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“Survey Methods in Macroeconomics”
Lawrence R. Klein Collegiate Professorship Inaugural Lecture
by Matthew D. Shapiro

INTRODUCTION

Thank you, Dean McDonald, for that very kind introduction.

It am grateful for the honor of being named the Lawrence R. Klein Collegiate Professor.

I have been fortunate to have spent the majority of my academic career in the unique environment for research in quantitative social science at the University of Michigan.

The University provides an immensely rich environment for work of empirically-oriented social science with its constellation of very strong social science departments and the Institute for Social Research.

At the University of Michigan, collaborative work across disciplines was the norm long before “interdisiplinarity” became a buzzword.

And the notion that data collection and data analysis are mutually complementary activities is woven into the fabric.

In presenting my research using surveys to understand macroeconomic outcomes, I want to acknowledge not just the individual scholarship on which this work builds but also a enduring institutional commitment at Michigan to fostering this approach to research.

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- Let me start by acknowledging what the profession owes to Professor Klein. At Michigan, he made fundamental contributions to survey research that will be the focus this talk. He also developed the macroeconometric framework that remains the principle paradigm for forecasting and policy analysis in government and in business. I am

honored that he agreed to have this professorship named for him and that he and Mrs. Klein are here today.

- I also want to acknowledge my debt to the late James Tobin. Like Professor Klein, Professor Tobin received the Nobel Memorial prize for contributions to understanding aggregate economic relationships. But also like Professor Klein, he had an early and continuing interest in surveys of individuals. Professor Tobin spent a sabbatical at the Survey Research Center in 1953. He and Lawrence Summers co-authored a famous report that insisted on the cooperation that the Survey Research Center and the Economics Department now enjoy.
- The research I will discuss today uses ongoing data collection programs at SRC. Social science owes a great debt to the visionaries George Katona, James Morgan, and Thomas Juster, who founded, respectively, the Survey of Consumer Attitudes, the Panel Study of Income Dynamics, and the Health and Retirement Study.
- I also want to thank the stewards of these ongoing data collection programs—Thomas Juster, Robert Willis, Richard Curtin, and Frank Stafford—for their openness to experimentation with these very valuable resources. They have resisted the impulse, common in large-scale panel studies, to freeze the design and content of the survey instruments. These survey directors' faith in researchers who want to add content—and equally their faith in the surveys' respondents to answer new and unusual questions—has made these surveys engines of innovative research as well as rich datasets on household behavior across time.
- Much of the work I will highlight today has been collaborative. I would like to acknowledge Joel Slemrod for the work on spending propensities and Robert Barsky, Thomas Juster, Claudia Sahm, and especially Miles Kimball for that on preference parameters.
- Finally, I would like to thank my family—my parents, Janet and Irving Shapiro, my wife Susan Garetz and our children, Benjamin, and Molly—for their love and support.

The quotation on the screen is strikingly fresh across five decades. The surveys discussed in the volume edited by Professor Klein mainly concerned objective data on the consumer spending and finances, though there was also important attention to data about expectations.

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Economists generally have a preference for analyzing objective data, in particular, data generated by outcomes in markets. The vast majority of economic data analysis concerns such measures of prices and quantities and aggregations thereof—often in combination with objective contextual information—measures of time and location or attributes of individual households or establishments.

The surveys I discuss today run counter to that tradition. In particular, they are designed to elicit preferences, expectations, hypothetical decisions, etc. Let me first briefly explain why this approach contrasts with the standard approach to empirical research in economics. And then, by giving you a few examples of how surveys can quantify key economic parameters, to hope to convince you of the usefulness of the survey approach.

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