2. Although State and local governments act as agents of the Federal Government in withholding Federal income and social security taxes from their employees' pay, such amounts are excluded from State and local government revenue and expenditure, and are reported as Federal revenue and expenditure.

3. Although the Federal Treasury handles unemployment compensation accounts for the States, these funds are omitted from the Federal figures and are included with the State and local data.

4. The data utilized for each individual government represent a consolidation of amounts for its various funds, and payments between funds have been eliminated for census reporting.

5. Intergovernmental expenditure has been netted out of aggregates comprising the groups of governments concerned. Most of the amounts so classified comprise fiscal aid in the form of Federal and State grants. The value of intergovernmental aid "in kind," such as commodities distributed by the Federal Government for school-lunch purposes, is not treated as intergovernmental revenue or expenditure. Contributions by local governments to State-administered retirement systems that cover their employees are included as part of the "current operation" expenditure of the local governments involved, and are included with State insurance trust revenue.

TABLE 1.—*State and local government expenditures, selected years, 1902–58*

[In millions of dollars]

| Year | General expenditure (1) | General expenditure plus employee retirement (2) | Total expenditure (3) | Year | General expenditure (1) | General expenditure plus employee retirement (2) | Total expenditure (3) |
|---|---|---|---|---|---|---|---|
| 1902 | 1,013 | 1,013 | 1,095 | 1946 | 11,028 | 11,265 | 14,067 |
| 1913 | 2,064 | 2,071 | 2,257 | 1948 | 17,684 | 17,981 | 21,260 |
| 1922 | 5,218 | 5,248 | 5,652 | 1950 | 22,787 | 23,148 | 27,905 |
| 1927 | 7,210 | 7,760 | 7,810 | 1952 | 26,098 | 26,628 | 30,863 |
| 1932 | 7,765 | 7,840 | 8,403 | 1953 | 27,910 | 28,495 | 32,937 |
| 1934 | 7,181 | 7,277 | 7,842 | 1954 | 30,701 | 31,380 | 36,607 |
| 1936 | 7,644 | 7,757 | 8,501 | 1955 | 33,724 | 34,446 | 40,375 |
| 1938 | 8,757 | 8,886 | 9,988 | 1956 | 36,711 | 37,536 | 43,152 |
| 1940 | 9,229 | 9,369 | 11,240 | 1957 | 40,375 | 41,318 | 47,553 |
| 1942 | 9,190 | 9,359 | 10,914 | 1958 | 45,059 | 46,132 | 53,857 |
| 1944 | 8,863 | 9,058 | 10,499 | | | | |

Source: U.S. Bureau of the Census, "Historical Summary of Governmental Finances in the United States," 1959, 23 pp. and "Summary of Governmental Finances in 1958," 1959, p. 14.

## AN OVERVIEW

As can be seen from table 1, during the last 56 years or so the annual general expenditure of State and local governments increased from $1 to $45.1 billion, about a 44-fold increase.[3] Furthermore, total government expenditure, i.e., general expenditure plus utility and liquors expenditure plus insurance trust expenditure, advanced from $1.1 to $53.9 billion during this period, that is, about 48-fold.

But, as would be expected, the increase was far from steady. In rough terms, the rate of increase was very high from the turn of the century until the depression of the 1930's—about an average of 25

[3] Actually, although the census definition does not do so, it is appropriate to include in the general expenditure figure government contributions to employees' retirement fund. If this is done, the increase is somewhat higher.