There are persuasive economic reasons, as well as humanitarian reasons, for expanding further—and substantially—our investment in human capital. As with any other type of investment, this can be done effectively and efficiently only on the basis of systematic choices among alternative possibilities. A prudent allocation of limited resources, one that will yield the greatest potential returns, requires analysis of many promising objectives and selection of the best. Even though our stock of human capital has increased tremendously, low earnings and low productivity still characterize certain disadvantaged groups—minority groups, farmworkers, handicapped persons, and the illiterate. This situation may result from our past failures to invest enough in their education, health, and rehabilitation. We should not continue to neglect these underdeveloped human resources—particularly since their economic improvement would contribute at the same time to the quality of their lives and, indeed, to the quality of our national life.

U.S. Expenditures for Human Resource Purposes

It seems clear, from data to be offered, that the United States over the last several decades has increased substantially both the volume and the proportion of its economic means directed to the development of human resources. It seems clear, also, that the volume and the proportion will increase further—and again substantially—in the immediate future. Yet it is difficult to determine the volume and proportion, either past or present.

National product accounts.—The whole national product is, of course, produced by the people of the Nation and is for their use. But this truism clouds distinctions that are helpful in assessing national welfare and policies.

National income and product accounts, prepared by the U.S. Department of Commerce, show the subdivision of the gross national product between consumers, business, government, and foreign trade. Comparisons based on these categories may supply some general perspective for more selective data, although the summary statistics do not directly demonstrate the relative increase in expenditures for development of human resources.

By far the largest part of the gross national product is applied to the sustenance and development of individuals. Personal consumption expenditures in 1965 and early 1966 were 63 percent of the GNP, and private investment in residential structures was another 3.5 to 4 percent. In brief, approximately two-thirds of the GNP is currently devoted to personal consumption and the provision of dwellings. This two-thirds includes consumers' expenditures financed by Government payments to them. It does not include governmental purchases of goods and services on behalf of individual consumers, the provision of public housing, and the conduct of other programs for the support and development of human resources.

The role of personal consumption was larger in earlier years. In 1929 and 1935, nearly four-fifths of the national output was for personal consumption expenditures and investment in residential structures. Constrictive effects of the great depression are evident in the statistics: Unadjusted for price changes, personal consumption rose from 75 percent of GNP in 1929 to 77 percent of the shrunken national