

FIGURE 1-1 Federal Government Spending as a Percentage of GDP, 1930–2019 • Over the past 90 years, federal government spending (as a share of GDP) has grown from 3 to 21%. The huge spike in spending over the 1941–1948 period was due to the massive increase in defense spending.

Data from: [Office of Management and Budget \(2021\)](#), Table 1.2.



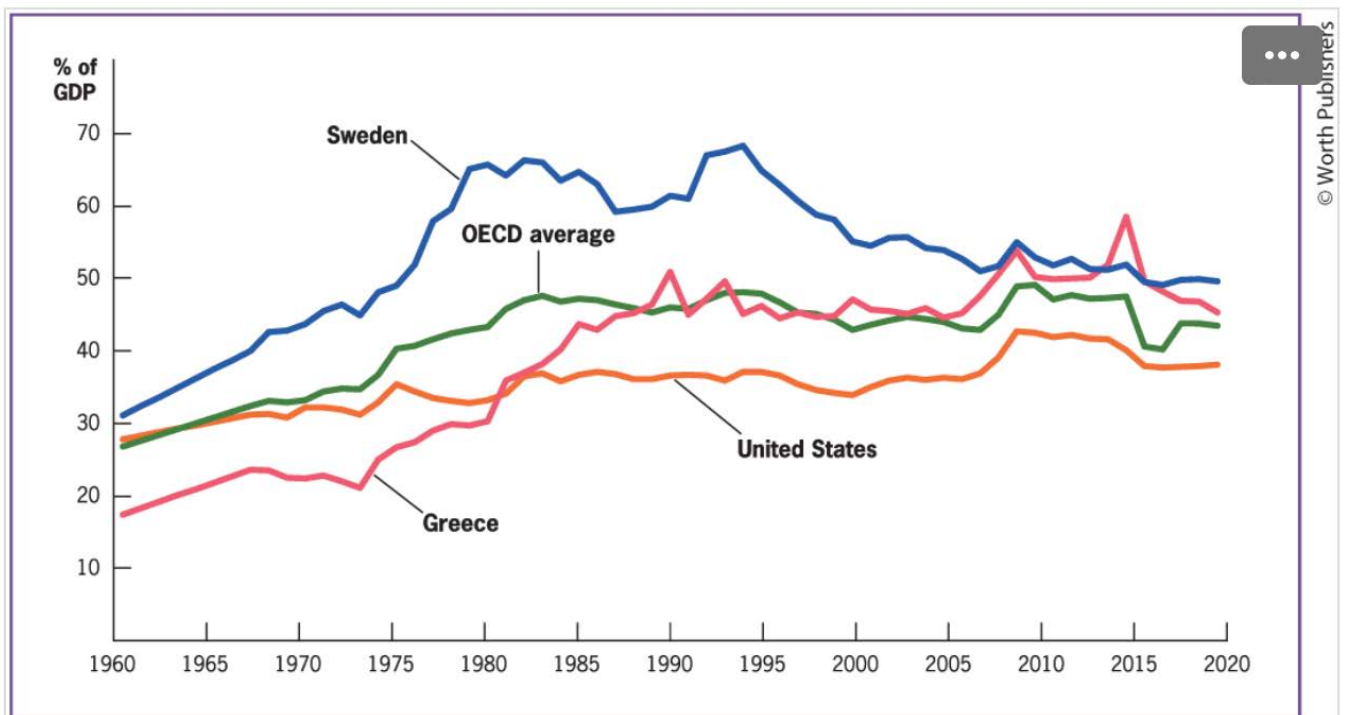


FIGURE 1-2 Total Government Spending Across Developed Nations, 1960–2019 • Government spending as a share of GDP has grown throughout the developed world, but the pace of growth has varied. The United States has seen a modest growth in its government share over this period, while government spending in Greece has more than tripled as a share of the economy.

Data from: [Organization for Economic Cooperation and Development \(2021\)](#), Table 29.

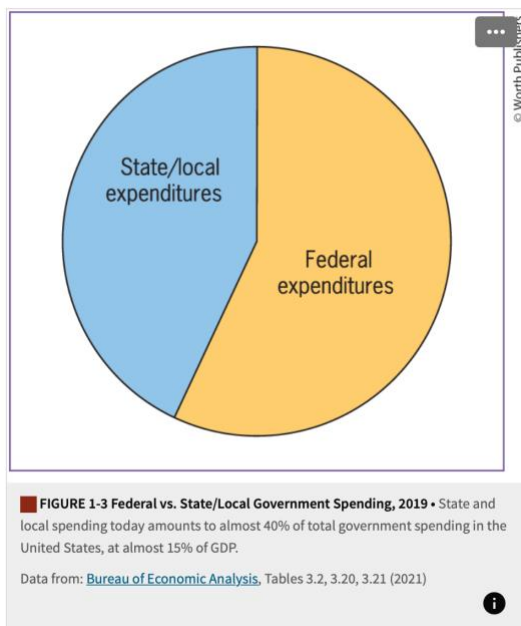


FIGURE 1-3 Federal vs. State/Local Government Spending, 2019 • State and local spending today amounts to almost 40% of total government spending in the United States, at almost 15% of GDP.

Data from: [Bureau of Economic Analysis](#), Tables 3.2, 3.20, 3.21 (2021)

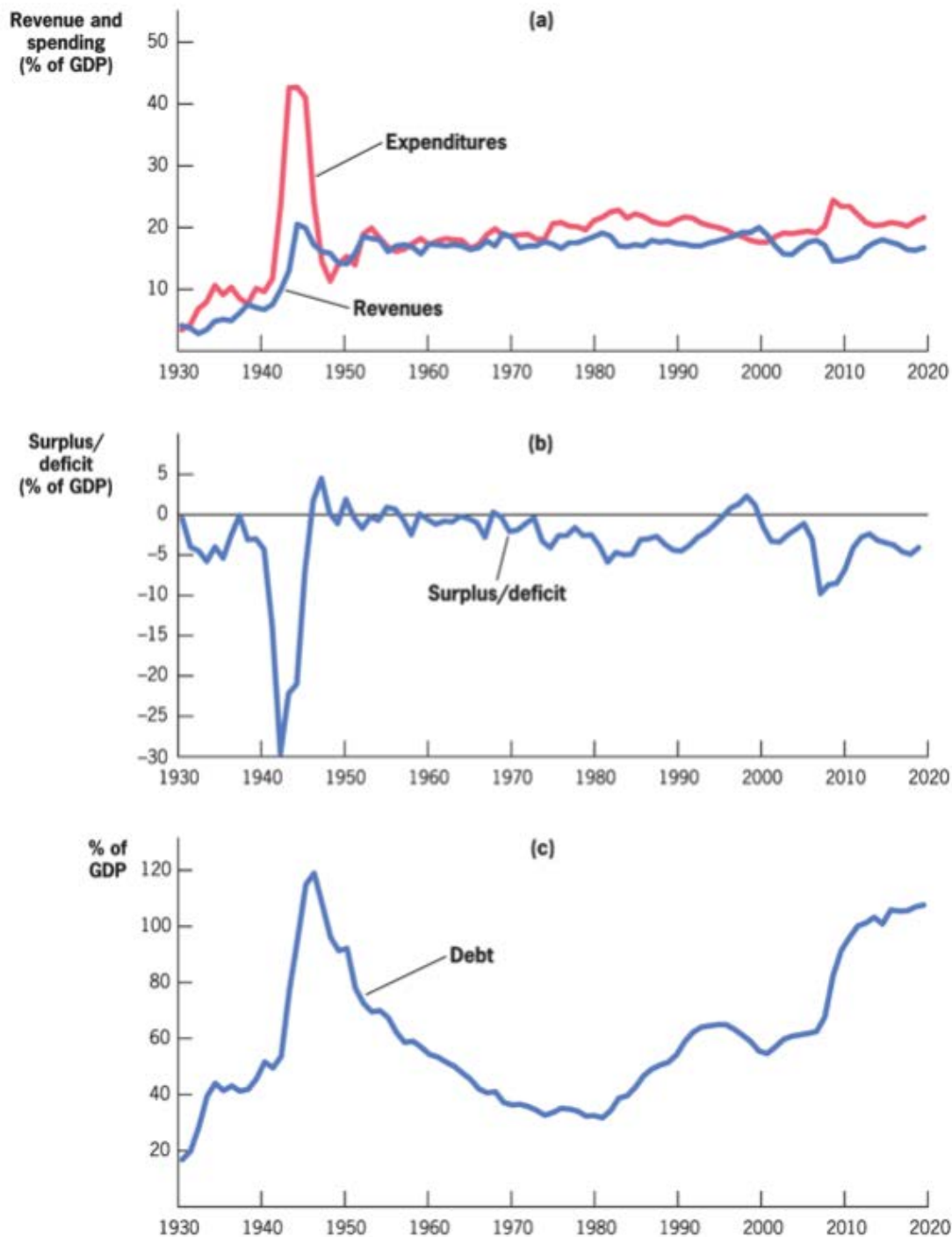


FIGURE 1-4 Federal Revenues and Expenditures, Surplus or Deficit, and Debt, 1930–2019 • For most of the twentieth century, except for the World War II period, federal government receipts kept pace with expenditures, leading to a small national debt. But expenditures have exceeded receipts by several percentage points of GDP on average since the 1970s. The resulting federal debt is now at more than 106% of GDP.

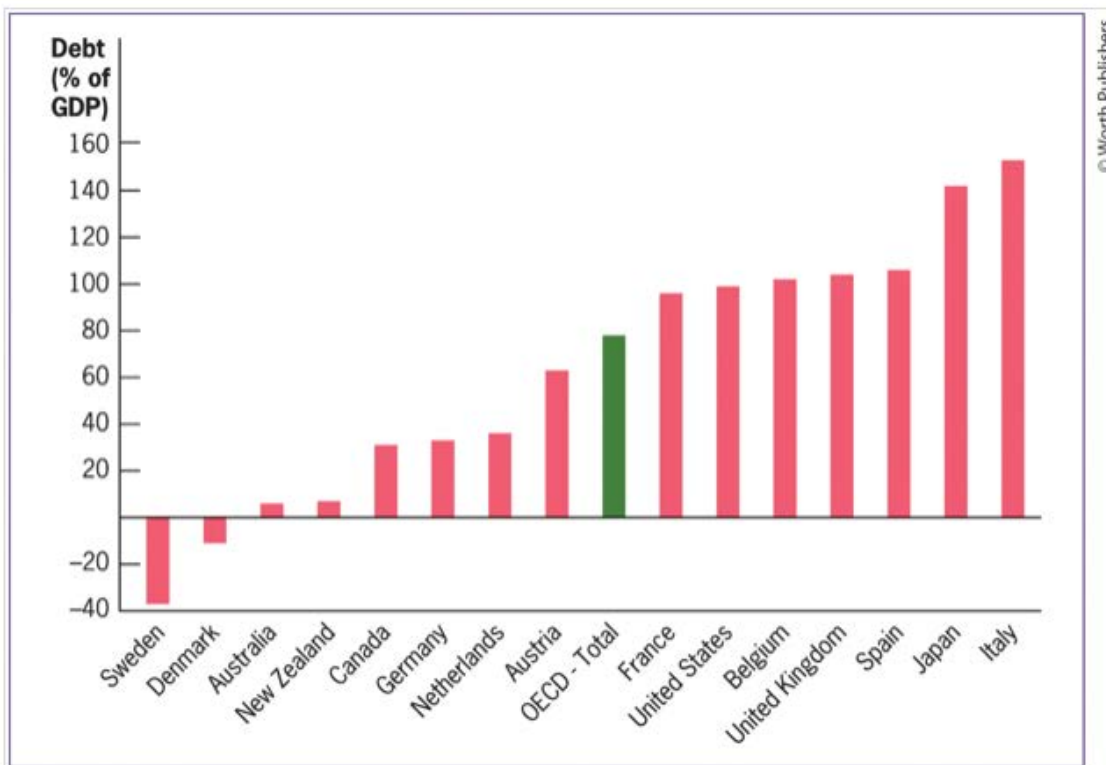


FIGURE 1-5 Debt Levels of OECD Nations in 2020 • The United States has debt levels somewhat above the OECD average, but there is wide variation across developed nations.

Data from: [Organization for Economic Cooperation and Development \(2021\)](#), Table 37.

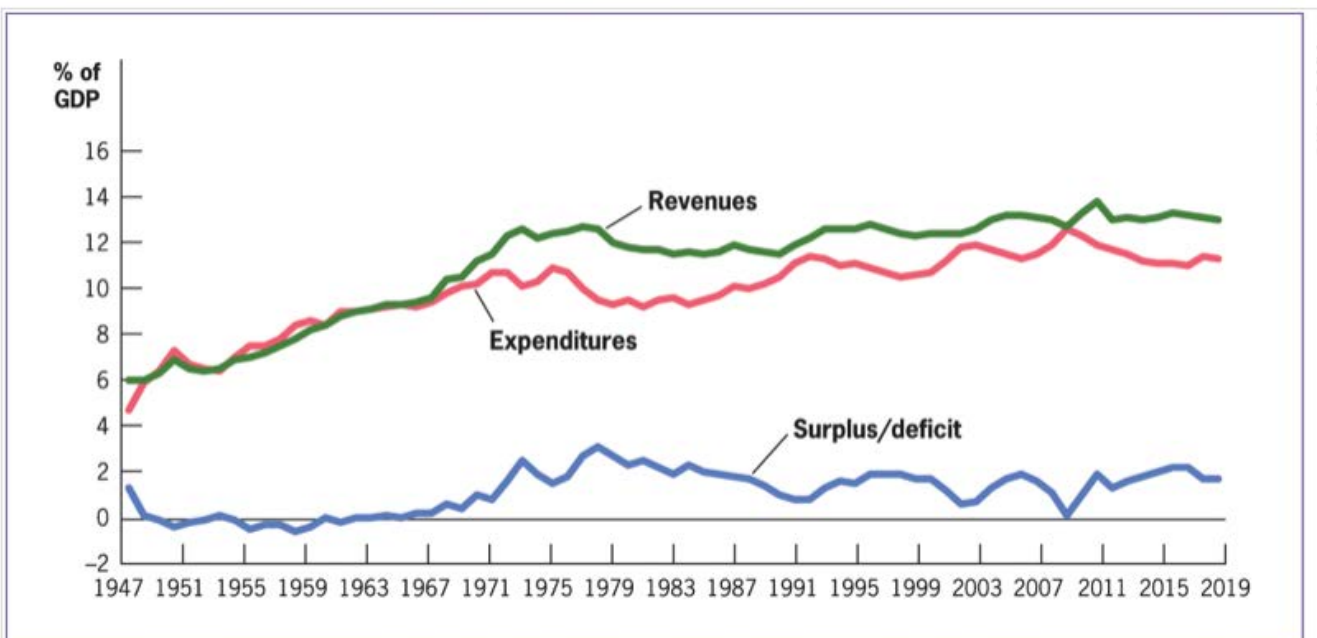
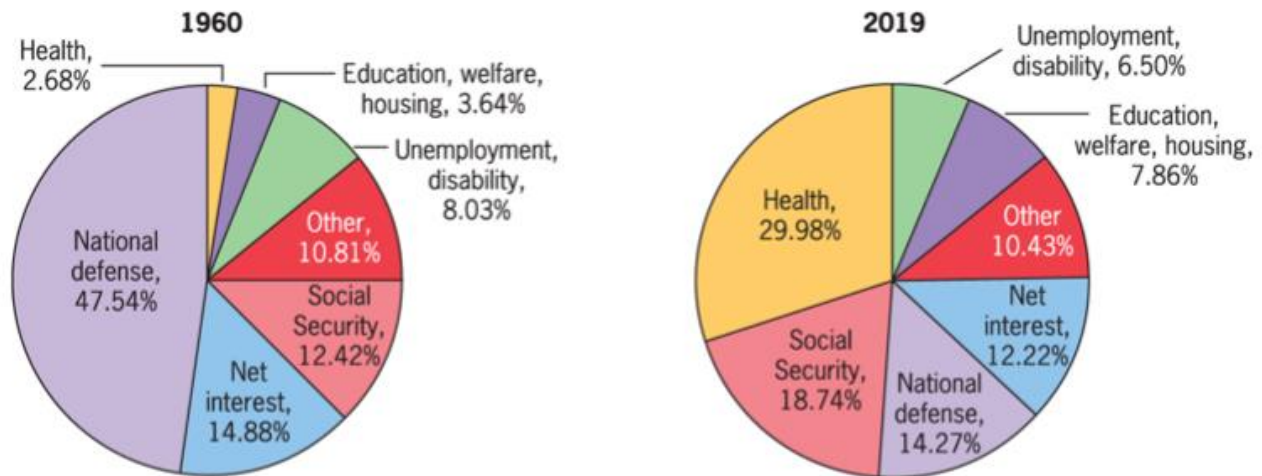


FIGURE 1-6 State and Local Government Receipts, Expenditures, and Surplus, 1947–2019 • State and local revenues almost always exceed expenditures.

Data from: [Office of Budget and Management \(2021\)](#), Table 12.1, Table 14.1, Table 14.3.

(a) Federal government expenditure by function



(b) State/local government expenditure by function

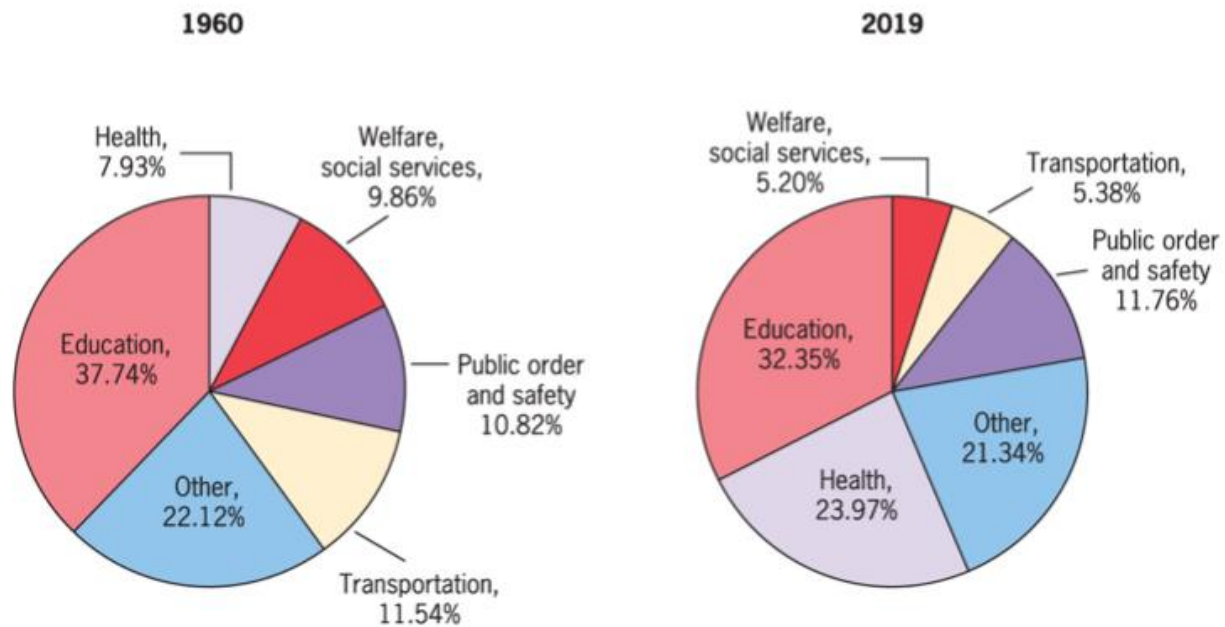


FIGURE 1-7 The Distribution of Federal and State Expenditures, 1960 and 2019 • This figure shows the changing composition of federal and state spending over time, as a share of total spending. (a) For the federal government, defense spending has fallen and Social Security and health spending have risen. (b) For the states, the growth in health care spending has led to a reduction in education spending.

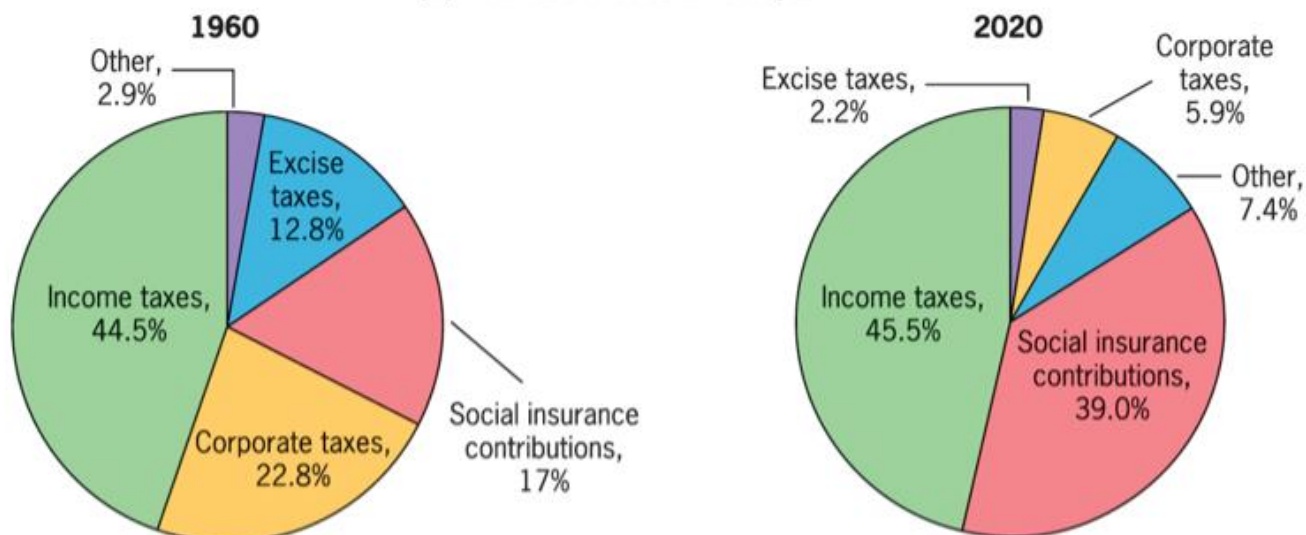
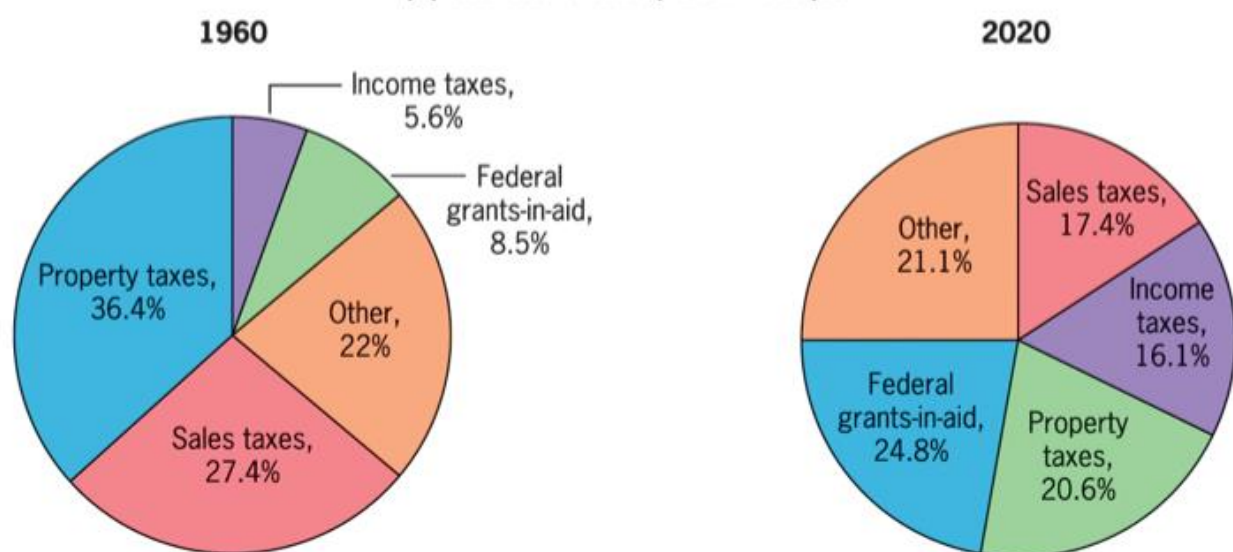
(a) Sources of federal receipts**(b) Sources of state/local receipts**

FIGURE 1-8 The Distribution of Federal and State Revenues, 1960 and 2020 • This figure shows the changing composition of federal and state revenue sources over time, as a share of total revenues. (a) At the federal level, there has been a large reduction in corporate and excise tax revenues and a rise in payroll tax revenues. (b) For the states, there has been a decline in property taxes and a rise in income taxes and federal grants.

Data from: [Bureau of Economic Analysis \(2021\)](#), Table 3.2, Table 3.3.

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