Market Visions: Expenditure Surveys, Market Research, and Economic Planning in the New Deal

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Materialistic desire may be the engine of capitalism, but those seeking to redress economic inequities in America have also found it valuable for building and strengthening unions, regulating production and retail practices, attacking monopolies and business collusion, and championing redistributive economic policies. Consumption is the universal virtue for capitalism; what better weapon to trim that system’s excesses? But, protean like capitalism itself, the tactics used to muster the reformist potential of consumption have also evolved. Thus prior to World War I, consumption-based calls for higher wages relied heavily on a mixture of ethical and loosely physiological claims as labor activists implicitly or explicitly defined an appropriate (and continually advancing) “American standard of living” and demanded wages sufficient to reach that level. As the 1920s progressed, union leaders and their liberal allies emphasized a different justification: rising industrial productivity would require increasing working-class “purchasing power” to provide an expanded market for the abundance of goods now rolling out of American factories. This shift in justifications benefited labor activists in multiple ways: It countered conservative arguments that a minimum “living wage” was economically unsound; it moved the debate from a moral grounding (which had often proved ineffective) to one of pragmatic business self-interest; and it helped labor representatives build alliances with moderate or liberal mass-producers and retailers who recognized a similar logic, such as the auto manufacturer Henry Ford, General Electric’s chairman Owen D. Young, and the department store magnate Edward Filene. It also bound proponents more tightly to

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I am grateful for the valuable advice of the JAH editorial staff and its anonymous reviewers and for the insightful comments on earlier drafts from numerous colleagues, including Anne Harrington, Lizabeth Cohen, Jeff Biddle, Guy Alchon, James Kloppenberg, Malcolm Rutherford, Mary Hirschfeld, Andrew Jewett, and David Teira. I owe a special debt to Peter Buck, Margo Anderson, and Meg Jacobs, who read multiple versions of the manuscript. Research for this article was supported by the National Science Foundation under Grant No. 0522433, the Faculty Research Program at the University of Notre Dame, and the Harvard Center for American Political Studies.

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the discipline of economics, turned their focus to the broader role of consumption in the economy, and laid the groundwork for the consumption-based political economy that would flourish during the New Deal.

My aim is to examine this transition by focusing, not on the policies that reformers advanced, but on the empirical knowledge required to support and guide their analysis. Though such an approach has proved valuable in other contexts, there has been little attention to the quantitative underpinnings of consumption-centered activism—for example, price indexes used to demonstrate the effects of monopoly power or profiteering, cost-of-living surveys used to argue for higher wages, and family income data used to show growing financial inequality—especially as they developed after the 1920s. My focus is the 1935–1936 Study of Consumer Purchases, an extraordinary national survey of family incomes and expenditures undertaken by the federal government during the New Deal. Encompassing annual income data from 300,000 families across the country, with 60,000 of them supplying information about annual expenditures (subdivided into more than 500 categories), the Study of Consumer Purchases was an order of magnitude more extensive, analytically sophisticated, and technically complex than any previous expenditure survey, at home or abroad. Created and administered primarily by left-leaning economists (most of whom entered the government during the 1930s), the project was intended to help design, justify, and implement economic policies that would raise mass purchasing power in order to overcome the Great Depression, thereby linking liberal objectives to economic recovery. It symbolized the union of social science expertise, state power for empirical research, leftist hopes for federal economic planning, and the political potential of consumption. Yet it failed to be an effective aid to New Deal reformers, proving far more useful to another group: advertisers and market-research professionals. How and why this happened illuminates the tensions embedded in the new strategies used to exploit the political power of consumption during the 1920s and 1930s for progressive ends while also revealing the ties that bound even statist economic planning to corporate capitalism.
Expenditure Surveys and the Consumer

The transition to a consumption-focused political economy during the 1920s and 1930s was accompanied by a shift in empirical research objectives for expenditure surveys. In one sense, the Study of Consumer Purchases fit within a long tradition of research on American incomes and expenditures stretching back into the late nineteenth century. Yet that perspective overlooks a substantial disjuncture between the goals of the earlier surveys, rooted in pre–World War I approaches to consumption, and those of the later project. As the International Labour Office of the League of Nations explained in 1926, most expenditure surveys had aimed “to secure accurate information as to the standards of living of the group studied.” Those detailed “standards of living” could then be employed in multiple ways: one might judge their adequacy, compare them to those of different social groups in the same community or similar groups elsewhere, or consider how the cost of maintaining a particular standard changed over time. In the United States, the oldest and largest surveys came from state or federal statistical bureaus, but by the early twentieth century, social reformers and budding social scientists began producing numerous small, detailed studies, sometimes in cooperation with government agencies. The emergence of the social survey movement after the work conducted by Paul Kellogg in Pittsburgh in 1906–1909 (riding on generous funding from the Russell Sage Foundation) produced more material, as did the growth of graduate programs in sociology, economics, and home economics. Differences in methodology and goals abounded, but all the studies were limited to specific regions and focused on social groups near the bottom of an industrial economy: the working class, family farmers, the poor, or immigrants. The only national surveys came from the U.S. Bureau of Labor Statistics (bls) in 1889–1891, 1900–1902, and 1918–1919. Those studies were used to establish national price statistics that could be compared to wage changes, but they still covered only urban working-class families.

Alongside this tradition, social scientists in the 1920s began to build a second form of research involving expenditure surveys that aimed, not to delineate living standards among low-income families, but to understand consumer behavior and its effects on the national economy. Initially, this work had few direct ties to labor activism, deriving instead from concern that economists’ focus on production and abstract formalism had left them incapable of addressing the distribution problems arising in an industrialized economy (for both companies and consumers). After the productivity boom of the war and the recession of the early 1920s, those problems attracted increasing attention from businessmen, social commentators, and government officials, making the lacuna in eco-

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5 International Labour Office, Methods of Conducting Family Budget Enquiries, Studies and Reports, Series N, no. 9 (Geneva, 1926), 9.
nomics even more glaring. A key push for new research came from self-styled institutional economists (especially those associated with that well-known consumer analyst Thorstein Veblen) who made investigations of consumption and consumer behavior a central component of their empirical assault on the deductive systems of neoclassical economics. The consumption strand of the institutionalist program developed in two major directions: gathering aggregate quantitative data on consumption in the national economy and improving the theoretical understanding of consumer behavior by empirical study. The former was best exemplified by the efforts of the National Bureau of Economic Research (NBER), led by the prominent institutionalist Wesley C. Mitchell, to calculate “national income” and show its distribution across regions, social classes, and institutions. The war had given Mitchell and other social scientists an all-too-brief opportunity to pursue large-scale statistical research and analysis linked to economic planning, and institutions such as the NBER (heavily supported by philanthropic funding and frequently cooperating with Herbert Hoover’s Department of Commerce) represented an attempt to recapture some of the wartime possibilities. By producing extensive and novel quantitative data (such as the studies of national income), economists could both advance the empirical basis for economic theory and help businessmen and government officials adapt to a dynamic, mass-distribution economy. Unlike the state-controlled wartime mobilization, the resulting production and distribution strategies would be devised and pursued by individual companies or by voluntary, cooperative groups led by trade associations and occasionally by the government. The apparent success of this system during much of the decade convinced many commentators in the late 1920s that America had entered a “new era” of stable economic growth predicated on private, voluntary planning and empirical research.

Alongside the NBER’s aggregative approach to economic statistics came a more finely grained analysis of consumer behavior, a subject that institutional economists and their allies complained had been neglected too long by traditional economic theory. “The economist, as such, has hitherto interested himself but slightly in the problem of consumption,” declared Hazel Kyrk in her prize-winning dissertation in economics from the University of Chicago, published in 1923 as A Theory of Consumption. “The fact of choice [between goods] . . . he has necessarily recognized as the basis for exchange ratios, or prices of goods in the market, but how these choices came to be, how they group themselves, or change, he has generally regarded as beyond his province.” According to institutionalists such as Wesley Mitchell or John M. Clark, the outdated and inaccurate hedonistic psychology that underlay neoclassical economics could not explain the development and transformation of consumers’ wants or needs. As Clark put it, neoclassical economics treated the self as a “sovereign will” with “pre-existing wants,” but current psychology described mutable

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entities with desires that were “molded by [their] environment.” Effectively, charged the institutionalists, economists lacked a sophisticated, empirically grounded theory of consumer demand.9

Expenditure surveys promised to be a valuable tool for overcoming this deficit because suitably designed studies could reveal how consumption varied with such factors as income, family size, occupation, ethnicity, or geographic location. Existing research had already moved partway toward this goal. Inspired by the work of the nineteenth-century Prussian statistician Ernst Engel, for example, American cost-of-living studies routinely drew conclusions about the relationship between family income and the proportional expenditure on food. (Drawing primarily on an 1853 expenditure survey from Belgium, Engel had argued that the latter decreased with rising income.) But whereas earlier statisticians had derived these relationships as a by-product of their studies of living conditions among low-income families (and often used the information to judge the adequacy of workers’ wages), institutional economists wanted to understand the dynamics of consumption for individual commodities across all income classes. As Hazel Kyrk put it, economists needed expenditure surveys that were “studies in demand—in the variations, the elasticity, if you please, of demand under changing conditions”—a project she contrasted with traditional “cost of living’ studies.”10

Kyrk’s place at the forefront of the new consumption economics exemplified the gender dynamics that characterized the field. Although a small group of men studied consumer behavior—including sociologists (such as Robert Lynd, Carle C. Zimmerman, and William F. Ogburn), agricultural economists (notably Warren C. Waite), and marketing professionals (such as Paul Nystrom)—women produced the bulk of American quantitative research on consumption between 1920 and 1950. The strong ties between women and expenditure surveys had overlapping gendered determinants: the links between studies of living standards and early social work, the division of household labor that assigned consumption to women and hence made it a suitable topic of study for women with professional ambitions, and the common belief by the 1920s that housewives, the main source of data on household expenditures, responded better to female field agents. From the 1920s onward, female social scientists, including Theresa McMahon (at the University of Washington), Jessica Peixotto (at the University of California, Berkeley), Elizabeth Hoyt (at Iowa State University), and Elizabeth Gilboy (at Harvard University), used the new interest in consumption to build bridges between home economics and economics and to establish themselves within the latter, male-dominated field. Hazel Kyrk was the most successful and influential of those female academics, landing the first joint appointment in the economics and home economics departments at Chicago in the late 1920s. While the academics produced textbooks and theoretical analyses, the key institutional locus for


empirical research was the Bureau of Home Economics (bhe) in the Department of Agriculture. Under Hildegard Kneeland, the bhe’s Economics Division surveyed numerous farming communities, attracted some of the top female consumption economists (many of Kyrk’s students joined the agency in the 1930s), and amassed a wealth of methodological knowledge about empirical investigations of household consumption that no other institution could match.11

Many left-leaning social scientists studying consumption during the 1920s not only combined their novel interest in consumer demand with more traditional reform-oriented work on standards of living but also retained ties to labor activism. (Kyrk, for instance, participated in the Women’s Trade Union League of Chicago, and Peixotto conducted studies for labor arbitration hearings.) But by making consumption the center of their analysis, they signaled their broader interest in consumer welfare and the consumer movements that expanded rapidly in the late 1920s and 1930s.12 The ties among economists studying consumption and between them and consumer activists were broad and numerous, encompassing professional collaboration, friendship, and advocacy. For instance, Wesley Mitchell’s perspective on consumption had been shaped in part by Jessica Peixotto (his colleague while at Berkeley), who was also a good friend of his future wife, Lucy Sprague. Mitchell’s attention to the problems facing consumers helped him build a close friendship with a future consumer advocate, his former student Robert S. Lynd, and when, in the late 1920s, the two landed in executive positions on the Social Science Research Council (ssrc, an umbrella organization created after World War I to promote and guide research in the social sciences), they pushed the organization to support research on consumption. Lynd had his own ties to female economists: they helped direct the cost-of-living surveys for the sociological study Middletown, which he coauthored with Helen M. Lynd, and he collaborated with them on other projects, such as his analysis, “The People as Consumers,” for the landmark 1933 study Recent Social Trends in the United States. Although Mitchell eschewed direct activism in his published work in economics, he supported the consumerist movement in other ways, such as working to establish a publicly owned milk cooperative and joining other liberals as a sponsor for Consumers’ Research, a product-testing and review agency.13 The women involved in consumption research more often acted as advocates. Kyrk, for example, wrote extensively about consumer is-


sues (such as consumer education and quality regulation) and later led the National Consumer Advisory Committee within the World War II–era Office of Price Administration. The bhe and its staff likewise embarked on numerous consumer education programs from the 1920s onward and sought to mediate between consumers and manufacturers, especially through the creation of standards for consumer goods.14

However, what distinguished these economists from other members of the consumer movement was their attention to empirical research into consumer behavior, and in the 1920s that empirical interest produced more ambitions than results. Nothing exemplified the gap between ambition and outcome quite so clearly as a 1929 attempt by the ssrC (then under Mitchell and Lynd’s leadership) to promote a national survey of the income and expenditures of American families. Envisioning this project as “the first sequel to the investigation of Recent Economic Changes [in the United States]” (the major 1929 study of the national economy conducted by the nber at the instigation of President Herbert Hoover), the ssrC began gathering experts for a series of small conferences to develop plans for the survey in the summer of 1929. Both the invitees and the text of the final report paid homage to the earlier tradition of research on living standards and its close connection with labor issues and local social reform. Shelby M. Harrison (champion of the Russell Sage Foundation’s social survey projects) was part of the main committee, and the conference attendees included representatives from the BLS, labor organizations, and welfare agencies. According to the report, a national survey would show “what economic progress has meant for . . . [Americans’] health and welfare” and would aid in the analysis of poverty, unemployment, illness rates, and sanitation—all popular topics for reformers. Yet those interested in consumer behavior clearly had the upper hand. William Ogburn chaired the committee, which also included Mitchell and Harold Moulton (another institutional economist and president of the Brookings Institution), while economists interested in the statistical analysis of consumer behavior (notably Kneeland, Kyrk, Paul Douglas, and Helen Wright) helped shape the project agenda. Despite repeated references to “living standards,” the “specific purpose” of the study would be to discover the relationships between expenditures, income, and family size, thereby revealing the “economics of every-day American life.”15 It had heretofore been impossible for American social scientists to analyze those aspects of consumption in any detail. Aggregate data produced by manufacturers and retailers failed to specify which families were purchasing what items (and hence prevented analyses that correlated specific expenditures with particular family traits), while existing expenditure surveys examined only subsets of the American populace and employed a bewildering diversity of methodologies. By contrast, the proposed ssrC study would use uniform methods to survey the income and expenditures of American families from every social class and geographical region and thereby transcend current limitations and permit economists to construct a model of consumer demand that showed how expenditures varied in response to multiple factors.


Of course, there was a reason why no one had yet undertaken a simultaneously broad and detailed study: it would be extraordinarily expensive, well beyond a realistic budget for a private project dependent on corporate or philanthropic funding. Before the full development of probability sampling, large-scale statistical surveys necessitated a substantial financial commitment. Based on the experience of the BLS (which had conducted the only other national expenditure surveys), completing the project would require a host of field agents working full time for at least a year, while tabulating and publishing the results would take a year or more and require tabulating machinery, an extensive clerical staff, and an experienced group of economists. The SSRC estimated that the survey would cost several million dollars, comparable to the total amount the agency would dispense over the first decade of its existence ($4 million from 1923 to 1933). Most private economic studies produced by agencies such as the NBER relied on existing data and thus had much lower costs; the prime exemplar of privatized, New Era economic research—Recent Economic Changes in the United States—had a projected budget of $155,000. Only the federal government had been willing to fund larger-scale projects, and it had done so only for crucial political functions, such as the census, or in response to serious upheavals, such as the combination of wartime mobilization and labor market turmoil that had prompted the 1918–1919 expenditure surveys (which allowed the BLS to create a cost-of-living index for use in labor arbitration). In summer 1929 the SSRC called for Congress to fund the proposed national survey, but with little effect. Shortly, though, the social scientists would find the requisite crisis and a rationale that would allow them to link studying consumer demand to reform objectives.

Expenditure Surveys and Economic Balance

The depression and the New Deal dramatically changed the status of expenditure surveys and research on consumer demand in general. Economists and businessmen all along the political spectrum portrayed economic balance, especially the balance between production and consumption, as the key to stability and prosperity. That goal had its roots in 1920s business-cycle theory, and it was articulated forcefully in the committee report that opened Recent Economic Changes in the United States. Writing in the spring of 1929, the committee attributed the rousing economic successes of the previous years to “the maintenance of our economic balance,” including “a more marked balance of production-consumption” that had tempered the country’s oscillation between booms and busts. Past recessions could be explained by manufacturers’ producing more goods than consumers could (or wanted to) purchase, thereby leading to “distress, shutdowns, failures, and unemployment,” a cycle that the committee optimistically suggested had been broken. For most contributors to the report, the subsequent crash and depression,
rather than invalidating the strategy of balance, demonstrated the inadequacy of both their existing data and Hoover’s ameliorative actions. Indeed, Mitchell’s introduction to the 1933 Recent Social Trends reiterated the need for a new “balance to our economic mechanism,” including “a tolerable balance between the supply of and demand for the innumerable varieties of goods we make.”

In itself “economic balance” was a politically neutral goal; everything depended on what you saw as the source of imbalance and how you proposed to correct it. Many members of Franklin D. Roosevelt’s administration had a clear answer that tied the achievement of economic stability to older reform objectives. Building on the analyses of consumption, productivity, and wages developed in the 1920s, key advisers and New Deal allies—including brain trust members Adolf Berle and Rexford Tugwell—argued that the cause of the depression lay in “underconsumption” resulting from a lack of purchasing power among the working class. According to this theory, companies had held down wages even as productivity grew, thereby creating a fragile consumer market. When the business cycle began a downturn, the common response—cutting wages or production while maintaining high prices—only aggravated the collapse. Meanwhile, excess capacity (in the face of limited demand) stopped companies from investing in capital equipment, thereby keeping profits and savings from reentering the marketplace and providing a new stimulus. In short, a weak consumer market had dragged the economy into a downward spiral. (See figure 1.) Thus economic stability and greater social justice lay down the same path: increased working-class purchasing power would raise the nation’s consumption to match its productive capabilities.

Demonstrating that proposition was no easy task, however, for it depended on the very information that was lacking: detailed knowledge about American consumption patterns. “Domestic consumption is now the key to every vital economic question,” declared Business Week in 1932. “Yet . . . it has been the least investigated and least understood.” The effects of that weakness were exemplified by two books that appeared in quick succession in 1934–1935: America’s Capacity to Consume (by a trio of scholars from the Brookings Institution) and High-Level Consumption (by William H. Lough). Part of a politically moderate four-volume study of the American economy, America’s Capacity to Consume nevertheless supported the underconsumption thesis, arguing that the concentration of wealth had increased during the 1920s (leading to a greatly increased rate of savings rather than to the increased consumption of retail goods that greater economic equality would have encouraged). Accordingly, “vast potential demands . . . for basic commodities and for conventional necessities exist in the unfulfilled wants of the masses of people.” The following year, however, Lough’s High-Level Consumption argued that the primary problem was not unequal distribution of income, but the variability in consumption at higher income ranges combined with rigid manufacturing and retail practices that left businessmen unable to cope with a fluctuating consumer market. Businesses had not produced too many goods; they had produced the wrong goods, a mismatch whose effects grew worse as national real income rose (pushing consumption beyond staple commodities),

17 Committee on Recent Economic Changes, Recent Economic Changes in the United States, I, xix–xxi. Alchon, Invisible Hand of Planning, 129–66; President’s Research Committee on Social Trends, Recent Social Trends in the United States, I, xxx–xxxii.

creating “a more agitated, more explosive economy.” In an appendix, Lough attacked the Brookings data, complaining that it was patched together from a variety of sources and embodied “groundless assumptions, twisted statistics, and preconceived dogmas.” Indeed, however one wishes to judge Lough’s assessment (and some reviewers of America’s Capacity to Consume were more favorable), it reflected the same view that had driven the ssrc to promote a national survey: existing data on consumption and family incomes were scattered and limited and required heavy massaging to shape into national estimates.19

The empirical gap was not merely a problem when evaluating the 1920s; it threatened to cripple any attempt to plan for a recovery by hindering the achievement of a new balance. In a 1933 speech, “The Measurement of Consumer Demand and Economic Planning,” A. (Albert) Ford Hinrichs, then an economist at Brown University, decried the “complete inadequacy of our basic information” about consumer behavior, a situation he described as “appalling” given New Deal efforts to manage the economy through the National Recovery Administration. Hinrichs (a graduate of Columbia University’s economics program, an institutionalist stronghold) specialized in studying European economic planning, and in 1934 Roosevelt’s National Planning Board would ask him and Lewis L. Lorwin to analyze existing programs for “national economic and social planning” and to consider how planning could be implemented in the United States. From Hinrichs’s perspective in 1933, American planners faced a serious information deficit. The nation needed “detailed budget studies for a full cross-section of the incomes of families in the United States” that would reveal how expenditures changed in response to other factors (notably income) and thereby allow planners to predict consumption patterns arising from different conditions. Without this information, businesses and planners could not match productive capacity to consumer needs, leaving planning as “guess work by hit-or-miss methods.” In short, the country needed exactly the kind of survey proposed by the ssrc in 1929, a study that “might have been an invaluable guide through the maze of recent years.” It was a line of argument that would appear repeatedly in official justifications for the Study of Consumer Purchases.

If the depression gave economists a new motivation for studying consumption, the New Deal put them in position to carry out their plans. The years after Roosevelt’s inauguration marked the culmination of a transformation in federal statistics as social scientists finished wresting control of federal statistical agencies from an earlier generation of civil servants who frequently had little or no advanced academic training. This purge and restructuring of federal bureaus landed liberal economists sympathetic to empirical research in top roles. For instance, Secretary of Labor Frances Perkins replaced the old commissioner of the bls (a noneconomist) with Isador Lubin, a former student of Veblen who had worked under Mitchell during the war and then moved to the Brookings Institution. In 1934 Lubin hired the planning expert Hinrichs for the new position of chief economist, where he advised Lubin about statistical projects such as the Study of Consumer Purchases and aided Lubin in his efforts to make the bls a central resource for New Deal economic policy. Equally important, social science advisory committees successfully pushed for the creation of new agencies to coordinate interdepartmental research projects, such as the Central Statistical Board and the National Resources Committee (nrc), which then helped shape federal statistical research. Descended from the National Planning Board created under the authority of the National Industrial Recovery Act of 1933, the nrc was intended to be the major federal planning agency. From 1933 to the fall of

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1935, the National Planning Board and its successors were led primarily by three external advisers—Charles Merriam, Wesley Mitchell, and Frederic A. Delano (Roosevelt’s uncle)—all attuned to the need for new studies of consumer behavior. Merriam and Mitchell had served on the 1929 ssrc committee that proposed a nationwide expenditure survey, and Delano was the incoming chairman of the Brookings Institution, the organization responsible for *America’s Capacity to Consume*. Though Mitchell resigned in late 1935, the nrc remained committed to expansive studies of American consumption intended to aid planning efforts. In late 1934, the National Planning Board established an Industrial Section led by Gardiner C. Means (lured from the Department of Agriculture) and overseen by the small, interdepartmental Industrial Committee. Between 1935 and 1939, some of the best-known New Deal economists interested in consumer purchasing power participated in the nrc’s Industrial Committee, including Means, Lubin, Leon Henderson, Lauchlin Currie, Mordecai Ezekiel, and “consulting member” Alvin Hansen. Finally, female economists interested in consumption began to spread through federal agencies. Faith Williams left the bhe to become head of the BLS Cost-of-Living Division, while Hildegard Kneeland moved to the Central Statistical Board before becoming head of the Consumption Research staff within the Industrial Section of the nrc. During the 1930s numerous other women joined federal agencies involved with the expenditure surveys, including several former students of Chicago economists who studied consumption, such as Kyrk, Paul Douglas, and Henry Schultz. Kyrk herself later helped analyze data from the Study of Consumer Purchases when she became chief economist for the bhe in 1938.21

Thus by 1935 economists interested in expenditure surveys held leadership roles in the three main agencies that would design and administer the Study of Consumer Purchases, the BLS, BHE, and NRC. Moreover, such key project leaders as Lubin and Means supported the labor-left view of the economic balancing problem: underconsumption had caused the depression and increasing mass purchasing power was central to recovery. How many other economists directly involved in the project shared that commitment is difficult to ascertain—lower staff members in statistical agencies assiduously tried to maintain a boundary between gathering data and making policy decisions—but the evidence is suggestive. At least two major subordinates, BLS chief economist Hinrichs and the NRC’s Kneeland (who supervised the design and analysis of the Study of Consumer Purchases), clearly favored a more equitable distribution of purchasing power and saw the 1930s survey as a step toward that goal. Most economists working on the survey probably shared similar sentiments. Secretary of Labor Perkins insisted on recruiting economists for the BLS who would actively support “labor’s interests,” while any economist willing to

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join a New Deal agency such as the NRC had to feel some sympathy for state-sponsored economic planning. Even the most obvious counterexample proves ambiguous. A young Milton Friedman helped design sampling techniques and analyze data from the Study of Consumer Purchases during a brief stint in the NRC. But the prewar Friedman was far more leftist than the more familiar postwar figure; his future brother-in-law, the University of Chicago economist Aaron Director, upon learning of Friedman’s engagement to his sister Rose (who also participated in the project), good-naturedly lamented Friedman’s “very strong New Deal leanings—authoritarian to use an abusive term.”

The depression offered consumption economists a viable and urgent political motive for a national expenditure survey; the staffing changes in federal agencies put them in position to enact their plans; but the New Deal also proffered a critical third element: money. Federal work relief agencies, including the Federal Emergency Relief Administration, the Civil Works Administration, and especially the Works Progress Administration (WPA), financed a host of major statistical surveys as relief programs for white-collar workers. By applying for funds directly through the WPA, federal statisticians could bypass both a typically recalcitrant Congress and the cabinet members who controlled department budgets and who often presented their own obstacles to social science agendas. When members of the American Statistical Association had first reviewed the statistical work of the Department of Labor in 1933 (at the request of Frances Perkins), the committee decided that “consumer interests were receiving more and more attention” and that in the absence of a department of the consumer, the Department of Labor would “be the logical place” for housing consumer research. Perkins angrily rejected this idea, insisting that the Department of Labor was effectively a “Department of the Poor People,” a role which she would not abandon to serve the class-transcending consumer. The BLS’s traditional studies of “prices and the cost of living” of the working class were acceptable; other forms of consumer research were not. The Study of Consumer Purchases succeeded because it was funded almost entirely by the WPA and the NRC, and thus required no sacrifice of existing BLS duties. Indeed, it is virtually certain that the project never would have been completed (at least on such a broad scale) without the WPA. In the end, the WPA contributed just under $6 million; by contrast, the BLS’s regular operating budget for 1935 was less than $600,000.

In late 1934, as the BLS and BHE discussed plans for new research on expenditures, a former member of the 1929 SSRC committee recirculated the report “Consumption According to Incomes” through Washington agencies. By early 1935, the NRC had agreed

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23 Duncan and Shelton, *Revolution in United States Government Statistics*, 26; “Report of ACSL meeting with Secretary Perkins,” 1–3. Calculating the cost of the Study of Consumer Purchases is tricky, since three agencies administered the study over multiple years, while the Work Projects Administration (WPA) and possibly other relief agencies covered most of the costs. In early 1936 Gardiner Means declared that $5.8 million had been budgeted from the WPA for the project. See [Gardiner Means], “The Industrial Section of the National Resources Council,” Jan. 18, 1936, Minutes of Advisory Council of the NRC, box 206, Central Office Records, Records of the National Resources Planning Board. For the BLS budget, see Joseph P. Goldberg and William T. Moye, *The First Hundred Years of the Bureau of Labor Statistics* (Washington, 1985), 171.
to house and fund a planning committee to organize the project and coordinate with the BHE and BLS. The survey itself began in 1936, using WPA money and relief workers. In March Kneeland told the American Statistical Association that the survey would provide “basic data on the consumption habits and needs of the population,” a statistical lacuna highlighted by the ongoing “maladjustment between the nation’s producing power and its actual consumption.” Reviewing the plans for the survey later that year, Hazel Kyrk called it “epoch-making” and “the first distinct advance since the work of [Ernst] Engel” because the economists were forthrightly pursuing “the discovery of the factors that control consumptive choices and the relative power of each.” Thus by 1935 economic planning, New Deal programs, liberal reform, and economic research into consumer behavior had all coalesced into a grand union. But the center would not hold.  

### Expenditure Surveys and Statist Economic Planning

Not coincidentally, the years between 1935 and 1939 were the heyday of both the Study of Consumer Purchases and the NRC’s Industrial Committee. After the dismantling of the National Recovery Administration in 1935 and before the start of war preparations, the Industrial Committee was the only federal agency deeply engaged in national planning across all economic sectors, and consumption research formed a central part of its work. The approach to “planning” promulgated by committee economists had two features that made it attractive to left-wing Americans, who believed that greater state control was essential to achieving social justice and stability but who struggled to reconcile that conviction with traditional liberal democratic ideals. First, it sought to justify traditional progressive goals by casting them as critical steps toward economic recovery; state-centered and reform-oriented planning was thus necessary for economic growth. As Lubin told the Temporary National Economic Committee later that decade during its congressional investigation of monopoly power, “A more equitable distribution [of income] is more than an ethical problem. . . . To me it is a matter of keeping the gears of the economic machine constantly in mesh.” Second, the NRC’s work followed Charles Merriam’s formula for reconciling planning with democratic government: technical experts would build on empirical research to reach a consensus about possible outcomes and strategies while political leaders would choose which elements to pursue and how they could be realized. Thus Gardiner Means envisioned the Industrial Section staff as utilizing “basic data” to create a series of “production-consumption patterns” for each industrial sector representing “economical” uses of natural resources and manpower within a balanced economy under various conditions, notably different distributions of income. With those patterns established, the nation could make a “social or political choice” as to which was most desirable and feasible and then enact policies to move toward that objective. The consumption portion of each pattern would be derived from the Study of Consumer Purchases, which would describe how consumer behavior related to other factors, especially income. But within this program of planning lurked a serious question: What if it proved impossible to develop a timely, robust knowledge base for national

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planning that could achieve the consensus support of social scientists? The fate of the Study of Consumer Purchases exemplified this quandary.\(^\text{25}\)

To the uninitiated, collecting data on income and expenditures might appear straightforward, but even a slight foray into the work will undercut such notions. Leave aside the huge administrative burden (the Study of Consumer Purchases would require visiting roughly 700,000 families using a nationwide field staff built from scratch and filled with inexperienced workers from relief rolls). Further ignore the problem of ensuring accurate responses (the expenditure survey asked housewives across all income classes to recount every purchase made during the previous year, a task that required a formidable memory or excellent record keeping plus a willingness to share that information).\(^\text{26}\)

Consider simply the cognitive challenge of defining and classifying private finances into neat categories. Take income, for instance. Since the institution of income taxes, accountants, economists, and politicians had struggled to delimit and subdivide that mutable entity. Wages and salaries were obviously income, though even here irregularity of employment among lower-class families could distort annual figures. But more troubling were numerous one-time or irregular payments that affected many families, including capital gains, insurance settlements, monetary gifts, or inheritances. Just as frustrating and complex were the need to separate “business” and “personal” income for the self-employed (including farmers) and the problems raised by nonmonetary exchange (such as bartering or gifts) and home-produced goods (especially food). All those issues had equally problematic corollaries on the expenditures side of the ledger, where statisticians faced the further difficulty of allocating expenses from consumers of all income levels across the United States into finely grained but useful categories (and unfortunately, intuitive classifications did not always match the analytic needs that later emerged).\(^\text{27}\)


Members of the project steering committee (composed of representatives from the WPA, BLS, BHE, NRC, and Central Statistical Board) recognized that they could simplify their work by restricting the survey to a more homogeneous and more easily analyzed sample; indeed, funding limitations would force them to impose some limitations. First, reflecting a long tradition in expenditure surveys, the committee agreed to concentrate on families, leaving single individuals to small pilot studies. More generally, they established numerous restrictions designed to ensure that participating families formed clearly delineated financial units differentiated primarily by the key survey variables: geographic region, degree of urbanization, income, occupation, and “family type” (a combination of family size and the age of family members). The restrictions included eliminating immigrants (whose “cultural patterns” of consumption might differ from those of typical native families), families with multiple boarders or long-term guests, and those who could not or would not account for all of their income. Families receiving charitable aid or government support were included in the income portion of the survey (though the value of their relief payments was not tabulated), but they were omitted from the expenditure survey (since “disorganization of family life” and reliance on nonmonetary aid made their purchases “less representative of free choices”). Exclusion could not solve every problem, though, since the financial activities of most Americans stubbornly refused to fit into neat, rationalized categories. Instead, the BLS and BHE sought to control and standardize procedures through long, detailed instruction manuals for field agents and supervisory staff, supplemented by a stream of memos responding to particular problems: how to handle relatives who ate in a household but slept somewhere else; whether clothing purchased for work should be an occupational expense; how to separate business expenses for a home-laundry service; or whether wine should be classed under “Food” or “Recreation.”

The sheer volume and complexity of those regulations threatened to overwhelm the project. Although basic data collection by the newly trained and heavily supervised field staff appeared to go smoothly, repeated procedural changes and a desire to centralize control in Washington had simply postponed most of the difficult work to the tabulation stage, which met with delay after delay. Tabulating results from a huge survey was a substantial administrative task, even with the aid of machinery; just encoding data from the BLS’s portion of the project required 10.5 million punch cards. (See figure 2.) But the most significant delays came from deciding how to compile and analyze the data to produce the ideal combination of reliability and pragmatic value. All the questionable assumptions, asymmetries, and flaws that had appeared during the data collection now needed to be reassessed. Moreover, combining the results into national estimates required accounting for groups who had been left out, either by the project steering committee’s decisions (such as immigrants, single individuals, and families on relief) or by consumers’

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to Means, Sept. 17, 1938, folder 751, box 1820, Central Office Records, Records of the National Resources Planning Board; Means to Kneeland, Nov. 21, 1938, ibid.; and National Resources Planning Board, Family Expenditures in the United States, 185–92.

refusal to participate (a serious problem at the high-income ranges). Added pressure came from the economists' insistence on considering potential weaknesses in often-excruciating detail, a predilection reinforced by their desire (as reformers) to produce a secure analysis that would withstand criticism and their hope (as social scientists) to develop a strong methodological base for future research. Discussions about the emerging problems quickly became extremely complicated and often unresolvable. By spring 1937 the Technical Subcommittee created to handle methodological questions had spawned a Hypertechnical Subsubcommittee to tackle the trickiest items, but the group failed to reach a consensus. In the end, the steering committee took the inevitable path: it chose feasible solutions and published long, convoluted technical appendices outlining the basic approach and the many deviations.29

Expenditure Surveys and Economic Planning in the New Deal

The final blow to the ambitious agenda of the Study of Consumer Purchases came from dissension within the project’s governing body, the NRC’s Industrial Committee, over questions about economic theory and policy. The recession that began in the summer of 1937 highlighted theoretical divisions (even among proponents of increasing purchasing power) as committee economists proposed competing solutions to the growing crisis and as Gardiner Means became a polarizing figure. Appearing in this environment, the empirical work on national consumption and production developed by Means’s staff in the Industrial Section—filled with its own caveats and assumptions—not only failed to repair the fractures, but was itself further undermined. Skeptics questioned the interpretation and significance of the staff’s results, while even those sympathetic to some of the policy implications (Lubin, for example) pushed for a more conservative presentation.30

Taken together, the obstacles to collecting, analyzing, and interpreting extensive empirical data about the national economy derailed the project to produce hypothetical “consumption patterns” useful for economic planning. Although fieldwork for the Study of Consumer Purchases finished in 1936, Kneeland could not complete a draft report until the early months of 1939. The delay was no small matter, since Kneeland had earlier maintained that the projections of consumer demand would be reliable only for a short period (“to about 1940”) and would be invalidated by major disruptions (like the recent recession or the European war looming on the horizon). Still, Kneeland maintained her enthusiasm for the proposed third part of the report, which would describe the “Potential Consumption of the Nation.” In Kneeland’s view, the opening sections, containing tables depicting 1935–1936 expenditures, were “essentially a historical summary” of “limited” value as “tools of analysis”—the potential patterns appearing in part 3 remained the primary objective. But facing the flawed reality of empirical research (opposed to the idealized clarity of proposed studies) Industrial Committee members began to question the viability of that goal. For instance, how independent were the variables Kneeland sought to isolate? Surely substantive alterations to the size and distribution of national income would affect numerous other factors (such as prices) that also shaped consumer behavior. In the end, the analysis of “potential consumption” under varying economic conditions, once the heart and leading justification for the study, was hedged with disclaimers, sequestered in an appendix, and allowed to perish quietly.31

The death of official projections did not completely eliminate the value of the survey for left-wing reform causes. Press accounts describing preliminary results and the final


nrc reports highlighted the poor living conditions and financial struggles of many Americans, including what one reviewer for an economics journal called “the most noteworthy finding of the study,” the astonishing revelation that over half of American families ran a deficit in 1935–1936. (See figure 3.) Isador Lubin used survey data (alongside other material from the nrc’s Industrial Section) to support the underconsumption thesis in his testimony before the Temporary National Economic Committee, while Gardiner Means employed the calculations in his analysis, *The Structure of the American Economy* (which included estimates of how expenditures would shift with increased “buying power”). But Means’s interpretation of the results in *Structure* was challenged even within the Industrial Committee itself, while external critics (supported by trade associations) repeatedly attacked the validity of the statistics supplied by New Deal economists. For the Study of Consumer Purchases in particular, Rufus S. Tucker, economist for the General Motors Corporation, led the way with a clearly partisan attack that was nevertheless facilitated by numerous weaknesses in the data. Tucker noted that the survey results were often inconsistent with other information about income and expenditures and that the nrc lacked adequate samples from the low-income range (because of the no-relief requirements) and the high-income range (because of refusals to participate) and hence used questionable extrapolation techniques to create its distributions of income and expenditures. Consider-

ering the striking claim that more than half of American families operated at a deficit, Tucker argued that the federal study had skewed results in several ways, such as treating the remaining balance on an installment purchase as debt without counting the article’s resale value as an asset. Overall, despite initial hopes and a multimillion-dollar price tag, there is little evidence that the Study of Consumer Purchases provided any substantial benefit to major economic reform projects in the New Deal.33

Still, most economists, including those who had administered the survey, regarded it as a success. Academic reviews lauded the Study of Consumer Purchases as “the best and most comprehensive study of our national income and expenditure that has so far appeared,” a project whose breadth and depth could “hardly be expected more than once in a generation.” The experience contributed much to increasingly sophisticated discussions about sampling and expenditure-survey methodology, and it became a springboard for the future careers of several young participants, such as Dorothy S. Brady and Mildred Parten. Despite the possible methodological flaws and limitations, social scientists now had a massive dataset about consumer behavior to analyze and appropriate (albeit only in its published form). Even the failures opened vistas for further academic reflection: Milton Friedman later wrote an influential book explaining why short-term, cross-sectional surveys like the Study of Consumer Purchases could not accurately portray the relationship between consumption, savings, and income.34

These developments exemplified a critical weakness in the New Deal’s left-liberal vision of economic planning, wherein advocates sought to wed maximum consumer freedom with redistributive policies and greater state control over the economy, all justified by the underconsumptionist interpretation of the depression. Extensive, efficient, politically viable state management of an economy based on free-market consumer choices required the ability to predict consumer behavior under future conditions. Yet there was no guarantee that the knowledge necessary for such predictions could be produced in a robust, timely fashion, much less that it would be sufficient to advance the statist agendas of left-wing New Dealers such as Means, Lubin, or Kneeland. But if the Study of Consumer Purchases failed to meet the objectives of its creators, it was not without effect. The collapse of structural planning efforts during the New Deal did not diminish the institutional precedents or methodological advances that the survey had generated. Nor did it reduce its value for other ends that soon grew more important.


Expenditure Surveys and Market Research

Reform-minded economists and sociologists were not the only ones interested in consumer behavior. The growth of national markets, distribution networks, and mass production that had drawn liberal economists to study consumption during the 1920s and 1930s also attracted the attention of large corporations and trade associations. Concerted efforts by businesses to study and track consumer markets began around 1910 and proliferated rapidly after the 1920–1921 depression, with the lead taken by independent consulting organizations and research divisions within larger companies, especially periodical publishers and firms with national distribution networks, such as U.S. Rubber or Swift & Company. A second wave of expansion occurred during the 1930s, as struggling companies with excess capacity scrambled to find new potential customers. By 1936 *Business Week* estimated that external contracts for market research topped $4 million annually, a figure that did not include extensive in-house work (in 1937, for instance, General Motors’ division of customer research had a budget of almost $500,000).35

New Deal economists certainly knew that market researchers sought the kind of information provided by the Study of Consumer Purchases. William A. Berridge (of the Metropolitan Life Insurance Company) had participated in the 1929 ssr c conferences and subsequently touted the need for a federal survey providing “intimate, comprehensive, and (above all) ‘correlated’ information on income and all types of outlays,” a request echoed by the U.S. Chamber of Commerce. In the absence of such a project, some tackled the issue directly. In the spring and summer of 1932, *Business Week* ran a twenty-part series of articles, based on published sources, outlining “The American Consumer Market.” William Lough’s *High-Level Consumption* (which appeared alongside the Brookings Institution reports in 1935) was an attempt both to analyze American consumption and to promote Lough’s own market-research firm, Trade-Ways. Moreover, economists studying consumption had long benefited from business support, including the kinds of prizes and publication subventions that underwrote Hazel Kyrk’s first book.36 Indeed, expecting that a national government survey of family finances would attract conservative opposition, leaders of the Study of Consumer Purchases carefully courted business support. Internal proposals and public descriptions emphasized the value of the project for analyzing the consumer market, and representatives from the Department of Commerce served on early steering committees (though they also privately complained about a lack

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of influence). When critical press reports first arose in early 1936, the BLS promoted the study before trade associations and select businessmen, with the result that, as Gardiner Means put it, “big associations of technical distribution experts” (market researchers and advertisers) shifted the larger business community behind the project. These gestures to the business community had a parallel on the executive level of the NRC. After Wesley Mitchell resigned in September 1935 to concentrate on his academic work, the committee’s remaining external advisers, Charles Merriam and Frederic Delano, selected two liberal businessmen to replace him: Henry Dennison (president of Dennison Manufacturing Company) and Beardsley Ruml (former director of the Laura Spelman Rockefeller Memorial, LSRM, and now the treasurer of Macy’s Department Stores).37

Still, any alliance between left-wing New Dealers and the business community was necessarily uneasy. Both Dennison and Ruml, for example, sympathized with elements of the NRC’s planning program; Dennison had helped Edward Filene found the Twentieth Century Fund—an early promoter of underconsumptionist theories—while the LSRM under Ruml’s leadership had been the primary sponsor of the SSRC and of the 1929 NBER-directed report Recent Economic Changes in the United States. But both were also leery of the extensive state intervention in the economy proposed by such Industrial Committee members as Gardiner Means, and Ruml would later help shift the committee toward Keynesian-style fiscal stimulus rather than direct state oversight of industrial production. In the Study of Consumer Purchases, the tension between businessmen and the left-wing economists behind the survey could be seen in their differing attitudes toward the business community’s stated objective for the survey data: marketing. On the one hand, as marketing professionals liked to emphasize, the term could refer to moving products from manufacturers to consumers in the most efficient manner possible, a task that had resonated with New Era concerns about “waste” and helped forge ties between consumer advocates, liberal economists, mass retailers, and Hoover’s Department of Commerce.38 But it could also mean selling more products by discovering or stimulating new consumer markets, and here marketing collided with left-wing unease about consumerism and the conviction among institutional economists and other social scientists that consumer “wants” were not fixed, but shaped by the environment. Advertising, invariably connected to market research, exemplified the dilemma for many consumer advocates. It was, as Colston Warne concluded, “part of the stuff of which capitalism is made,” necessary to inform consumers about the multitude of differentiated goods flooding store aisles and catalogs. But it was undertaken in the interests of merchants and manufacturers, and consumer advocates such as Warne, Kyrk, Robert Lynd, Stuart Chase and many others repeatedly cataloged its detrimental effects on American society, culture, and pocketbooks. The ambiguous reputation of market research was captured by an anecdote told at the American Marketing Society meeting in 1935, describing how one market researcher,
when asked about his profession, characterized it by quoting the book of Job: “Going to
and fro in the earth, and walking up and down in it,” words, the speaker wryly noted,
that were spoken by Satan.\footnote{Colston Warne, “Present-Day Advertising—the Consumer’s Viewpoint,” Annals of the American Academy of
Political and Social Science, 173 (May 1934), 71; Hazel Kyrk, The Marketing System and the Consumer: Radio Talks
Given in the Spring Quarter, 1934 (Chicago, 1934), 28–31. On liberal concern over consumerism and advertising
more generally, see Horowitz, Morality of Spending, 134–65; and Smith, “Robert Lynd and Consumerism in the
1930s,” 99–120. The distrust between consumer advocates and advertisers is indirectly confirmed by complaints
from the latter. See, for example, George B. Hotchkiss, “Consumer Economists in Glass Houses,” Journal of Marketing,
5 (Jan. 1941), 228–33; and Howard Hovde, “Recent Trends in the Development of Market Research,” American
Marketing Journal, 3 (no. 1, 1936), 14. Job 1:7 (Authorized Version).}

For the New Dealers involved with the Study of Consumer Purchases, many of whom
had strong ties to the consumer advocacy movement, the Janus-faced nature of marketing
was troubling. The top female economists leading the study, such as Williams, Kneeland,
and Kyrk, had links to consumer activism stretching back to the 1920s, while several
members of the NRC’s Industrial Committee served in New Deal agencies promoting con-
sumer interests, including Gardiner Means, Thomas Blaisdell, and Leon Henderson. Not
surprisingly, therefore, when project leaders discussed the potential value of the Study of
Consumer Purchases for businessmen, they emphasized the elimination of waste in pro-
duction and distribution. For example, Lubin and other BLS officials insisted that data
on expenditures would allow businessmen to forecast demand and hence avoid over- or
underproduction. Yet those goals were unrealistic: to plan production, companies needed
frequent surveys that could be tabulated quickly and offered information about specific
brands rather than general commodities; the Study of Consumer Purchases failed on all
counts. Larger corporations, such as General Motors, had already developed far more use-
ful approaches to forecasting demand using general public statistics and their own internal sales figures.\footnote{Caroline Ware, Gardiner Means, and Thomas C. Blaisdell Jr., “Consumer Participation at the Federal Level,” in Consumer Activists: They Made a Difference, ed. Erma Angeline (Mt. Vernon, 1982), 171–97. For examples of the
BLS emphasis on production, see U.S. Bureau of Labor Statistics, Study of Consumer Purchases,” 3; and prefaces
to BLS publications of the survey data, such as U.S. Bureau of Labor Statistics, Family Expenditures in Selected Cities,
1940), vi–vii. On business needs and strategies to measure demand, see Harry R. Todsal, “Bases for the Study of
Consumer Demand,” Journal of Marketing, 4 (July 1939), 10; Louis Bader, “Can We Find Out How the American
Income Is Spent?,” Journal of the American Statistical Association, 26 (Sept. 1931), 290–91; Wells, “Remapping
America,” 288–310; and General Motors Corporation, The Dynamics of Automobile Demand (Detroit, 1939).}

The true benefits of the Study of Consumer Purchases came from other directions.
In seeking to understand the dynamics of consumption, New Deal agencies had created
a dataset long desired by market researchers, one showing the distribution of income
and related consumption patterns in communities across the United States. Furthermore,
whereas older surveys in the cost-of-living tradition had included only the commercially
less valuable, lower-income ranges, the New Deal economists had canvassed native-born
middle- and upper-class families, the group that, as Business Week put it, “follows Ameri-
can ways of living, that sets the general standards, and on which selling is largely focused.”
Companies could discover where the biggest markets existed for certain goods, how in-
come was distributed in a region or city, and how consumption patterns varied with in-
come. Manufacturers could build on the data with targeted advertising campaigns or
more focused market surveys; publishers could use the figures to sell advertising space. In
the technocratic wing of the business community, the survey was a major success. Business Week
ran a seven-page article replete with charts to explain the main results and also sold
a longer packet “specially arranged for executive use.” Numerous prepublication requests for copies of the expenditure report arrived at the nrc from large manufacturers (such as RCA and Westinghouse), market research firms (A. C. Nielsen Company), and national publishers (Hearst magazines and Time, Inc.). The commercial research division of Curtis Publishing Company, a pioneer in market research and a staunch supporter of the project, planned to purchase 150 copies of the report on consumer incomes to distribute to its field representatives across the country. The Study of Consumer Purchases might not help businessmen plan production, but it could help them increase sales.41

The enthusiasm of market researchers presents a sharp contrast to the inability of project leaders to use the survey results effectively to promote statist economic planning. The distinction arose partly from the different cognitive demands of the two groups. Market researchers sought background knowledge of local markets for specific commodities, not a predictive model of consumer demand throughout the national economy. The Study of Consumer Purchases might not allow economists to forecast exactly how aggregate demand would change under different sizes and distributions of national income, but market researchers could benefit from less ambitious results, like rough estimates of income distribution and purchasing habits in specific regions. Equally critical, market researchers pitched their analyses to individuals within a hierarchical management with relatively unified goals; by contrast, the statistical arguments of leftist economists had to survive within a pluralistic political system containing multiple competing interests (even within the Roosevelt administration), a situation that inevitably placed heavy burdens on empirical analysis (as illustrated by debates over statistical studies within the nrc’s Industrial Committee). Together these distinctions made market research far more robust in the face of the uncertainties and estimations that crippled the work of federal economic planners. Indeed, the methodology and statistical analysis of market research reports were often extremely crude by the standards of academic social scientists. Nevertheless, the field continued to flourish—whether because it was pragmatic and effective (as supporters claimed) or because businessmen were insufficiently critical (as some academics implied).42

By the early 1940s the legacy of the Study of Consumer Purchases was clear. As a project to guide and justify centralized economic planning it was dead—hampered by delays, rendered irrelevant by a new war, destabilized by the inherent complexities of the task, and dissected by critics. As a major venture in empirical social science it was a grand success, for any well-designed research project could never truly fail: every stubborn problem was a future research opportunity; every misstep could be reassembled into a narrative of progressive accumulation of knowledge and methods, pathways for the future and dead ends for the past. For market researchers it was a great boon. No individual firm could have afforded the $6 million project, and it is doubtful that most families would have supplied detailed information about their income and expenses (requiring a multihour inter-


42 On early market research objectives and procedures, see Wells, “Remapping America”; William John Reilly, Marketing Investigations (New York, 1929); White, Marketing Research Technique; Lyndon O. Brown, Market Research and Analysis (New York, 1937); and Hovde, “Recent Trends in the Development of Market Research,” 4–8. For comparisons between market research and academic social science, see ibid., 12–14; Converse, Survey Research in the United States, 91–107; and Brown, Market Research and Analysis, 8–10.
view) to a private company. “Where does the market analyst go for his knowledge of the consumer markets?” asked Curtis Publishing’s Wroe Alderson in 1940. “Often he must go to consumers . . . for such information as they are willing to give about their incomes and their habits of spending and saving. Fortunate is he, indeed, when a public agency such as a branch of the Federal Government undertakes to gather such information for him.”

“Fortunate” for sure, but the outcome raises questions about the union of social science, statist economic planning, and consumption research that coalesced in the 1930s.

Market Visions and Economic Reform

The ties between market researchers, social scientists, and federal expenditure surveys only grew over time, even as the reform projects that had motivated the 1930s study grew dim. In the late 1940s, Congress authorized money for the BLS to complete a new national expenditure survey in order to update the market basket for the agency’s Consumer Price Index, but it declined to fund publication of the expenditure data. Help came from the Ford Foundation and the Wharton School of Finance and Commerce at the University of Pennsylvania, where Irwin Friend directed the project. Alongside a small group of consulting economists and statisticians, “general plans for the tabulation of data reflected recommendations of a special advisory committee . . . under the chairmanship of Dr. Vergil Reed of J. Walter Thompson Co.,” an advertising agency. The committee itself was composed primarily of marketing and advertising associations. Monographs based on the report (written by government officials and external economists) emphasized creating consumer “demand functions” and delineating “consumption patterns,” along with methodological discussions and a few treatments of “social welfare” that followed the older tradition of standard-of-living studies focused on the poor. Similar trends continued in the subsequent iterations that occurred roughly once per decade until 1980, when the BLS and the Census Bureau began an annual Consumer Expenditure Survey covering both rural and urban areas. Today, this descendant of the 1930s Study of Consumer Purchases forms the basis for the BLS Consumer Price Index and remains a valuable tool for social scientists. But it also provides the basic, most widely used dataset for consumer market research and analysis. Major corporations and market-research firms incorporate the survey data into proprietary analyses that can parse and compare the details of consumer behavior by ethnicity, family composition, income, and age across narrow geographic bands (below the level of a zip code region). The data aid companies in locating new stores, developing new markets, targeting market research, and tracking trends among subgroups of consumers delineated through such traditional dimensions of social demarcation as ethnicity and wealth—the very kind of market segmentation that has troubled critics such as Lizabeth Cohen.


Decades after the historian Ellis W. Hawley announced the “discovery” of corporate liberalism and New Left critics branded the New Deal an ally of capitalism against more radical alternatives, it should come as no surprise to see a New Deal program supporting corporate capitalism, even in domains (such as advertising) eyed with suspicion by many on the political left in the 1930s. But it is critical to understand the dynamics leading to this result. The convergence did not arise from a common political ideology: prominent economists associated with the Study of Consumer Purchases—for example, Means, Ezekiel, and Hinrichs—were among the most statist members of the Roosevelt administration, and their policies and analyses from the mid-1930s were vehemently rejected by most conservatives and business leaders. It certainly did not derive—as a canard, often discussed in the 1930s, suggested—from social scientists’ abandonment of reform for politically neutral fact gathering; project leaders would have had a ready answer to Robert Lynd’s critical query, “Knowledge for what?” Nor was the study subverted by corporate influence. New Deal economists wanted the information for their own purposes, and it is clear they were using the market-research community as much as the latter was hoping to benefit from federal largess. The problem arose from the commonality that made this alliance possible and the structural differences that would assure contrasting outcomes to their respective projects. Hinrichs, who had made the most detailed studies of centralized economic planning, had grasped part of this link much earlier. “The connection between the business cycle theorist and the market analyst is very close,” he told marketing and advertising faculty in 1933. “Even closer is the connection between economic planning and marketing.” The tightest bond resulted not from the policies or actions promoted by the two groups, where Hinrichs recognized substantial differences, even conflict. Rather it resulted from a common need for empirical information about consumer behavior. Hinrichs failed to consider a corollary question, however: What if one of the groups failed to reach its goals, felled not by contingent factors but by systematic, structural differences in the tasks it had defined?

Asking this question raises unsettling issues about the transformation of the politics of consumption that occurred in the 1920s, a shift that prompted many left-leaning social scientists to move beyond studying living conditions among low-income groups and to initiate broader studies of consumption that they hoped to link to reform objectives. Indeed, the tensions I have described also existed well outside the realm of 1930s New Deal policy. Consider the work of sociologist Robert Lynd, widely recognized for his opposition to consumerist culture, his concern about how industrialized capitalism was transforming American life, and his insistence that social science maintain normative objectives. Lynd’s two *Middletown* books captured what he viewed as the negative con-

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sequences of twentieth-century capitalism and supported his critiques. But by designating Muncie, Indiana, as a “typical” American town and detailing the habits, purchasing practices, and living standards of its inhabitants, Lynd also created a bonanza for market researchers and advertisers. Business publications gushed over *Middletown* (1929) and its 1937 sequel; market researchers snapped up copies and descended on Muncie itself to canvass the “average” American. Lynd, of course, failed to halt the transformations he documented, and like the history of the Study of Consumer Purchases, the episode exemplifies the paradox embedded in consumer-based, liberal political economy and social analysis: To advance their case leftist social scientists created functional data on consumer behavior, but businessmen proved best positioned to exploit that knowledge.

Speaking before the American Marketing Association in 1938, the consumers’ counsel for the Agricultural Adjustment Administration, Donald Montgomery, chastised market researchers for seeking to increase profits rather than to educate and empower consumers. Mentioning soon-to-be-published results from the Study of Consumer Purchases, Montgomery highlighted the survey’s documentation of “underconsumption” and pleaded with the group to “find out what can be done to increase consumption among the low-income families,” though he recognized that most researchers would merely use the data to select new, high-income markets for their clients’ products. No one replied to Montgomery’s request, and the conference soon moved on to other topics. Within a decade, the position of consumers’ counsel had disappeared, while the expenditure surveys continued and became a central element in corporate marketing. Promising to provide the scientific foundation for a new, efficient, state-managed economy, advocates of economic planning in the New Deal had gathered state resources to conjure a rationalized vision of the American marketplace, a vision that found a new audience and that persisted long after they and their programs had vanished.
