SENSER
South East Network for Social Economic Research

Comments on the quality of our work
June 2019

Our principles.
As a research group based in a higher education institution we are committed to open and rigorous science.

Open science is a commitment to our research, our workings, our analysis and its dissemination accessible to all levels of an inquiring society, amateur or professionals.

Rigour relates to the trustworthiness of our work, by being honest to the data, reflecting on its quality, authenticity, and truthfulness; and by having our work peer reviewed. It relates to the degree of trust, or confidence, readers have in results.

In that spirit, this document is a summary of public and private criticism, queries and reflections on our work, along with our reflection on those comments. In general, we rely on rigorous national data sources such as the CSO. We are aware that no statistical method is perfect but we believe that policy should be informed by data and our mission is to present relevant economic and social data for the South East in order to track the region's performance relative to other regions in Ireland.

We receive considerable commentary that we talk the economy down.
We feel that in publishing data on the region we have the same impact on the economic fortunes of the region as weather forecasters have on the weather. The data we use is publicly available and so anyone making investments will use the underlying data to make their own decisions.

Are you political, your reports are critical of Government policy?
None of us are members of a political party or have a demonstrable political ideology that drives our work. We do review policy and the implications of political decisions. We regularly meet with politicians to brief them of our work (and hopefully support them in their analysis on the region's economy), and over the course of the number of years doing this work we have met politicians from all political parties as well as independents.

Do you take commissions?
We feel accepting commissions would not be appropriate and would raise questions over the motives of our work. We are often approached and if we feel there is a common good we may take on a some work but without editorial control or payment from an external body. For example, we have supported the 24/7 cardiac campaign by reviewing the Herity report and emergency ambulance times, we have also generated growth scenarios after discussions with the private backers of the North Quays. Such work must meet the stated ambitions of our initiative, allow us editorial freedom to follow the data and interpret it free from interference and not impact on our academic freedom.

Do we reflect the views of WIT management?
No we do not. Our only value is in providing unbiased data to inform public debate. We are independent academic researchers, WIT management and indeed WIT School of Business management are well able to speak for themselves. At times our views have been in direct conflict to the publicly stated position of WIT management. WIT management have been very supportive in protecting our academic independence and in doing this, they are complying with the spirit and the letter of the Institutes of Technology Act 2006, Section 32 which guarantees academic freedom to lecturers.

Specific questions over our use of data or the reliability of our analysis.

#1. In saying in 2018 that the recovery has run out of steam, we compared labour market data from Q1 2017 to Q1 2018. One respected commentator suggested that using individual quarters was an unreliable approach, and we should have used longer-term trend analysis or yearly averages.

We stand over the numbers as presented as offering a good account of where the regional economy stands, accepting that any single data point has its methodological weaknesses and quirks. One could always select a different interval to generate a comparison and it might give a more or less favourable complexion. We could change every date range to tell a mildly different story, but broadly the region's economic malaise is what we see as the established trend. We form our overall house assessment on the economy by exploring multiple datasets. Our group has been consistent in using QNHS/LFS data from Q1 (as that is the most recently available) and when it has been positive people have not commented.

#2. We are unfair in saying the Government's Action Plan for Jobs targets have been missed and that the plan has failed. We use the wrong intervals to generate that assessment- that the baseline is Q1 2015 (we use Q3 2015).

The APJ has two targets- to get regional unemployment to 1% of the national average and to create 25,000 new jobs.

The plan was published on 7th September 2015, and a close reading of the actual plan is silent on the actual baseline date. We feel that in these circumstances it was appropriate to select the start date of the plan to measure its impact on meeting targets. Between Q1 and Q3 2015 there was significant growth in employment and drop in unemployment in the SE and this cannot be attributable to a plan launched in Q3 2015. Nonetheless we acknowledge the ambiguity. Since the launch of the plan employment growth has been patchy and weak. The Q1 baseline is first mentioned in progress reports on the plan, long after the drop in employment growth was manifest. These Government promises are one of the very few measurable commitments to the region. We sustain the view that the plan is failing. We are concerned that the new regional enterprise plan to 2020 does not acknowledge the failure/under-performance of the previous plan in meeting its targets. In saying all this we do not wish it to reflect on the individuals working tirelessly in the SE to develop the region's economy.

#3. The region's economy is on track to generate 25,000 new jobs by 2020.

Only 3,500 new jobs were created in the region in the past two years. We are comfortable in our view that this the region is unlikely to make this target based on current progress and the absence of capital investment by the Government into the region.

#4. We are wrong when we say that the region has a shirking labour force as we compare consecutive quarters which lacks robustness. The trend analysis shows strong labour force growth.

We are comfortable in our assessment as the SE labour force has has only increased by 0.7% over the last two years at a time when it grew by 4.1% nationally. It is true that it increased over the last year and has recovered over the last decade but in recent years growth has been modest. In a similar vein to job creation, we see clear evidence of the labour market reaching a plateau and lagging national growth. The relative underperformance of the SE is clearly not attributable to seasonality. Furthermore, the decline in the labour force for three consecutive quarters was unprecedented over the last seven years and is thus not the result of seasonalities.

#5. The statement that the "SE has been relatively unsuccessful in accessing EI competitive funding" is inaccurate when you look at the SE's performance in the key EI regional fund – the Regional Enterprise Development Fund.

EI does not properly account for its activity on the region, simply there is not a wide range of data available- so it is not possible to say that this opinion is inaccurate or accurate. Identifying a single fund, that is very opaque in how it reports (so the three tranches of the fund have reported in ways that do not allow comparability) is not good practice. In the absence of a complete data set, we form the view based on looking at the publicly available data sets in the round.

#6. We are unfair in reporting site visits rather than actual investments. Our focus on the silver bullet of FDI is not ideal.

IDA do not report investments, but they do report visits and jobs. We base our analysis on the data they chose to report, which is presumably what the IDA see as KPI. IDA jobs are the silver bullet, and since the 1950s have been key to building one of the most competitive and successful economies. The SE has an equal right to access high quality, government supported FDI jobs and marketing supports.

#7. We are biased in suggesting that the "SE is reorientating towards a lower skilled, lower pay economy"

Specifically we rely on only one narrow NACE category (M which is lawyers, accountants, marketers, etc.) as being a proxy for the full economy	We acknowledge that the data only allows for a limited assessment. However, our analysis also relies on other job quality metrics and proxies such as average earnings, income and consumption tax returns and the proportion of NMW workers. Again, we wold love more granular data but we must rely on the industry data available and also utilise on the average earnings by NACE category released by the CSO.
The 9% decrease figure on page 5 of the 2018 Monitor appears incorrect.	Yes, the 9% figure was incorrect as it referred to a different period. We are grateful for this being pointed out and we will amend in any future releases. However, the point remains that the trend is somewhat concerning and it turns out that the number employed in this sector decreased again this year (by 4.5%).
It ignores record employment years in (higher paid) EI and IDA companies in the SE;	First, the sectoral analysis does not ignore these jobs added as they would be reflected in the LFS. Furthermore, the two ideas are not mutually exclusive, i.e. it is possible for record levels of employment in these areas and an increase in the proportion of lower-paid jobs as EI and IDA employment represent a relatively small proportion of all jobs in the region (approximately 17%).
Ignores growth in other key high tech, higher pay NACE sectors – such as ICT and Financial Services which on a trend basis and with consistent gaps in Labour Force Data increased significantly (e.g. ICT - 23% between Q1 2017 and Q1 2018 and Financial Services by 22% between Q1 2018 and Q1 2019)). Furthermore the oscillations in the LFS NACE M figures would raise concerns about the robustness of single points (rather than trends) in the sector;	Increases in areas such as financial services and ICT have been encouraging and we have said as much. However, it is important to note that percentage increases in these areas are a bit misleading as they have relatively low bases. The main driver of increased employment has over the last year has been in the services sector. It is true that the nature of the data means that single points are not perfectly robust. This is why we largely focus on trends in our sectoral analysis and we feel that the picture in the SE has been quite consistent over a prolonged period.
Ignores higher paid skills in key sectors of the SE's economy which are in the NACE C (manufacturing) such as life sciences and advanced engineering. For example, I'm not 100% sure but I reckon an engineer in Bausch and Lomb would be in NACE C, 26.7 (manufacture of Optic Instruments) rather than NACE M.	This may be the case. However, in the round, the trends in the data (in conjunction with other measures) do shed important light on the quality of jobs in the region relative to the national picture
Ignores qualitative assessments of where recent jobs announcements in the region have been e.g. Bausch and Lomb, Glanbia, MSD, Grandpad, Carne, ASG – all high skill, high pay jobs.	We focus on the macroeconomic performance of the region. The data do not allow for a complete analysis of all added jobs (announced jobs represents an incomplete picture) and thus we rely on CSO sourced data and proxies for job quality. Furthermore, a qualitative assessment job announcements would be hugely subjective in itself.
The increase in the proportion of minimum wage recipients is definitely a challenge but I think a deeper analysis is needed around the profile of the region's NMW recipients and what policy responses are required.	Such an analysis is beyond the scope of our mission and the available data. However, our general thesis that the region is underperforming relative to almost all other regions and needs significant investment would be appropriate to some degree here.

We appreciated this interesting and in-depth exchange around the quality of jobs in the region. Our substantive interpretation of the data is very different from this expert's view, and we would welcome further discussion and analysis on this topic of great importance to the region's wellbeing.

#8. Your tweet suggesting

In terms of the stats, the key points would be: "Odd ↓200 people in work. So drop in unemployment continues to be from people exiting the labour market (migration/retirement) + not jobs growth" (following Q1 2019 LFS release) and previous ones use of non-seasonally adjusted quarter to quarter comparisons of LFS in any public communication and in the graphs of the Economic Monitor (e.g. page 5). quarter to quarter comparison is wholly inaccurate. If it was to continue it would suggest research bias and a lack of robustness.

All data points have their weakness, and we are not great fans of the seasonal adjusting (indeed we wrote a paper on the X-Arima smoothing algorithm X-12-ARIMA, X-13-ARIMA is now used). These comparisons are far from perfect, but they do shed light on trends in key data. We reject the assertion of a deliberate bias as we have reported favourable and unfavourable quarter-on-quarter changes. The data reference in the tweet for Q1 2019 contrasted with all the other regions in the state. National commentary on the data notes the positive quarter on quarter improvement and so the SE was at odds with this reportage. Employment often deacreases in all regions between Q4 and Q1; however, the SE stood out clearly from almost all regions on this occasion and hence we think it was noteworthy. There is no evidence that employment in the SE is more seasonal than other regions. Furthermore, in our annual report, despite graphing quarterly data, we focus on long-term trends in such graphs and our commentary largely focuses on annual changes, hence removing the problem of any seasonality in the data.

#9. We are wrong to suggest that "The weak economy is illustrated by data on car sales, income tax and VAT returns", as our car sales data excluded imported used cars and there is significant tax leakage from the region while the region's tax returns in an absolute sense are increasing. This suggests a research bias through a lack of context.

This refers to our overall assessment that the SE is simply economically smaller (GDP/incomes/employment/ consumption/house prices etc…) and must grow quicker than other regions to catch up. Given that it is growing at a lower rate than the state it is getting relatively smaller. This we feel is not a controversial thesis and is borne out in dataset after dataset over the short, medium and long term.

We now include second-hand car registrations, but make the point that we explored relative new car sales, and this is lower than a pro-rata share which supports our thesis. The suggestion of tax leakage is heuristics and we have no data to explore this and there is no data to suggest leakage is stronger than in other regions. All the graphs referred to in this comment show absolute measures (car sales, income taxes, and VAT) and it is clear to the reader that these figures are generally rising but it is also clear (and in our view crucial) that they did so at a slower rate than nationally in most years.

It is a reach to suggest that is demonstrative of research bias and lack of context, we make it clear that our approach is a relative one but we present context by showing both relative and absolute analyses; and then allowing the data speak for itself.

We appreciate everyone who contacted us to discuss, comment and criticise our work. Our overall aspiration of having a richer, more informed economic dialogue within in the region is supported by all this effort.

About

SENSER aspires to present a selection of key economic indicators for the SE region, to aid understanding and inform decision making. It is prepared by independent, non-politically affiliated academics who are part of the South East Network Social and Economic Research (www.senser.ie), an initiative of AIB CFBR and CEDRE at Waterford Institute of Technology School of Business. All opinions expressed are those of the authors , any errors and omissions are the sole responsibility of the authors; please bring them to the attention of the authors.

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