

Reply to Mike Coombes by Ray Thomas

I'm grateful for the reference to Michael Smart monograph *Labour Market Areas: Uses and Definition* which does indeed spell out the early history of the development of the travel to work area. Smart's account helps to explain how a simple mistake in reasoning was elevated into an ideology. The mistake was to argue that because the length of journeys to work is increasing, we must measure unemployment (i.e. those who do not have a journey to work) over ever larger geographical areas.

The problem has been evident for some time. Smart quotes a Parliamentary exchange which took place in 1968:

Mr George Jeger M.P. asked: "Has the hon. Gentleman now found a defence for the 11% unemployment in Thorne by a statistical swindle by amalgamating Thorne and two other areas of much lower unemployment?.."

The minister, Mr Fernyhough replied "I am sorry that my hon. Friend should question my integrity. I would not allow anyone to 'cook' the books.... What has happened with

regard to 'travel to work' areas in Thorne has happened up and down the country, as successive governments have tried to give a more realistic figure on an area basis". (Smart, 1974, p 333)

The use of concepts such as 'statistical swindle' and 'cooking the books' indicates that the controversy over TTWAs has an even longer history than controversy about the Count of Claimants itself. In spite of the notorious 'fiddling' of the 1980's, the Count of Claimants statistics are more defensible than the TTWA areas for which they are published. The controversy continues in many dimensions in the papers given the conference on TTWAs held in Edinburgh in January this year (Turok, 1997).

Thirty years ago Mr Fernyhough may have had some plausibility in asserting that it was 'realistic' to use a measure which, in effect, assumes that the characteristics of the unemployed population with regard to the journey to work, and skill characteristics, are similar to those of the employed population. But TTWAs are nowadays less defensible

because both the level of unemployment and the length of journeys to work have increased substantially.

By definition the unemployed don't have a journey to work. But, there is indicative information on the length of journeys to work by different levels of skill. More than sixty percent of unskilled workers have journeys of less than three miles. At the extreme, more than half of professional workers have journeys of more than five miles, and a third travel more than ten miles (Family Resources Survey, 1995). Such longer journeys form the basis for delineation of TTWAs.

Mike Coombes disingenuous defence of TTWAs is that they were not intended to identify concentrations of unemployment. The point is that for several decades unemployment statistics have been published every month for TTWAs under a heading "Area Statistics". There aren't any other statistics which aim to identify concentrations of unemployment, and the only other sub-regional areas for which unemployment statistics are regularly published is parliamentary constituencies. Whatever the aim of TTWAs, their effective function has been to conceal concentrations of unemployment.

Mike's response actually digs a hole into which he himself must fall. He hypothesises a picture of high unemployment in the inner areas of every major city. Were that hypothesis only half true it would be an important generalisation which should be the focus of research by social scientists and of public policy development. If such powerful generalisations can be made, what is Mike doing not urging the provision of statistics which would support or disprove such generalisations. What is the point of a statistical system of TTWAs which systematically conceal such concentrations?

REFERENCES.

Office for National Statistics (1996) *Family Resources Survey*, ONS

Smart M.W. (1974) *Labour Market Areas: Uses and Definition*, *Progress in Planning*, Vol 2, pp 239-353.

Turok, Ivan (Ed) (1997) *Travel-to-Work Areas and the measurement of unemployment*, Conference Proceedings, Centre for Housing Research and Urban Studies, University of Glasgow.

'The Labour Force Survey in the Dock'

Penny Pease

Dear Mr Thomas,

Statisticians in the Inland Revenue have passed me a copy of your article entitled 'The Labour Force Survey in the dock' which was published in 'Radical Statistics'. [See double issue 64/65, Spring and Summer 1997] Although the article raises some interesting points, it also contains a number of inaccuracies. Most of its charges are false, as shown below.

Charge 1.

Paragraph 3 states that the LFS does not tell us how many people in part-time jobs would like to work full-time. Although the LFS does not contain a question with exactly this wording, it does identify the part-time employees who took a part-time job because they could not find a full-time job. Charge 1 is therefore misleading.

Incidentally, you imply that the LFS employment series is misleading because it includes 300,000 jobseekers who are working. This is a consequence of applying the International Labour Office's definition of employment. The benefit rules

(Jobseeker's Allowance replaced Unemployment Benefit in October 1996) may encourage the growth of low income part-time jobs, but this is not a fault of the LFS which simply measures the number of these jobs.

Charge 2.

The NIC series is not an employment series, but is a count of the number of people paying National Insurance. It will exclude those people who are working but do not pay NI, and is therefore not a reliable source of employment. Contrary to the statement in Paragraph 2 of page 5, we would expect the number of people paying NI contributions to be less than the overall level of employment.

The ILO definitions were introduced into the LFS into 1983 and caused a discontinuity in the series. Your comparison back to 1979 is therefore misleading. It is not clear why the number of people paying National Insurance contributions did not rise as fast as employment measures (LFS and WiE) in the 1980's, but the 'discrepancy' is much smaller than you suggest.

As it is a household survey, the LFS is not an appropriate source of data on National Insurance contributions as many respondents would not know whether or not they paid them. Therefore, charge 2 is rejected.

Charge 3

The WiE employee series is not based on a 'census count' but an Annual Employment Survey. ONS is currently investigating the differences between the employment estimates from the LFS and the employer surveys, and will be publishing some results early in 1998.

Both surveys are subject to error (as with any survey) but there is no evidence that the LFS persistently overstating the level of employment and employment growth'. The discrepancies between the surveys are more likely to be due to coverage differences and definitional differences. For example, as you state in paragraph 2 of your article, the LFS includes anyone who did any paid work for longer than one hour in the survey week, and it is unlikely that all these jobs are included in the employer survey estimates.

Charge 3 is therefore an unproven and subjective statement.

Charge 4.

There is no reliable source of employment statistics from administrative sources, because not all employees pay PAYE or NI contributions. Those employees who earn below the PAYE and NI limits would therefore be excluded from an estimate obtained from these sources.

Although it is obviously desirable to encourage employers to pay NI contributions and run a PAYE scheme, it is also important to collect information on employees not covered by such arrangements.

The administrative system is not always up-to-date with the latest staff changes, and it does not collect information on full-time, part-time, hours worked or industry.

Charge 4 is therefore impractical.

Charge 5.

Charge 5 is true. The ONS (the Department of Employment was disbanded in 1995) has recently carried out a study on the LFS undercount of claimants, and will be publishing the results in a forthcoming edition of Labour Market Trends.

Charge 6.

You have corresponded with Richard Laux on this issue. His letter of 17 February makes it clear that the LFS question on availability i) fits closely with the Eurostat recommended question wording, ii) was developed over a long period of time and has been consistent since 1983. Any change to the question wording would introduce an unacceptable discontinuity into the ILO unemployment estimates.

Charge 6 falsely implies that the LFS question is out of line with other international countries and Eurostat recommendations.

Charge 7.

ONS is examining the effect of attrition bias from the wave structure which of course affects all surveys with panel elements. Initial results are that attrition does not significantly affect the employment estimates.

The LFS has a relatively high level of response, 82 per cent. A study of non-response in the LFS was carried out by linking records between the LFS and the 1991 census. This showed that non-respondents to the LFS were not significantly biased across the different economic activity categories. Another census-linked study will be

carried out between the LFS and the 2001 census.

Charge 7 is therefore wrong.

The LFS is checked for systematic bias.

Your views and those of other academic colleagues are an important contribution to the debate on labour market statistics. ONS is keen to improve the dialogue with its customers outside Government and is working to strengthen the links with academia. However, it is important that published articles are based on an objective presentation of the facts. This article's subjective and misinformed views does not seem a very constructive addition to the debate and could undermine the public's perception of the LFS despite its conclusion that 'the LFS is needed for proper investigation of trends in employment'.

Please let me know if you would like to know anything more about ONS' sources of labour market statistics.

I am copying this letter to the editor of Radical Statistics.

Yours sincerely,

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Let's Have Some Statistics of Social Significance.

If Radical Statistician means anything, it means a statistician who is on the side of the poor and deprived.

Ian Plewis writes (RADSTAT 66 Autumn '97) that "Measuring pupil' educational attainments and achievements is not as simple as measuring their heights and weights, even though some public pronouncements would suggest that it is".

If one cannot measure pupils' attainments, one can't measure schools. The league tables are spurious. And there we are. We just don't know.

Yet do middle class parents act that way? Some time before their children are due to leave primary school, they are happily using the notorious Greenwich Ruling, if necessary, to jump borough boundaries and lobbying assiduously to get their kids into what are generally known to be good schools. Generally known, that is, except to some radical statisticians.

There is more to radical statistics than the unemployment figures. There

are such things as statistical significance and statistical correlation.

Would radical statisticians describe the following as of little statistical significance?

The absence of books and places to study in poor households.

The absence of parental influence, knowledge and ability to help the pupil.

The tendency of poor parents to accept the secondary school their children are assigned to by the local authority.

No objective test at age 10 or 11 to decide who gets to what are generally recognised as good schools

Schooling at the good schools is by no means free. Pupils are asked to attend expensive adventure holidays, where they get bonded with their teachers and their fellow students.

The financial pressure to go out to work at 16.

And that's just primary and secondary education.

Would radical statisticians say that there is little correlation between the goodness of a school and the wish to ABC1 parents to send their children there?

We, statisticians, actuaries, etc, are indubitably middle class, and, usually, not poor. However, in adopting the honourable title of radical should we not seriously look for objective facts which will help the poor even if we, or our children, jumped the queue at one time or another?

Ian suggests that "policy makers and others reformulate their questions". I would propose that the statistics of parents' ABC1 C2DE social class rating be published for every school in all local newspapers.

It would then be possible to work out a coefficient of correlation between ABC1ness and position in the league tables.

The rest can be left to the parents themselves. Free education is of limited value without equal access for all to good schools.

Charging for fees and maintenance represents one more obstacle to poor children getting to university. But how do we know that poor children are getting there anyway?

We need statistics for university students classified according to main parental breadwinner's social class rating ABC1C2DE.

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IS IT RADSTATS OR FAT CATS?

The statement by the Radical Statistics Health Group "Private Finance Bill would spell the end of an NHS focus for health trusts" (RADSTATS 66 Autumn '97) makes a justified criticism of the Private Finance Initiative (PFI).

The basic criticisms of the PFI are that

- 1) The cost of capital is much more under the PFI than if the cash were borrowed from the state.
- 2) The PFI is a device to creatively account the Public Sector Borrowing requirement (PSBR) by deferring current state expenditure to the future.

The rules say that a project is either mostly public or mostly private. If it is mostly public it appears in the current PSBR. If it is mostly private it becomes subject to commercial confidentiality, as the statement points out.

These criticisms are acknowledged by the advocates of PFI. However, they maintain that though the interest and dividend cost under PFI are much more, the capital costs are much less than if the project

were undertaken by the public sector.

PFI advocates point to numerous cost and time overruns in the past in the public sector. Under PFI, if cost and time overrun the entrepreneur suffers the penalties.

I was, at one time, marginally involved with a public sector project. Staff and workers were told that they would be redundant as soon as their part of the project was completed. They got the message. The project overran fifteen years. I have no figures on actual or estimated costs.

Today there would be a few fat cats in charge of the project with fantastic bonuses if financial, time and quality standards were met; and substantial penalties if they were not.

This a problem which, in various forms, has bedevilled the advanced capitalist countries and the socialist countries for many years now.

If radical statisticians cannot come up with an answer, who can?

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