

labor force. Notice that when we look at the labor force it increases from year to year, and continues to increase over the years. In this year, for instance, 2 million additional youngsters entered the labor force.

Notice that in 1959 we had a national income figure of \$104 billion; in 1932 we had \$68 billion. And notice what happened to the volume of unemployed; it changed from $1\frac{1}{2}$ to 12 million people - lower incomes and more people unemployed. And please watch these pictures for a moment - 1935, 1936, 1937, where we have an income of \$70 billion, \$72 billion, \$82 billion, \$90.8 billion. But I will, in the next demonstration, take 70, 80 and 90, to simplify this a little bit.

May I have the next slide, please. Now, here we have 1935, and notice income - Y - is \$70 billion; consumption, \$60 billion; savings, \$10 billion. Then, in 1936 we have an income of \$80 billion; a consumption of \$67 billion; and a saving of \$30 billion. Now, the change in incomes between the years 1935 and 1936 was \$10 billion. The change in consumption is 67 minus 60, seven years ago. The change in savings is \$3 billion. Already you see that the change in income, ΔY - Δ stands for change - the change in income is equal to the change in consumption plus the change in savings. And we have already said that savings equal investment, so, we may say that the change in savings will also be the change in investment.

Now, out of this come different concepts which are rather important. In the first place, the concept of the average propensity to consume, which is the ratio between consumption and income. For instance, in 1935 the average propensity to consume was $60/70$, which is .86. What does it mean? It's the same figure that Mr. Heller was referring to yesterday when he pointed out .94.

Could you give me the second part of the slide, please, for a moment, and I can show it to you right now. Here we are - .92 - C/Y - this is 1955-1956. Y is \$274 billion for 1955. For 1956 it was \$292.9 billion. We get the consumption