

August 3, 1944

Mr. Paul H. Appleby,
Assistant Director,
Bureau of the Budget,
Washington 25, D. C.

Dear Paul:

This is in response to your request concerning my comment at the Board of Economic Stabilization meeting about the need for national income in the form of services totaling about 30 billion dollars in the postwar period.

Experts in our Division of Research and Statistics have estimated that at 1943 prices total consumer expenditures of between 110 and 120 billion dollars will have to be combined with high levels of business spending if private action is to maintain full employment after the war. On the basis of past relationships between consumer expenditures for services, total consumer expenditures, and individual income after taxes, it is estimated that if consumer spending reaches this level, expenditures for services will total well over 30 billion dollars--probably in the neighborhood of 35 billions. My suggestion that 30 billion dollars of services will be needed was therefore a minimum statement of the case.

As for methods by which such a level can be reached, I have no present suggestions to offer relating especially to services. I feel that this is a part of the general problem of maintaining a high level of consumer income and expenditures.

For your reference I attach a table giving data relative to consumer income and expenditures for the years 1929-1943.

Sincerely yours,

Marriner S. Eccles,
Chairman

Enclosure.

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Consumer Income and Expenditures
Selected Items, 1929-1943.
(Billions of Dollars)

(1) Year	(2) Individual Income After Taxes	(3) Total Consumer Expenditures	(4) Consumer Expenditures for Services
1929	79.6	70.8	25.3
1930	70.7	64.9	
1931	59.6	54.2	
1932	45.6	43.0	
1933	44.5	42.4	17.4
1934	51.0	47.7	
1935	56.3	52.2	19.1
1936	65.2	59.1	20.6
1937	69.2	62.5	22.1
1938	62.9	58.5	22.2
1939	67.7	61.7	22.7
1940	73.2	65.7	23.9
1941	88.2	74.6	25.4
1942	108.8	82.0	27.6
1943	124.0	91.0	29.2

All data above are estimates by the U. S. Department of Commerce. Estimates of expenditures for services for the years 1930-1932 and for 1934 are not available. It should be noted that because of differences in concepts these figures may differ from others which bear the same caption. For example, unlike some recently published estimates these data do not include the rental value of homes owned by the occupants.

FRB 8-3-44

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