costs of work stress, there may be less economic incentives for employers to reduce work stress.

The legal context

There is no legislation in the UK specifically on work stress. There is a voluntary approved code of practice (the Health and Safety Management Standards), which is meant to guide employers in matters of work stress. However, since the Management Standards came into being in 2004, there has been little decline in work stressors in Britain.

It is difficult for work stress claims to succeed, partly because courts may be reluctant to attribute the cause of someone’s psychological injury to work-related factors. To certify sickness absence leave, ‘fit notes’ have been introduced (replacing ‘sick notes’), and now include comments by health care professionals for workplace alterations to facilitate return to work. These notes would require additional training for health care professionals on suggesting appropriate interventions for patients with work stress. However, these fit notes are not legally binding and employers may choose to disregard such suggestions.

Lord Young’s recent review of Health and Safety in the UK does not mention the word ‘stress’. Employee well-being is only mentioned in the context of office work, which was designated as a low-hazard workplace. However, according to the Health and Safety Executive’s own statistics, stress is the second most commonly reported type of work-related illness (after musculoskeletal disorders). Moreover, the experience of work-related stress is not restricted to office environments and is commonly reported in service, manufacturing and construction industries.

Lord Young’s review proposes replacing complicated procedures for risk assessment in office environments (including employee well-being) with a short risk assessment form by managers. This is at odds with standard methods of measuring work stressors (including the Health and Safety’s own Management Standards) through employee surveys. The future of policies to deal with work stress appears to be in doubt, just as levels of work stress are increasing in the workforce.

Significance of the EU social agenda

Is the European Union social agenda just ‘cheap talk’, with no action? Was it the case that Member States signed up to the Social Inclusion objective at the 2000 Lisbon Summit but had no intention of adapting their policies? My answer is ‘no’ – for at least three reasons.

The first reason is that talk itself is important. One has only to consider the change that has taken place with regard to the political debate about poverty. The UK and Germany opposed the 1993 Poverty 4 proposal for a fourth medium-term action programme to combat exclusion and promote solidarity. There was at the time widespread denial of the existence of poverty. In 1983, Mrs Thatcher stated in the House of Commons that ‘there is no definition of the poverty line – and there has never been under any Government.’ Mr Cameron could not say the same today. Not only did the Labour Government under both Mr Blair and Mr Brown adopt a high-profile commitment to end child poverty, but at the March 2010 European Council the UK government has signed up to the headline targets of the new Europe 2020 Agenda (Figure 1).

The second reason is that the social indicators adopted as part of the Lisbon Agenda, and now forming part of the Headline targets,
Figure 3. Measuring beyond national income.

Measurements beyond national income

In seeking to answer – at least briefly – these questions, we need to have in mind that there are three distinct ingredients. That is, we are moving beyond national income (top left-hand box in Figure 3) in three distinct ways, ways that need to be kept separate. The first is the consideration of other domains apart from material circumstances: for example, health status or level of education or degree of social contact or sense of security. This can be measured at a purely aggregate level, which would correspond to the bottom left-hand box. But there is a second ingredient. People criticise national income for being unconcerned about the distribution of that income. The second wing of the programme is therefore shown by the right-hand column: the distribution of national income, or the distribution of health status or of education etc.

The third ingredient, not shown, is concerned with sustainability: whether the current levels can be maintained into the future. In what follows, I am going to concentrate on the first two ingredients – though this does not imply any downplaying of the sustainability issue.

The simple point I want to make is that we are already in a position to say something about the contents of these boxes.

The idea that we should supplement GDP by consideration of other domains – that is move downwards in Figure 3 – has long been championed by the UN Development Programme in the form of the Human Development Index (HDI), which has just celebrated its 20th...
anniversary. The HDI is important both for broadening the approach to the evaluation of development and for having a theoretical foundation in the concept of capabilities advanced by Amartya Sen. Just as national accounts have a theoretical basis in classical welfare economics, so too it is possible to ground the addition of new domains in the theory of capabilities, interpreted as the freedom people have to function in key dimensions.

A theoretical foundation can also be provided for the move to the right-hand column. National income treats £1 as being equally valued regardless of who receives it. £1 extra for an Oxford professor is weighted the same as £1 extra for a person on the minimum wage. These implicit weights can however be replaced by distributional weights that reflect concerns with the current inequality of incomes. There are of course many different possible sets of weights, as has been much discussed in the literature on inequality measurement. Again, this is far from a new suggestion. It is indeed worth remembering that the National Income Blue Book used to publish regularly information, alongside the national accounts, on the distribution of income. This table was dropped in 1983, just as inequality began to rise.

A recent development, however, has been the fourth box. In its 20th anniversary report in November 2010, the Human Development Report introduced a new form of the HDI that took account both of new domains and of distribution. For each of the domains — income, education and health — the indicators are distributionally-adjusted.

Comparing the UK and Germany

These are not therefore empty boxes. What is more, we can go some way towards answering the question — what difference would it make if we adopted these alternative measures of well-being?

Suppose that we begin with the top left-hand box. Figure 4 shows the growth of GDP per capita in the UK and Germany, adjusted for purchasing power, in index number form. The series starts from 100 in 1973 and shows the change from that date. So that a figure of 200 means that incomes per head had doubled in terms of purchasing power. (In fact GDP per head in the UK was some 1½ per cent higher in absolute terms in 1973.) The rather surprising outcome is that the two series not only start but also finish at the same value: an 86 per cent increase. Over the period as a whole, the two countries have grown at the same rate. Given what has happened over this period, including German reunification, this is rather surprising. Much has been made of the mediocre growth of the German economy since 1990. It was in fact, as they say in football, a game of two halves. For the first part of the period growth was faster in Germany; in the second part the UK caught up. But it seems to me that the mediocrity of the German growth performance is exaggerated. After all, even allowing for the downturn in 2009, GDP per capita had risen by a fifth since reunification.

But aggregate living standards are not everything. What about the other boxes, where we take alternative views about well-being? We have seen that poverty increased in Germany in recent years. What happens if we look, not at GDP per capita, but at distributionally adjusted GDP per capita?

In Figure 5, I have taken a particular set of distributional weights, where a person’s income is weighted according to their rank in the distribution, as in the Gini coefficient. People who rank near the top get relatively little weight; people near the bottom get a large weight. It may be seen that this changes the relative evaluations of economic performance by Germany and the UK (and I have added the US). The rise in inequality in the UK (and the US) in the 1980s meant that we fell increasingly behind in terms of distributionally-adjusted income. A gap of 7 per cent in GDP per capita by 1990 became a gap of 20 per cent when account is taken of the worsening inequality. Again though, it was a game of two halves. In recent years, inequality has increased in Germany, and the final score leaves Germany only ahead by 7 per cent in 2008. But it is still ahead, not level pegging as with GDP.

What happens if we consider other non-income domains? In Figure 6, I show the new HDI published in November 2010, which combines GDP per capita with health, measured in terms of life expectancy, and knowledge, measured by mean years of schooling and expected years of schooling. Attention is usually focused on
developing countries, but it is also interesting to see the outcome for rich countries. As you can see, in 1995 the UK had a slightly higher HDI score than Germany, but this century Germany has pulled ahead. And this becomes even more pronounced when the different components are adjusted for inequality. The two countries, similar in terms of GDP per capita, are a long way apart when we consider the inequality-adjusted HDI.

The short answer is that how we measure well-being does make a difference. Mr Cameron’s request to the ONS may well lead us to take a different view of ourselves; and it may differ in ways that he does not expect.

Office for National Statistics

Before leaving the figures, I should end with a reminder. Neither the analysis in this Lecture nor the construction of the EU social indicators would have been possible without the major developments in official statistics over the past four decades. These include

- Annual household surveys of incomes and employment
- Harmonised across countries: EU-SILC
- Official analyses: Households Below Average Income, and Redistribution of Income.

I mention this, since the ONS is currently reviewing its priorities in the light of budget cuts. It would be ironic if we were to lose the statistics at just the time when governments and the EU are making increased demands for tools to evaluate social and economic performance.

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The Anglo-German Foundation for the Study of Industrial Society was established in 1973, by an agreement between the British and German governments. When the Foundation closed in 2009 on the expiry of its Royal Charter, its Trustees made available to the British Academy funds to establish a lecture series to commemorate and continue the work of the Foundation. Further information about the Anglo-German Foundation and about its publications can be found via www.agf.org.uk

Figure 6. Germany and the UK according to new Human Development Index. Source: Human Development Report 2010, Tables 1, 2 and 3.

Social mobility: drivers and policy responses revisited

In December 2010, a British Academy Forum reviewed the drivers of social mobility and policy programmes to enhance it. Professor Anthony Heath FBA and Dr Anna Zimdars reflect on what we have learned and what we still do not know.

SOCIAL MOBILITY has enjoyed considerable attention under the previous Labour government which oversaw the Panel for Fair Access to the Professions and a whitepaper on social mobility in Britain among other initiatives. The new Coalition Government has also signalled its commitment to the social mobility agenda and prioritises the development of a cross-government social mobility strategy. It thus seemed timely for a British Academy Forum, put together in consultation with relevant government officials, to consider what we have learned about social mobility in contemporary Britain, the challenges faced in achieving it, and policies that might foster mobility. The Forum, held on 14 December 2010, was attended by representatives from the civil service and academic worlds and from the Institute for Government. It was chaired by Professor Anthony Heath.

Conceptual issues

Social mobility is about how sons’ and daughters’ positions in the occupational structure compare with their parents’ positions (inter-generational mobility) or how one’s own career moves up or down the structure (intra-generational mobility). One key question has been whether such movements have de- or increased over the past few decades. This question has, perhaps surprisingly, been difficult to answer. This difficulty has partly to do with data availability, but answers to the question also depend on the academic discipline of the