

understanding the changing composition of consumer demand and the socio-economic factors affecting aggregate demand.

(2) They represent the only substantial volume of historical data for such micro analyses that are in major respects comparable—at least as far back as the mid-1930's.

(3) My cursory review of market research literature has revealed a great concern with the quality of other data sources available to the business community for such purposes. An article in the fall 1966 issue of "Business Horizons" published by the Graduate School of Business, University of Indiana puts it this way:

"Most research buyers agree with the adage that, no matter how sophisticated the research design, how elegant the analysis, or how incisive the final report, the results of marketing research are no better than the interviewing that generates the data."¹⁸

The consumer expenditure surveys of the Federal Government have a long history of careful attention, not only to the quality of the interview but also to the basic design, sample and content, which getting such a study through advisory committees and approved by the Office of Statistical Standards requires.

On the other hand, many of the *disadvantages* of the data are not as obvious, particularly, when the users get the basic data in magnetic tapes or in a polished summary volume. Many of the deficiencies of the data, particularly with respect to their uses for aggregate estimating, stem from the fact that the basic design, definitions, and classifications are those appropriate for their primary purposes, i.e., the development of consumer price indexes, standard budgets, and analyses of levels and standards of living. For example, expenditures of families for gifts of goods and services to persons outside the family are neither obtained in detail nor tabulated as a part of the expenditure for such items for family uses. Thus, the data may be "gold for market research," but at best they are crude ore which requires considerable refinement and interpretation when used in a specific market analysis.

Development of tabulation designs and procedures appropriate for market studies are difficult and time-consuming and must be delayed until the sponsoring agency has had an opportunity to review and evaluate the basic data problems. The preparation of general purpose tapes of the kind available for the 1960-61 survey for use by other government and nongovernment agencies creates a whole set of new problems and new areas for which different kinds interpretation and appraisal must be developed. Efficient and valid uses of such basic data require a whole lot more than availability of compatible electronic data processing equipment.

In commenting on the demand analyses reported at a conference which followed the publication of the 1950 BLS data, Margaret Reid summarized the problem very succinctly when she said:

"Probably never before has a single conference added so much to a stock of regression coefficients. . . . The next large scale survey will undoubtedly be followed by a similar crops as Univacs with magical speed add, subtract, multiply, and divide, and trace relationships among a multitude of variables. The data flow in, the coefficients roll out. A stock of coefficients may be the beginning, but it is not the end of wisdom. It must provide the evidence that makes a coherent whole. The achievement of coherence is however outside the scope of Univacs."¹⁹

I would add that it requires the wisdom and skills of discerning analysts.

DATA FROM TAX RETURNS AND THEIR USERS

By Vito Natrella, Internal Revenue Service

The Internal Revenue Service is the repository for the most comprehensive collection of economic data, based on administrative documents, anywhere in the world. This year over 70 million individual tax returns will be filed covering 110 million taxpayers and 80 million dependents. On these returns will be economic data referring to about 95 percent of the U.S. population.

¹⁸ Mayer, Charles S., "The Overlooked Ingredient in Survey Research," *Business Horizons*, Volume 9, No. 3, Graduate School of Business, Indiana University, Fall 1966, p. 75.

¹⁹ "Consumption and Savings," Volume I, University of Pennsylvania, 1960; p. 143.