

The Ratio of Unemployment Rates and Fair Employment: A Response to Richard Breen

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In my original critique of the G&B study I addressed three issues. First, the political context within which that study was commissioned, issued and debated. Second, the fact that such a crucial analysis of a highly divisive issue in Northern Ireland was based almost solely on a technical mathematical model that was poorly described and that contained potentially serious misspecifications and errors. Third, the possible reasons why the debate on G&B has generated more heat than light.

Richard Breen does not appear to accept any part of my critique and portrays me as being wilfully ignorant of the political, economic and sociological issues involved. Where his reply to my critique rests merely on counter assertion, I am happy to leave it to the readers of the *Review* to make up their own minds on the issues involved.¹ However, there are a few issues of context and fact to which I would like to respond.

First, Richard Breen rightly says that debates in Northern Ireland “more often than not mirror the sectarian and ideological divisions within and outside Northern Ireland”. Despite this, he seems perplexed as to why one should feel impelled to place the economic debate contained in the G&B study within that broader context. This is even more surprising, given the role that

1 I would urge readers to seek out the original G&B report, which is obtainable from the Northern Ireland Office (CCRU) in Belfast, telephone (01232) 544 520 (no price given). Readers desiring to examine the associated articles in the popular media referred to in my critique can contact the present writer for copies.

his colleague and co-author, Graham Gudgin, has played in mis-representing the results of the study in the popular media. My critique suggested that the G&B study has become part of this process of inter-community division in Northern Ireland and that it cannot sustain any claim to stand above it.

Second, I drew attention to the fact that the G&B study did not quote or discuss evidence supporting the assertion of a widespread view that the unemployment ratio is linked to discrimination issues. This was a crucial issue, since the basic aim of G&B was to demolish such misguided views. In his reply, Richard Breen has produced two references, neither of which was in the G&B bibliography. I rest my case.

Third, my attention to the details of the G&B mathematical model was deliberate since the analysis and policy conclusions of the study are based *solely* on this model, rather than on a comprehensive application to Northern Ireland of the extensive international literature on discrimination, labour market segmentation, hysteresis, under-class phenomena, etc. Indeed, the G&B bibliography is grossly inadequate in its coverage and moreover contains only a limited number of publications that could be regarded as having gone through a proper peer review process. Any policy insights contained in the G&B study can only be valid to the extent that their model is an adequate representation of the underlying social and economic processes involved. I contended in my critique that it failed badly in this respect and can only invite readers to judge for themselves.

Finally, why do I think that if the Catholic disadvantage had its roots in the period prior to the Fair Employment legislation, the parameters representing this disadvantage still need to be modelled? Crucial parameters were taken from the work of Anthony Murphy, derived by him using data from towards the *end* of the period 1971-91 analysed by G&B. What is the evidence that these parameters can be taken to characterise the situation over the full period? Even if we accept that they do, then exogenous measures of Catholic disadvantage plugged into the G&B model simply reproduce the consequences of this disadvantage in terms of the differential unemployment rate ratio. Any assumption that the parameters remained fairly constant still calls for justification. If, as I suspect, they varied progressively over the period 1971-91, an explanatory theory is needed.

However, this is not simply a narrow technical argument about model parameters. The crucial issue that remains after the G&B study concerns the roots of Catholic disadvantage in the labour market. In his media writings, co-author Graham Gudgin has asserted that these problems are partially self-inflicted, arising from inherent inadequacies of the Catholic community. Richard Breen, on the other hand, seems to be saying that issues of religious affiliation are irrelevant, and that solving the problem of long-term unem-

ployment is all that is needed. My own view is that, given the divisive nature of Northern Ireland society, a successful resolution of the unemployment problem will require understanding and agreement on the roots of Catholic disadvantage. In my critique, I conceded the G&B claim that illegal discrimination was not necessarily the explanation simply to clear the way to getting the authors to face up to the fact that they have barely touched upon this central issue in their report.