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# IES-GES EXCHANGE 2016

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# My experience with HM Treasury

Antony Cyriac/Economic Division,  
DEA

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- **Duration:** Two months – Sept 25 to Nov 25, 2016
- **Season:** Colour change – Excellent
- **Assignment:** Her Majesty's Treasury, Westminster
- **Stay:** Wapping, 8 Kms/20 minutes by tube from WM
- **Major Event:** Autumn Statement
- **Experience and exposure:** Outstanding



- Observations on working conditions
- The work I did in HM Treasury (HMT)



# Working conditions

- ▶ Flexi working hours
  - core hours—10 am to 4 pm
  - Foolproof IT helps
- ▶ Open work plan: works smoothly
- ▶ Decentralized recruitment, Merit-based career progression;
- ▶ No “SIR”ing



# Hierarchy



*In brackets are compared IES designations*





# Working conditions 1

- ▶ Emoluments
  - Salary comparable in PPP terms
  - No govt vehicle-CEA comes on cycle
  - Public private wedge is more than 10 times
- ▶ No paper file
  - IT helps—briefs and proposals get cleared through E mail till the level of Minister
- ▶ Work life balance—a great deal of importance
- ▶ Independent forecast agency-Office for Budget Responsibility (OBR)
  - Makes 500+ forecasts
  - Economics Group's Modeling Unit liaises with OBR



# The work I did

- ▶ Partially handled the productivity desk for routine references
  - Productivity puzzle—a major concern
  
- ▶ Had a special project on the Impact of Migration on Productivity
  - Part of an on-going work in HMT
  - Did a literature survey—extended the scope
  - Did a preliminary quantitative work (panel regression with Labour Force Survey (LFS) data for 9 years); results were preliminary—hence not presented here.





# Impact of migration— reviewed 20+ studies in the following areas

- ▶ Productivity
- ▶ Wages and per-capita income
- ▶ Displacement
- ▶ Skills
- ▶ Fiscal effects
- ▶ Trade and other flows
- ▶ Congestion

Labour Productivity	<ul style="list-style-type: none"> <li>➤ Long-run positive impact on UK. Researchers are cautious in quantifying it.</li> <li>➤ International evidence generally positive, but not conclusive.</li> </ul>
Wages	<ul style="list-style-type: none"> <li>➤ Little or no impact on average wages</li> <li>➤ Affects the distribution of wages—reduces wages at the lowest deciles, increases wages at median and above.</li> <li>➤ Restricting migration is not the solution to improve wages at lower levels</li> </ul>
Displacement	<ul style="list-style-type: none"> <li>➤ Non-EU migrants could displace native labourers</li> <li>➤ EU-migrants did not.</li> </ul>
Skills and innovation	<ul style="list-style-type: none"> <li>➤ Qualitative research reflected broadly positive view of employers and co-workers.</li> <li>➤ Not much distinction between EU and non-EU migrants in terms of impact.</li> </ul>
Trade and other flows	<ul style="list-style-type: none"> <li>➤ Generally positive results.</li> <li>➤ Effect depends on the type of goods being traded and initial stock of immigrants.</li> </ul>
Congestion	<ul style="list-style-type: none"> <li>➤ Serious data limitations for quantitative research.</li> <li>➤ Migrants tends to concentrate in certain localities, who require support to manage transition. Non-EU migrants most concentrated.</li> </ul>



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## Suggested Way Ahead for Studies by Treasury

Type of Study	Options
Productivity studies	<p>TFP impact can be studied in an augmented Cobb-Douglas framework</p> <ul style="list-style-type: none"> <li>---Construct capital stock data for different sectors</li> <li>---Construct a skill variable for different sectors and times</li> </ul>
Wage and displacement studies	<p>Combine Annual Population Survey, LFS and estimates of long-term migration.</p> <p>Robust replicable methodologies are available.</p>
Skill effects	<p><u>Difficult</u> because secondary data would ideally need to be reinforced with primary qualitative information.</p> <p><u>One option:</u> to combine information on qualifications from LFS with a priori information on the academic standards of country-blocks vis-à-vis UK and assign skill standards to respondent groups</p>

Type of Study	Options
Fiscal effects	<p>Combine LFS (information on immigrant groups receiving benefit payment, tax credit, socially provided houses) and Annual Population Surveys</p> <p>Assign migrants their share of cost for each item of government expenditure and contribution to each source of government revenues--Dustmann and Frattini; 2014 covers the period 1995-2011.</p>
Congestion, agglomeration, scale effects	<p><u>Data sources:</u> Annual Population Survey (APS), the National Travel Survey (NTS) (for travel behaviour), data of Certificate of Sponsorship, information from the Department for Transport (marginal external costs of car traffic), Office of Rail Regulation and Transport for London.</p> <p>NTS survey gives only limited information on migrant status, while APS collects data on journey-to-work only.</p> <p>Hence several <u>data limitations</u> including absence of any quantitative data on congestion caused by migrant travel during peak hours.</p>



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# My Experience

Nayantara Sasikumar





# Work Experience

- ▶ Department for International Development (DFID) (3 months -26 Sept.- 16 Dec. 2016)
  - Value- for -Money methodology review for Climate programmes
  - Write-ups on India's service-sector led model ,poverty reduction.
  - Economist Seminars- Branco Milanovic, Diane Coyle ,James Robinson



# Work Experience

- ▶ Value- for -Money methodology review for Climate programmes
  - Sample of 33 Climate Programmes
  - Use of metrics to capture project performance
  - Need for robust VFM reporting
  - Choice of implementing partners
  - An assessment process using cost and output data to evaluate performance over time.
  - VFM-In-Practice Review to Secretary of State



# Work Experience

Submitted write-ups on the following :

- ▶ Service Sector as a Growth Engine – Experience of Developing Countries
- ▶ Poverty Estimation Methodologies-Problems and Prospects



# What IES can learn from GES?

- ▶ **GES Board Meeting**
  - Cross-cutting research teams
  
- ▶ **Grooming of young economists through:**
  - Economist Seminars
  - Research focus
  
- ▶ **Postings through advertisements/interviews**
  
- ▶ **360 degree Quality Assessment of Officers**
  
- ▶ **Work Portfolio-Analytical ,research- oriented**

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Making Better use of Economics**



# IES-GES Exchange: Suggestions for future rounds

- ▶ Structure Work Assignments in advance
- ▶ Consider posting GES in other Ministries
- ▶ Consider posting IES based on work profile and interest of selected candidates
- ▶ More interaction sessions with other officers may be planned for both sides



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