I. Welcome

On behalf of the school, I welcome each and every one of you to this fireside chat where we will discuss some of the key issues facing the field of social and policy research.

It is great to see so many alumni, students, faculty and friends of the school in attendance.

First I would like to acknowledge the faculty and staff who are in attendance.
In addition, I'd like to recognize some special guests who have joined us tonight.

II. About the Price School

We have some handouts that I’d like to draw your attention to, outlining the Price School’s many achievements in the two years since I was with you last.

As you’ll see in some of these milestones, the Price School is transforming, day-by-day, into one of the world’s premier institutions for research and teaching.

Let me also say that we are particularly proud of our alumni here in the nation’s Capital, working at universities, in government, and in the private sector, helping to fulfill the Price School mission of improving the quality of life for people and their communities, here and abroad.
III. Crisis and Governance

As we begin to think about the larger issue of the value of social and policy research, it’s relevant and important to say a few words on recent events here in Washington.

The perception today of a wide chasm between our leaders and political parties is more than just a media driven narrative. It is a perception confirmed by important research.

The gulf between the two major parties is at historical highs as measured by partisan voting.

CQ Roll Call (previously Congressional Quarterly), which measures partisan voting in each Congress, found 2009 to be the most partisan year since it began tracking in the early 1950s.
And indeed, as this slide shows, polarization in the House and Senate is now at the highest level since the end of Reconstruction.

This data from Keith Poole’s “Graphic Picture of a Polarized Congress,” shows the moderating of differences over much of the 20th Century, with that trend reversing course in the 1980s and the gap increasing steadily over the past 25 years, while moderates vanish from Congress.

So we reach these flashpoints in Washington, some driven by external events or by internal developments, and what may in more moderate times have been non-events, turn into substantial clashes, during which significant policy choices are made and agendas reshaped.
This is often referred to as ‘governing by crisis,’ but perhaps more aptly put: these crises reveal the government’s now systemic incapacity to act on major issues.

Our governance model is predicated on checks and balances, which require bargaining and compromise in order to make decisions. The process is designed to moderate the extremes and the speed of activity, thereby preventing upheaval.

In the normal run of governing, this has served us well.

In the current state of polarization and lack of compromise, it has the paralyzing effect we have all witnessed through recent deliberations over major foreign and domestic issues.

There clearly are short and intermediate term avenues for this dynamic to change; through elections, internal or external events,
or leadership shifts, but the thought I wish to convey is that this crisis of governance we are witnessing is less of a tactical choice by either party than a symptom of a larger trend developing for the last thirty years.

IV. Research and Development Funding

This sets the stage for our discussion on the federal government’s role in social science and policy research, and I’ll note that threats to social and policy research—many of them with a strong link to ideological aims—have become a fixture of congressional budget debates in recent years.

As background, research and development funding by the federal government in 2008 was approximately $93 billion. Of this amount, the physical sciences and engineering account for 19%; defense accounts for 45%; and the National Institutes of Health account for 28%, for a total of 92% of federal R&D.
It is also important to distinguish between basic and applied research and development. In DoD, about 75% of funding is for development, which is also the case with private industry funding. In the nondefense side of the federal government, however, funding is only 11% development and the rest is applied and basic research.

The US government provides just over 60 percent of all basic research funding in 2009, down from 70 percent in 1980.

Social science research comprises a tiny fraction of research funding, amounting to less than $1 billion, with less than $11 million to political science.

The focus on development versus basic or applied research combined with an overwhelming emphasis on science and
engineering has meant, for example, that Geographic Information Systems (GIS) analysis was initially developed with tens of millions of dollars of government and private investment in the area of agriculture to measure the details of soil, topography, and weather for each field in many states.

Yet, this technology is hugely important for social science research that helps us understand health effects, poverty, immigration, and economic development in urban areas, yet this data and usage would come much later with far less investment.

Which brings us to recent efforts by Congress to defund research in key areas of social and policy research.

V. Threats to Social Science Funding

In March, Congress approved a ban on the use of National Science Foundation funds for political science research.
Proponents of the measure argued that federal dollars should flow only to research projects that involve the physical or biological sciences or technology fields.

In February, House Majority Leader Eric Cantor said in a speech that, “Funds currently spent by the government on social sciences—including on politics of all things—would be better spent helping to find cures to diseases.”

This has roots, of course, in ideology, and some specific targets stand out.

A House subcommittee earlier this year also approved a measure barring health economics research at the National Institutes of Health, but fortunately, it was not included in this year’s legislation to fund the government.
Health care spending represented 17.9 percent of our gross domestic product (GDP) in 2010, and is expected to reach 20 percent by 2020.

The U.S. spends far more on medical care than any other industrialized nation, but ranks 24th among 30 OECD countries in terms of life expectancy.

Regardless of ideology, these are challenges – in the truest sense of the word.

As the country sets out to meet them, we should not only be elevating the analysis of how health reform impacts the economy, but even more vitally: what is working in terms of providing access versus costs and quality?
Precisely at the moment when we stand to witness a major shift in health economics, we could lose our ability to fund this research.

This robs us of the potential for objective, evidence based debate on the issue, which I'll explore a bit more in a moment, but these steps to reduce support for social science are also emblematic of some larger issues facing our field.

So the central question I’d like to explore with you this evening is: what are the benefits of social and policy research, or – put more urgently – what do we stand to lose if funding evaporates?

Rigorous, independent research into economics, political systems, financial systems and other key areas of society is not that common worldwide but is more prevalent in Western Democracies.
In 2006, Alan Leshner, CEO of the American Association for the Advancement of Science, testified before the Senate in support of NSF research: “Every major issue facing modern society and every major issue facing our economic competitiveness will ultimately be multidisciplinary in nature…[requiring] the integration of the physical sciences or biological sciences with the social and behavioral sciences.”

Leshner is keying on the benefits of interdisciplinary research, something that is central to our approach at Price, but something that is also only possible in our system of government funded research.

VI. Implications and Key Risks to Society

There are four key risk factors I’d like to explore with you in this scenario: 1) Risks to understanding the relationship between government regulation and the economy; 2) individual and
behavioral responses to transportation, energy, and natural disasters; 3) democracy and citizenship; and 4) foreign policy.

1) Government Regulations and the Economy

Between 1975 and 2000, our country deregulated most major industries, including, trucking, telecommunications, airlines, and banking. Prior to this period, these major areas of the economy were heavily regulated in price and entry, as well as in health and safety. Why did this dramatic reversal occur?

There are many factors, but social science and policy research played a critical role, as demonstrated by my own research and others. Numerous studies in economics and political science in the 1960s and 1970s showed two very important results:
a) One is that regulatory agencies tended to be captured by
the regulated industries, thereby agencies pursued regulatory
policies that favored the industries not consumers; and
b) Price and entry regulation increased unemployment and
prices through the monopoly and oligopoly character of
regulated industries.

By 1975-80, both inflation and unemployment were over 10
percent and political leaders of both parties were looking for
solutions.

The social science research on regulation provided a very useful
and powerful answer. This research has helped shape innovations
in telecommunications, banking and many other regulated fields
and spurred economic growth.
Let me also give you a contemporary example. The research conducted by Darius Lakdawalla, the Director of Research at the Schaeffer Center for Health Policy and Economics.

The Schaeffer Center is jointly housed in the Price School and the USC School of Pharmacy. We join pharmacy, economics, and public policy to study health care, with an emphasis on regulation and innovation in pharmaceuticals for improving health.

The United States is the leading developer of pharmaceutical products, and its innovations have led to higher life expectancies here and throughout the world.

Our public policies play a role in this, as sustaining the cycle of innovation requires that innovators be appropriately rewarded for new technologies.
The challenge, of course, is managing the trade-off between patient access through lower prices and innovator rewards. In Europe there is an emphasis on price controls, which keep costs down to the consumer.

Dr. Lakdawalla asks, “What if the US adopted European-style price controls?”

Well, as Dr. Lakdawalla’s slide shows here, a generation of 57 year-olds alive in 2030 would lose about 4 months of life expectancy. This effect gets bigger over time – 57 year-olds in 2060 would lose about 8 months of life expectancy.

Ultimately, US price controls would mean our children would die 8 months earlier than they otherwise would. These results might seem small, but when they are spread across an entire generation, these are big effects.
For example, the cost to our children’s generation – 8 months less to live – is bigger than what would happen if every surgeon in the US forgot how to do heart bypass surgery.

There is a financial cost as well, with the generation of near-elderly Americans in 2060 worse off to the tune of $8 trillion dollars, when we add up the cost of all their lost life expectancy, net of the money they save from cheaper medicines.

Dr. Lakdawalla concludes by asserting that a much more successful approach is the expansion of prescription drug insurance.

This has the virtue of lowering the out-of-pocket costs for patients, and thus making new drugs more affordable. But it also
preserves revenues and profits for innovators and continues to stimulate new discoveries.

In this next slide we see is a wealth of research into deregulation efforts in the last 40 years, much of it measuring positive economic impacts.

The financial crisis is another important lesson in how much we have learned from social science in how to respond to major financial crises in the economy.

The difference between the response to the Great Depression and the crisis of 2008-2009 is the research on how the government should respond to financial collapse, how we understand market institutions, and how they interact with government regulation and political decision-making.
2) Citizenship and Democracy

Some political science research speaks to the heart of how a healthy democracy operates.

In response to the cut-off of funding for the NSF political science division, U.S. Representative Eddie Bernice Johnson, the ranking member on the House Science, Space and Technology Committee, stated, “I firmly believe that it is in the interest of the American taxpayers that leaders understand what their constituents believe and what can be done to promote civic engagement and voting among the general public”

Obstacles to voting constitute one of the major challenges to citizen participation in the United States, including poor quality voting machines and the consequences for inconclusive electoral outcomes in closely fought races in such states as Florida and Ohio.
A study by Jim Kuklinski, a political scientist at the University of Illinois, shows, for example, that Illinois has a high rate of miscounted ballots – nearly 3%, and that voting equipment is a large part of the problem. This finding of error rates is common among the states and is a major problem for accurate vote counts.

The table shows that under the punch card system, the average miscount rate in the nine jurisdictions for all years was 2.45 percent, close to the statewide average.

After the adoption of optical scanning, in the nine jurisdictions subject to this study, miscounts fell dramatically, to 0.79 percent, a difference of 1.66 percentage points.

In other words, more than two-thirds of the miscount was eliminated.
The research further demonstrates that the incidence of miscounts is not even-handed. Clearly higher levels of occurrence exist with those who are already disadvantaged in various respects – poor, racial minorities, and less education.

It is inconsistent with American political values to have the machinery of democracy tilted in favor of more privileged citizens.

3) Understanding individual and Community Behavior

As a society we are interested in reducing energy costs, shifting to renewable energy, reducing crime, increasing use of public transportation, getting communities back on their feet after a natural disaster, reducing obesity, including among low income neighborhoods.
While we can conduct research on engineering and technology solutions to these issues, without understanding how individuals and communities respond and behave under different conditions, we won’t achieve success.

An oft-cited example of this is James Q. Wilson’s theory of Broken Windows.

Wilson and his colleague, George L. Kelling, posited that maintaining urban environments and not allowing ‘petty’ offenses such as vandalism would ultimately reduce larger crimes as well.

It has become one of the most influential ideas in recent decades in crime prevention and urban management, but its relevance is no less important for how it framed the question of urban crime, and made the connection between various behaviors and crime patterns.
Again to quote from Representative Eddie Bernice Johnson:

“There is almost always a social sciences angle on the most important issues of the day like energy, national security, and health. In disaster preparedness and response preparation, for example, the social sciences help us understand how people respond to risk, and how they respond differently to different ways of communicating risk.”

4) Foreign Policy and Relations with other Countries

Many of the social and economic relations between the United States and other countries depend on information and analysis of trends and conditions abroad and the trade, financial, and immigrant flows between countries.
To illustrate, I’d like to share a few slides from USC Price Professor Dowell Myers’ work on Immigration and demographics.

We see here that the nation has experienced substantial growth in immigration and foreign-born households, although there has been wide variation in the level and timing of these increases.

Immigration rose and peaked earlier in California than in other regions, particularly between 1970 and 1990. After decades of growth, the immigrant population is diminishing and this decline is anticipated for a decade to come.

As we like to say on the West Coast, so goes California, so goes the nation.
This is important, however, in contrast to how we see this foreign born share of the nation leveling off in Los Angeles, California and the US as a whole.

An ageing population, not supported by healthy immigration, is a significant concern for numerous areas.

VII. Role of USC Price in view of these dynamics?

What animates us at the Price School is the pursuit of research and teaching that elevates the role of social and policy research and its capacity to improve lives, inform policymakers and influence positive change at all levels of government.

First, there is a need for interdisciplinary analysis that cuts across the subjects of different fields and problems. As Alan Leshner stated, almost all major issues are multidisciplinary in nature, including social science. Representative Johnson put it this way:
there is a social science angle to most policy issues. And this happens to be one of the Price School’s greatest strengths.

We have several interdisciplinary research centers, including the Schaeffer Center I mentioned earlier, as well as the METRANS Center, which combines public policy, urban planning, and engineering to study transportation. This links the physical development of cities with governance and individual behavior. In addition, in the CREATE Homeland Security Center we combine the operations research and risk analysis in engineering with urban planning and economic analysis in Price.

Second, social science helps us in how we define societal problems conceptually. The ‘broken windows theory” helped police departments understand the context and origins of criminal behavior. Another classic example is the research on smoking that helped to change the perception of smoking to be a health problem
rather than tobacco and cigarettes as just an economic development issue.

At USC Price we use network theory to help us understand terrorist behavior as well as how to understand the complex web of organizations that deliver social services, such as mental health services.

We also apply game theory and behavioral economics to help us understand political institutions and policy decision-making.

In addition, we rely on urban planning theory to shape our understanding of smart growth and sustainable urban development.

Third, we employ quantitative, evidence-based analysis in much of our research, from demographic and immigration trends to
housing prices to transportation to health care. It is essential for informed public debate to have data and evidence to support one political and policy position versus another.

Fourth, we are investing in a new spatial and visual analysis lab and the hiring of a new faculty director from MIT to help us train our students and conduct research using the latest technology and methodology for understanding land use, health care and the incidence of disease, changing demography, environmental pollution, and even the availability of healthy foods.

And finally, most solutions to policy issues, as we know from regulatory policy as well as urban planning, involve the government interacting with the other sectors of society, and USC Price is very strong in cross sector analysis. We have a major Center on Philanthropy and Public Policy that looks at the role of nonprofits and foundations in policy making. Most of our other
centers and academic programs also examine the important role of
the private sector in decision making on land use, transportation,
housing, and health care.

We are so fortunate at Price to have a growing foundation of
resources to explore these issues and make substantial
contributions to the thinking on these broader challenges.

I’d like to thank all of you for joining us tonight, and for joining
me on this exploration of what social research is contributing to
our society, the vital need to support this research, and how Price
is working to advance some of these issues.

I hope I have communicated to you tonight, that without the
power of social and policy research in our society, without the
funding of it, and without the deployment of scholars coalescing
and advancing the spirit of interdisciplinary theories, our nation
will lesson its ability to make intelligent and informed decisions on
a range of major social, economic, and policy issues.

I’d welcome a few questions.