

5.1 How Big Is Government?

MANY PEOPLE COMPLAIN about Big Government. In 2004, direct federal outlays were \$2.3 trillion; state and local governments spent about \$1.3 trillion. Together they were equivalent to 31% of U.S. GDP.

But while the public sector consumes a lot of resources, it also provides important services. Public schools educate most Americans. Social Security and food stamps supply a safety net. Roads enable people to get to school, work, and the grocery store. Emergency services and disaster relief help people cope with unexpected crises. When the economy

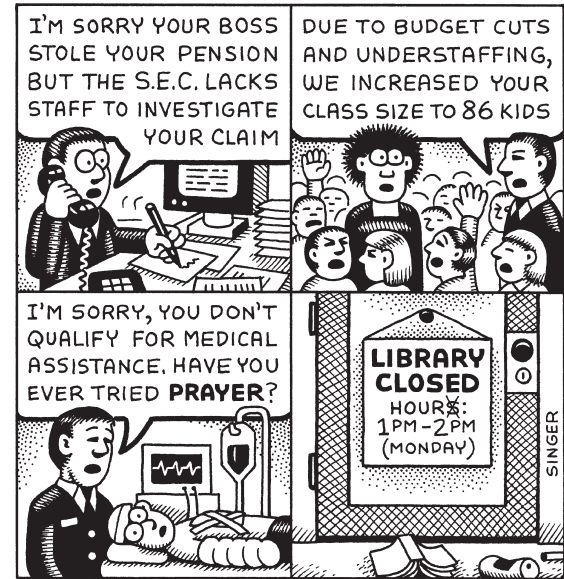
takes a turn for the worse, government policy can give it a boost. Without government spending, too few of the public goods and services that we rely on would be produced. Some would not be available at all.

The public sector also generates a lot of jobs. In 2004, national, state, and local governments employed more than 23 million people, or about 16% of the workforce. Public employment often provides women and people of color with better job opportunities than the private sector does.

Government spending and GDP in 2004 (in \$ trillions)



WHAT CONSERVATIVES MEAN BY "SMALLER GOVERNMENT"



ANDY SINGER