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Potential Contributions of Social Science  
Research to Consumer Welfare\*



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## Potential Contributions of Social Science Research to Consumer Welfare\*

It is a pleasure to be invited to engage in crystal-ball gazing, especially on a topic that is sufficiently vague so that I can avoid treading on anyone's home territory, where my hunches and speculations could easily be questioned. My pleasure is all the greater, since social scientists are generally held in ill-repute, *social* generally being considered as antithetical to *science* as the cocktail party is to organized inquiry. Those who do not confuse the social scientist with the person who panders a watered down version of history and geography in our public schools, imagine the social scientist as some direct descendant of Machiavelli who surely should not be encouraged in a democratic society.

These misconceptions are all the more surprising since social science has been able to make major contributions to the quality of our economic life in the last quarter of a century. The theories of economists have been realized in a reasonably systematic attack on unemployment and inflation through the tools of fiscal policy. Investigation of management techniques has produced insights into the management of work groups that have and will continue to vastly increase the output of our factories and industries, quite independently of any innovations in physical plant or equipment [6]. The social scientist has studied learning, to discover enormously creative and efficient methods of teaching with programs and feedback from simple machines or computers to the student.

In view of our past accomplishments it seems positively miraculous that the world has not been pounding on our doors for bigger and better social mousetraps. Surely, the social scientist who can eliminate depressions and create wealth from disorganization and

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conflict would not find it difficult to employ his black arts to improve housing of the poor, to save us from noxious pollutants in the air and water, and to ameliorate the growing disparities between the wealth of the "haves" and the poverty of the "have nots," particularly Africa and Asia.

Indeed, a moment's thought reveals that the social scientist's bag of tricks is more like a carpetbag, or worse yet, a fishnet. The gaping holes in our knowledge about the operation of the social system make it obvious that our profession still does not have enough to offer those who would consider applications of social science. No theory of income redistribution or retirement needs exists which might be used to leaven the politics of tax reform and income maintenance programs. No social scientist is prepared to rigorously define poverty. For want of an adequate objective those social scientists who seek to eliminate poverty exhaust their powers arguing the choice of income standards, poverty lines, and measures of poverty while the behavioral syndromes of poverty and the milieu in which it is embedded remain inadequately studied and unexplained. An equally unforgiveable hiatus in our knowledge is the failure to analyze more completely the school system from kindergarten through the university to determine what forces tend to produce uniformity in the product of the schools, what obstacles render the urban slum school absolutely impotent, and what institutional dynamics will keep the schools complementary and in phase with the demands of our society.

I have mentioned some of the successes of social science and have pointed to some of its failures; what I would like to discuss is how we can add to the list of successes and eliminate the lacunae that constitute our failures. To put it another way, how do we convert social science from the servile role of publicist to the politician and the compromised role of expert adviser to business and the community? How do we remake social science as a basic resource that can be used to improve the quality of our society and the freedom that is possible within a complex social system?

We can learn a great deal by examining the problems that face the consumer today, and searching for the contribution that social science can make to their solution. In the United States today the consumer allocates an enormous income (about \$6,900 in constant 1965 dollars for the median family) which has increased in real terms from a level less than two-thirds as high at the end of the

second World War. The consumer also manages a sizeable inventory of durable goods and net worth in real and fungible assets that averaged \$17,148 at the end of 1962 [4]. It is tempting to picture the consumer as childish in his choice of split-level homes, in preference to planned condominiums, foolish in his persistence in commuting to work by car rather than mass transit, and gullible to the fads of mini-skirts, go-go discotheques, and stylists of Detroit. Nothing could be farther from the truth. Consumers eschew the romance of sport cars for the practicality of station wagons when their family grows; they maintain a stock of automobiles whose value varies in proportion to income in a regular and predictable manner. Consumers dictate that durables must perform, that food must be processed for convenience and quality, and that housing must meet ever increasing demands for space and convenience.

Nevertheless, the problems that the consumer faces are significant and of a new character. The consumer today is concerned with investing \$15,000-20,000 in the education of his children<sup>1</sup>; he may also be faced with choices of mid-career training and job mobility that are extremely difficult to evaluate. The consumer is also concerned with the quality of his environment. It is clear from the flight to the suburb that the consumer prefers space to congestion, light to soot, and personal control to absentee landlords. The consumer also has become more sophisticated in the management of his fungible portfolio—stockholdings have increased substantially while ownership of variable equity investment assets generally expanded by five percentage points to 16 percent between 1957 and 1962.

Indeed the consumer is being called upon to make incredibly sophisticated and complex choices regarding his retirement benefits, the allocation of time to leisure time activities, multiple job holding, and secondary labor force participation, as well as in incredibly complex choice of investments in the public sector including new school facilities, roads, and general government services. One may wonder, not that some consumption choices are inadequate and less than optimal, but that the consumer has dealt reasonably well with tremendous innovation, and radical changes in living arrangements, and that he continues to search for creative uses for the resources that he controls.

<sup>1</sup> In 1960, median costs of college were \$1,600 annually. With an average of more than two children to be educated and subsequent increases in costs, the college-oriented family is clearly going to invest as much or more than the indicated \$15,000-20,000 [5].

Small wonder that the consumer continues to confound the social statistician! We believe that our measures understate the wealth and income of both the poor and the rich. Our notions of the length of the work week are obscured by substantial numbers of persons who hold several jobs or practice self-employed services on the side, after hours. Our notions of poverty are distorted by a substantial increase in the number of persons who now live independently, while ten years ago they would be dependent in someone else's household and so forth.

I do not mean to suggest that consumer allocation is optimal. Consumers make errors of judgment and make purchases that are inconsistent with their own desires and long-run happiness. Unfortunately, social science has aggravated this problem. Far more social science has been applied in deceptive packaging, in playing on emotional motives for consumption, and in using high pressure sales techniques than has been applied in aiding the consumer to learn from his mistakes. Moreover, such devices to confound consumption choices may be more effective, one suspects, on the low-income family [1]. It is precisely that group which has the least margin for error; it is that group who suffer significant losses from a few improvident and irrational consumption choices.

#### AREAS OF CONSUMER CHOICE

What sort of contributions *can* the social scientist make to enhance the consumer's well-being? The nature of the choices that consumers make today suggest a few areas in which substantial gains can be obtained from applied research.

##### (1) *The Choice of Consumption Goods*

In the choice of consumption goods a great deal can be done to improve the information on which the consumer bases his decisions. The shopper standing in a department store ought to have immediate access to data pertinent to the performance of a durable that he contemplates buying. Repair frequency, the quality of local servicing, and a comparative summary of features and cost in competing models all ought to be broadcast to the consumer via closed circuit TV on the salesroom floor. Moreover, such a summary ought

to include frequency distributions of prices paid for comparable durables in recent sales and information on the range of cost in currently available credit. The consumer might also be advised of the comparative cost of owned durables, leasing plans, and outright purchase.

This type of consumer service does not require new theory from the social scientist and much of the data that are required are already assembled for selected goods and markets by consumer-financed testing agencies, the federal government, and industry associations. What is required is the development of an institution capable of mobilizing the substantial demand that exists for such a service and translating it into a national information network that adequately takes account of regional variations in the consumer market. It does not seem an overly large step from a national network for clearing information about checking account and credit balances, a national system for registering the demand for airline spaces and hotel rooms to the kind of national consumer goods data system I have outlined. Indeed, it would seem quite likely that the impact of the cost of such a system will be on the retailer, just as the cost of 30-day credit has largely been absorbed by the merchant in the past.

## (2) *The Choice of Housing*

A major contribution to consumer welfare can be made by improving the market for housing. The average consumer makes relatively few decisions in this area. Less than one family in twenty buys a home in any given year, although nearly 60 percent of all families own their homes. Contracts for rental housing occur more frequently as about one-fifth of all families change location of their residence in any given year [4]. The housing decisions that the consumer makes are based on limited information concerning (A) the available supply of housing, (B) the terms and cost of mortgage credit if he is buying a home, and (C) the likely nature of his housing demand or needs ten or fifteen years hence. This situation not only prevents the consumer from reaching a reasonable choice, as he might judge it retrospectively, it also leads to a situation in which a tremendous tax is extracted from the consumer by the real estate agent and banker for every transaction that occurs in the market.

How can social science improve this picture? Economists and

sociologists can greatly improve the sophistication of the consumer of housing. Few consumers have sufficient insight into the economics of their own occupations to provide an accurate forecast of their future income position. Few families correctly judge the space required by a growing family and the reduction in space needs that comes with an empty nest; even fewer realize that the empty nest occurs less than twenty years after the birth of the youngest child. Social scientists can provide a rough picture of such income prospects and the associated housing demands.<sup>2</sup>

On the supply side, much can be done to improve the public's knowledge; no situation ought to exist such as that which occurred in Milwaukee a few years ago in which several houses were sold twice on the same day at several thousands of dollars difference in price! The potential buyer of a house ought to be informed: (A) of the last price at which a property was sold, (B) of the average market value of housing in the immediate area, (C) of the distribution of prices paid in the recent past for houses with similar characteristics, and (D) of the marginal cost of various features of housing so that he may judge whether he wishes to improve existing housing or purchase a complete package. Perhaps the most important information that a prospective buyer could acquire is information concerning the locational premium that attaches to housing in different parts of a city and the value of such a premium in relation to local geography of buses, shopping centers, schools, and expressways. Almost as important would be information concerning the maintenance costs in given locations of housing of different vintages, so that the owner can make a realistic appraisal of his total investment in the property.

### (3) *Employment*

Up till now I have suggested improvements in moderately well-studied areas of consumption activity. Far more significant contributions can come from two areas: One is applied research on the labor market; the other is development of appropriate methods for

<sup>2</sup> Also, the social sciences should investigate whether consumers will indeed use the larger amount of information the suggested system would provide and, if so, *how* they would use such information. Basic cognitive theory and information processes show the critical importance of this area of research.

handling the spillovers and external effects that have become an increasingly important aspect of contemporary life.

Large segments of the labor market today are amazingly fragmented and disorganized. Turnover of two to three percent in production workers and unemployment exceeding one in 25 have existed for years. Despite these facts little has been done to improve the sophistication with which a worker searches for new or alternative employments; less has been done to determine the potentially available supply of workers in different fields; and little has been done to improve the quality of the match between the worker and the position that he fills [2, 3]. It would clearly be desirable for the discontented unemployed, or newly entrant worker, to be able to determine the nature of job vacancies available and the skills that they require with more accuracy than is presently provided by the classified ads, labor union hiring halls, and the company personnel office. Most workers receive no counsel concerning the likely range of vacancies that they are qualified to fill or the range of wages that are likely to be offered in such employments. Similarly, few employers have a reasonable picture of the available supply of workers, the response of the market to a change in prices or working conditions, or likely dynamics of markets for particular skills. For example, a great deal has been said about the shortage of registered nurses. However, most of what has been written fails to take into account the number of women who have withdrawn from nursing because of the hours and working conditions. An informal survey of women trained in nursing who were in the market for non-nursing positions in Ann Arbor, Michigan, revealed that a large number of individuals would return to nursing if some arrangements could be made for 6-hour shifts, and for work on weekdays only. The local hospitals were not prepared to take advantage of this substantial supply, despite their complaints of chronic deficiency in the nursing supply.

Not only could information be improved on both sides of the market, but substantial progress could be made toward providing adequate clearance of vacancies against applicants. At present, matching of workers with vacancies is a haphazard affair which access to information is extremely decentralized at individual plants all over the country. I am certain that a reduction in duration of unemployment and an improvement in the quality of job matches could be accomplished if a vacancy could be matched to a worker

through a national computerized information network.<sup>8</sup> The network would have to provide more information than our current airlines reservation system, but would provide a similar matching up of the supply (seats or workers) with the demand (passengers or vacancies). The system would be strictly advisory with both employee and employer retaining control over the employment decision (just as you continue to exercise control over which plane you ride on under the present airlines reservation system).

#### (4) *Public Goods*

Perhaps the most interesting and rewarding areas in which social science can aid the consumer are those in which the demands of the consumer are interdependent, in which the private market fails to signal an adequate value to the good produced or falsely displays a product without including significant social costs that accrue to the community at large. The consumer's decision to provide higher education for his children, to practice birth control, to drive an automobile, and to flush the toilet all involve complex interactions of the consumer with his local and national government. Our toilets require sewerage and water treatment. Our automobiles require roads, safety legislation, complex decisions concerning the regulation of alternative forms of transport, and adequate legal provisions for the protection of the individual against negligence and the hazards of four-wheeled travel. Our practice of birth control leads to subtle changes in the population, the demand for public educational facilities, the need for transfer payments to the poor and indigent, and a changing obligation of future generations to support the retired. Our decision to educate our children leads to intense pressures for expanding higher education, as well as subtle and poorly understood changes in the nature of the demand for workers and their productivity.

What becomes clear in all of these examples is that the average consumer must weigh a complex mixture of public and private ac-

<sup>8</sup> My colleagues Charles Holt and George Huber have developed some techniques for "Computer Aided Placement of Workers", presented to the 1967 annual conference of the Institute of Management Science (TIMS), Mexico City, 1967. (Also available as unpublished Systems Formulation and Methodology Workshop paper 6609, Social Systems Research Institute, University of Wisconsin, July, 1967.)

tivities in his consumption choices. While it is clear that the consumer need not know all the intricacies of the provision of public goods and services, just as he need not know anything about the elaborate technology and distribution system that brings gasoline to his local pump, the consumer clearly needs to be informed about the general value of public services in our society. Contemporary political forces make it altogether too tempting either to enumerate a list of humanitarian services to encourage a greater commitment to government activity or to cite rising dollar costs of government activity to discourage a further commitment. Both are equally irrelevant. The current rash of cost-benefit studies that has hit Washington is a step toward informing the consumer in an appropriate way. When some benefit is related to the magnitudes spent, the consumer, the administrator and the legislator are all more capable of making intelligent decisions.

Social science can also enhance the initiative that the consumer takes in formulating government policy. Several attempts to poll consumers on their views toward government expenditure programs show that consumers are badly informed and ambivalent [7]. This calls for education. At the same time, it is clear that in those areas in which consumers do have well-formed opinions, knowledge of those opinions can be of tremendous importance to policy makers and administrators.

#### IMPLICATIONS FOR SOCIAL SCIENCE

These various programs to improve consumer welfare share common attributes. First, adequate measurement to produce the kind of information systems that I have described will require enormous systems for the collection of data. Monitoring consumer attitudes toward government services, the skill levels of the population, and consumer's experiences with durable goods and housing will require a large investment in periodic surveys of the consumer. Adequate information on developments in the housing, product and labor market will also require additional information from governments, retail establishments, and employers. Some of that information can be acquired as an automatic by-product of present computerized account systems used by individual firms and governments. (Curiously, data processing used relentlessly to compute my 18 percent



annual department store service charge, is still almost completely undeveloped for research and aggregate statistical uses.)

A second feature common to the above programs is that each of them requires system-wide analysis of a problem that involves numerous and continuously changing dimensions. Information systems for both the housing and the labor market require careful analysis of the interaction of buyers and sellers, of movements of actors in the economy from place to place, and of changing qualities of product and labor demanded. While analysis of these markets as large interdependent systems is difficult, it is precisely this type of conceptualization that has brought social research its greatest successes. The conceptualization of interaction between aggregate income, consumption and production that began with Keynes has produced a sophisticated approach, albeit an incomplete solution, to the problem of realizing full employment of a nation's resources while avoiding instability in prices and the balance of payments.

Social research necessary to implement programs such as have been suggested will also require experimentation. While much can be learned from surveys of fact and opinion, some information can only be obtained by doing. Some data, particularly data required to value government activities, can only be obtained by comparing responses of consumers under different treatments—for example, the employment records and earnings of workers who have participated in various forms of retraining and job counselling programs. One of the most exciting and challenging experiments of which I know is a current proposal to observe consumer reactions to a formula income maintenance program of guaranteed income plan. The proposed experiment offers a real hope that we can determine how the work effort and savings of poor families will respond to higher levels of income. At the same time, such an experiment is subject to numerous dangers. National attention focussed on the experimental families may bias their reactions. Limited application of the program in an experiment may produce less impact than when an entire neighborhood or community is lifted out of poverty by the program, and so forth.

Finally it is clear that the complex relationships of the consumer to government in our mixed public and private economy require intensive application of the tool of cost-benefit analysis. In principle, cost-benefit analysis actually entails no more than the quantitative evaluation of a new production technique by engineers.

The ingredients and materials required for a program must be valued; their cost must be compared to the output that can be obtained from the production process. The fact that we distinguish such studies when they are applied to social processes by the term cost-benefit analysis, reflects the enormous complexity and subtlety of correctly determining cost and benefit within a social system. The impact of a particular government program can be distributed over time. Some individuals will be strongly affected by the program, others only slightly. The great merit of a thorough and well-conceived cost-benefit study is that it attempts to bring such diverse impacts and subtle multiplier effects into focus for policy decisions. In some cases, the exercise forces us to think more clearly about the underlying values that we wish to support. For example, the Department of Health, Education, and Welfare recently completed a series of cost-benefit studies on its disease eradication programs. While some programs such as highway safety education were clearly a major benefit per dollar spent, no matter how inaccurate the estimated impact, other programs were seriously affected by the measure of benefit. In the HEW studies, deaths averted was the main criterion for valuing the benefit of the disease eradication program. This measure puts little benefit on programs that reduce debilities of the living, increase the working lifetime of an individual, or reduce the mortality of parents with young families. Other measures of benefit that encompass some of these effects would clearly also be desirable for the policy maker. It is only the policy maker and not the technician who can ultimately balance the values implicit in choosing amongst programs on the basis of deaths averted, additional years of life obtained, additional years of working life obtained, or additional years of unbroken family life for young children.

Using social science to improve the welfare of the consumer clearly entails major statistical and analytical efforts. How can such efforts be organized and sustained? That question has unsettled many of us. Let me answer the question (1) by enumerating existing resources for social science research, (2) by indicating features of present organization that are not likely to contribute substantially to system-wide analysis of consumer problems, or any other social problems, and (3) by suggesting some organizational formats that have great promise for providing the continuity and direction that research on social systems requires.

### (1) *Existing Resources*

Our present research efforts in social science are dominated by *laissez faire* enterprise of individuals in academic institutions. Each person searches out a problem of a size sufficiently small that he can work on it productively. The vagaries of consulting, job mobility, and financing are likely to deflect the researcher from one line of work into another. Many valuable intermediate products of the research are lost as they cannot be published directly. Other researchers who would like to work on closely-related problems using the same data are unable to build upon the past experience because so little concerning the data is written down and organized in an accessible fashion—codebooks, data collection procedures, treatment of special cases, and descriptions of physical characteristics of a data tape are unlikely to be preserved by one researcher for others who may come after him.

Government statistical agencies in various centers of administration and in the Bureau of the Census provide a second major resource for the social scientist. The emphasis among these agencies has largely been a matter of collecting statistics that reflect government operations or statistics that are required by legislative formulas for apportioning grants-in-aid, contracts, and the like. The initiative for change in the statistical procedures used by government agencies has come in large part from *ad hoc* groups outside government. National income accounting, input-output analysis, development of a tax model for simulating structural changes in the law, surveys of consumer buying plans, and the impetus for collection of data on vacant job openings all originated outside the federal government. Valuable contributions to the collection of data have come from within the government, but in areas that reflected improvement of an existing system or reductions in the cost of the data system. Thus the Census has made major contributions to the validity of survey data, geographic sampling, and the study of peculiar populations—Indians and institutionalized persons. Lack of innovation within the federal statistical agencies has been severely hampered by lack of funds. Only \$122.4 million were requested for the support of federal statistical agencies for the coming year! The federal cash budget for the coming year is \$172 billion.

In addition to the government's statistical agencies we have developed a nucleus of professional staff advisers to various arms of the government, within the last 20 years. The Council of Economic

Advisers, the professional staffs of the Secretaries, and the staffs of the congressional committees have the opportunity to apply the results of system-wide analysis of social problems in legislative proposals. However, these staffs are dangerously small. At present they do not have the time to initiate significant research. Nor does the congressional staff have the energy to formulate adequately the costs-and-benefits of alternatives to programs sponsored by the Executive. This situation is not only distressing to one who believes in checks and balances in a federal government, it is also indicative of the fact that we cannot expect major innovations in use of social science for consumer welfare from these policy agencies.

Two additional resources for social science research should be mentioned although they have played a relatively limited role in consumer welfare to date. The Department of Agriculture's system of Experiment Stations has been an extremely effective tool for developing new techniques from basic research and applying them in the field through the system of county agents in the cooperative extension services. There is every reason to think that an institution along these lines would materially aid consumers.

Finally, we should mention the handful of university-based and independent national research institutions that have been concerned with basic social science research—Michigan's Institute for Social Research, the National Bureau for Economic Research, the Brookings Institution, and Columbia's Bureau of Applied Social Research (to name a few that I am particularly well acquainted with) have all engaged in policy-oriented research that has cumulated to a substantial product over a long span of time. These organizations not only stimulate publications for the profession at large, they also supply working documents for the policy maker and an internal institutional continuity that preserves intermediate research products for the next generation of researchers.

(2) *Features of the Present System that Are Unlikely to Support System-Wide Research on Social Problems*

Several features of the existing resources for social science research are unlikely to produce system-wide studies of the problems that I have mentioned in a form where they can be linked to an effective program for consumer welfare. First, I think it is highly unlikely

that the individual research entrepreneur can mobilize sustained financing and staff to make major contributions unless he has support for ancillary activities of fund-raising, data libraries, circulation of discussion papers, and active support for communication with policy makers and other researchers. (Research at the University of Michigan Institute for Social Research indicated that creative researchers in scientific laboratories needed some day-to-day contact and some intermittent contacts with colleagues. Those whose day-to-day contacts were excessively limited and those who seldom contacted persons outside of their immediate research group were less likely to be creative than scientists with the more optimal pattern.)

Second, it is unlikely that research on major social problems and consumer needs will come from existing administrative efforts within government. The staffs are too limited to indulge in experimental research, too confined in their legislative authorization to engage in much thought about radical reformulations of the present system, and too Balkanized by existing hierarchies and red tape to achieve much by coordinated interaction and exchange of data across agency lines.

Thirdly, it is unlikely that any research product aimed at consumer welfare can be restricted narrowly to the confines of one discipline—work on housing immediately borders on important questions of racial segregation, the treatment of ethnic minority groups as well as purely economic questions; work on the labor market may entail investigations of the intrinsic satisfactions that workers derive from alternative employments, a job for the social psychologist; work on a system of data for the purchaser of consumer durables will surely require expert advice from the sampling statistician, the information retrieval experts, and sociologists skilled in questionnaire formulation and testing.

### (3) *Needed Organizational and Other Features*

What then is needed to realize the potential contribution of social science to consumer welfare? First, and I did not mean to denigrate federal statistical activities, we need to continue and enlarge upon present governmental data collection. Standard series with a long history represent one of the major insights by which we can test causal models of economic activity. However, federal activities can be made immeasurably more useful by three steps:

(1) Data on specific individuals can be integrated through the use of coordinated samples by various agencies.

(2) Data on different individuals can be enhanced if information on specific population subgroups, such as race, sex, birth-year cohorts can be assembled for analysis.

(3) Data on individuals must be available to university-based researchers so that existing material can be exploited widely by persons with differing research interests and differing research techniques. Only this last step will produce the kind of demand for changes in data collection techniques that is likely to be effective in increasing the federal budget for statistical activity and broadening the scope of its programs.

Outside government, major contributions to consumer welfare will come from research organizations, largely within universities, who are able to plan for the application of new computer technology and data collection techniques to problems affecting consumers, businesses, or any other economic actor. These institutes must also provide a documented history of the primary data materials that they collect together with an internal archive that makes it possible for data on individuals to be successfully exploited by a large number of analysts. The development of the Council of Social Data Archives, pioneering data distribution techniques of the Consortium of Political Scientists, and development of unique archives of information on consumers, such as the Wisconsin Assets and Incomes Archive, clearly indicate that it is the major research institutes of the country that will provide much of the development effort that will be required for a National Data Center.

Finally, these research institutes must be sufficiently broad to provide a nucleus from which cross-disciplinary research can be generated and a sufficiently deep organization to combine the skills of the econometrician, the systems analyst, and the statistician with applied interests of persons concerned with the development of income maintenance programs, legislation for consumer protection, or the application of expectational and attitudinal measures to economic forecasting. Clearly, the organization man in social science must wear his data library with ease; he must be prepared to outwit the technocrats and their endless generations of computers; and he must be willing to extend a fraternal clasp to a large number of professionals working with him under one roof.

Funding broad-based institutes for social research is no easy task. However, the productivity of such organizations makes it clear that

the effort is well-worthwhile. Each of us should spend some time thinking about how such institutes are to be developed in various parts of the country, and how to demonstrate their value to university administrators, legislators, and foundations. It is no accident that such landmarks in social research such as the University of Michigan Surveys of Consumer Finances, the Brookings Institution's Studies in Government Finance, and the National Bureau's Conference on Income and Wealth have come from active broad-scale institutes for research in social science.

The potential contribution of social science research to consumer welfare thus depends on our ability to mobilize relatively large-scale research efforts. Physicists have done this with accelerators; astronomers have done it with telescopes and radios; and biologists have mobilized biotrons for the study of life under carefully controlled conditions. Social science must mobilize facilities which are capable of sustained data collection, the design of experiments, and the preservation of data archives for widespread use. The social scientist has a difficult task to justify such research organization because it is not easy to separate the overall contribution of such institutions from the individual research products they make possible. Nor is it easy to demonstrate that the research product could not have evolved outside of such an institute. At the same time, the same benefit-cost analysis that will become a major benefit to consumers could be judiciously applied to such institutes to show their efficiency—both in research output and in mobilizing financial support.

To garner support for research institutes, social scientists will have to fight effectively for access to confidential data. Unlike the biologist whose viruses never object to being the subjects of observation, we must examine other persons, organizations, and governments to discover the workings of the social system. Fear that scientific investigation will be used for intelligence and administrative purposes is legitimate and must be met by the integrity of the national research institutes and education of the public as to the difference between the sample data required for social research and the universal or systematic data required for effective enforcement and intelligence.

A third battle that social science will have to wage constructively will be the battle for social experimentation. The major defect of liberal social legislation in the past has been that by and large it



carried with it almost no mechanism for quantitative evaluation of the programs it engendered. Urban renewal legislation, public assistance legislation, grants for hospital construction, and the like all should have been coupled with broad programs of research designed to evaluate the specific contribution of the program and its defects. If such research had been begun twenty years ago perhaps we would now be in a better position to prevent government funds from being used to destroy housing while creating new slums, being used to coerce welfare assistance recipients into needless dependency, or being used to build obsolete or needless medical facilities such as TB hospitals and Veterans' hospitals, and so forth. It will not be easy to encourage experimentation with adequate controls as it is always easy to succumb to the view that a program with *a priori* value should be made universal as soon as possible. However, our social fabric is sufficiently complex that it is often impossible to disentangle the effects of such a universal program from the changing social milieu. Careful plans must be laid to control the application of every social innovation. Such controlled experimentation can be developed within a free society such as our own, and without coercion. But it will take careful analysis of social problems to avoid those experiments that might have detrimental effects on the subjects. Just as this is a problem with which the medical scientist has had to deal in curing physical ills, we shall have to deal with the problem in curing social ills.

#### CONCLUSION

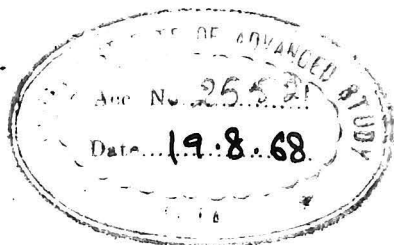
Social Science can make a tremendous contribution to consumer welfare. The contribution will probably come in areas rather different from the traditional area of consumer protection. The contribution can only be realized if organizations capable of mustering skilled scientists and large files of data can be financed. Moreover, the contribution requires an understanding of information processing and market processes that is quite new to most of us. Finally, we will all be called upon to help the public understand the interaction between social science research and social action, including such delicate areas as social experiments, the release of confidential data for research purposes, and the use of social policy models in a representative society.



The kinds of social information systems which I have suggested must be designed to *increase* the freedom of choice of consumers and improve their welfare. Once required data are available I see little need for imposing arbitrary and normative systems on the consumer and I would challenge the legitimacy of applications of social research in which normative elements are not clearly set forth for public acceptance and discussion. One of the most challenging social problems of our time is to develop decentralized techniques, akin to the market, in which consumers with differing tastes can find differing solutions to their desires. When many consumer desires create spillovers and external costs, solutions to this problem are no longer simple nor do they easily conform to existing decision-making mechanisms.

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