Publication: Irish Times Business
Date: Thursday, January 31, 2013
Page: 1
Extract: 1 of 1
Circulation: 92.565
Author: DAN O'BRIEN
Headline: ESRI disputes CSO figures on public and private pay

ESRI disputes CSO figures on public and private pay

DAN O'BRIEN
Economics Editor

The Central Statistics Office has significantly underestimated the premium public sector workers earn over their private sector counterparts, an ESRI paper has stated.

In an unusual development, the ESRI paper criticises the manner in which the State's statisticians have measured the premium.

Last October, the CSO found that, when adjusted for a host of factors – such as education levels and experience – public employees earned between 6-19 per cent more than their counterparts in the private sector in 2010.

In the paper published in the ESRI's quarterly commentary yesterday, Elish Kelly and Seamus McGuinness of the ESRI and Philip O'Connell of UCD's Geary Institute write: "As labour market researchers, we take a different view to the CSO on this issue."

Relevant factors

They find that average public sector worker pay was almost 17 per cent higher than in the private sector when relevant factors were taken into account. The main reason for disagreement is the manner in which the CSO accounts for organisation size.

Larger organisations tend to pay more. The CSO categorises all public sector workers as employees of a large organisation.

Today's paper disputes this on the basis that many public sector workers, such as teachers and gardaí in rural settings, have working environments more akin to small businesses, which pay less than big companies.

A year ago the European Central Bank attempted to compare public and private sector wages in a number of euro area countries. It found that in most northern European countries, public pay was lower than in the private sector, but in southern Europe and Ireland the opposite was the case.

Separately in the commentary, ESRI associate research professor Edgar Morgenroth notes considerable regional differences in the labour market across the economy since the recession began.

Of the State's eight regions, the Border area has suffered the largest decline in employment, with the net numbers at work falling by 22 per cent in the five years to late 2012. The western region experienced the least sharp decline, with employment down 12 per cent over the same period.

Dr Morgenroth says that without emigration and withdrawal from the labour market (those who return to education and home duties fall into the latter category), the national rate of unemployment would stand at 19 per cent.

"As labour market researchers, we take a different view to the CSO