

1935, 1936 and 1937; investments and government expenditures. The change in investments was 2.1. The change in government expenditures was 1.8. Total change in investment plus government expenditures, 3.9. There is, thus, an additional amount of money spent, of \$3.9 billion over the whole year, divided by 4. So, we are spending it in quarters. That means that \$975 million was spent per quarter. The first quarter, how many people as a result of this additional expenditure are employed? Well, assume that the average weekly wage is \$50. Yesterday for the first time it was reported that the average weekly wage for skilled laborers was exactly or a little bit over \$100 for the first time in our history.

But, assume that it is \$50 and that we are operating in approximately '36 and '37. The wage for three months would be 12 weeks times \$50, which is \$600. You divide the \$600 into \$975 million, and you get 1,625,000 additional people employed as a result of the increase in investment and government expenditures.

Now, the second income propagation period - that is, the second part of the income propagation period in the United States - is three months, and it refers to the time that is needed to have the income wage filter down to the next level. We again have the \$975 million. Now, for the economy as a whole we expended the average propensity to consume. But, for the additional \$975 million, in the second income propagation period we spent $\frac{2}{3}$ of that, because, remember, we said that no supplier dreamed that it was as a result of having a marginal propensity to consume, of $\frac{2}{3}$ or .7. So, $\frac{2}{3}$ of that was spent by people and by the whole economy on the basis of the marginal propensity to consume. And we find that the \$975 million will give us an additional employment of 1,625,000 which is the same as this figure, although not necessarily the same persons, plus 1,083,000 as a result of this secondary spending.

In the third income propagation period - the third quarter of the year - we