

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Annals of Economic and Social Measurement, Volume 2, number 1

Volume Author/Editor: NBER

Volume Publisher:

Volume URL: <http://www.nber.org/books/aesm73-1>

Publication Date: 1973

Chapter Title: Programming Software Notes: A Program For The Estimation Of Dynamic Economic Revelations From A Time Series Of Cross Sections

Chapter Author: Alan Freiden

Chapter URL: <http://www.nber.org/chapters/c9841>

Chapter pages in book: (p. 86 - 87)

CONFERENCE NOTES
PROGRESS REPORT ON CONFERENCE ON PRICES AND
CONSUMER EXPENDITURE DATA

BY JOEL POPKIN

With the Bureau of Labor Statistics in the early stages of its decennial revision of the Consumer Price Index, the area of price and consumer expenditure data was made a conference topic by the NBER Committee directing its conference series on the Computer in Economic and Social Measurement. It had been about ten years since these data areas had been discussed comprehensively and formally by the Price Statistics Review Committee. Much research and development had been done in those years in the academic world and by the BLS, research and development on concepts, data collection methods and computer usage. It was important to determine the key issues in the area and the ways in which this RD was or could be applied.

A program committee was named which held its first meeting on October 15, 1971.* Faced with a broad area of concern, the committee immediately became aware of the difficulty in delimiting the issues that could be considered in sufficient detail in the time period usually allocated to a conference. It was then decided to conduct the conference in two parts. First, a series of workshops would be convened. Experts in each workshop area would have an opportunity to express their concerns about price and consumer expenditure data. This discussion would then serve as a basis for the program committee's judgment as to which topics should be the subject of papers to be presented at a more formal conference to be scheduled later.

On April 6 and 7 of 1972, the workshops were convened; more than sixty participants attended from universities, private research institutes, and the government. At a plenary session, the Chairman outlined a broad range of issues and problems. Members of the group then selected to attend two of the following four workshops:

- I - Theory and Measurement of Prices (Gary Fromm, Chairman).
- II - The Measurement and Analysis of Consumer Expenditure Data (Lester Taylor, Chairman).
- III - Dissemination and Use of Price and Expenditure Data (Malcolm Cohen, Chairman).
- IV - Collection and Survey Methods for Price and Expenditure Surveys (Robert Ferber, Chairman).

After the workshops concluded, Richard Ruggles summarized the opinions expressed. His summary and the minutes taken at each workshop provided the basis for the program committee to establish priorities in arriving at the issues

* The Committee consisted of Joel Popkin, Chairman, Malcolm Cohen, Gary Fromm, Nancy Ruggles, Richard Ruggles, Ralph Smith, and Lester Taylor. Robert Ferber joined the committee later. Neville Beharie acted as Secretary and represented the NBER.

that would be made the subject of papers at the conference to follow. The list of important issues was long, too long for one conference, so it was decided to hold two.

The first conference is scheduled for May 3 and 4, 1973 and will take place in Williamsburg, Virginia. It will consist of papers on issues discussed in Workshops III and IV. The first topic for the conference will be on linkages and confidentiality. Two papers have been invited on Confidentiality: one by I. Fellegi, "A Theory of Confidentiality," and another by Richard and Nancy Ruggles. A third paper will be either that by Malcolm Cohen, "Applying Set Theory to Solve Confidentiality and Data Structure Problems" or by Ben Bridges, "Social Security's Link Project."

The second topic is the role of incentive payments in data collection. There will be three papers: one by Jack Abrams, on the effect of paying respondents to provide consumer purchase and expenditure data, one by Seymour Sudman and Robert Ferber, and another by Charles Cannell on the effect of compensation on the accuracy and reliability of data obtained in consumer expenditure surveys.

The third session of this conference will deal with the improvement of consumer expenditure data. Invited papers will be given by Lester Frankel on the means of improving the collection and measurement of food expenditures consumed out of the home, and by Isabelle McWhinney and Harry Champion on the effectiveness of diary versus recall methods in obtaining data on consumer incomes and expenditures.

The fourth session will be on the improvement of collection of price data. Joseph Waksberg, Morris Hansen, and Joseph Steinberg will give a paper on Alternative Approaches to the Sample Design and Collection of Price Data for the CPI. Phillip Musgrove will give one on methods of dealing with missing values and with outliers in surveys of consumer incomes and expenditures.

The second conference is scheduled for late 1973 or early 1974. It will consist of papers on issues discussed in Workshops I and II. The first session will be on Household Behavior. Kelvin Lancaster will give a paper along the lines of his "new theory" of demand. John Cross will present a paper on the theory of household behavior employing systems learning theory. Robert Gillingham will present a paper on some aspects of the empirical implementation of Lancaster's theory.

The second session will deal with the analysis of expenditure systems. It is to consist of papers by Robert Russell on household budgeting process along utility tree lines and by Dale Jorgenson and two co-authors on a system of demand functions employing transcendental logarithmic functions. At the third session of this conference, papers will be sought on measuring prices of durable goods in price indexes and on the measurement of government services for cost-of-living indexes that would include all taxes. Individuals interested in either of the Conferences should contact me by *April 1, 1973*.

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