Volume Title: Household Production and Consumption

Volume Author/Editor: Nestor E. Terleckyj

Volume Publisher: NBER

Volume ISBN: 0-870-14515-0

Volume URL: http://www.nber.org/books/terl76-1

Publication Date: 1976

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Chapter URL: http://www.nber.org/chapters/c4501

Chapter pages in book: (p. 647 - 652)

such correspondence. Conditions contributing to their disparity are many. Some are more easily corrected than others. Greater correspondence of the two series will come from improvement in the estimates of deflated expenditures or in those of the quantity of consumption they represent. At best, many questions raised by Usher will remain unanswered. A balance may best be achieved by improvement of price-deflated series of consumption expenditures, and supplementary estimates of interactions between the money and household economies, and of welfare series of average and distributive change.

The Conference on Household Production and Consumption: A General Comment

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THE hallways of this conference room seem to have been haunted by an uninvited guest, one bearing the insignia: tastes, value systems.

I do not mean to say, of course, that value systems have been entirely excluded in the sense of being locked into the ceteris paribus attic. Indeed, this is not at all typical of recent work in consumer economics. Direct consideration has been given to the values implicit in attention to permanent income and to wealth. These are primarily economic. But even psychosocial values have been recognized as influencing spending. The relative-income hypothesis is a case in point, in which community standards are recognized; this notion of a social norm is likewise implicit in regional and national differentiation in consumption and saving patterns. The most far out of these concerns are, perhaps, those reflected in "attitudinal" variables, which are recognized (with notable lack of unanimity) as influencing when, if not what, people buy. In general, this rather gingerly recognition of the fact that man does not live by bread alone is understandable when concern focuses on how man earns and acquires his bread.

But bread is a dwindling proportion of the diet of twentieth-century Americans. Affluence brings not only cake but television dinners. These other interests will range over all the things (not merely material goods and services) which people find desirable and of value—the desire for intimacy; for social belonging and participation; for intellectual, religious, or aesthetic experience; joy in the out-of-doors; and so on—such interests and desires can influence both how much income people earn and how it is divided among material goods and services, as well as between these and noneconomic goods.

If noneconomic values can thus influence the shape of the standard collection of Engel curves in affluent societies, how much more likely are they to influence subjects discussed in these conference papers: the demand for children, or for health, and its relation to schooling; nonmarket aspects of real wages; desired characteristics of housing; product quality; safety and risk.

Necessarily, how families spend time and money for each of these desirables will be influenced by differences in their view of well-being, broadly defined.

Such differences will, at a minimum, increase the *variance* in the functional relationship between the dependent and independent variables isolated in statistical analysis. If this were all, perhaps my concern for serious attention to the value systems that are relevant to choice would not be justified. We have learned to live with extremely wide variance in cross-sectional analysis, though one laments the potentially useful information which remains unidentified in the pool of ignorance (variance).

But, I submit, that it is not all. For one thing, within the sample that is studied there may be people having *different life styles,* the nature of which is lost and thus *misinterpreted in the parameters.* For example, Maynes proposes "variations in P^* as a measure of informational effectiveness of markets." But, the validity of the measure rests in the assumption that within product classes, different consumers make identical quality assessments (p. 537). Yet quality assessments for the product illustrated, sofa beds, assign over half the total weights to the convenience and pleasantness of the vendor and the aesthetic characteristics of the product (list of weighted characteristics, p. 531). Certainly there would be many conscientious long-term types of homemakers for whom durability, comfort, convenience of operation, and trustworthiness of the vendor would be deemed of dominant importance, thereby violating Maynes's basic assumption. It would mean that variations in P^* would be consistent with informationally effective markets and no longer a measure of such effectiveness. Realizing this, he says, "the extent of incongruity of quality assessments is an important topic for future research" (p. 538). I doubt that one would get very far studying congruity in such assessments without very specifically and inventively studying precisely *incongruity* due to different value systems or life styles, and accommodating the theory of this provocative and valuable work to what is thereby learned.

Another possible, though highly conjectural example, is in the Michael-Willis paper and concerns the puzzling finding that the likelihood of using the pill is less for women marrying at later rather than earlier ages, ceteris paribus. Could this suggest that later marriages may be partly motivated by the intention to stack up a family promptly—"the time has come for that kind of thing"? If so, the negative coefficient for the pill actually reflects a difference in *desired* timing of family formation. Also, it is possible that interpreted in this fashion, the age-at-marriage variable may be sufficiently correlated with the wife's education variable to grab away some of the latter's usual strong inverse influence.

We have been speaking of how differences in value systems within the sample studied can condition and distort the meaning of the measured variables. This can also occur as a result of the way in which such *value systems relate to institutional characteristics*. For example, how would Heckman's interpretation of his findings change if people's investment in on-the-job training during the life cycle was less an expression of their willingness to invest in skill-capital than an impressed investment in seniority-capital consequent to the nature of the job structure within and among firms (including union rules). Insofar as this structure gives workers little opportunity voluntarily to buy more training by accepting a lower wage, continuity of choice between schooling and on-the-job training is called in question, as is the homogeneity of the value system of those who rely primarily on each of the two sources of capital formation.

Values not only differ among individuals at a given time; they also *change over time*. Certainly, some of the differences in measuring real consumption by inflating quantity data rather than deflating dollar data consists of such shifts in what people desire. Quantity data, as Usher points out, "could serve as arguments in the utility function," and he shows how their weights on the total utility vector change over time. It is most encouraging to find that ingenious hard work seems capable of displaying and quantifying such change and that it appears to be substantial.

A dramatic example of a changed value system in this country, indeed perhaps the most extraordinary one in social history, was the shift in fertility rates in the late fifties and sixties from about the highest to the lowest in the century. This astonishing change in an aspect of behavior typically regarded as most deeply rooted and predictable must certainly have reflected fundamental aspects of the social scene—resentment of the Vietnam war, awareness of world population and ecological problems, generation gaps, social malaise. No doubt the pill may have helped to effectuate intentions but it certainly could have been no more, whatever its price advantage, than, shall we say, a drop in the whole causal bucket.

The data that Michael and Willis used to examine "diffusion of the pill" applied to women who began their first, second, or third pregnancy interval in the period 1960–1964. The authors say, "Note that the 'date the interval began' operates as a time trend in the analysis, so it is assumed to be negatively related to the information cost of pill adoption" (p. 83). I cannot judge just how many and which years are covered by typical observations, but clearly whatever they are, they fall in this period of dramatic social change. Certainly insofar as the coefficients label as a process of diffusion (or cost of information bearing on the "price" of the pill) any of this broad social change in the desirability of children, the label is incorrect. In any event the point illustrates how time trends in values could distort econometric findings. In studies in which data from sequential cross-section samples are combined, the potential distortion would, of course, be bound to be present.

In summary, differences in value systems among individuals or from one time to the next can distort measured parameters and their ostensible meaning. Such distortion blemishes the usefulness of the evidence concerning the groups studied. More seriously, it can mean that application of conclusions to other groups, subcultures, cultures, or times is truly perilous.

Value systems and tastes appear to have been stalking around the

Conference, whether or not they are listed as legitimate guests. What would happen if they were dealt with more openly? The answer, I fear, is that it would not be at all easy to do so, and could only be done, at best, at the cost of considerable loss of precision of measurement. Nevertheless, the usefulness of such measurements as were achieved would be greatly increased.

The Conference has itself contained hopeful signs of progress. Grossman's explorations of the relation of health to schooling, in his sensitive attention to multi-directional causal relationships (e.g., health to schooling, schooling to health via wives' schooling, past schooling to schooling, past health to current health) and his successful use of subjective variables (visual perception, job satisfaction, and self-rated health status) seem to suggest ways that value systems might be identified. Maynes, Usher, and King were all trying to salt the tail of birds of the "fashion" feather; at least their measurements did not concentrate on the narrowly economic aspects of individuals' utility systems. And it is in these more general well-being arguments of the total utility vector that many important differences in value systems are likely to reside.

However, if we are to deal explicitly with "evaluative activity" in a parallel manner to which we are now, thanks to the Lancaster-Becker model, dealing with "productive activity,"[1] investigations will need to be addressed, among other things, specifically to identifying life styles. Anyone can think of possible approaches—parallel analysis of selective samples; multi-directional analysis of groups of independent and dependent variables; interviews, games, and experiments designed to exhibit tradeoff functions. But to invent and utilize such approaches requires another hard and large step forward in the analyses of "Household Production and Consumption." However, I must say, in view of the large step forward that the Conference papers represent, the next step seems, in the light of our present social concerns and situation, exciting . . . and inevitable.

[1] I sketched such a modified model in "Values, Social Indicators and Priorities," a paper presented at the Twentieth International Meeting of the Institute of Management Sciences, June 1973.