

by grants-in-aid to the various States, funneled from the Federal to the local units of government.

Over the long sweep of time, however, the significance of the table I think is as I would emphasize it. The secular trend is upward. And having referred to the impact of war, it is true that when wars come along, as in the case of World War II, the Korean war, and possibly in the case of the Vietnam war, there is a decline in the Federal rate of expenditure following the war, but there is also a ratchet effect. The Federal, State, and local expenditures, relatively, never go back to where they were prior to the war. They start from a somewhat higher figure even after the cutback in war and defense expenditure.

What I have underscored then in the first table is the increased influence of the government directly upon the marketplace. I turn from that to another manifestation of the increased influence of the government on the marketplace, where we shift from its impact in terms of purchases of goods and services to the employment created within government. This is another indicator of the growth of government in the economy, and as can be seen from this table, and we haven't carried this back as far as the previous table; it could be carried back if there were interest, the direct government employment as late as 1929 was about 3 million, 3.3 million to be exact. This could be in turn broken down into the civilian employment, a very low figure for military, a relatively high figure for State and local employment. Contrast that with the nearly 14 million people on governmental payrolls now. Again, so that the story is not distorted, it should be noted that civilian employment at the Federal level was 2.3 million in 1953, 2.6 million in 1966. There has been, to repeat, a relatively modest growth in the Federal sector, both in terms of its influence upon the marketplace and in terms of its direct employment.

The growth is more marked in the case of the State and local units of government, where over the same period of time, from 1953 to 1966, you can see that employment has doubled.

Representative CURTIS. On that, I don't know how much you have gotten on the components, but a good bit of that local increase is in education.

Mr. GAINSBROUGH. That is correct, sir.

Representative CURTIS. And I think it serves the purpose if in expenditures, too, we were able to break that out. Do you have any idea of how much of that local increase is educational? I can't recollect myself other than that I have the impression that that is a very large part of that increase.

Mr. GAINSBROUGH. I don't have those figures at my command, but what I can do in the record is to insert them and perhaps supply a companion figure for that for education in table I.

Representative CURTIS. Yes.

Mr. GAINSBROUGH. So we can see what the figures were, both in terms of expenditures and in terms of employment.

(The information referred to was subsequently supplied by Mr. Gainsbrugh and follows:)