than $1 billion of purchases of goods and services in the marketplace by Government when it came into the 20th century.

In addition to the purchases of goods and services, there are other ways in which the Government intervenes in the marketplace or affects the economy, in part through transfer payments. Notice the growth there. In part, through interest on its debt.

The total purchases of goods and services and transfer payments and net interest in the year 1966 crossed the $208 billion mark. No single economic statistic in and of itself contains much meaning. It is when you relate any individual economic statistic to the whole of which it is a part that it takes on meaning, and the whole of which this Government purchases is a part of the gross national product, and so, referring again to the beginning of my prepared statement, we express this in terms of meaningful relatives.

There you see the documentation of the thesis originally advanced. When we came into the 20th century, the Government intervened in the marketplace to the extent of possibly 5 to 7½ percent, the figure for 1903 being 7½ percent. I believe most conservative economists would accept the thesis that 5 to 10 percent intervention would still warrant the label "laissez-faireism."

The comparable figure for 1966 is 28 percent of the GNP, represents the share of aggregate purchases of goods, transfer payments, and net interest. So that this is not misunderstood, included under Government, of course, are not only the Federal but the State and local units as well—this is the aggregate of governmental activity.

Senator JORDAN. Mr. Chairman, may I intervene?

Representative CURTIS. Yes, please do. That is the way you want to proceed?

Mr. GAINSBRUGH. Yes, I would prefer this.

Representative CURTIS. Yes, that is perfectly agreeable.

Senator JORDAN. Perhaps you are going to get to it. Your table shows a constant rising percent the total outlays bear to a percentage of the gross national product, but in the final column, purchases of goods and services as a percentage of gross national product, I notice that the percent for 1966 is less than it was in 1953.

Mr. GAINSBRUGH. Yes. The observation is correct, and I think the primary reason is not a reduction in the influence of government upon the marketplace, but rather the fact that 1953 was the peak of the Korean war, and so we pick up in 1953 the expenditures for Korea. These are then reduced subsequent to the Korean war, and if we were to net out the influence of the Korean war in the opening years of the 1950's, I believe the upward progression would still be evident.

(Mr. Gainsbrugh later supplied the following:)

The percentage referred to declined to 18.6 percent by 1955, then rose to 19.5 percent in 1957, 19.8 percent in 1960, and reached 20.7 percent in 1966.

Mr. GAINSBRUGH. I do not want to make that too doctrinaire a statement. I think there has been far less growth in the Federal sector over the past 10 years than previously, and most of the growth that has come about in the past 10 years has been at the State and local, rather than at the Federal, level. That has been in good part helped