designed to indicate Bureau of State Service (Community Health) programs that have important economic effects that are not susceptible to measurement.

One approach to anticipating or appraising the economic effects of a health program is represented by Public Health Service publication No. 1178 (hereinafter identified as publication No. 1178). The two leading ideas in it are far from novel, but the document tries to show ways of utilizing them. The ideas are (1) that health services can pay off in terms of the productivity of workers whose early death is averted or whose sickness is avoided, shortened, or made less severe; and (2) that some types of preventive health service are much cheaper than the treatment which is needed if the preventive approach is not used.

A completely different economic approach considers, in a direct way, the contribution of health programs to the gross national product. The shortcoming of this idea is that the GNP is simply the total of what is paid for goods and services; and a statement that another $1 million worth of health services has been added to the GNP gives no clue as to whether this was relatively desirable or undesirable apart from the increase in GNP. For example, a million-dollar consignment of thalidomide would provide precisely the same direct increment to GNP as a million-dollar consignment of a clinically more trustworthy drug. Health services need to be appraised, if that be possible, in the light of the good that they do to people who receive them, whether the recipients are workers, prospective workers, retired persons, the hopelessly ill, or anyone else. From the standpoint of an overall appraisal of the economy and consideration of what the national effort is being used for, there is good reason for considering the health services component of GNP. This approach, however, does not provide an appropriate appraisal of the usefulness of health services to humanity.

In the fiscal year 1965, public and private expenditures for health services in the United States were $38,441 million, which amounted to almost 6 percent of the gross national product of about $650 billion. That expenditure for health services—which includes medical research, medical care, protection of the environment, etc.—breaks down as follows: [1]

Health expenditures	Amount (millions)	Percent
Total health expenditures	$38,441	100
Private expenditures (i.e., expenditures other than by governments)	28,492	74
Governmental expenditures	9,949	26
Federal Government expenditures	5,092	13
State and local government expenditures	4,857	13

While the importance of this expenditure to the GNP is certainly worthy of note, it is not the accent in this supplementary response to question 9.

The eight divisions here mentioned are the sections of the Bureau of State Services (Community Health) report.

[1] Data derived from figures in the following: (*a*) U.S. Social Security Administration, Social Security Bulletin, October 1965, pp. 5, 10 and 11; (*b*) U.S. Council of Economic Advisers, Economic Indicators, October 1965, p. 2. Omitted from the above data are the sums spent for income maintenance of the sick and their dependents, such as disability benefits for the long-term disabled under the social security insurance system, and public assistance (on a means-test basis) to the blind and the permanently and totally disabled.