FEDERAL STATISTICS FOR WHAT?

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The authors of this paper are demographers and sociologists. We approached the task of discussing the Report of the President's Commission on Federal Statistics from the point of view of these two disciplines. Thus, as we considered what we wanted to talk about several months ago we were tempted to engage in special pleading; to describe why our disciplines desperately need data not called for in the report. To do that, however--to crank our squeaky wheels--would be to take a particular position as to what presidential commissions are all about. We would be agreeing with the report that the calling of a commission is a tactic used by a policy maker to gain time in the face of a crisis in order to collect information and carefully decide what to do. That sanguine view suggests that someone cares what the commission recommends, that some policy action is brewing, and that this would be a good time to get in our licks.

On the other hand, Mr. Feldman's very interesting paper in volume II of the report "Commissions on Statistics and Statistics on Commissions," presents rather compelling evidence that "systems overview" commissions have no effect at all. Specifically, his final hypothesis states, "If there is a problem calling for a creation of a commission, the solution is recognized when the commission begins rather than when it presents its findings." Mr. Feldman's position suggests that all the action occurred several years ago and that it makes very little difference what the report says or what we say about it. That thought led us to consider dropping the whole matter.

But, we wondered, if Mr. Feldman is right, why would anyone call a systems overview commission in the first place? Our knowledge of the sociological literature suggested an answer that puts the purpose of presidential commissions in a somewhat different light. Perhaps commissions are called, even when their problem is well on the way to being solved, in order to lend legitimacy to the existence of the problem and to its solution. When sociologists talk about legitimacy in this sense, they mean that "certain something" about an idea, a position, a premise, or a theory which says you have to take it seriously--you can't simply dismiss it as hairbrained or ridiculous or trivial.

In general, then, we think that one of the important effects of presidential commissions is to lend legitimacy to ideas, positions, premises, theories, policies, problems, and the like. This legitimating activity in no way assures that the recommendations of the commission will be carried out. It does, however, influence the political process because it makes the ideas and recommendations publicly debatable without the risk of the contestants losing face. An example of this legitimating activity is the recommendation by the Report of the Commission on Population Growth and the American Future that abortion laws be liberalized. That recommendation in no sense assures the liberalization of laws, but it does make the topic more open for public debate than it was before.

If we are right that one of the effects of a presidential commission is to lend legitimacy to ideas, positions, and policies, then the important thing to do here is not to plead a special case, nor to give up the whole thing as a paper which missed its time, but rather to investigate what things are being legitimated by the Commission and to see what we make of them.

The most obvious legitimating activities of the Commission have to do with the place of statistics (as a body of knowledge) and statisticians in the operation of the government. The report stresses the utility of statistical methods and ways of thinking in the formulation of policy, the management of governmental programs and in the evaluation of programs. The Commission also, by the example of its careful and judicious view of the problems of privacy and confidentiality, subtracts a certain amount of legitimacy from the extreme positions which have been stated about these important matters.

With these kinds of legitimating activities we have no quarrel at all. Indeed, we applaud the fresh stress this report places on statistical activities beyond the production of time series of descriptive indicators. However, throughout much of the report's discussion of the government as a producer of statistics--in the sense of numbers--a theory is made explicit about how the system works, a theory with which we must take some exception. We would like to call attention to its difficulties before it becomes so legitimate as to be an unchallengeable premise.

As demographers we are inclined to regard the questionable theory as one designed to explain the birth and death of statistical series. The authors of the report, however, couch the theory in a mold taken from the field of public finance within economics and regard it as a theory about the supply of numbers generated by the government. In this view, statistics are seen as public goods with the federal budgeting activity operating in place of the market to translate demand for statistics into an appropriate supply and to adjudicate between competing demands (pp. 77-78).

How does the budgeting process operate as a pseudo-market? Two principles are enuciated by the report which are thought to guide budgeting decisions. First is the "squeaky wheel" principle. Noisy and politically powerful interests get satisfied. Second is the persistence principle--once a data collection activity begins it tends to continue beyond its usefulness (p. 34).

The first principle is thought to be an appropriate political mechanism for uncovering those broadly-based national interests which should be satisfied:

> The Commission recognizes that the allocation of resources, at a particular time, to the gathering and analysis of various data reflects a political interpretation of the national importance of various user groups and this interpretation

is best made by representatives in the legislative and executive branch (p. 79).

The persistence principle is viewed as less benign. Data collection activities are thought to continue indefinitely because "bureaucrats who preside over the demise of an activity make many enemies but few friends and derive little personal satisfaction from the process" (p. 116).

This theory, then, posits two mechanisms controlling the supply of federal statistics: a political (squeaky wheel) mechanism controlling their creation and a bureaucratic (persistence) one controlling their demise. Both principles seem to us to have difficulties as tools for understanding what's going on. The persistence principle presents the most serious logical difficulties. Let us deal with it first.

It is a common assertion that a statistical series, or for that matter any federal program, tends to persist long after it is needed. What data the Commission used to support this serious accusation about federal statistics is not clear from the text of the report. Apparently hearings were held and people described superannuated data. A few examples are cited in the text.

But the principle that, on the average, data series outlive their usefulness cannot be asserted on the basis of such information. That would be like studying mortality by interviewing centenarians--a newspaperish trick we are sure is decried somewhere in Wallis and Roberts. What we need to know to have any confidence in the persistence principle is the mortality experience of birth cohorts of statistical series. We find no attempt to produce even exploratory data on this matter. Opportunities abound because any knowledgeable person can cite examples of dead statistics from the top of his head. There has not been a Census of Religious Bodies since 1936. A series on the Statistics of Cities was begun in 1894 and terminated in the 1920's. Real Property Inventories were conducted in 1934 and 1939, but not since. Social security number was asked in the Census of 1940, and not since. Religion was asked on a Current Population Survey in 1957, and not since. One could go on at considerable length citing only data about population and housing.

Had all these data outlived their time long before their demise? Perhaps so, but by no means certainly. It is just as likely that some of these series terminated prematurely. Indeed, if the resurrection of statistical series following a lapse of several years or even decades is an indication, a case can be made for premature death in a number of instances. The Real Property Inventory of the 1930's collected data on mode of transit to work. These data reappeared in the 1960 Census and are continued in the Census of 1970. The great interest of the 1960's in statistics on poverty calls to mind the turn-of-the-century census reports of paupers. A National Health Survey was collected in 1935 and 1936 which, after a lapse of twenty years ,became a regular series in 1956.

In summary, then, our first complaint about the persistence principle is that appropriate data which would warrant its assertion are not presented nor, apparently, investigated.

A second difficulty with this principle lies in the mechanism presumed to produce it, if indeed it does exist. While the "good" (squeaky wheel) principle is seen as a result of the political process, the "bad" (persistence) one is seen as a result of bureaucracy. But, just as reasonable as leaning on "bureaucratic pathology" is the notion that, in a single specific case, the political costs of offending a small but vigorous interest group by cutting off its "subsidy" outweighs the political gain to be achieved by satisfying a broadly-based but diffuse interest in efficiency and lower taxes. It is, after all, the politicians who presumably have ultimate control over the budget.

We do not doubt that bureaucrats are disinclined to propose terminating many statistical series, nor do we doubt they are unhappy when they have to. But we can think of some cognitive as well as emotive reasons for the disinclination in many cases--reasons which are justifiable concerns. Administrations change, but the bureaucrats go on and on. This year's problem deserving benign neglect may be next year's crisis. Next year, or four years from now, the bureaucrat now asked to preside over the demise of a series may be called upon to yield up all manner of data for policy-making purposes on the history, present state, and causes and consequences of the old problem now newly defined as a crisis. Thus it may be that the bureaucrat's disinclination to drop a series too quickly serves (just as the greed of the speculator serves in the market) to smooth out radical booms and busts in the supply of statistics. It seems doubtful to us, however, that a bureaucrat so motivated will find a convenient place to indicate these reasonable concerns on the Assessment Checklist the Commission proposes should be returned at budget review time.

The assertion of the persistence principle for the operation of the pseudo-market for statistics, then, seems to us to be a classic case of poor social science analysis. An empirical generalization is put forward from improper data. A mechanism is asserted to explain the generalization which is inconsistent with other aspects of the proposed theory and which is chosen from among potentially competing mechanisms by no clear decision rule.

In spite of the errors involved in formulating the persistence principle, its assertion yields recommendations which have only the most modest direct costs to the operation of the system. Whatever may be the distribution of the observed time of termination of statistical series around their "optimum" stopping time, reducing the errors of overshooting the mark is desirable so long as it doesn't introduce excessive undershooting and thereby increase the amplitude in cycles of unfulfilled demand. We suspect the bureaucrats, pathological or rational, can deal with the proposed increase in paper work skillfully enough to moderate these difficulties.

Difficulties with the first of the two proposed principles of the pseudo-market, the squeaky wheel one, seem to us to produce

greater difficulties for the Commission Report.

The President's letter establishing the Commission states their first charge as follows:

> In general terms, the Commission should identify the major problems of today and tomorrow for which information is or will be needed. Within this general perspective, it should indicate the important gaps in economic and social statistics, and in related management data and environmental statistics (pp. 37-38).

Given this charge, the report spends a good deal of space discussing proposed gaps in the statistical offerings of the Federal Government. The first principle is used as a touchstone to discern a gap. According to this principle, what constitutes a gap? The report is explicit:

> Although the nature of the budget process causes one to expect to find gaps where demand for new statistics is rising, a gap cannot be said to exist in the Federal Statistical System until a question or a problem is perceived and data relevant to the answer or analysis is unavailable. Thus, perception of the issue is a necessary condition for existence of a gap. As a practical matter, however, perception alone is not a sufficient condition. Perception must be accompanied by an effective desire on the part of an important member of the decision-making complex to have an answer to the question and an analysis of the problem (p. 109).

Thus, a gap is presumed to exist only when a "squeaky wheel" operated by important interests gets no grease. But how do you tell when that has happened? There are lots of squeaky wheels. The problem is deciding which interests are important. The theory proposes a touchstone for that issue as well: "The budget allocation is at once a reflection of the importance placed upon groups of users in the political process, and the means by which they are enabled to pursue their interests in gathering data" (p. 79). Thus, things proceed in a circle. A gap exists only when important interests want data badly. You can tell that the interest is important because the data collection activity they desire is included in the budget. Therefore, there are, by definition, no gaps without a budget allocation and those transient ones will be quickly filled. Pangloss rides again.

Our first point about the squeaky wheel principle, then, is that it deals with the question of persistent gaps by definition rather than by identifying "the major problems of today and tomorrow for which information is or will be needed."

Given this definitional rationalization, there seems little need to discuss the feelings of users. Nonetheless, the report proceeds to consider the classes of users to inquire if their interests are being served. The first group investigated are policy makers. A difficulty with the definitional solution promptly presents itself. Apparently policy makers feel there <u>are</u> gaps, ones which only become apparent in "crisis" situations. Faced with the need to provide policy decisions rapidly, the appropriate data are often lacking. Indeed, one can sense this concern for preparation for crisis management in the President's charge to the Commission.

Herein lies a serious difficulty. One may have plenty of clout but be unsure about which wheel to squeak or when to begin cranking. According to the theory, of course, this uncertainty cannot represent a "real" gap as defined by the first principle until the crisis is upon the policy maker. Then the gap will quickly disappear. (But not, perhaps, until the crisis is well over.)

Thus, although the theory shows why there can be no persistent gaps in the statistical offerings, there can, apparently, be lots of serious transient gaps. Why do these transient gaps appear? The report assures us that this difficulty arises, not from the statistical system, but from the nature of the demands placed upon the policy maker by the political system.

> The political system is conclusive; it acts when the electorate perceives that a crisis exists, whether the crisis is one of inflation, unemployment, pollution, the failure of the educational system, or crime in the streets. But the public perception of a crisis often antedates the presentation of statistical evidence that there is indeed a crisis. Hence, when the legislature or the executive is faced with an aroused public, time is not available to design a survey or experiment, gather the requisite data, and perform a careful analysis pointing toward an optimal policy recommendation. . . .

Are decisions in the face of a crisis, then, made without benefit of data? Apparently not. The report continues:

> When a crisis arises, some data are used to support action decisions. The data used are often a combination of existing benchmark data produced by census-type agencies, management data produced by agencies with related responsibilities, data presented by lobbyists who support a particular position, and particularly important, data on public opinion gathered <u>ad hoc</u> by specialized private polling organizations like those of Gallup, Roper, and Harris (p. 83).

Is there anything that can be done to improve the quality of data available to the policy maker in a crisis situation? The report proposes two tactical procedures the policy maker can use. He can propose a harmless and ineffectual solution, or establish a commission--both being devices to gain time in which to gather better data. Otherwise, "the foresight of the policy-maker in anticipating problems is the strongest determinant of the quality of the data used in solving policy problems."

This advice and this observation seem inadequate answers to the President's charge to the Commission that it "identify the major problems of today and tomorrow for which

information is or will be needed."

Our second point about the squeaky wheel principle, then, is that it deals with the problem of transient gaps by transferring the blame for them to the political system. Further, the theory seems to regard the political system as exogenous, that is, influencing but not influenced by the statistical system. Hence, we presume no changes are recommended for the statistical system to extend the foresight of beleaguered policy makers.

Is this separation of the political and the statistical systems reasonable? We think not. Our view about how a crisis descends on a policy maker is somewhat different. Often, it seems to us, crises arise out of well-recognized arenas of difficulty. The economy, racial problems, poverty, education, health, criminal justice--all of these are longstanding arenas for the generation of crises. Some arenas may be particularly "hot" at one time and relatively "cool" in another. As problems are "hot" and actively producing crises, more data are collected pertaining to the problem. Sometimes these data are highly crisis-specific. Sometimes they are of the benchmark kind which become useful in making the next crisis less critical. As problems are ameliorated (and we might hope that improved data lead to more ameliorative policy), interest in keeping the data current may wane. Alternatively, a change in the political climate may make other issues seem momentarily more critical. We can think of two ways this might happen. On the one hand, the development of a national crisis such as a war may distract both public and policy making attention from a persistent problem such as race relations, leaving it, like a pot boiling unnoticed on the back of the stove, likely to boil over into a crisis at any time. On the other hand, the periodic changes of the party in power--each having its own constituency of problems--may again lead to a lessened interest in data within a particular arena. Indeed, there may be a positive disinclination to produce data which would permit the "outs" to claim and try to rally support for the existence of a crisis in an area affecting their constituency.

All of this is to say that it seems to us unreasonable to insist that the political system which produces crises is exogenous to statistical system. The statistical system of the government influences the political system. On the one hand its adequacies may make policy more effective in ameliorating problems and thus reduce the incidence of crises. On the other hand, it may fuel the fires of the opposition in mounting an attack of crisis proportions upon the administration. Perhaps most importantly, the statistical information produced by the government sets some empirical constants in the political debate.

In summary, then, we feel that the squeaky wheel principle of the operation of the pseudo-market for statistics is not very helpful. Although it manages to define away gaps in the offering of statistics, it does so by transferring the blame for problems to the political system. The theory then regards the political system as exogenous to the statistical one and, interpreting its charge to mean not thinking about politics, calls it quits.

Taken over all, then, we regard the theory presented in the Commission's report about how the statistical system works as most unsatisfactory. Its principle to account for the birth of statistics, the squeaky wheel principle, serves only to transfer any responsibility for gaps in the offerings of the system out of the range of the system or the Commission. The second principle dealing with the mortality--or the lack of mortality--of statistics is technically incompetent.

In spite of these difficulties, this theory seems the major basis for the second of four major recommendations of the Commission, that "more systematic efforts should be made to eliminate obsolete statistical programs." The brief text following this recommendation goes on to assert: "The filling of statistical gaps is nearly automatic and causes us relatively little concern, but the elimination of unproductive programs is important and, at the same time, one of the most difficult problems facing the government."

In thus a manner is considerable legitimacy added to dubious propositions. While these assertions may be true enough, the report has given us only the most meager reasons for believing them.