

TABLE 2.—*Direct Government employment*

[Thousands of persons]

	Total	Federal		State	Local
		Civilian	Military ¹		
1929.....	3,320	533	255	2,532	
1939.....	4,329	905	334	3,090	
1947.....	7,057	1,892	1,583	3,582	
1953.....	10,200	2,305	3,555	4,340	
1966.....	13,972	2,565	3,123	2,152	6,132

¹ Estimated.

In addition, estimates are also available of the indirect employment arising from the \$67.9 billion of receipts of the private sector from government purchases in 1965. In combination, the direct and indirect employment arising from government totaled nearly 20 million jobs. Thus 26 out of 100 individuals employed in the United States in 1965 were at work directly or *indirectly* for the government. Two generations ago only 5 out of every 100 employed were public servants. As in the case of the share of national output it purchases so, too, in the case of its impact upon employment direct or indirect—the immediate and potential influence and power of the public sector over the market place has been steadily magnified and gives little, if any, sign of tapering off.

B. GOVERNMENT AS A SUPPLIER OF FREE GOODS AND SERVICES

In much the same way that business looks more frequently toward government for its orders for goods and services, and labor finds itself steadily more dependent upon government for employment, so too, do more and more individuals look to government to provide them with transfer payments and with other free goods and services. Transfer payments are officially defined as income received by individuals from government for other than current contributions to production. Among the beneficiaries of such payments through this redistribution process are the aged, the orphaned, the widowed, the unemployed, the poor and needy, and veterans. Such payments in 1966 represented almost 8% of all personal income received by individuals in that year. In 1929 they accounted for less than 2% of individual income.

TABLE 3.—*Government transfer payments*

	Total (billions)	Transfer pay- ments as per- cent of per- sonal income
1929.....	\$1.5	1.7
1966.....	44.6	7.7

A recent estimate of the Office of Research and Statistics of the Social Security Administration found that social welfare expenditures by all forms of government were in relative terms equivalent to 12% of gross national product in the last fiscal year. They were 2.4% toward the close of the 19th Century, 4.2% not only in the late Twenties but also as recently as the close of World War II. Education and social insurance have experienced the greatest increase since that time. With medicare now extended, more gains faster than national economic growth are apparently in store. About one quarter of this nation's entire bill for health and medical care is already met out of public revenues. These sharply increased outlays reflect health and medical care for veterans and other dependents, the medical bill of the Armed Forces, payments to private practitioners for public assistance cases and for medical and related research.

C. GOVERNMENT AS A REVENUE COLLECTOR

As the share of national output allocated to government rises, so, too, must the share it collects of the nation's income, less its bill for goods and services