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## *Chapter 8*

# **THE LATER APPLIED WORK OF R.C. GEARY**

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### **Introduction**

During the years after his return to Ireland in 1960 until his death in 1983, Geary's output of applied work on economics and the social sciences was enormous. Although he authored a few important papers while he was Director of the Economic Research Institute, notably the study of the textile industry (Geary, 1962) and that of county incomes (Attwood and Geary, 1963), most of this output was written after he relinquished the administrative load associated with the Directorship in 1966, and became a Consultant to The Economic and Social Research Institute (as it became in 1967). Over this 17-year period — for he remained active almost until his death — he authored or co-authored five papers in the ESRI's General Research Series. This is the Institute's main publication series intended for substantial academic studies, and papers such as Geary and Pratschke (1968) on inflation and Geary and Hughes (1970) on unemployment were important landmarks in applied economic research in Ireland. In addition to these major studies, Geary contributed four papers to the Institute's Broadsheet Series, which was introduced to provide an outlet for shorter policy-oriented papers aimed at wider audiences. And finally, he turned out a large number of memoranda and shorter notes and comments. These papers dealt with the growth of Irish towns, the link between education and unemploy-

ment, the compilation of industrial statistics and numerous other topics. This applied work was over and above a continuing output of technical statistical and econometric papers, many of which were reprinted by the Institute.

Although the range of topics covered in this later applied work was wide, it displayed continuity with themes that had preoccupied Geary from his earliest years in the CSO, as a member of the Emigration Commission between 1948 and 1954, and as a lifelong contributor to the Statistical and Social Inquiry Society. This is true in particular of his interest in several aspects of demography — especially migration, both internal and external, mortality and morbidity. It was inevitable that during the 1970s he would become concerned with the “twin scourges” of unemployment and inflation, and hope to contribute to their alleviation through statistical analysis. The measurement of trends in living standards remained an abiding interest, through indices such as housing conditions, as well as at a more technical statistical level.

My first professional contact with Geary was when I came to spend a summer at the Institute in 1968 and subsequently joined the staff in 1969. Between then and his death, I shared innumerable discussions of a general and technical nature with him. He was born a month before my father and predeceased him by fourteen months, so it was perhaps inevitable that he became something of an intellectual father figure to me!

### **Main Themes of Geary’s Later Applied Work**

The topics to which Geary devoted so much energy during his later years were:

- Demography and population economics;
- Labour market economics, including the links between employment, unemployment and migration;
- Wage and price inflation analysed by time series approaches and by input-output methodology;

- Economic geography;
- Broad social issues — health, housing, etc.

He also applied his interest in statistical technique in areas such as

- National income accounts, considering the terms of trade effect and estimating county incomes; and
- The application of double deflation methods to the measurement of productivity in Irish industry.

### **Common Features of this Body of Work**

Certain common features are evident in this body of work. The most striking is Geary's concern with the pressing issues of the day. I well recall his aphorism that

We [applied researchers] are academics with a social conscience.

While this reflected his somewhat jaundiced view of academics, it also echoed his fundamental belief that there were grave economic and social problems on which it was the duty of the intellectual, and especially one with an understanding of statistical methodology, to shed light. Speaking to him about his research during these years, I was impressed by his urgent desire to accomplish as much as possible in the limited time remaining to him. This somewhat Victorian side of his personality contrasts sharply with the dispassionate, technocratic approach to social science research that is now in the ascendancy.

An obvious feature of his applied work was the extent to which it was driven by a desire to use available statistics. I can recall his delight on receiving a new volume of a Census of Population or Industrial Production — two of his favourite statistical sources — and the enthusiasm with which he would announce: "Here be riches".

He would waste no time in getting down to analysing the data at various levels of sophistication. Indeed, despite his prowess as a statistician, he always proclaimed that "Simple methods are best", and hoped that his findings would be intelligible to a wide readership. While he did make forays into more novel time series techniques — as in his application of Sims causality tests to Irish GDP and money supply data — he generally contented himself with nothing more elaborate than straightforward multiple regression techniques. Occasionally, he experimented with principal components as a way of extracting common factors from a large number of social indicators — his application of this technique to estimating county incomes struck me as ingenious.

A striking feature of his approach to data was his interest in how the series had been constructed. His years of service in the Statistics Office made him all too aware of the pitfalls of using data from different sources. Another of his aphorisms was "Data from different sources purporting to measure the same phenomenon rarely do so".

Nonetheless, an often-quoted paper on unemployment contains an attempt to reconcile Live Register and Census of Population data on unemployment (Geary and Hughes, 1970). One can only speculate what Geary would have made of the availability of a third source of unemployment data — the Labour Force Survey — which has thrown up deeper statistical conundrums.

As for the methodology he applied, it is fair to say that, although he was at pains to try to learn from his younger colleagues in economics and the other social sciences, he was pragmatic and eclectic in his use of economic and social theory. His approach could best be summarised as that of a concerned and intelligent layman, possessed of useful statistical techniques that he was anxious to apply to such obvious and serious problems as the study of inflation and unemployment. Nothing could have been further from his ken than the search for deep structural parameters or the desire to buttress an ideological position by appealing

to the results of a statistical test. An economist coming to his work for the first time would probably be struck by the somewhat mechanical or arithmetical approach that characterised much of it, and the absence of a feeling for *markets* and *prices*. Thus, in an address to a Trade Union congress in 1977, at a time when many of us were concerned about the difficulty of reconciling the projected growth of the labour force with any conceivable increase in employment, he commended the programming approach of another great statistician — Jan Tinbergen. He proposed that a body such as the Industrial Development Authority should draw up a list of all the things that could be made in Ireland, their ranking according to criteria such as value-added in Ireland, the growth of world demand, etc., and then:

by chopping and changing the list, subject to the constraints, one could ultimately arrive at a selection of goods to be made and the scale of activity for each that would maximise employment. . . . There seems to be a nice problem here, as an extension of linear programming, which I confidently commend to our young mathematicians. (Geary, 1977)

On a sounder note, the same paper contains some characteristic nuggets, with which all of Geary's later work are studded. For example, he told his trade union audience that the balance of payments deficit implied:

we are living far beyond our means. We are dishonestly imposing a vast foreign debt on the shoulders of our descendants, a debt which cannot be mitigated like the internal debt by that other dishonesty, inflation.

This same address contains another gem that illustrates Geary's sound economic instincts:

I reject the customary distinction between voluntary and involuntary emigration. We go to whatever job our talents, opportunity or luck ordain us. Choice has little to do with

it. A street cleaner would prefer to be, say, a doctor. Is he then an involuntary street cleaner? Trade unionists should be the last to resent emigration since it is because of emigration that the wage rates for skilled craftsmen have been higher in Dublin than in London since before the Famine.

These quotations, culled from one relatively short paper of the dozens he wrote in these years, illustrate the vividness of his prose and the general wisdom of his views.

Finally, as noted above, virtually all of this applied work was published locally, much of it by the Institute. Whereas the technical work on which his reputation as an econometrician is based was published in the leading British journals and *Econometrica*, as well as in Irish journals, he did not air his views on the social sciences in international forums. He preferred instead the satisfaction of quick publication in Irish outlets, or airing his views as a contributor to conferences and symposia, the only record of which would be an Institute memorandum. His target audience was policy-makers and younger academics, whom he wished would devote more time and energy to the manifold social problems in whose midst they lived. While these priorities are understandable in a person whose professional reputation would ultimately rest elsewhere, they undoubtedly had the effect of diminishing the impact of his applied work on subsequent generations of Irish social scientists. It is striking that, for example, a perusal of recent volumes of journals such as *The Economic and Social Review* uncovers very few references to Geary's applied research.

### **Some Highlights of Geary's Later Applied Work**

I have picked out two papers to illustrate the quality of his analysis of two issues that were never far from his mind in these years: unemployment and inflation.

The paper on inflation (Geary and Pratschke, 1968) was based on data ending in 1965, when the annual rate of inflation was 5 per cent — worrying at a time no-one anticipated it would shortly

rise to over 20 per cent. The paper contained a wealth of detailed analysis of the behaviour of prices at wholesale and retail level and by sector. The technical treatment of issues such as double deflation applied techniques Geary and his colleague K.G. Forecast — whose name was ever a source of jollity to Roy — had developed earlier to measure the volume of output and productivity, as well as the national trading gain (Geary and Forecast, 1955). A section on "The Quality Problem" addresses the problem of controlling for changes in the type of goods produced when measuring price indices. The authors illustrated the implications of a reduction in the proof strength of Irish whiskey (from 76° to 70° in May 1960) for the true price index of whiskey — namely, an 8.6 per cent increase in the absence of any other change in attributes or price. (They noted that the CSO made this adjustment in its calculation of the official price index.) In an interesting and more general application of this approach, they explored how much of the variation in car prices could be explained in terms of characteristics such as reliability, performance, comfort, etc. (as rated by *Motoring Life* and *Motoring Which?*). This exploration of the relatively new hedonic approach to price index numbers is lucid and illuminating. Finally, it is interesting to reread the comparisons between Irish and British price movements contained in this paper:

There is demonstrably a marked similarity between the quarterly movements in the CPI in Ireland and in the UK since the war. If we are seeking cause-effect relationships, the UK level and trend must predominate as the cause. The marked tendency for prices to advance more in Ireland than in the UK during recent years is therefore a matter of serious moment.

Less fortunate, perhaps, is the section in this paper applying Input-Output techniques to the assessment of the ultimate effect on prices of changes in the cost of inputs such as wages, materials and imports. While technical, precise and illuminating, and actually only applied in this paper in a broad and illustrative way, this



approach was to be misapplied by others and to give rise to a sterile debate about what proportion of Irish inflation was "home grown" and what proportion "imported".

The other paper I have selected for discussion is that on unemployment (Geary and Hughes, 1970), which contains numerous ingenious applications of statistical techniques designed to shed light on the measurement and interpretation of unemployment. Of great interest is the focus on unemployment by occupation and the emphasis on what the authors dubbed the "depressed occupations". Attention was drawn to the fact that in 1966 the unemployment among labourers was 21 per cent, compared with a rate of only 4 per cent among all other occupations. While we are by now all too familiar with the association between low skills, early school leaving and unemployment, this paper documented it in a clear and original manner. Of great contemporary interest also is the simple question the authors posed:

Is the level of emigration from Ireland explicable in whole or in part by regarding the Republic as a region of supply of the British labour market?

On the basis of plugging Ireland into a simple regression of British regional migration on unemployment rates (seven observations!) the authors concluded that there were strong grounds for answering this question in the affirmative. Taking this finding into account, one wonders what Geary would have made of the notion of including the Republic in a currency union from which Great Britain is absent.

One more conclusion of this study is topical and deserves highlighting. The authors were struck by the fact that, between 1961 and 1966, "a period of unprecedented economic expansion", non-agricultural employment grew as never before, but unemployment hardly budged. An increase of 56,300 in the numbers gainfully occupied resulted in a reduction of only 2,300 in the numbers unemployed. More generally,

it must come as a surprise that there seems to be little relation between the percentage increase in employment and percentage decrease in rates of unemployment, industry-wise . . .  $r = -.03!$  . . . the more successful the industrial groups employment-wise, the larger the tendency to attract the greater number of unemployed and vice versa.

The authors speculated that the basic reason for this finding was the "vast surplus of labour available over and above Irish requirements" and the tendency for expanding sectors to attract job seekers. Recent data on employment and unemployment have shown these surmises to be prescient.

### Conclusion

This brief survey of the voluminous and wide-ranging late applied work of R.C. Geary is sufficient to establish its vividness and originality. It should also demonstrate the enduring interest of the topics Geary addressed and the lasting value of the insights he contributed into major economic and social problems.

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