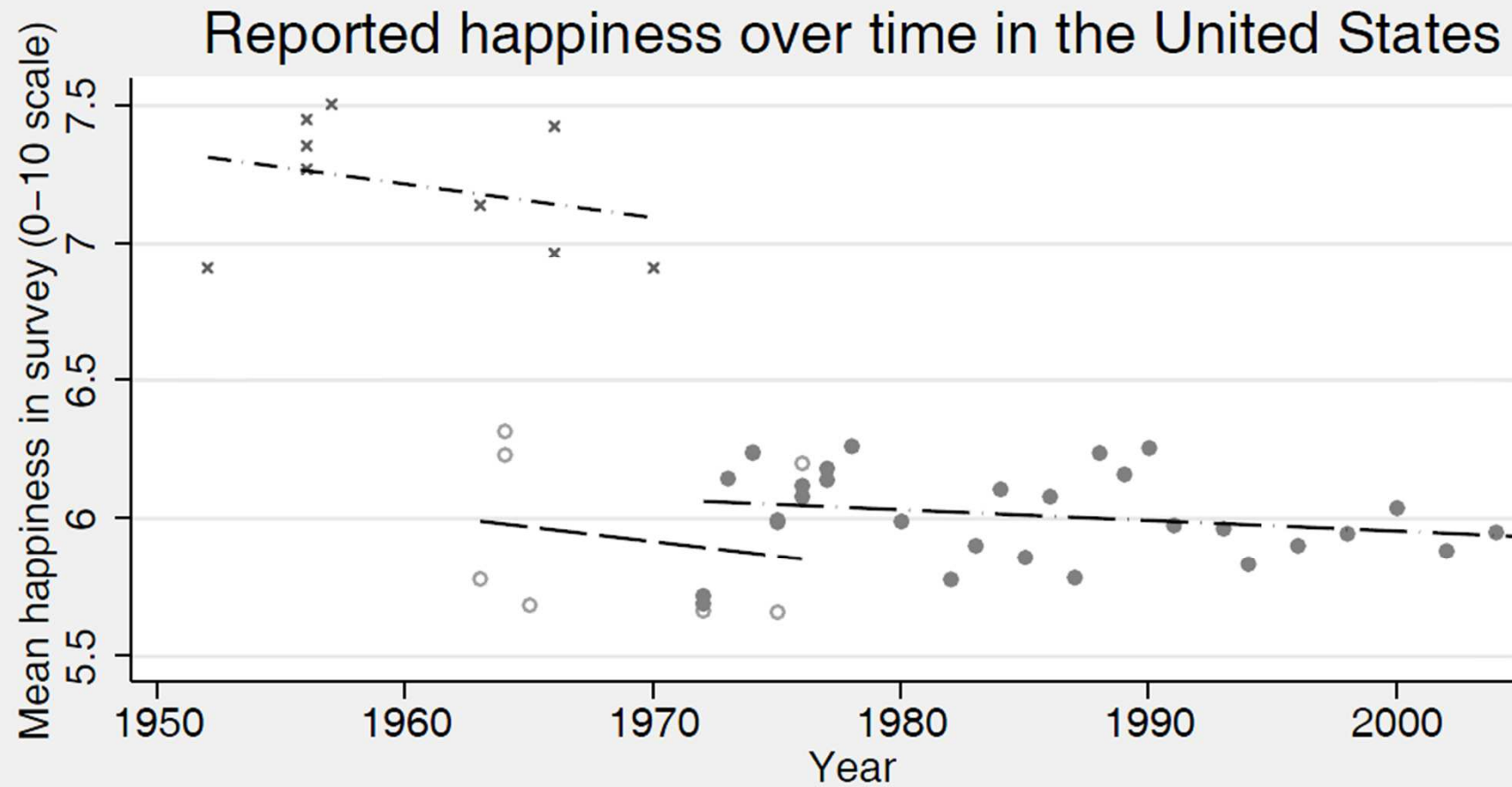


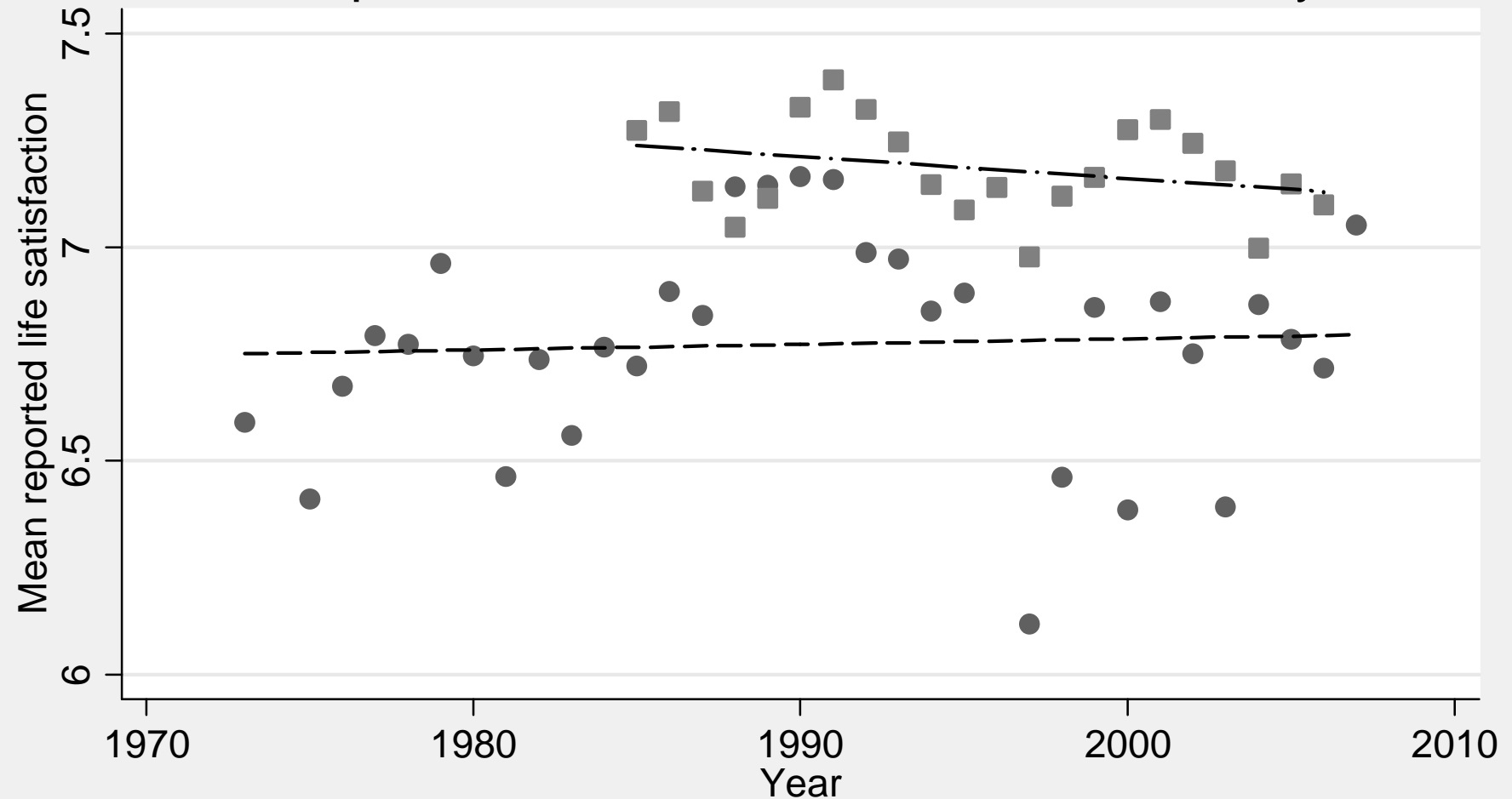
# **MENTAL HEALTH: THE NEW FRONTIER FOR THE WELFARE STATE**

**CEP 21st Birthday Lecture Series**  
6 March 2012

**RICHARD LAYARD**

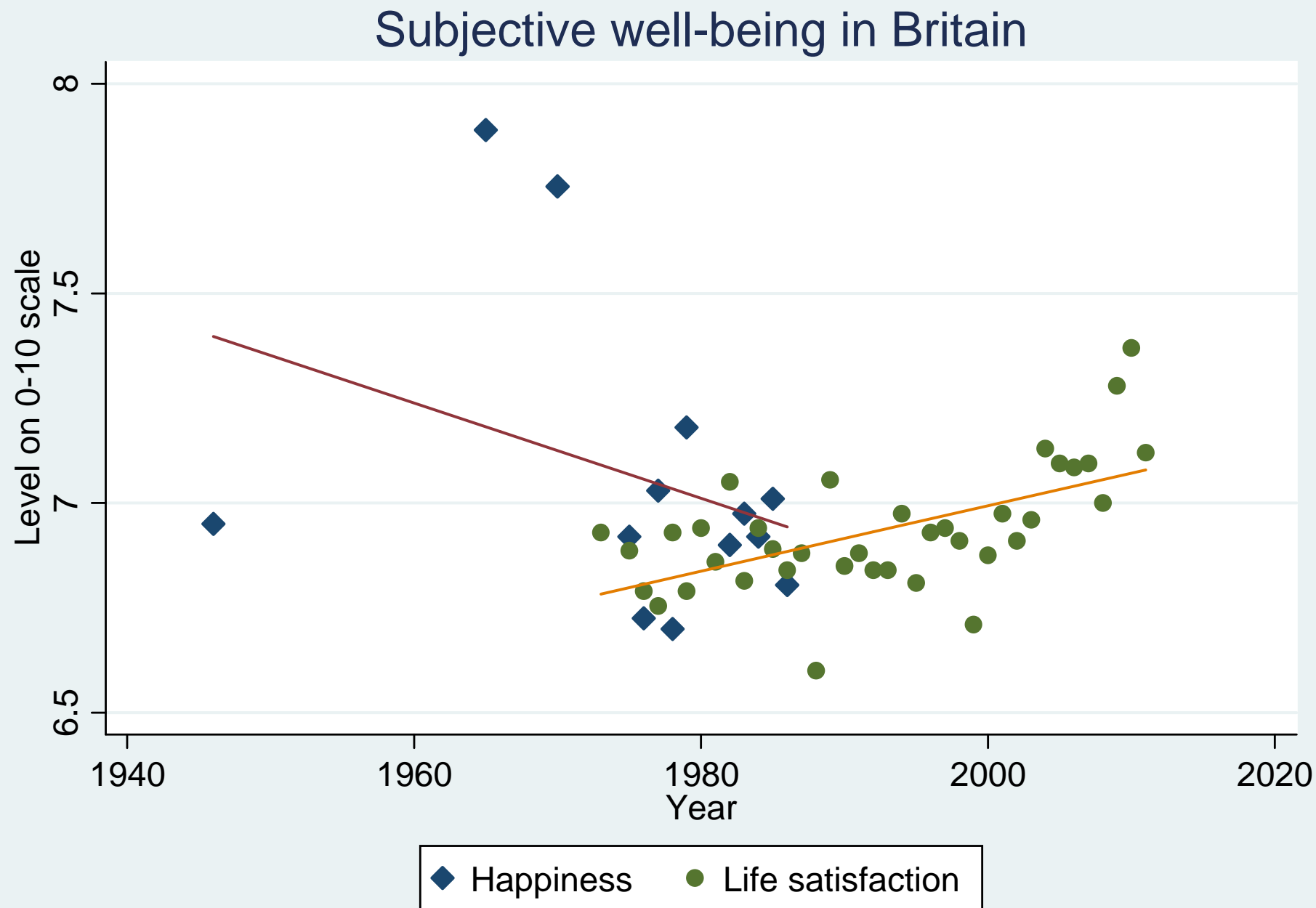


## Reported life satisfaction in West Germany



● Eurobarometer 1973-2007      - - - - - GSOEP 1985-2006

Source: Eurobarometer and German Socio-Economic Panel.  
Mean life satisfaction reported on a 0-10 scale.



**Source: World Happiness Database.**

# MALES BORN IN 1970

	Life satisfaction at 34	
Malaise at 26	-.23*	-
Malaise at 16	-	-.08*
Total household income per head (log)	.10*	.11*
Health at 26 (0,1,2,3)	-.10*	-.17*
Educational Quals. (0,1,2,3,4,5)	.07*	.08*
Parental income per head (log)	.03	.03
R square	.11	.07
Number of observations	1508	1508

*Source:* British Cohort Study.

Notes: Regressions by James Vernoit.

( $\beta$ -statistics)

\*Significant at 95% level

# MALES BORN IN 1970

	Household income per head at 34	Health at 34
Malaise at 26	-.07*	.14*
Total household income per head (log)	-	.00
Health at 26 (0,1,2,3)	.00	.26*
Educational Quals. (0,1,2,3,4,5)	.11*	.09*
Parental income per head (log)	.04	.05
R square	.02	.12
Number of observations	1508	1508

*Source:* British Cohort Study.

( $\beta$ -statistics)

Notes: Regressions by James Vernoit.

\*Significant at 95% level

# EFFECTS: EARNINGS

**Sweden** (40-60 yr olds)

**log earnings**

**= .10 Non-cognitive skill at 18**

**+ .11 Cognitive skill at 18**

**+ etc**

**UK**

**log earnings at age 34**

**= .06 Emotional problems at age 5**

**+ .01 Conduct problems at age 5**

**+ .11 Vocab. at age 5**

**+ etc**

*Sources:* Lundborg et al (2011); British Cohort Study.

( $\beta$ -statistics)

# MENTAL ILLNESS: AGENDA

- **Scale.**
- **Economic costs.**
- **Cost-effective treatments exist.**
- **Not adequately available, but could be.**
- **Prevention.**
- **Implications for social science.**



# PROPOSAL

**A Cabinet member for Mental  
Health and Social Care within the  
Department of Health**

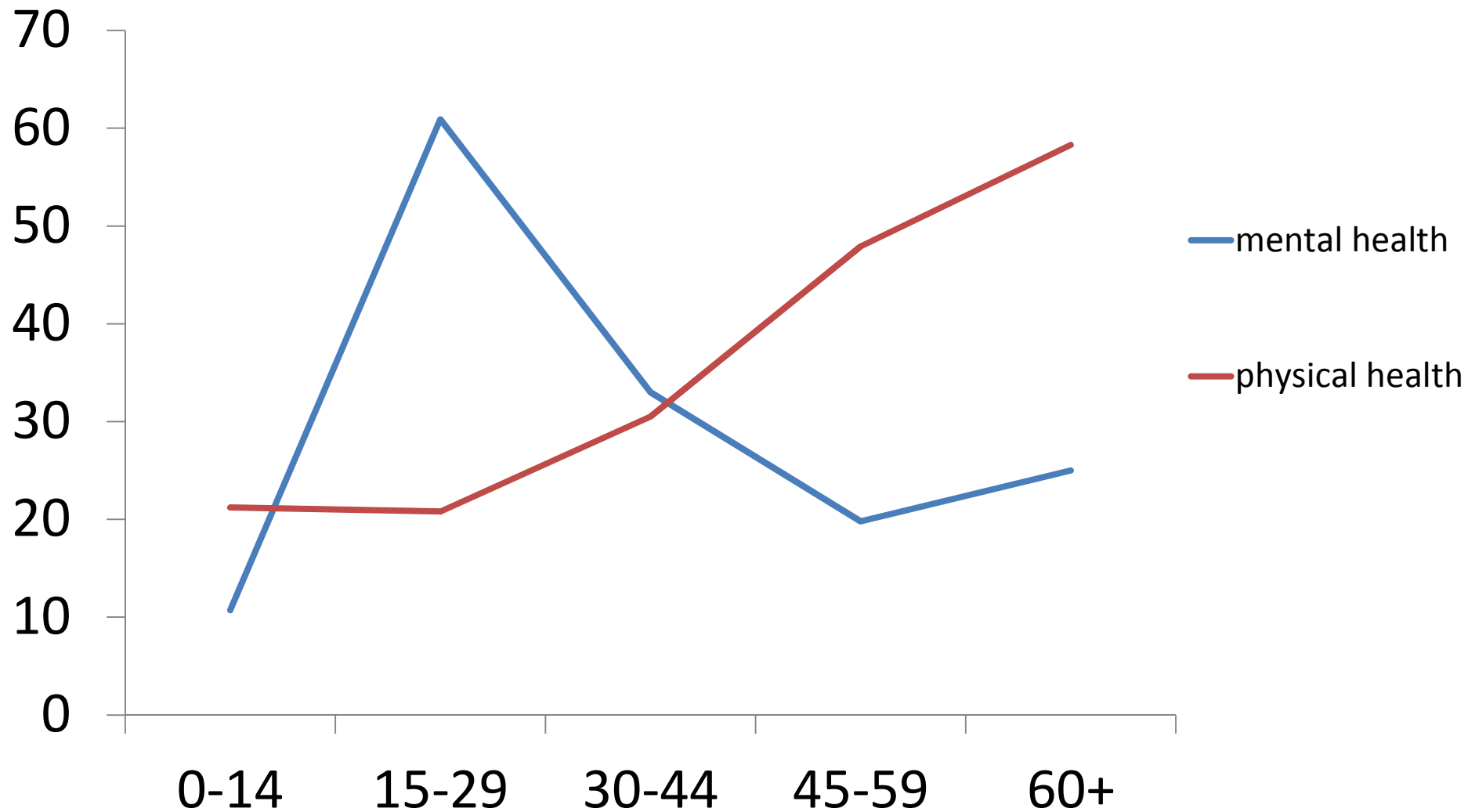
- **SCALE**

# PREVALENCE: ADULTS

Adults	%
Schizophrenia	0.5
Depression	8.5
Anxiety Disorders	8.5
Dementia	1.5
<b>TOTAL</b>	<b>19</b>

*Source:* ONS: Psychiatric Morbidity Survey, 2007.

# Degree of disability in each age group (Numbers per 1,000)



*Source:* WHO (2002). Western Europe

- **ECONOMIC COSTS**

# DISABILITY BENEFITS

10

**Numbers on disability benefits as % of W.A. Pop.**

	Due to mental illness	All causes
UK	2.5	6.1
US	2.0	6.6
6 other OECD countries (av)	2.4	6.4

- **Share of mental health in new claims is increasing**
- **Av spell duration for mental illness in UK is 4 years**

*Source: OECD (2011) p117*

# Employment rates for mentally ill people as % of those for “others”

	Severe disorder (worst 5%)	Moderate disorder (next 15%)
UK	65	82
9 other OECD countries (av)	66	87

**Implications :** UK employment is reduced by 4.4%  
 : inequality is increased  
 : bigger factor than low qualifications

*Source:* OECD (2011) p41 (16-64)

# ABSENTEEISM

**% of days absent**

	Disorder	No disorder
UK	8.0	2.5
21 European countries	11.2	5.0

**Implications : average hours reduced by 1.1%.**  
**in UK : nearly half of all absence.**  
**: borne proximally by employers.**  
**: also ‘presenteeism’ (= 2x absenteeism ?)**

**Sources: UK: Sainsbury Centre for Mental Health (2007); OECD (2011) p64**



# OVERALL COST (UK)

AT WORK	% of working hours lost
Non-employment	4.4
Absenteeism	1.1
Presenteeism	2
	7.5
HEALTHCARE	% of GDP
Mental healthcare	1.5
Physical healthcare	0.8
	2.3

# OVERALL COST (UK) cont.

OTHER
Educational underperformance
Crime
Poor parenting of next generation



**“Discouraging data on the antidepressant”**

- **TREATMENTS THAT  
ARE COST-EFFECTIVE**

# NET COST OF CBT PER PERSON TREATED

- **Gross cost £750.**
- **If 100 are treated, 4 of these work 25 months extra each. So the average person treated works 1 month extra.**
- **This saves £750.**
- **Net cost = 0.**

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**Net cost is also 0 if we use savings on healthcare costs**

- **TREATMENT PATCHY;  
SHOULD BE STANDARD**

# UNDERTREATMENT

15

**% of mentally ill people in any form of treatment**

	% of all ill people in treatment	% of people on disability benefits in treatment
<b>ADULTS</b>		
UK	25	50
US	28	46
EUROPE	25	
<b>CHILDREN</b>		
UK	25	

*Sources:* UK: ONS Surveys.

US: OECD (2011) p87.

EUROPE: Lepine et al (1997).

# **IMPROVING ACCESS TO PSYCHOLOGICAL THERAPIES (IAPT)**

**Aim : Implement NICE Guidelines by 2014  
Treat 15% of diagnosable cases per year**

**Need : 8,000 therapists in total**

**Steady state cost : around £1/2 billion**

**BUT not enough to treat much of  
Medically Unexplained Symptoms  
Chronic Physical Illness  
Children in need**



- **PREVENTION**

# PREVALENCE: CHILDREN

Children (5-16)	%
Emotional disorders	4
Conduct disorder/ADHD	6
<b>TOTAL</b>	<b>10</b>

**Only  $\frac{1}{4}$  are in treatment**

*Source:* ONS: Mental health of children and young people, 2004.

# How mental health problems contribute to other childhood problems (Children aged 5-16)

<b>Percentage who:</b>	<b>Children with:</b>		
	<b>Emotional disorders</b>	<b>Conduct disorders</b>	<b>No disorder</b>
<b>play truant</b>	<b>16</b>	<b>22</b>	<b>3</b>
<b>have ever been excluded from school</b>	<b>12</b>	<b>34</b>	<b>4</b>
<b>smoke regularly (age 11-16)</b>	<b>19</b>	<b>30</b>	<b>5</b>
<b>ever used hard drugs (age 11-16)</b>	<b>6</b>	<b>12</b>	<b>1</b>
<b>have ever self-harmed*</b>	<b>19</b>	<b>18</b>	<b>2</b>

*Source:* ONS Survey of child mental health: Green et al (2004). \* Parent's report

## Subsequent outcomes for children with behavioural difficulties at ages 7-9

<b>Percentage subsequently</b>	<b>Children whose childhood conduct was in</b>	
	<b>Worst 5%</b>	<b>Best 50%</b>
<b>committing violent offences (21-25)</b>	<b>35</b>	<b>3</b>
<b>drug dependent (21-25)</b>	<b>20</b>	<b>5</b>
<b>teenage parent</b>	<b>20</b>	<b>4</b>
<b>welfare dependent (age 25)</b>	<b>33</b>	<b>9</b>
<b>suicide attempt (ever)</b>	<b>18</b>	<b>4</b>

*Source:* Fergusson et al (2005) Table 1

## **Costs to the taxpayer - from criminal justice, social care and remedial help between ages 10 and 28 (£)**

<b>Children with conduct disorder at age 10</b>	<b>70,000</b>
<b>Children with conduct problems at age 10</b>	<b>24,000</b>
<b>Children with none of the above at age 10</b>	<b>7,000</b>

*Source:* Scott et al (2001)

# **PREVENTION: AT SCHOOL**<sup>21</sup>

**180 programmes (typically 18 hours in groups of 15)**

**Average short-run effects of a programme**

**= + 11 percentile points on achievement**

**+ 9      "      "      behaviour**

**+ 9      "      "      emotional state**

**Example Penn Resilience Programme**

**Cost £150**

*Source: Payton et al (2008); Challen et al (2011).*

# PREVENTION: AT WORK

22

**In 17/19 countries work-related mental problems up\*.**

## **1. BETTER MANAGEMENT**

**Workers are least happy when?**

## **2. BETTER JOB DESIGN**

- **Meaning and information**
- **Autonomy**
- **Competence/fit**

## **3. HANDLING ABSENCE**

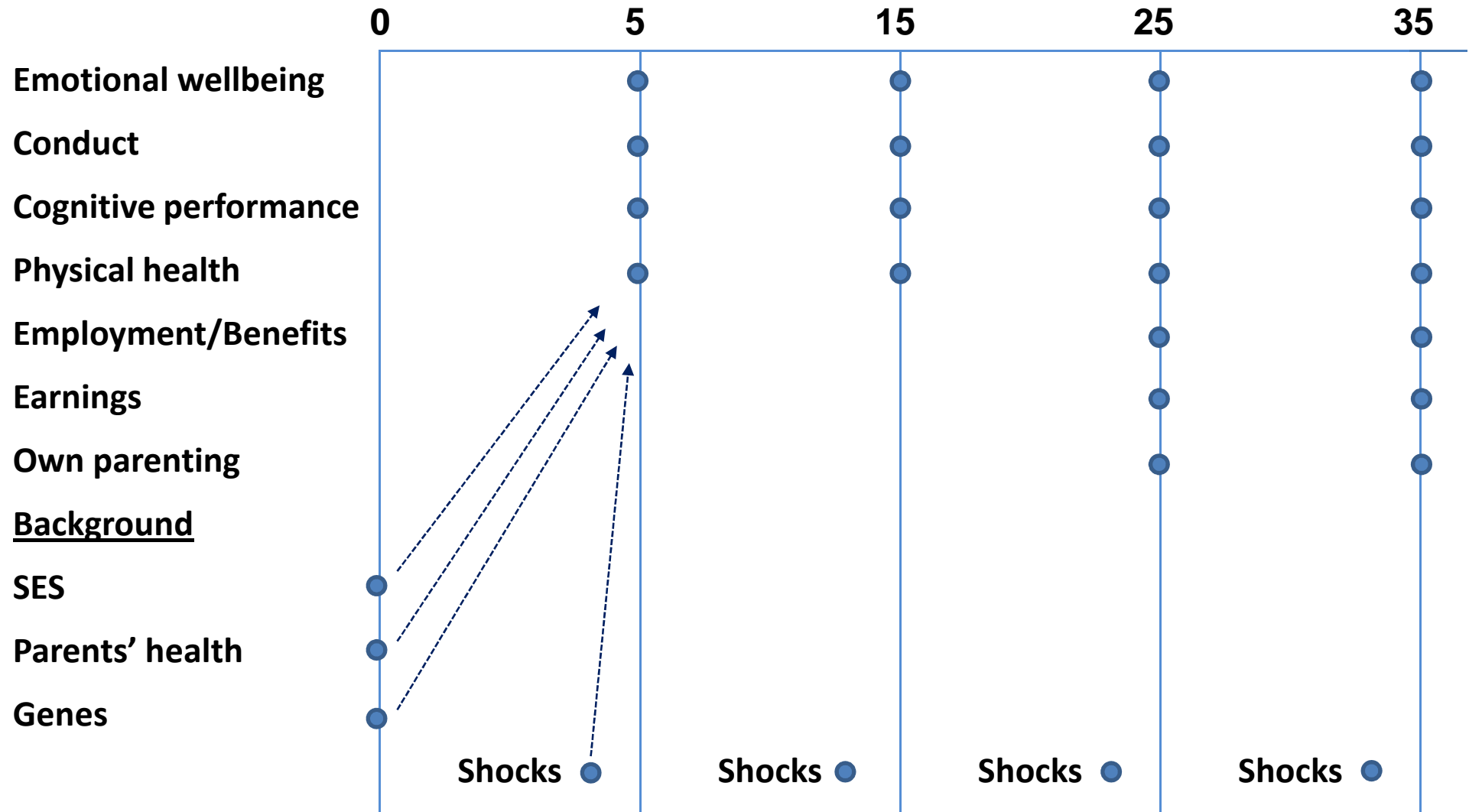
- **Proactive**
- **Openness about mental illness**
- **Work adjustment**
- **Getting treatment**

***\*Source: OECD Employment Outlook (2008) p222.***

- **IMPLICATIONS FOR  
SOCIAL SCIENCE**



# MODEL OF LIFE-COURSE



The logo for Action for Happiness features a dark red banner with the text "ACTION FOR HAPPINESS" in white, uppercase letters. To the left of the banner is a green circle, and below the banner is a green vertical line.

ACTION FOR HAPPINESS

[actionforhappiness.org](http://actionforhappiness.org)

**This lecture is available at**

**<http://cep.ac.uk/layard>**

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