consumer expenditures. However, in view of the inadequacy of other modes of anaysis,[1] it seemed relevant to employ this concept.

Since Keynes, economists have divided aggregate income, Y, by source into two components, consumption, C, and investiment, I.[2] Thus,

$$Y=C+I$$

Similarly, aggregate income has been divided by use into consumption and savings, S.

$$Y=C+S$$

Therefore, in this conceptualization savings equal investment. It was not, however, the purpose of this study to dispute this. It is, in fact, a tautology. Rather, as was cited in Schultz and Becker, what is generally classified as consumption may perhaps be better viewed in part as a form of investment.[3]

Thus the conventional concept of investment would be expanded to include certain expenditures usually regarded as consumption. Expanding upon Schultz, these expenditures would include those likely to increase the future earnings of any family member or consumption unit. This unconventional concept of classifying what is normally termed consumption as more properly a probable form of investment was crucial to this undertaking.

A lack of data rendered it impossible to demonstrate that certain expenditures were, in fact, properly termed "developmentally significant." Judgments were made that some categories of expenditures would probably have a beneficial effect upon the future earnings of the participant heads of households, and perhaps more importantly, upon the future earnings of their children. This concept of developmentally significant expenditures was especially useful in considering the alternative purchases which could have been made by a low-income family as a result of participation in a program such as the Work Experience and Training Program. Such a family was receiving a higher, steady income as well as: (1) an emphasis on education; (2) free health services; and (3) various caseworker services. It was postulated in this study that, at low levels of income, the initial acquisition of, or the substitution of, a more serviceable automobile, television set, or any of the items falling within the categories indicated below, would have the greatest impact upon the future earnings of the WE and T participant family members, and would therefore have the greatest developmental significance. The basis of the judgments of the various expenditures' developmental significance is discussed below for each category of expenditure.

In addition to "developmentally significant," two other classifications of expenditures were made: "developmentaly related," and "probably not developmentally significant" expenditures. Some developmentally related expenditures were complementary with developmentally significant expenditures, but were not necessarily developmentally significant in themselves. Other kinds of expenditures were classified as developmentally related on somewhat tenuous grounds. That is to say, there did not seem to be any reason to classify them as either developmentally significant, or probably not developmentally significant, and they were not obviously complementary to the developmentally significant class of expenditures.

Expenditures termed probably not developmentally significant were those for which the money could have been spent in either of the first two classes with more developmental significance. A more complete explanation of activity and expenditure classifications is included in the detailed analysis of each. However, for the purposes of general perspective on the analysis to follow, the various categories of activity and expenditure included in each of the three classifications are presented below in Table 3.1.

The "developmentally significant" class of expenditures will be considered in this chapter; the "developmentally related" and probably not developmentally significant" classes will be considered in Chapters IV and V, respectively.

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[1] Bateman, *op. cit.*

[2] Maurice W. Lee, *MacroEconomics; Fluctuations, Growth and Stability* (Homewood, Illinois: Richard D. Irwin, 1963), p. 295.

[3] Above, Chapter I.