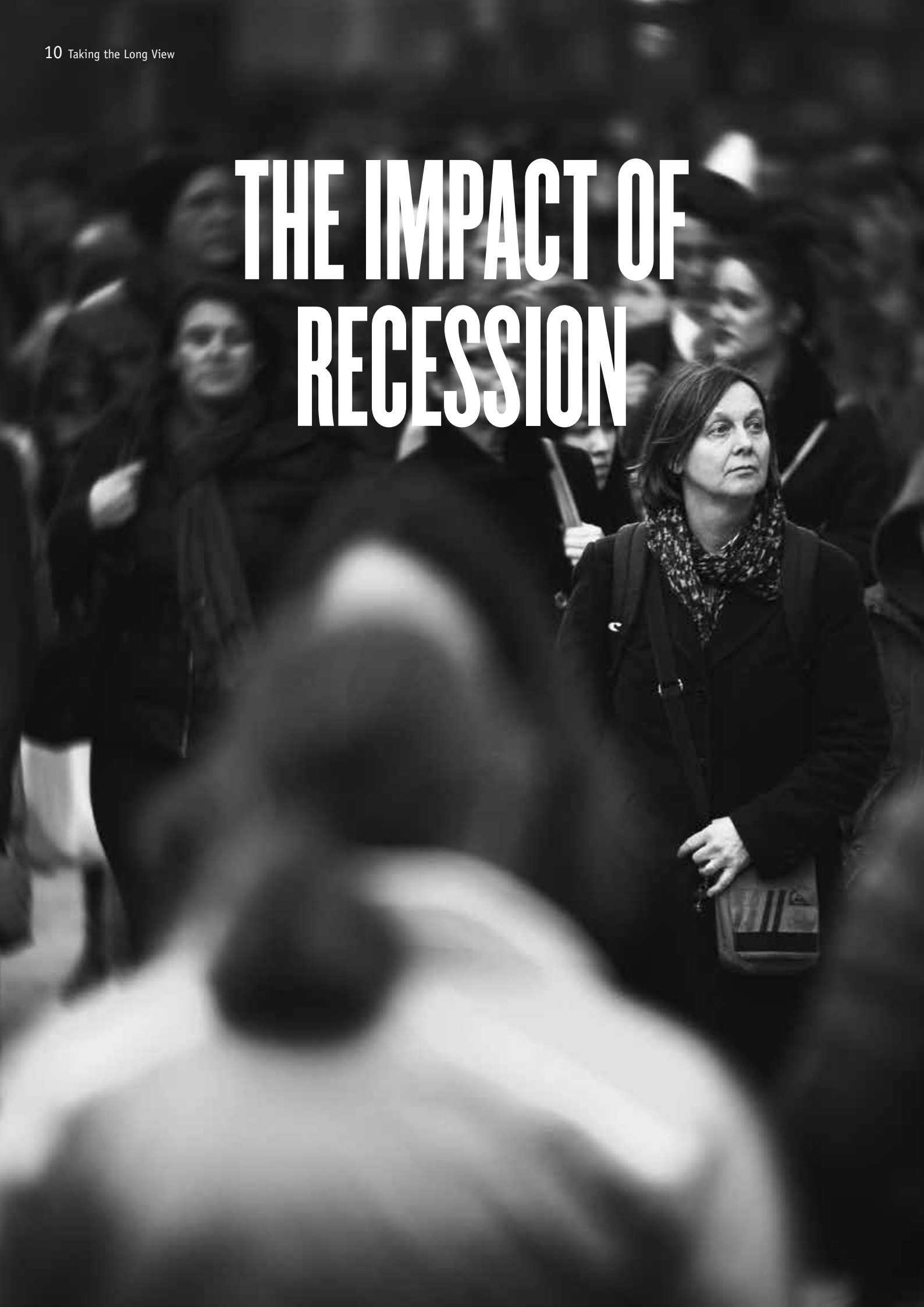
- 40,000 households – 2,640 postcodes in England, Scotland and Wales – 2,400 addresses from Northern Ireland
- £48.9 million funding (until 2015)
- Approximately 3 billion data points of information
- Innovation Panel of 1,500 respondents
- Participants aged 10 and older
- Building on 18 years of British Household Panel Survey
- 35-60 minutes: the average time to complete each face to face interview

Interviews began in 2009 with all eligible members of the selected households. Adults are interviewed every 12 months either face-to-face or over the phone using Computer Assisted Interviewing (CAI) and 10-15 year-olds fill in a paper self-completion questionnaire.

From 2010 some 20,000 participants aged over 16 also received nurse visits and provided a blood sample and physical measurements (height, weight, blood pressure, grip strength) as well as lung function and cognitive abilities.

Understanding Society is becoming an authoritative resource for UK policy makers as well as academics throughout the world. With funding and collaboration from key government departments and the devolved nations, it is one of the ESRC's largest ever investments.

THE IMPACT OF RECESSION



The British economy is currently emerging from its worst recession since the 30s, with living standards still to recover to their 2008 levels. How did the recession affect individual and household behaviour, and what are the possible long-term consequences of such a prolonged stagnation? ISER researchers have been investigating these questions as part of a large ESRC-funded programme *Understanding the impact of recession on labour market behaviour in Britain*.

ISER researchers have collaborated with Melvyn Coles and Carlos Carrillo-Tudela of the Economics Department, University of Essex, to build a programme of work that combines theoretical insights into the impact of the business cycle on the dynamics of employment and wages with empirical analysis of the impact of recession on individuals and households. The analysis uses a range of data sources, including the BHPS and its successor, which together cover the period from early 90s recession through the boom years to the recent Great Recession.

One strand of the research programme, led by Mark Taylor, has looked at the impact of recession on young people – their educational aspirations, decisions to leave school at 16, and their employment in the long run. Tina Rampino found that high unemployment leads to reduced educational aspirations among schoolchildren – but only among those with parents with low education or who do not view education as important themselves. The findings highlight a danger that during downturns the motivation of children from lower educated backgrounds may fall behind that of others, with consequences for social inequality.

Work by Alberto Tumino focussed on the students' school leaving decisions at age 16. Consistent with the work on aspirations, he found that young people from poorer households were more likely to leave school when the adult unemployment rate was high, suggesting these students were discouraged from staying on by poor future earnings prospects. On the other hand the more difficult it was for them to get a job at 16 – as reflected by the youth unemployment rate – the more likely they were to stay in school. Thus paradoxically the net effect of the sharp rise in youth unemployment during the recession may have been to induce more young people to stay on at 16.

What are the consequences for those young people who do finish education in a recession? Mark Taylor looked at their situation up to 10 years afterwards. For women, there were no significant adverse employment effects, men experienced lower wages and they were more likely to be unemployed or in non-standard work compared with men who left education in economically good times.

Another major focus of the programme is on how households react when one partner in a couple loses their job. Faced with this employment shock, is the other partner able to compensate by taking on more work themselves or do couples cope in other ways?

To answer these questions, the researchers adopted two complementary approaches. First, they analysed data from the Labour Force Survey (LFS) on couples' employment since 1995. The LFS contains a large representative sample of UK workers and so can be used to determine overall changes in couples' employment, comparing the recession to the previous period of economic growth. However the LFS provides little information about the reasons for people's behaviour. To obtain this richer contextual detail, the researchers conducted an innovative qualitative survey linked to . Selecting a sample of 17 households in which a partner had experienced a job loss or reduced working hours, they carried out in-depth interviews with each partner about their coping strategies.

In the quantitative study, Mark Bryan and Simonetta Longhi did not find much evidence that individuals took on a new job or increased their hours following a partner's job loss – particularly in dual earners couples with a second income to fall back on. But among single earner couples during the recession, there is evidence that the non-working partner began looking for work more intensively if their partner lost his or her job. This no doubt reflects the increased financial stress of the recession, although it does not appear to be effective as a strategy to maintain household income given the difficulties of finding work in this period.

In the qualitative study, Karon Gush, James Scott and Heather Laurie probed the reasons for the apparently small employment response of households. They found that the picture is more complex than a simple labour market reaction. Instead couples typically seek to maintain or regain their pre-shock share of paid and unpaid household labour, employing a more complex mix of income smoothing techniques such as cutting household expenditure, relying on other family members and drawing on savings.

The Recession programme continues and we anticipate more findings later this year – including work on repeated unemployment experiences and graduate employment.

Author:
Dr Mark Bryan

Reference
ISER's project *Understanding the impact of the recession on labour market behaviour in Britain* is funded by the Economic and Social Research Council

www.iser.essex.ac.uk/projects/recession



MIGRANT DIVERSITY, MIGRATION MOTIVATIONS AND EARLY INTEGRATION

The expansion of the European Union eastwards in 2004 resulted in a dramatic increase in East-West migration from the accession countries.

This new mass movement represented a migration system unique in recent history: potential immigrants from countries with relatively low wages now had the right to free movement to much wealthier ones, coupled with modern advancements in low travel and communications costs. While most Western European countries (EU15) imposed temporary restrictions to the free movement of people from Eastern Europe (EU8), the UK, Ireland and Sweden did not impose any restriction to immigration. Studying this migration provides an ideal context in which to understand the complex motivations and migration trajectories arising in a “friction-less” context where more common barriers to international movement are removed.



We may speculate that these new types of immigrants are more likely to be temporary, to accept relatively unfavourable working conditions in the UK and to remain for a limited period.

If this is the case, this new type of immigration may pose new challenges to socio-economic integration.

Researchers at ISER have recently completed work on two projects funded by the NORFACE Research Programme on Migration in Europe. One of the projects, MIDI-REDIE, has focused on various aspects of migrant diversity and the impact that such diversity has on regional disparity in Europe. The other project, SCIP, collected data on immigrants who had arrived in the previous 18 months in Germany, the Netherlands, London and Dublin in 2009-2010. Some of the findings from these two projects have been recently presented at a MISOC policy event.

In their MIDI-REDIE paper *“Eastern European Immigrants in the UK Before and after the 2004 European Enlargement held jointly with the Centre for Research and Analysis on Migration.”* Longhi and Rokicka analyse whether the 2004 elimination of barriers to immigration had an impact on the quality of immigrants arriving into the UK. They analyse differences in the personal characteristics and labour market outcomes of EU8 immigrants arrived before and after the EU enlargement, compared to immigrants from other EU15 countries, and to those remaining in the country or origin.

They find that immigrants from EU8 countries differ significantly from immigrants from EU15 countries, and that those who arrived after the 2004 enlargement differ significantly from those arrived before. In contrast to EU15 and earlier EU8 immigrants, new EU8 immigrants are less likely to live in London and are more evenly spread across regions in the UK. They are comparatively more likely to be in paid employment and less likely to be self-employed or inactive. Their distribution across industries is also different from that of British people and other types of immigrants; they are less likely to work part-time but earn comparatively lower wages. They also find substantial differences between people who migrate to the UK and those who remain in the country of origin.

These results suggest that the elimination of barriers to immigration from EU8 countries has changed not only the number, but also the characteristics of immigrants, who now locate in different regions and in different segments of the UK labour market.

We may speculate that these new types of immigrants are more likely to be temporary, to accept relatively unfavourable working conditions in the UK and to remain for a limited period. If this is the case, this new type of immigration may pose new challenges to socio-economic integration.

The typology of migrants from Poland is analysed using the SCIP data by Luthra, Platt and Salamonska in their paper “Migration type and early integration”. Luthra, Platt and Salamonska ask three interrelated questions: first, how do recent east-west migrants differ in their motivations for migration and in their intended duration of stay? Second, how are migration motivations and expectations related to the age, gender, and education level of the immigrant? Finally, how do migration motivations and intended duration help us explain differences in the early labour market and social integration and subjective well being of the immigrant?

To answer these questions, they rely the unique dataset collected for the SCIP project. Data reduction techniques allocate the migrants to six migrant types according to their motivations, intended duration of stay, and previous migration history and reveal a great deal of diversity among Polish migrants, identifying student and adventurer migration types alongside more traditional labour and family migrants. By linking these migrant types to pre-migration characteristics such as gender, age, and region of origin they provide further evidence, for instance, of the “feminization” of migration, showing that although women are more likely than men to migrate for family, they are also well-represented among students and short-term workers. They demonstrate that migrant type is associated with early socioeconomic integration: those who choose to migrate permanently to the receiving country perceive it more positively and are more socially integrated than those who only plan for a temporary sojourn. Migrants who move for non-economic reasons are more likely to be unemployed, but also more likely to be socially integrated, in the receiving country. Moreover, the subjective well-being of immigrants who migrate for non-economic reasons is less strongly associated with unemployment than those who migrate for work.

It is clear that migration motivation and duration intentions underlie much of the diversity currently reported in Polish labour market and social integration, even after controlling for commonly observed characteristics such as age, sex, and years education. The findings point to the need to take account of the diversity of migrant types and trajectories in order to explain and evaluate migrant outcomes in different contexts.

Citations

Luthra, Renee Reichl, Platt, Lucinda, Salamonska, Justyna. 2014. Migrant diversity, migration motivations and early integration: the case of Poles in Germany, the Netherlands, London and Dublin, CREAM Discussion Paper 11/14

Longhi S., Rokicka M. (2012) Eastern European Immigrants in the UK Before and After the 2004 European Enlargement, ISER Working Paper 2012-22, NORFACE MIGRATION Discussion Paper No. 2012-30, and CREAM Discussion Paper 32/12.

MISOC event: New Research on Immigration www.iser.essex.ac.uk/2014/02/11/misoc-event-immigration-new-research-on-attitudes-experiences-and-economic-impact

UNDERSTANDING SOCIETY – REAL EVIDENCE OF HOW WE LIVE FOR POLICY MAKING

Understanding Society, ISER's study of over 40,000 households in the UK, is now in its fifth year. Three waves of the survey have been released and further waves are in the field or at planning stage. Professor Shamit Saggar, Director of the new Understanding Society Policy Unit reflects on the real potential of looking at our society through a longitudinal lens.

Recent research projects showcase the genuine breadth of the survey's coverage and relevance. For instance, the past few years have been dogged by a party political argument about who has been better or worse off as Britain has experienced the worst economic downturn in living memory. By using Understanding Society, the Social Market Foundation have shed fresh and timely light on a question that is best asked, and answered, longitudinally – concluding that a surprising 40 percent of the middle quintile of earners in 2007 remained no better or worse off four years later.

The Office of National Statistics (ONS) take a different approach to understanding the state of the nation and are using our data to build a picture of well-being amongst adults in the UK. Understanding Society has contributed data across six of ten key well-being domains, including our relationships, health, personal finance, what we do and where we live. They learnt that in 2012/13 life satisfaction in the UK rose to nearly 7.3 percent as compared with

7.15 percent in 2011/12. The UK ranked 10th for life satisfaction out of the 27 European Union countries with an average of 7.3 out of 10 in 2011.

Elsewhere, the survey's findings have driven important new insights on pivotal issues such as financial inclusion, low pay, ethnic mobility, household financial decision-making, and 'white flight'. Each of these areas is hotly contested across and within party tribes, among research foundations, charities, pressure groups and voluntary organisations. By looking at the evidence year on year, a more comprehensive picture often emerges, surfacing new realities, describing nuances, and underscoring a real flavor of what change and continuity means for individuals and for households.

It is clear that - three waves in - the power of the study is beginning to reveal itself. But there are further aspects of the study which are yet to be fully exploited. The following key features and innovations push the frontiers of social and medical science:

Biomarkers using measurements such as height, weight, blood samples and so on, are designed to throw new light on familiar 'nature versus nurture' debates, delivering new opportunities to address important biosocial research questions.

The **Innovational Panel** provides an opportunity to explore substantive research and methodological questions. Recent research was able to explore how couples react when unemployment or underemployment is a likely prospect. The research revealed how couples seemed to employ "income smoothing techniques" such as cutting household expenditure on every-day or big ticket items, relying more heavily on support from family members and drawing on savings and investments.

A boost sample of immigrant and ethnic minorities will greatly expand the study's ability to satisfy demand for factual knowledge about different cohorts of immigrants and their descendants.

Data linkage opens up new research opportunities and allows researchers to make use of additional information that the survey does not collect in the annual interviews.

To help us to mine this ever-expanding body of research and following the 2013 REF focus on impact, Understanding Society carries a mission to innovate and trial fresh ways to generate informed dialogue between knowledge producers and users. Significant examples of best practice and new models include the Cabinet Office's What Works Network, the Oxford Migration Observatory and the Public Policy Institute for Wales.

Collaborations with external partners such as think tanks, foundations, NGOs, sectoral trade bodies and others will help to disseminate results more widely. One of these partners is Demos, who we are working with to showcase new work.

Understanding Society's new Policy Unit will provide a new research support service aimed at helping Whitehall departments and the Scottish and Welsh devolved administrations to make use of the study.

These activities mark an important staging point for Understanding Society for a number of reasons. Firstly, there is an on-going challenge to transmit to policy users the nature and potential of longitudinal research findings, with related opportunities to unpack the dynamic ways in which change takes place. In addition, there continues to be a substantial audience for whom the study remains unfamiliar yet valuable. A bigger reward lies in providing timely, succinct ways to describe and explain long-term social change, and to do so in partnership with others to identify priorities for public policy.

To what kinds of issues can the survey add most value? Two examples show this amply. To take an example highlighted in the most recent Chancellor's Budget, the survey stands ideally positioned to shed light on who will liquidate their pension pots, when, and with what consequences. Public debate is filled with warnings about Lamborghini-driving young retirees who will store up trouble for the public purse, but only longitudinal research will show us what is happening in response to this important policy change.

Equally, the period leading to the 2015 General Election is dominated by claims about what has happened, in reality, to the take home incomes of middle earners

(and, by extension, middle England, swing voters). Again, longitudinal research is the only authoritative way of resolving this dispute and the survey is uniquely placed to do so.

Its value to policy makers is substantial. If used as a practical, evidence-based tool, it can support a long-term approach to tackling social and economic problems. Equally, think tanks and others seeking to influence policy are able to highlight the importance of addressing emerging problems, not just the symptoms of past issues. And researchers can offer penetrating analyses that unpick hidden causal factors to generate new insights on what drives our behavior and attitudes.

In all cases of key debates, Understanding Society will work in partnership with others and pro-actively read the policy landscape to bring real value to research users and others from the Understanding Society survey.

The overall aim is to champion Understanding Society as a reliable and unique evidence source for informed policy debate - an unrivalled way to develop a factually true, deep and enduring account of modern Britain.





MAKING THE BEST
PLANS FOR SCHOOLS

Two new ISER studies have looked at school spending and school type to analyse the impact on pupils.

Do students benefit from more money spent in schools?

In many countries around the world, schools are spending more money on students than ever before. In the period 2000-2009, expenditure per student increased in each OECD country by an average of more than 36 percent. In England, under Labour, expenditure per pupil has risen by 69 percent in real terms, from £3,060 in the year 2000 to £5,180 in 2010. In 2011, the coalition government introduced the pupil premium that gives additional funding to each pupil eligible for free school meals (£900 in the academic year 2013/14). Whether this is a worthwhile use of resources is an important question for policy and parents, especially in times of austerity when there are many other demands on public expenditure and these must be balanced against the overall tax burden.

Dr Birgitta Rabe and Professor Cheti Nicoletti from ISER and the University of York have looked at what happens in a secondary school if it spends an extra £1,000 on each pupil per year. Similar schools can have different levels of funding because of differences in local authority funding formulae and increases in funding over time. The study uses these “accidental” differences in funding levels affecting otherwise similar schools to assess the effect of additional spending in schools on learning.

Based on data from the National Pupil Database the researchers find that spending an extra £1,000 on pupils results in only a modest improvement in overall attainment of 6 percent of a standard deviation in test scores. For an improvement of one grade, for example from a B to an A, an increase of 90 percent of a standard deviation in test scores would be required. The improvement is not the same across all types of pupils, however. The study shows that students who were already doing very well at the end of primary school benefit more from an increase in school expenditure than those who are lagging behind, suggesting that early investment is important if the attainment gap is to be bridged. The study pre-dates the introduction of the pupil premium, designed to support the poorest pupils, and was conducted for a time-period that targeted other groups such as pupils with special educational needs. It shows that pupils with special educational needs have benefitted hugely from money spent in schools and made significant progress in secondary school compared with their peers. This highlights that targeting pupils in school policies can significantly improve progress.

Do grammar schools make a difference?

ISER’s new study of the long-run impacts of the grammar school system on borderline 11-plus passers has found grammar school girls go on to earn 20 percent more and have significantly fewer children. Grammar-educated boys were more likely to reach A’ levels but otherwise saw no real advantage in wages by the age of 50.

“*The Long Term Effects of Attending an Elite School: Evidence from the UK*” is the first study to track the impact of selective school on a generation of children across their lives in the long term. Previous studies only account for levels of qualifications gained.

Dr Emilia Del Bono and Professor Damon Clark set out to examine the long-run impacts of attending a grammar school on continuing education, jobs, income and fertility.

Using the cohort study “Aberdeen Children in the 1950s” which followed 12,500 children born in Aberdeen from ante-natal care through to the age of 50, they were able to follow a generation of children in a district of state selective schooling.

The results support claims made by opponents of the grammar school system that performance in a single test at age 11 can determine the whole future for that child.

The research found that for girls, grammar school led to an average of almost one whole additional year of full-time education, increasing their chances of getting A’ levels by almost 25 percent. Grammar school education led to a 20 percent increase in gross income, a 10 percent increase in wages and a significantly decreased fertility rate, by an average of 0.5 children per family.

References

The Long Run Effects of attending an Elite School by Dr Emilia Del Bono and Professor Damon Clark, ISER Working Paper 2014-05

School inputs and skills: complementarity and self-productivity by Dr Birgitta Rabe and Professor Cheti Nicoletti - ISER Working Paper 2103-28



Brighter children

and more working mums?

**Does universal
childcare make sense?**

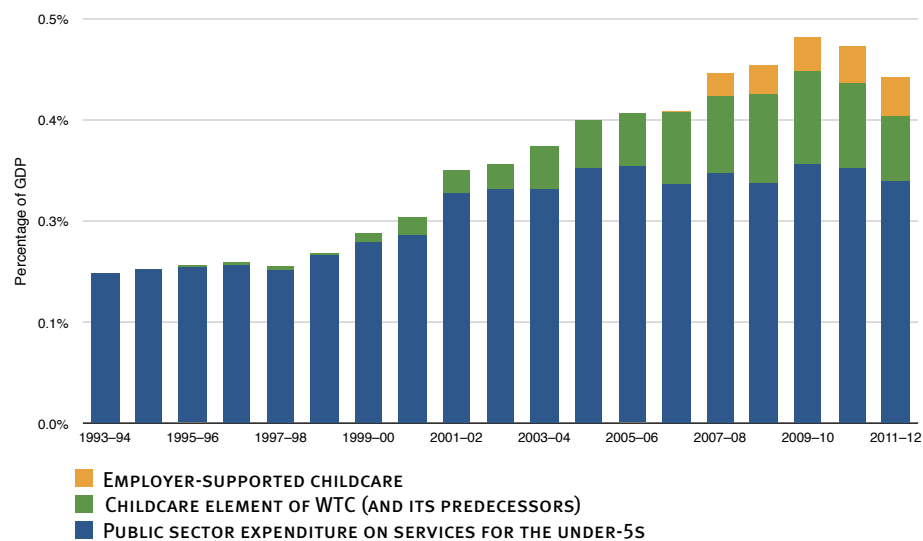
Professor Mike Brewer writes on a major research project ISER has undertaken with the Institute of Fiscal Studies.

Over the last 20 years, early childhood education and care (ECEC) – broadly speaking, childcare for the under-5s – has become a major policy priority in the UK. It is difficult to find consistent series on spending on childcare or ECEC over time, but the share of national income spent on the main childcare and ECEC programmes has more than doubled over this period, peaking at 0.5 percent of GDP (or £7 billion) in 2010–11, before falling back as part of the current government’s austerity programme (well-cited figures from OECD put UK spending on ECEC much higher than this, in part because they include all spending on 5 year olds in full-time school, to ensure comparability with countries where children begin school later than in the UK). At the same time, the fraction of mothers with children under 5 who are in paid work has risen by some 10 to 15 percentage points.

Despite this substantial increase in government spending, all main political parties have plans to go further: the current Government plans to extend free entitlement to ECEC to more two year olds, and proposals have been made by both Labour (in England) and the SNP (in Scotland) to offer free full-time care to some three and four year olds, as well (for the SNP) offering some care to some two and one year olds.

Yet despite increasing cross-party support, there is a remarkable lack of clarity over what policy-makers hope to achieve. There is often a confusion between whether government support for ECEC is intended to improve children’s development, increase parental labour supply, or reduce socio-economic inequalities. And we actually know very little about the impact of the policies to support childcare that have been introduced in England in recent years (although the Department for Education has commissioned an evaluation of the recent extension of free ECEC places to some two year olds). There is good evidence that high-quality childcare benefits children’s development, but the most cited evidence on this relates to extremely intensive (and expensive) interventions that offered not just ECEC but also family programmes, and were directed at disadvantaged children.

Figure 8.1. Spending on the main sources of childcare support in the UK over time



Note: These figures are lower than OECD figures, which also suggest that spending on childcare and pre-primary education (including 5-year-olds) has been rising, from 0.6% of national income in 1998 to 1.1% in 2009.

Source: Public sector expenditure on services for the under-5s: Public Expenditure Statistical Analyses from 2013, 2009, 2004 and 1999

These are unlikely to be a good guide to the effectiveness of current policies in England, which are less intensive and targeted on children from a wider range of backgrounds (and, in the case of tax credits or tax-free childcare, are not designed to increase the quality of ECEC at all).

We must also remember that England has a well-developed private and voluntary sector supplying ECEC, so when the government offers free places, some will represent so-called “deadweight”, reducing parents’ spending on childcare, but not necessarily changing patterns of childcare use. Likewise, robust evidence that ECEC can have a strong influence on parents’ employment is surprisingly limited, and universal programmes will be particularly poorly targeted at getting more parents to work given that about 60 percent of mothers of pre-school children are already in paid employment. Given all these uncertainties, the case for further extending universal provision of ECEC is in fact not as easy to make as would seem to be implied by the growing consensus in this area.

In autumn 2014, we will publish results from the most comprehensive attempt to date using UK data to analyse the effects of free provision of early education and care on parents’ labour market behavior and on children’s achievements at school. We are able to learn about these relationships because, for a variety of reasons beyond their control, children in the 1990s and 2000s who would otherwise be very similar had differing levels of access to free early childhood and care. This variation arises partly because, until 2004, the availability of free childcare for three year olds was not universal, and partly thanks to rules determining precisely when (relative to their birthdays) children become entitled to the free ECEC. We can then investigate the impact of being offered free childcare (and the impact of actually using free childcare)

on the parents’ employment behavior, such as whether they work part-time or full-time, and on the children’s achievements when aged 5 and 7.

This work, which is funded by an ESRC Secondary Data Analysis grant held at ISER, involves many partnerships. The work examining the impact on children is being undertaken jointly with a research team led by the University of Surrey, and the work on the impact on parental employment patterns is being joint with a research team from the Institute for Fiscal Studies. We are also partnering with the Family and Daycare Trust and the IPPR, who will each organize workshops where we will discuss the implications of our findings with policy-makers from local and central government and with practitioners. We also expect to continue our dialogue with policy-makers and parliamentary bodies, both in Westminster and in Edinburgh. 10 years after the previous Labour government’s 10 Year Childcare Strategy for England, a clear overarching strategy covering ECEC, and childcare more generally, combined with a comprehensive evidence review, would help bring much-needed focus to the debate in this area. ISER stands ready to contribute to this debate.

The research described in this post is supported by ESRC grant ES/K003232/1, “The Effect of Free Childcare on Maternal Labour Supply and Child Development”. Some of the material in this piece draws on “State support for early childhood education and care in England” by Mike Brewer, Sarah Cattan and Claire Crawford, published as chapter 8 of the IFS Green Budget 2014 and available from <http://www.ifs.org.uk/publications/7072>.

POVERTY

IN 21ST CENTURY UK

ISER'S GROUND BREAKING RESEARCH
FOR THE JOSEPH ROWNTREE FOUNDATION
AND OTHERS EXAMINES THE IMPACT
AND EXPERIENCES OF POVERTY
IN 21ST CENTURY BRITAIN.

Child Poverty and life satisfaction

Child poverty rates in the UK have been and continue to be remarkably high and at the same time reports suggest that children in the UK are among the unhappiest in the developed world. Whilst money does not buy happiness, we also know from the rich qualitative research with children that children are very much aware of what it means to live in poverty, to not be able to buy enough food or clothes, and to not participate in social activities; although they'd certainly not refer to themselves as poor, it is not untypical for them to refer to poor children as "sad", "tired" or "sickly". A challenge for the qualitative research is that it is typically based on small regional samples making it rather difficult to make inferences about how a different child might view material hardship and social exclusion, and ultimately, which coping strategies they adopt.

Gundi Knies' research **Life Satisfaction and Material Well-being of Children in the UK** is based on standardised interviews with around 5,000 children aged 10-15 from all different walks of life, living all over the UK and explores whether child life satisfaction is associated with the experience of poverty.



The analysis suggests that a range of family income and income-based measures of poverty are not associated with child life satisfaction. By contrast, markers of material deprivation show some association with child life satisfaction. Life satisfaction is lower the more things the adult members of children's household are materially deprived of, and the association is more marked if the children themselves are deprived of things other children do enjoy. The associations also hold when we consider differences in other aspects of children's life such as the quality of the schools they go to, the number of friends they have, their health and levels of physical activity.

Do children know what they need? And could children's reports of how happy they are be used to monitor child well-being, or are child centred perspectives only good for a tale but policymakers are best advised to stick to the parent's view? The research suggests that children and adults are not too different when it comes to what counts for their happiness, and it may be good time that governments that consider life satisfaction a desirable outcome both for individuals and for policymaking also focus on children's subjective well-being and assist them in leading happier lives at an early stage. Nonetheless, the quantitative research with large-enough numbers of children is in its infancy. More research is needed to explore whether the results are also confirmed when some methodological challenges can be addressed using longitudinal data for this representative cohort of children participating in Understanding Society, the new UK Household Longitudinal Study.

The impact of ethnic occupational segregation on the risk of poverty

For most households employment is the chief source of household income and is therefore an important determinant of the probability of being in poverty. Central to this is the type of job people do, which we define by occupation. How is the distribution of ethnic minorities across occupations associated with poverty, what are the causes of this distribution, and how subject to change is this? New ISER research will include detailed analysis of the factors associated with minority clustering in low-paid occupations and its long-term effects.

ISER's research by Malcolm Brynin and Simonetta Longhi, funded by the Joseph Rowntree Foundation, began at the end of 2013. The first part of the project, currently underway, is the identification of occupational 'hotspots' marked by either low ethnic-minority wages or high wage gaps relative to the majority population regardless of the level of wages. The research programme will not only map these but then seek to explain why minority workers enter these, whether this is associated with poverty, and if and how low-paid workers subsequently escape such poorly paid occupations. It will also

analyse the wage impact of occupational segregation on ethnic-minority poverty at the household level, include local-area characteristics such as indices of deprivation, and test the impact of work in segregated low-pay occupations on future unemployment.

The research is based on the Labour Force Survey and the UK Household Longitudinal Study. The models which will be produced later in the project will include a range of standard explanatory variables that might be linked to work in occupational hotspots such as whether born in the UK, age of arrival, and education, but also, to test the impact of cultural factors, social network and social capital information.

Poverty and Sexual Orientation

Noah Uhrig's study on poverty and sexual orientation for the Joseph Rowntree Foundation was ISER's most downloaded working paper of 2013-14, breaking new ground as the first study of its kind. Although much research documents harassment, discrimination, prejudice or stigma related to sexuality, the specific issue of poverty is rarely addressed. Sexuality related stigma, harassment and discrimination can have financial impact when economically related institutions, such as employers, schools, local authorities, etc.... either deliberately or incidentally exclude people based on their sexuality, resulting in lower material living standards and the risk of poverty. Understanding Society data can provide evidence about lesbian, gay and bisexual (LGB) people's material well-being and susceptibility to poverty.

In 1987, 75 percent of the British public thought homosexuality was always or mostly wrong but by 2008 only 32 percent thought this. This striking increase in tolerance suggests strong generational differences in LGB people's lived experience.

UKLHLS data show that 93.7 percent of the population is heterosexual, 1.3 percent is gay or lesbian, 1 percent is bisexual, 1.1 percent is "other", and 3 percent prefer not to disclose their sexuality.

Using a threshold of equivalised household income below 60 percent of median, Dr Uhrig's study found that 12 percent of heterosexual men, 13.4 percent of gay men and 15.8 percent of bisexual men are in poverty; 13.4 percent of heterosexual women, 13.7 percent of lesbians and 16.3 percent of bisexual women are in poverty. These figures are surprising since other characteristics of LGB people, like childlessness, would imply lower poverty incidence.

Bisexual men are significantly more likely to be behind with household bills compared to heterosexual men. Bisexual women are nearly twice as likely as heterosexual women to be behind paying council tax. Lesbians are significantly less likely than heterosexual women to be behind with household bills.

Gay men are significantly more likely to receive income support (4.7 percent), housing benefit (11.3 percent), and council tax benefit (12.0 percent) than heterosexual men. Lesbians are more likely to receive job seeker's allowance (4.5 percent) than heterosexual women.

Poverty across ethnic groups through recession and austerity

Alita Nandi, Mike Brewer and Paul Fisher are studying the impact of the recession and austerity on different ethnic groups in a new study funded by the Joseph Rowntree Foundation. Existing studies that some ethnic minority groups are economically disadvantaged compared to the White majority in the UK but there is considerable within group variability within some of these groups. Since the recent period of recession and the austerity measures that followed, residents of UK have had to face increasing economic hardships, some more than others. The socio-demographic composition of these groups are quite different. For example, Caribbeans in the UK tend to be older while Bangladeshi and Pakistani groups have the lowest employment rates. So, some ethnic minority groups may have been more severely affected by the recession than others. Additionally, discrimination against ethnic minorities may increase during periods of economic hardships.

Being poor, not being able to afford a decent standard of living is difficult at any time. What is worse, however, is not being able to get out of such conditions, referred to as poverty persistence. Until now lack of suitable data has prevented researchers from investigating poverty persistence among ethnic minority groups in the UK.

The researchers on this new project will use data from the Family Resources Survey a repeated cross-sectional survey of around 25,000 households and the new household panel study, Understanding Society, which started in 2009 with a sample of around 30,000 households including an ethnic minority boost of 5,000 households. The new research will provide empirical evidence on the incidence of poverty and poverty persistence among the different ethnic groups in the UK using both income and non-income based measures. The study will also look at within group income inequality and measure economic hardships among different sub-groups based on education, gender, (migrant) generation and so on. The research aims to identify which groups and which types of individuals are more likely to escape poverty.

EUROMOD: A POWERFUL TOOL FOR EVIDENCE-BASED POLICY MAKING IN THE EU

Professor Holly Sutherland on a decade of EUROMOD, ISER's state-of-the-art tax-benefit microsimulation model for the EU.



It is 10 years since EUROMOD made its home in ISER and in that time it has been transformed into a widely used and respected tool for comparative research and analysis on the effects of fiscal and social policies and policy reforms. It covers 27 EU countries (with Croatia, the 28th on the way) and has been extended to also operate for some non-EU countries in the Balkans and southern Africa as well as Russia and Australia. It uses special-purpose tax-benefit modelling software and the user interface has been designed to handle the complexity of the many options on offer in a transparent and user-friendly way. With funding from the European Commission policy rules and input data are updated regularly. Keeping the model up-to-date is of course necessary for policy monitoring and analysis purposes; it is also very useful if academic research using EUROMOD is to have policy relevance and impact. The team of people working on EUROMOD in ISER has expanded from two to twelve and there is now an established network of 28 national teams who contribute to the annual update and dissemination of the work. The wider "EUROMOD community" also includes a growing number of users who have been taught to use EUROMOD through our regular training courses and the developers of spin-off models in non EU countries.

EUROMOD is unique in two important ways. First it covers many countries in a comparable and consistent manner. For this reason alone it is one of the most widely used microsimulation models in the world. Secondly, it is made available generally for not-for-profit use and is not private to its developers, which is usually the case with microsimulation models. This is particularly important in countries where there are no other models, and in some it has been adopted for official (or sometimes informal) government use e.g. in Austria, Slovakia and Greece. It is also relevant in the UK where, even though there are a number of tax-benefit models run by Government and independent organisations and individuals, EUROMOD is the only regularly maintained model that is generally accessible.

Over the last 10 years the use of EUROMOD as a tool for academic research that is published in well-respected journals has grown enormously. There are many different types of application across social science disciplines. In terms of comparative research there are several ways in which it has been informative. One is in disentangling the effects of policy from other factors affecting income inequality and poverty, especially differences across countries or changes through time. Another is in quantifying the labour supply implications of tax-benefit systems. A third is in measuring the automatic stabilisation effects of tax-benefit policies. And of course the ability of EUROMOD to assess the effect of changes to policies adds to the possibilities, and is particularly relevant for considering options for EU fiscal integration.

However, perhaps the most dramatic transformation over the last 10 years has been the increasing acceptance and recognition of EUROMOD as a tool for policy analysis by international organisations. This has been most obvious in the case of the Directorate General for Employment, Social Affairs and Inclusion (DG-EMPL) of the European Commission (EC) who now regularly include analysis using EUROMOD in their Annual Report on Employment and Social Development and their EU Employment and Social Situation Quarterly Review, as well as in their bilateral discussions with Member States as part of the European Semester. Other EC policy Directorates such as Taxation and Customs Union (DG-TAXUD), Economic and Financial Affairs (DG-ECFIN) and Justice (DG-JUST) also make use of EUROMOD analysis in a wide range of areas such as housing taxation and gender equality in their own regular publications and special reports.

Two areas of work in particular have become integral parts of DG-EMPL's evidence base. The first is the use of EUROMOD simulations to "nowcast" the current risk of poverty, given the 2-3 year time lag before estimates based on contemporary micro-data become available. The second is an assessment of the distributional effects of policy reforms each year, especially in countries that have remained affected by the recent economic crisis, but also those in recovery, since policy changes aiming for fiscal consolidation and those aiming to relax fiscal constraints each have distributional consequences. A third area – that of the distributional and stabilisation properties of potential social and fiscal policies integrated at EU or EMU level – is of growing interest.

Organisations beyond the EC have also made use of EUROMOD analysis. The IMF included EUROMOD estimates of the distributional effects of austerity measures, as well as evidence from five other EUROMOD papers in its review of Fiscal Policy and Income Inequality. The World Bank has drawn on our work on nowcasting and extensions of EUROMOD to the Balkan countries. UNICEF has highlighted EUROMOD work on benefits targeted on children and a recent OECD report on Greece made intensive use of EUROMOD analysis for that country.

Building on these successes and looking forward to the next 10 years, there are many directions in which to develop EUROMOD. Among them are extensions in policy scope (e.g. to include indirect taxes) and extensions to the functionality of the model (e.g. to add a state-of-the-art model family analysis facility) as well as linkage to macro-economic and other types of empirical model. At the UK level there is potential to build on our open access policy by developing a web-based simplified version of EUROMOD-UK, for use by civil society organisations or indeed anyone (as has already been pioneered in Austria and Flanders), and to link the model to Understanding Society micro-data.

EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

As well as calculating the effects of actual policies it is also used to evaluate the effects of tax-benefit policy reforms and other changes on poverty, inequality, incentives and government budgets.

EUROMOD is a unique resource for cross-national research, designed to produce results that are comparable across countries and meaningful when aggregated to the EU level. Funded by the European Commission (Directorate General for Employment, Social Affairs and Equal Opportunities) EUROMOD is managed and led by ISER.



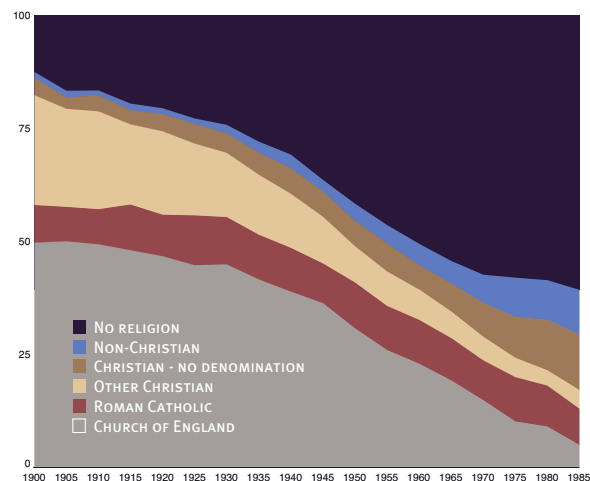
A Christian Country?

How does David Cameron's claim that Britain is a Christian country chime with new research on our changing attitudes to religion? Professor David Voas has led extensive research into religiosity in the UK including a major study for the Church of England examining the reasons for decline and growth in attendance.

About half the people living in Britain regard themselves as having a religion, though for most the identity is purely nominal. Still, religious organisations are the most important voluntary associations in the country. They are also some of the most influential: the Church of England has 26 seats in the House of Lords, a large proportion of schools are managed by the Anglican and Catholic churches, and religion is typically involved in ceremonies marking important personal and national events.

The religious composition of the population is changing, though, and in the long view this transformation has been dramatic. Young adults in Britain are far less likely than their parents and grandparents to have a religious identity. The Church of England in particular has been squeezed hard by the trend away from religion.

Religious affiliation by year of birth (%)



Among the old, 1 in 2 are C of E; among the young, 1 in 20

Source: British Social Attitudes survey 1983-2011, pooled
Based on work by Siobhan McAndrew for British Religion in Numbers, www.brin.ac.uk

It is tempting to suppose that this chart merely shows that people become more religious with age. In fact, however, we are looking at persistent generation gaps. A significant number of adults do become more observant, but they are balanced by others who move away from religion. Taken as a whole, each birth cohort is less religious than the one before.

The picture for religious practice is similar. The large decline in attendance at religious services has not happened because many adults have stopped going to church: it has happened because more and more adults never start attending in the first place.

Are we now 'spiritual but not religious'? There is no doubt that supernaturalism is still much in evidence. Unorthodox belief – in everything from angels to zombies – seems commonplace. For the most part, though, these 'beliefs' are casual in the extreme: cultivated by popular culture and its delight in magic and gothic romanticism, held in the most tentative and experimental way, with no connection to any meaningful spirituality. The notion that belief has shifted from the conventional to the unconventional does not capture the main story, which again is one of decline.

Only one in five people born since 1975 believe in God, even with doubts. These levels are roughly half those found among people born before the end of the Second World War. Belief in a 'higher power' has indeed gone up, but this vague spirituality comes at the expense of more religious theism. Nearly half of younger adults in Britain qualify as atheists or agnostics, even if they would not use those terms themselves.

Religion has certainly not disappeared, but for the white British (as for the populations of highly developed countries generally) it is becoming less and less salient. Immigration and geopolitical tensions have partially revived the social significance of religion, but there are few signs that spirituality or anything else has replaced its personal significance.

The contrast between Muslims and nominal Christians is instructive. Most Muslims go for an entire month each year without consuming food or drink during daylight hours; most are lifelong abstainers from alcohol; many women defy mainstream cultural convention by covering their heads. Some may feel community pressure to do these things, but many believe that God and scripture require their obedience. What are Christians in Britain willing to do for God? Not enough, perhaps, to keep the faith alive.

Against this backdrop, the increasing proportion of Muslims, Hindus and Sikhs is particularly intriguing. According to the 2011 census of population, more than 9 percent of children aged 0-4 are Muslim. Even if immigration ceases to make a difference, at least one in ten people in Britain will be Muslim in the second half of this century. At least one in eight will belong to a non-Christian religion. About the same fraction of people in Britain today are religiously active Christians, but that proportion is falling rather than rising.

In the long term the average British Muslim may be no more observant than the average 'Christian', but for the foreseeable future there is likely to be a substantial gap in religious commitment. We are entering a period where the national heritage and main institutions are still profoundly marked by a Christian past, and yet the overt manifestations of religion will be increasingly non-Christian, and moreover participation in Christian services will be increasingly non-white British. The Church of England bishops – all male and nearly all white – seem anachronistic even now as representatives of religion in Britain. The defenders of faith are more and more to be found among ethnic minorities.

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The Church Growth Research Programme commissioned by the Church of England

Religious and Secular Morality in Britain and Europe commissioned by the John Marston Foundation



WHAT MAKES US ACT

GREEN?

ISER has led a major new research project into the distribution and dynamics of UK citizens' environmental attitudes, behaviours and actions

At the national level, energy overuse is a direct (via household energy use, transport choices) and indirect (via the purchase of consumption goods and services) result of the aggregation of millions of individual and household decisions. To achieve the Department for Energy and Climate Change's aim of reducing UK greenhouse gas emissions by 80 percent by 2050, UK citizens will have to radically and permanently change their behaviour to use significantly less carbon-intensive products and services and to reduce overall energy demand.

Researchers at ISER and at the University of Southampton have been investigating the distribution and dynamics of UK citizens' environmental attitudes, behaviours and actions as part of a 18-months ESRC-SDAI funded project which started in January 2013. The project is based on the analysis of Understanding Society data.

Peter Lynn [1] identifies three dimensions of environmental behaviour: at-home, transport-related and purchasing behaviour. The results suggest that people who act in a more pro-environmental way in one dimension do not necessarily do so in another dimension. This is particularly true of the transport dimension: the extent to which a person's transport-related behaviour is pro-environmental is almost independent of the extent to which their behaviour in either of the other two dimensions is pro-environmental. Also the socio-demographic and attitudinal correlates of pro-environmental behaviour vary between the behavioural dimensions. Attempts to measure or explain the extent to which individual's behaviour is, overall, pro-environmental may have limited potential and a more powerful approach may be to measure and explain behaviour in each of a set of coherent behavioural dimensions. Policy measures intended to influence behaviour, particularly with a view to reducing energy demand and/or carbon emissions, are likely to be more effective for different population subgroups depending on the specific nature of the behavioural change of interest. This has implications both for the marketing and targeting of initiatives and for the nature of the initiatives themselves, as these would ideally be tailored to the characteristics, constraints and motivations of people who tend to behave in particular ways.

Simonetta Longhi [2] focuses on constraints to individual pro-environmental behaviour that may derive from the structure of the household the individual belongs to. The results suggest that, on average, people living alone and people living in couples without children have higher pro-environmental behaviour than people living in couples with children, even after controlling for their environmental attitudes and values. This suggests the possibility of a life-cycle pattern of pro-environmental behaviour, which is higher for people living alone and for couples without children, but lower for people living in couples with children.



Those who adopt such technologies are more likely to be home-owners of (large) detached houses in rural areas and have high reported 'environmentally friendly' views and actions. These are also households with comparatively higher energy expenditures.

Individual pro-environmental behaviour appears to be affected by partner's behaviour and attitudes, and when dealing with pro-environmental choices that pertain to the household level, both partners' behaviours and attitudes seem relevant for household decisions.

While pro-environmental behaviours and attitudes of the female partner seem more relevant than those of the male partner in the household decision of separating items for recycling; in the decisions of whether to buy a green tariff from the energy provider, pro-environmental behaviour of the male partner seems more relevant than that of the female partner. Effective policies to minimise household's carbon footprint will need to take into account that individuals' decisions and actions depend on constraints generated by the other members of the household.

Ben Anderson [3] analyses the distribution of domestic energy-tech to identify who is more likely to adopt domestic eco-technologies such as solar thermal for hot water and photovoltaic for electricity. The results point to inequalities in the probability of adoption. Those who adopt such technologies are more likely to be home-owners of (large) detached houses in rural areas and have high reported 'environmentally friendly' views and actions. These are also households with comparatively higher energy expenditures. Urban renters, household living in non-detached houses, those who report lower environmentally friendly views and actions and those who spend less on energy tend to be more likely to either reject (after serious consideration) the possibility of installing eco-technologies or face barriers and constraints to their adoption. Overall, the benefits of incentives to the installation of eco-technologies may accrue to the well off.

Simonetta Longhi [4] analyses how various individual, household and dwelling characteristics have an impact on energy expenditures of UK households. The results suggest that various household socio-economic characteristics such as household income, the presence of people of pensionable age, jobless, or in poor health have a statistically significant but moderate impact on per-capita energy expenditures.

However, dwelling characteristics and especially household size have a much larger impact in magnitude. Policies designed to improve pro-environmental behaviour of citizens may have a negligible impact given the recent socio-demographic trends, while policies influencing cohabitation and family size may have indirect – possibly large – impacts on the carbon footprint of the country.

The project is still ongoing and more research results will be produced in the coming months. The researchers will present a summary of their most important findings in a dissemination workshop which will be held in London towards the end of June.

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Leading the way in survey methodology

The scientific quality of our research data depends on the most accurate methods of survey and analysis. Peter Lynn, Professor of Survey Methodology reflects on ISER's role at the forefront of modern survey methods.

ISER has been at the forefront of development and testing of longitudinal survey methods for a quarter of a century. Almost all aspects of survey design and implementation have been a focus for ISER research at some point, but two aspects have been enduring themes over these past 25 years: obtaining respondent participation, and the choice of mode of data collection. The early stages of planning the British Household Panel Study involved consideration of both issues.

An early working paper¹, summarising initial development work, states, "... methodological research on data collection has concentrated on issues relating to attaining and maintaining high levels of response [...] incentive payments, panel maintenance, interviewer training, ..." The same paper also discusses procedures put in place to maintain contact with

sample members and proudly mentions that, "a special computer programme has been written to assist in this task." After extensive research into panel attrition had influenced the design of the BHPS, ISER researchers shared their knowledge with the world in a seminal paper in the *Journal of Official Statistics*². A ground-breaking experimental design led to considerable insights into the role of interviewers in stimulating or preventing attrition³. And other research examined the role of refusal conversion efforts⁴.

The thought that had gone into data collection modes is apparent in another early paper⁵: "Several factors were implicit in the decision not to switch to telephone interviewing for later waves despite possible cost savings. A switch to the telephone would have meant procedural and questionnaire changes and the possibility for mode effects between waves." The same paper also looked forward to future consideration of computer-assisted interviewing: "Not only will we have to look into implementation issues and complexities, there are also data comparability issues." A few years later, the BHPS eventually bit the bullet and shifted from paper-and-pencil to computer-assisted personal interviewing (CAPI)⁶. ISER researchers subsequently contributed to the international debate on how to measure and assess mode effects⁷ and carried out studies of their own into the impacts of modes on measurement⁸.

Some of ISER's most recent research has continued these traditions. We have studied the effect on panel attrition of tailored leaflets⁹ and of interview length¹⁰. And we have carried out a programme of research into mixed-mode designs for Understanding Society. This has led us to the point where for the first time, starting in January 2015, some sample members will initially be asked to participate online.

Meanwhile, ISER's methodological research programme will continue to push forward the boundaries for longitudinal surveys.



Current methods research

Understanding Non-Response in Understanding Society

Funded by the National Council of Research Methods

In all panel surveys a proportion of people approached to take part do not co-operate, at least not at all stages of the survey. Some may refuse to be interviewed at all; others will complete the interview but refuse some other component of the survey, such as giving consent to have personal data linked to survey responses.

Non-response at each stage of the survey can introduce bias if respondents and non-respondents are different. If non-response bias can be understood and reduced this will help researchers to improve the accuracy of their analysis using Understanding Society data.

In co-operation with the Office for National Statistics (ONS), the researchers will link Understanding Society sample addresses to responses to the 2011 Population Census.

This will enable comparisons to be made between responding and non-responding households, in terms of characteristics measured in the Census. It will provide researchers with a clear picture of the differences between survey participants and non-participants and will provide information that will help analysts to make appropriate adjustments for non-response

A second strand of the project looks at the role of interviewers in obtaining respondent consent to have personal data from administrative records linked to their survey responses for research purposes.

A survey of Understanding Society interviewers will be conducted to obtain information about their attitudes, personality, interviewing practices and experience and this will be linked to the survey data.

This will allow the exploration of the extent of variation between interviewers in their success at obtaining respondent consent, and whether this variation can be explained by the characteristics or attitudes of the interviewers.

The research will also investigate differences between respondents who give consent for data linkage and those who do not, in terms of a wide range of socio-economic variables and for two different types of linked data (health records and education records).

Improving reports to sensitive survey questions

Funded by EssexLab

An experimental project designed to test whether changes to questionnaire design will remove bias and improve answers to sensitive questions.

Social surveys often ask questions on sensitive topics. Getting answers which are thoughtful and accurate can be difficult. Often, where sensitive topics are concerned respondents may give answers which are more positive than their true state (for example when asked how much alcohol they consume). The result is that the survey tends to underestimate socially unpleasant behaviour.

At the same time, recent research suggests that respondents do not always fully read through a list of response options, especially where respondents rush their answers. In addition respondents tend to align themselves with the top options in a vertical list, known as the primacy effect.

By inverting a vertical scale so that the most negative response is at the top of the scale respondents will be aware of the negative options and will consider these before moving down the scale. At the same time it is when respondents are highly motivated they take more care in completing survey questions and this leads to higher quality responses.

The aims of this experimental project are to test whether a top negative scale is less likely to obtain socially desirable answers than questions with a top positive scale and to see whether motivating respondents to respond carefully increases the reporting of socially undesirable answers and to see whether this effect varies with the type of scale used. The study will also assess the effect of these on respondents who spend less time on survey questions.

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LEGALISING CANNABIS: THE £ BILLION BENEFIT?

Professor Stephen Pudney

It is easy to despair of the low quality of public debate on drugs policy in the UK. Some of the loudest voices in the debate reflect fixed views and make opportunistic use of any fragment of evidence that happens to support those views. The very act of contemplating certain policy options can attract vehement criticism and – consequently perhaps – some policy-makers who, before entering government, had open minds on options for drugs policy, cling firmly to the prohibitionist line when in power.

Cannabis is the most widely used illicit drug in Britain (our research covers England and Wales). Although its use has been in slow decline for over a decade, analysis of survey evidence still suggests that there may be as many as 3.4m users (down from 5.5m in 2006), which exceeds the prevalence of all other illegal drugs combined.

UK policy is prohibitionist: the users and suppliers of cannabis are threatened with maximum sentences of 5 and 14 years' imprisonment respectively, and we currently imprison over 2,000 people a year for cannabis offences, despite the lack of any clear empirical evidence of an effect of enforcement activity on cannabis use. Our policy is dictated by international treaty provisions and aspirations which found expression in a remarkably implausible UN slogan "a drug-free world – we can do it!"

Our recent report co-authored with Mark Bryan and Emilia Del Bono sets out the basis for a comprehensive and reasoned consideration of one radical policy option – a system of licensed, regulated and taxed cannabis supply.

We identify seventeen possible consequences to be evaluated before arriving at an informed view on the case for this reform. They include: savings in various policing and criminal justice costs; changes in cannabis-related crime, accidents, dependency, mental and physical illness, productivity, and the scarring effects of a criminal record.

The tools of cost-benefit analysis can be used to put all projected consequences of reform – both monetary and non-monetary – on a common cash-equivalent basis, giving a coherent overall view of the arguments and some idea of which particular consequences might be crucial in tilting the argument one way or the other. We evaluate only the effect of the reform on the social costs imposed by cannabis users on the rest of society, and are able to make estimates of the net social benefits or costs of reform for 13 of the 17 items on our list of possible consequences.



There are large uncertainties in evaluating the costs and benefits of reform. The first is what a legalised market would look like. US models of legalisation lead to large numbers of suppliers and product heterogeneity that is hard to regulate. Other models, like the extreme case of a government monopoly proposed for Uruguay, entail fewer, larger licensed suppliers operating under tight product controls.

The possibility of product regulation is one of the strongest arguments for legalisation. The tobacco market currently has controls on tar, nicotine and carbon monoxide content, and similar controls could be envisaged for a regulated cannabis market. The primary psychoactive component of cannabis is D9-tetrahydrocannabinol (THC), which has been linked to impaired brain function and psychotic symptoms, but research suggests that another component, cannabidiol (CBD) has a protective anti-psychotic effect.

In the last decade or so, there has been a worrying rise in the market share of high-THC, low-CBD forms of cannabis ("skunk", etc). Analysis of cannabis samples seized by enforcement agencies around the year 2000 suggested a market share of around 15 percent for the most potent "sinsemilla" forms of cannabis, while the share in seizures at the end of the decade was as high as 80 percent.

Looking at the results of chemical analysis of samples seized in 2008, the potent sinsemilla varieties contained 16 percent THC on average – around double that of traditional imported herb or resin. Equally alarming, the protective CBD content of these seized samples was close to zero. It has proved impossible to control this trend towards more harmful forms of the drug under prohibitionist policy, and we are currently seeing similar problems with the emergence of more dangerous forms of ecstasy-like synthetic drugs, too.

A second major source of uncertainty is the nature of demand. It has not proved possible to arrive at a clear understanding of the reasons for the slow decline in cannabis use or the shift towards higher-potency product, nor is there any research consensus on price effects, especially the cross-effects of variation in cannabis prices on the demand for alcohol, tobacco and other drugs. A third difficulty is in identifying the true causal relationship between cannabis use and eventual long-term harms.

Given these uncertainties, we consider three scenarios based on alternative assumptions about the responsiveness of cannabis demand to legalisation, and also give a subjective margin of uncertainty for each estimate.

We assume a significant degree of product regulation, with government setting excise taxes at a rate comparable with those used in the alcohol and tobacco markets, but the continued existence of residual illegal supply with a market share rather larger than the share of illegal supply in the tobacco market at present. The striking feature of these estimates is how small the projected costs and benefits are.

I see nothing in these findings to frighten any government – there is no “killer fact” that makes legalisation unthinkable.

While there is a significant possibility of net social harm if the demand response to policy change turned out to be extremely high, close monitoring of prevalence would allow the policy to be evaluated in practice and reversed if necessary.

This is partly because we are only considering external costs and benefits, arguing that the anticipated private costs (e.g. health risk) to cannabis users are necessarily outweighed by the anticipated enjoyment of consumption. But it is also partly because the plausible scale of cost savings (reduced enforcement costs, etc) and cost increases (medical care, crime victimisation, etc) to society appear to be inherently modest. There is no compelling evidence for a huge impact – either good or bad – on the rest of society from the changes in cannabis use likely to be produced by legalisation.

A possible exception to this is cannabis-related crime. Although we find very little evidence that cannabis use causes any crime at all, the large size of the market means that costs could be high under the most pessimistic “high response” scenario. But the large projected net increase in cannabis-related crime in that case (almost £600m) is highly uncertain, with a margin of error of plus or minus £800m.

By far the largest projected impact relates to the government budget. Under this reform, government would gain additional tax revenue from licensed supply and make net savings on policing and criminal justice costs. Since taxes represent transfers within society rather than gains to society, the improvement in the government’s budgetary position is not a strong argument for reform in principle, but it might be an attractive feature of reform to governments in practice.

I see nothing in these findings to frighten any government – there is no “killer fact” that makes legalisation unthinkable. While there is a significant possibility of net social harm if the demand response to policy change turned out to be extremely high, close monitoring of prevalence would allow the policy to be evaluated in practice and reversed if necessary. If we have learned anything from British drugs policy in the last decade or so, it is that abrupt reversals of liberal policy initiatives are always possible.

Licensing and regulation of the cannabis market in England and Wales: towards a cost-benefit analysis is an ISER report by Dr Mark Bryan, Dr Emilia Del Bono and Professor Stephen Pudney.

Professor Pudney is grateful to the Open Society Institute (OSI-ZUG) and UK Economic and Social Research Council through the Research Centre on Micro-Social Change (award no. RES-518-285-001) for supporting this research.

**ISER RESEARCH
COMMISSIONED BY INDUSTRY**

Renters rejecting work place pensions

ISER was commissioned by private sector finance group, the Prudential for a second study of pensions savings with the think tank The Strategic Society Centre.

Pensions Minister Steve Webb lauded ISER's latest study of pension savings and has urged the Prudential to commission a further round for future analysis by the Department for Work and Pensions. The study has shown that renters are significantly more likely than homeowners to reject their workplace pension schemes, even when employers offer to make contributions as well.

The new study by ISER's Dr Mark Bryan with James Lloyd of the thinktank, The Strategic Society Centre, found that renters were nearly ten percentage points more likely to reject their workplace pension scheme, and 26 percentage points less likely to join it subsequently, compared to homeowners, even after analysts controlled for the influence of other factors such as a person's level of earnings, age and education. The findings are taken from the second phase of their major, quantitative study into the drivers of pension saving, *Who Saves for Retirement?*

The research analyses data from Waves 1 and 2 of the Wealth and Assets Survey (WAS), which was launched in 2006 to address gaps in knowledge about the asset position and savings of households in Great Britain. The first wave was collected between July 2006 and June 2008 and the second wave between July 2008 and June 2010. Households are followed from wave to wave with a gap of two years between interviews. WAS aims to capture the distribution of assets, debts and savings among British households, together with details of retirement saving and other financial planning. *Who Saves for Retirement?* 2 deployed a sophisticated statistical model to measure the effect that multiple factors have on whether workers save into their employer pension scheme.

The analysis found that the single largest effect – nearly 10 percentage points – was associated with being a tenant. The research also found that an employee who is a tenant has a 27 percentage points lower probability of joining their employer's occupational pension subsequently, than a mortgage holder. The authors were also able to find some evidence that when a renter buys a house, their probability of saving into their workplace pension jumps to the level of other mortgage holders.

The research was being published just over a year after the government launched its rolling implementation of reform to workplace pension saving in the UK, built around ensuring that all employees have access to a decent workplace pension scheme with the offer of employer contributions. The Department for Work and Pensions found that the average opt-out rate was 9 percent among the first tranche of employers subject to the reforms.

Who Saves for Retirement? 2 also found other evidence that the UK's high house price inflation might be putting pressure on pension saving.

The research found attitudes to pension saving were important to saving decisions, and those leaving their workplace pension scheme were more likely to judge property as the safest way to save (27-31 percent versus 13 percent among stayers), and more likely to believe that property investment yields the highest returns (45-47 percent versus 27 percent among stayers).

Speaking at the research launch in January, Pensions Minister, Steve Webb, welcomed the findings and their importance for revealing a risk among workplace pension savers that the government had not yet considered.

James Lloyd, Director of the Strategic Society Centre, said:

"The link between housing and pensions policy is rarely made. But with the government's auto-enrolment reforms to workplace pension saving in full swing, this research highlights the long-term challenge for the success of the reforms posed by rising house prices and declining rates of home-ownership."

"If the government wants its workplace pension reforms to be a success in the long-term, it is vital that we get young people on to the housing ladder."

References

'Who saves for retirement? 2' by Dr Mark Bryan and James Lloyd, ISER and the Strategic Society Centre.





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