

those from whom the information is obtained, on the one hand, and simultaneously reduce the cost and increase the efficiency on the part of the agencies collecting the information on the other.

Recently it has become increasingly evident that detailed individual information is much more useful for research purposes and thus for policy guidance than is aggregated and tabulated information. This is well illustrated by the tax model for estimating the impact of different tax changes, which was developed by Joseph Pechman at Brookings. Under arrangement with the Internal Revenue Service, a set of 100,000 tax returns was developed which represented a sample of all the individual tax returns in the country. The IRS took special precautions to eliminate identifying characteristics, so that the specific individuals could not be recognized. In evaluating the effect of a proposed tax change on various kinds of taxpayers and on total tax revenue, it was merely necessary to program the computer so that each of the 100,000 cases involved would be recomputed according to the proposed change in the tax law. By this device it became possible to evaluate the differences among various proposals, and to see how individuals in different situations might be affected. This research method has proved to be so successful that it is now part of the tax research program carried on by the IRS itself.

The same kind of research technique has recently been used at Yale by a student writing a Ph.D. thesis on the future economic status of the aged population. The primary material used for this research was the 1 in 1,000 sample of households prepared by the Census Bureau from the 1960 Demographic Census. Like the sample of tax returns, identifying characteristics which would permit the recognition of individual cases were removed, but data for each of the households in question was presented in considerable detail. Additional samples of data on household finances obtained from the Michigan Survey Research Center were used to construct a hypothetical income statement and balance sheet for each household, and data on such things as private pension coverage, labor turnover rates for various professions, et cetera, were obtained from the Bureau of Labor Statistics. On the basis of such information, a life process model was constructed, whereby each individual household in the 1960 sample was aged a year at a time for 20 years, taking into account mortality rates, possible job changes, projection of wage changes, and so forth. At the end of the 20-year simulation, the results were summarized to find out what the economic status of the aged population might be, in terms of the income distribution and the nature of those individuals who were at the poverty level. It is true that any single projection requires assumptions about the future social security payments, wage changes, pension coverage, et cetera. However, one of the major purposes of the simulation was to see the extent to which different kinds of assumptions mattered in the estimate of what might take place in the future. It is studies such as this that can help provide a basis for future legislation concerning many of our central problems. Although disclosure of individual information is not necessary, the use of detailed individual information is required.

What kind of satisfactory solution can there be to these problems? First, and foremost, it is essential to protect the individual from an invasion of his privacy and the misuse of information which may