personal income to GNP, personal income after tax to GNP, that less of the GNP will go to the consumer. In turn, there was a corresponding reduction in the ratio of consumption to GNP as individuals in the past decade spent and saved roughly the same proportion of their after-tax incomes as they did in the prewar era.

And again, so that one possible escape hatch is seen, it may be that consumers are still getting as large as share of the Nation's output as they used to, if you put into the consumer share the goods they are getting for free from Government. The Government, acting as an intermediary, can provide them with recreation, national parks, with toll-free express highways, with higher education at public expense as distinct from private expense.

Still, I think it is significant that the consumer is no longer getting as large a share of the output as previously, and the primary reason is that more of the marketplace output is being taken off by government.

Representative CURTIS. Let me ask a question which shows my ignorance. It is a technical one relating to gross national product. Using GNP and using this ratio of what the consumer gets, what about the increased amount spent in the investment dollar? Does that wash out as we compute GNP?

Mr. GAINSBRUGH. No.

Representative CURTIS. So that wouldn't be a factor?

Mr. GAINSBRUGH. The private investment in plant and equipment will be picked up in the business sector as gross private domestic investment. There are four sectors in the GNP.

Representative CURTIS. Yes.

Mr. GAINSBRUGH. One is the consumer sector, the second one is the business sector, the third is net exports of goods and services, and the last is——

Representative CURTIS. Could this be because we have had a great increase? I think we have had a great increase in investment.

Mr. GAINSBRUGH. Government investment or private investment?

Representative CURTIS. No; private investment. Would private investment be picked up through——

Mr. GAINSBRUGH. Private investment in the late 1920's was 15 percent of the GNP.

Representative CURTIS. Yes.

Mr. GAINSBRUGH. Gross private investment in 1966 is about 16 percent of the GNP.

Representative CURTIS. You have really answered by question then. I wasn't sure whether it would be computed in this. It is computed, but it has been relatively constant.

Mr. GAINSBRUGH. Fairly stable percentage over the time.

Representative CURTIS. Has government investment increased over this period?

Mr. GAINSBRUGH. Markedly. Government purchases of structures and equipment, expressed as a percent of GNP, rose from 4 percent in 1929 to 6.2 percent in 1940, and to 10 percent in 1965. We are coming to a table here showing the growth of wealth in government.

Representative CURTIS. Yes.

Mr. GAINSBRUGH. One of the points that the Subcommittee on Statistics of this Joint Economic Committee might well explore is the