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The Rising Trend
of
Government Employment

SOLOMON FABRICANT

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ONE OUT OF EVERY EIGHT OR NINE PERSONS EMPLOYED in the United States today is a government worker. Is the proportion merely a hangover from the war, which may be expected in time to diminish substantially, or was it large before the war too? If large before the war, did it reflect a changed concept of government's functions brought into being by the New Deal, or was it part of a trend already established before the great depression? If part of a long-term trend, what accounts for it? In answering these questions I shall omit details. Nor shall I say very much about the statistical basis of the answers, important though it is for appraising their accuracy. These matters will be presented later in a full report, on which this brief Paper is based.

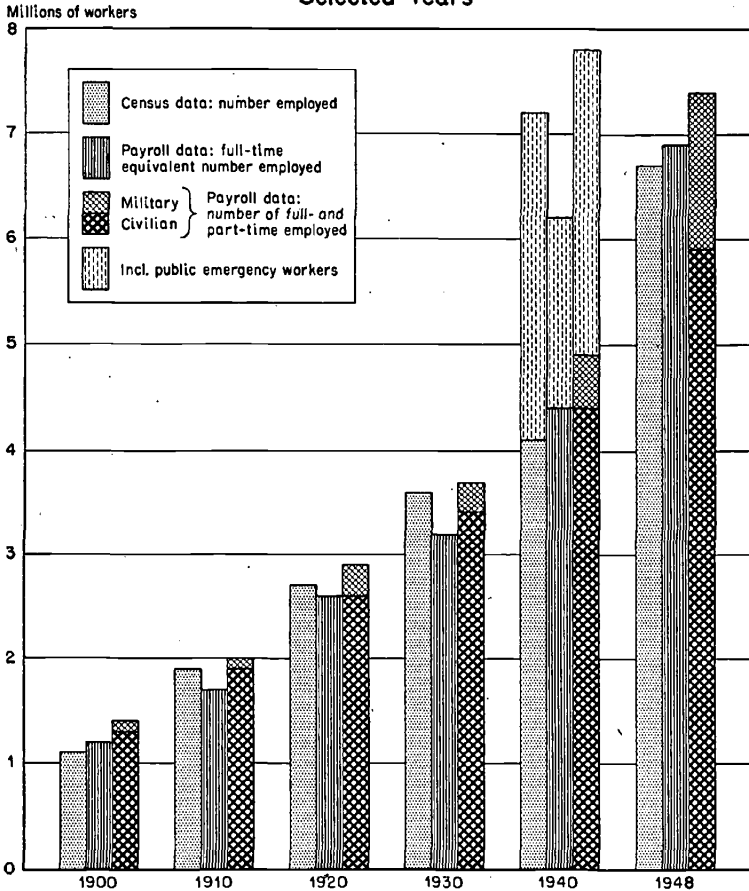
I NUMBER OF GOVERNMENT WORKERS

Total Government Employment

In 1900 governments in the United States employed somewhat more than one million persons. Each decade thereafter saw substantial net increase in the number: over a half million in 1900-10, almost a million in 1910-20, three-quarters of a million in 1920-30, over a million in 1930-40, and over two million in 1940-48. By 1948—and the figure for 1949 is so far about the same—the total exceeded six million. Today's huge government employment, then, is the latest figure in a series with a pronounced upward trend.

The cautious reader—refusing to wait for the full report I have promised—will want to know immediately how reliable this series is. He should look at Chart 1. Estimates based on two quite independent sources show substantially the same expansion in government employment. Whether the estimates are based on workers' reports of the status of their employers or on governments' reports on the length of their payrolls, each decade records an increase in government workers. Both estimates show total net increases, for the last five decades, of well over five million.

CHART 1
**Number of Employed Government Workers
 (including Military Personnel)
 Selected Years**



The figures I have cited include all ordinary employees of all types of governmental unit—federal, state, local, including school and other ‘districts’, and government enterprises and corporations. Among these employees are members of the armed forces as well as civilians, and unclassified and temporary employees as well as civil service appointees. All part-time workers are covered by the payroll data, in terms of either number or ‘full-time equivalent’. The exclusion of many part-time workers from the Census data helps to explain some of the differences in the chart.

The glance at Chart 1 will have disclosed, also, the large number of public emergency employees in 1940, an extraordinary class of government worker I ignored when describing the trend. Hardly any appear in the record for 1930, and none at all for the other years covered by the chart. This fact and the special nature of emergency employment justify showing it separately.

Employees of government contractors are entirely excluded, of course, as is the expanding host of pensioners and recipients of welfare, subsidy, and similar government payments.

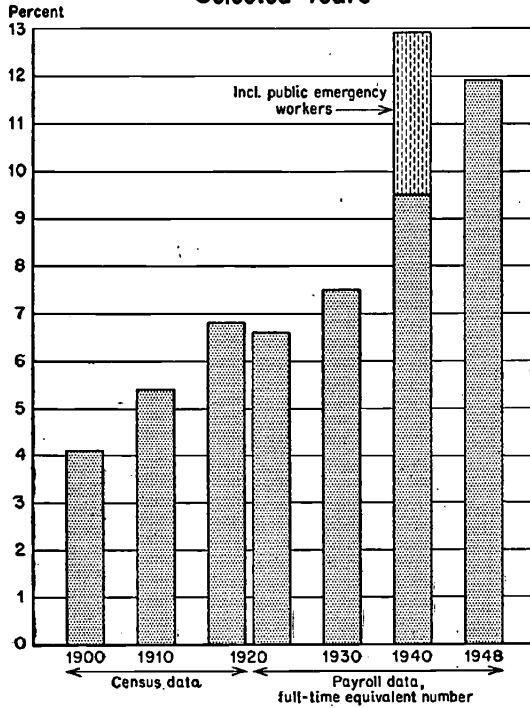
Government Employment in Relation to All Employment

In a country where population is at a standstill or changing only slightly, the trend in the absolute number of government workers would be sufficient to give the picture. But our population—and with it, total employment—has been growing rapidly. How do the two trends, of government and total employment, compare?

It will be no surprise to find that the rate of growth in total employment, substantial though it has been, fell far short of the very high rate of growth in government employment. Total employment too rose each decade (on net balance), but each time the percentage increase was less than in government employment. For the 1900-48 period as a whole, total employment increased about 120 percent, government employment 450-500 percent. The contrast is still more striking when the 450-500 percent increase in government workers is compared with the 100 percent increase in privately employed workers.

Another way to describe the changing relative importance of government workers in the total is to compare the proportion with which I opened this Paper with corresponding proportions in earlier years. In 1900 one out of 24 workers was on a government payroll, in 1920, one out of 15, and in 1940, one out of 11. The current ratio, as I have said, is one out of 8 or 9. The upward trend, from 4.2 percent in 1900 to 11.4 percent in 1948, is sharp and clear (Chart 2).

CHART 2
**Employed Government Workers
 (including Military Personnel)
 as a Percentage of All Employed Workers
 Selected Years**



Employment by Type of Governmental Unit

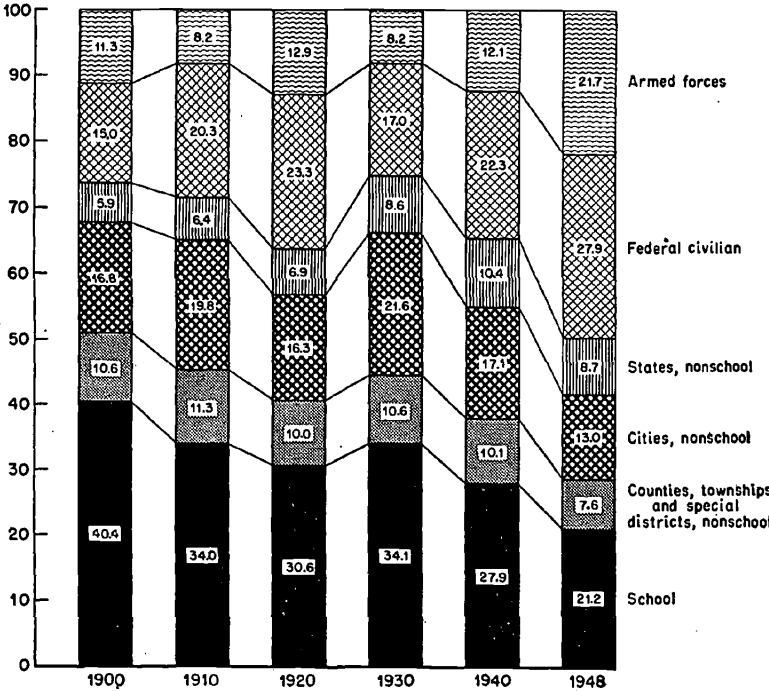
The huge federal budget and large volume of federal employment have been discussed widely and often. Some readers may suppose, therefore, that the larger part of today's six or seven million government workers is on federal payrolls and that expansion of federal payrolls accounts for all or most of the five million workers taken on since 1900. The facts show this notion to be exaggerated.

Even today, when the cold war keeps our armed forces at an unprecedented peacetime level, federal employment is no larger than that of state and local governments. Of the 6.7 million full-time equivalent persons on government payrolls, 3.4 million work for state and local governments.

(The proportion before adjusting part-time work to a full-time equivalent basis is even higher because part-time work is largely a local government arrangement.) In 1940, just before the big expansion in national defense activities, state and local governments accounted for almost two-thirds of the 4.4 million regular employees on government payrolls.

Of the increase between 1900 and 1948, about three million workers were additions to federal payrolls; two and a half million, to state and local government payrolls. Counted only until 1940, the increase in state and local personnel, two million, substantially exceeded the increase in federal personnel, 1.2 million. After 1940, the big increase came, of course, in federal employment, 1.9 million; state and local employment rose 600,000.

CHART 3
Percentage Distribution of Government Workers
among Main Types of Governmental Unit, Selected Years
 (Payroll data, full-time equivalent number; public emergency workers excluded)



The changes in the distribution of government employees among the various types of unit from 1940 to 1948, and around 1920 as well (Chart 3), largely reflect the effects of war, about which more will be said in a moment. The great depression too is reflected in the chart. If we focus on the net change between 1900 and 1940, we find little change in the relative importance of the armed forces, municipal nonschool employment, and other local nonschool employment. The net change in federal civilian employment was definitely upward. State nonschool employment also expanded relatively. School employment fell rather consistently and very considerably, relatively to other types of government employment.

While some sectors of government show drops in relative importance, all show substantial increases in absolute number. In schools, the slowest growing sector, the number of teachers and other employees more than tripled between 1900 and 1948.

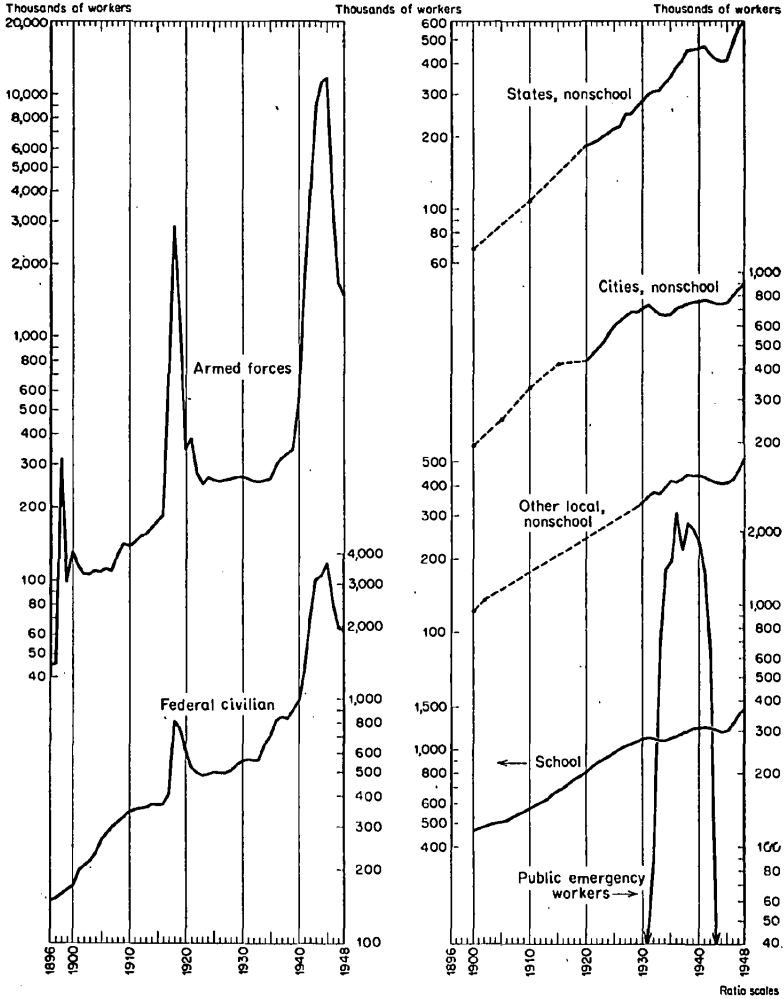
The Impress of Wars and Business Cycles

The two major wars of our time are clearly reflected in the annual series plotted in Chart 4.

As one would expect, federal civilian as well as federal military employment rose to great heights during the wars, then fell sharply. After both wars, the decline halted at a level substantially above the prewar. The post-World War I level of employment was approximately in line with, or even below, the level that would have been reached had prewar trends persisted. The level after World War II, however, is still considerably above the projected prewar trend. Current budgets afford little ground for thinking that federal employment will soon drop to that trend level.

State and local government employment also felt the impact of war. But the effect was, of course, opposite to that on federal employment. During World War II each nonfederal sector cut employment. After the war, each sector restored its personnel to prewar levels and pushed on to new heights. The impact of World War I is less

CHART 4
**Number of Government Workers Employed
 by Each Main Type of Governmental Unit, Annual Estimates**
 (Payroll data, full-time equivalent number)



definite, partly because our information is scanty. Municipal employment did not increase from 1915 to 1920, because of the war. The series on state government employment contributes nothing to the question, but scattered information for one or two state governments suggests a similar effect of the war on their employment. School employment,

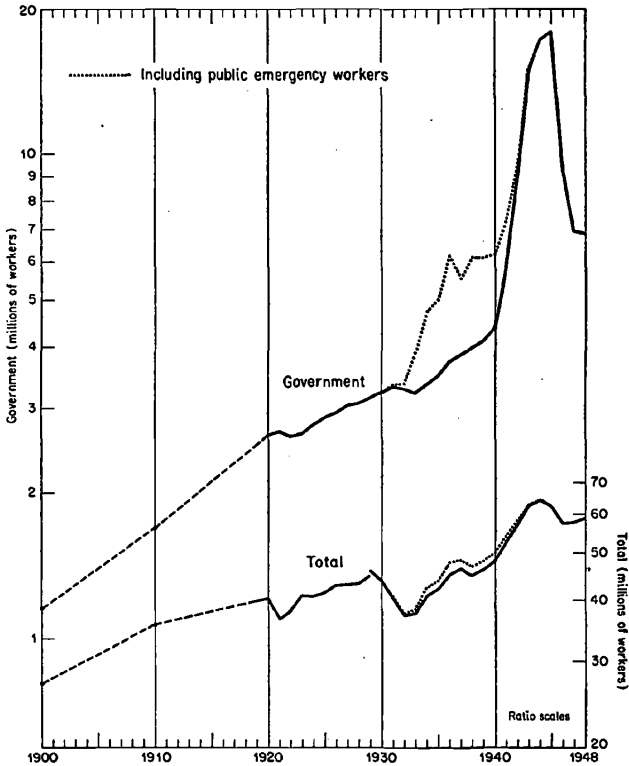
on the contrary, was not affected by World War I; and we do not have any information on employment by other units of local government.

Apart from the war periods, fluctuations in ordinary government employment are few, and none is really large. Employment in the great majority of private industries fluctuates closely and usually substantially with general business conditions, even when measured on an annual basis. Our annual series on government employment—with the notable exception of public emergency employment—shows hardly any such obvious repercussions.

The sharp contractions of 1920-21 and 1937-38, and the mild contractions of 1923-24 and 1926-27 seem to have caused scarcely a ripple in the series. Even the big contraction of 1929-32 made only a modest impression, certainly one much different from that stamped on the line for total employment, including private industry, plotted in Chart 5. All the series except that for the armed forces continued to gain until 1931, some without abating speed significantly. Municipal nonschool employment and total school employment alone declined after 1931 and then only until about 1933 or 1934—presumably a belated effect of the decline in revenues. After 1933 federal civilian and state nonschool employment accelerated sharply, as did the armed forces after 1935.

The most striking reflection of the great depression, and of the 1937-38 contraction as well, is in the count of public emergency workers—those on WPA and similar rolls. Few persons were on work-relief before the New Deal in 1933. All through the preceding severe contraction in employment, additions to work-relief lists were large in percentage terms but small in absolute terms. The big expansion in number came after 1933 and continued through 1936, a period when private employment too was growing. Work-relief did not begin to move counter to regular employment until after 1936. With the onset of the war, and the resulting labor shortages, emergency workers declined, then vanished.

CHART 5
 Government and Total Employment, Annual Estimates
 (Full-time equivalent number)



To return to a question posed at the outset of this Paper, it seems clear that the activities government took on under the New Deal were a substantial factor in expanding government employment. After 1933 growth in both federal and state government employment speeded up. Yet the New Deal was not the sole factor determining trends in government employment even in that period. And growth before 1933 is attributable to other factors.

II FUNCTIONS OF GOVERNMENT WORKERS

To understand the big increase in the number of government workers since 1900 we need to know more about their functions. Government engages in even more diverse activi-