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Volume Author/Editor: M. Slade Kendrick, assisted by Mark Wehle

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Chapter Author: M. Slade Kendrick, Mark Wehle

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Introduction

To inquire into the patterns of growth of federal government expenditures from 1794–1952,¹ we look first at these expenditures in a number of ways—in current dollars, in dollars adjusted for price and population changes, and as a proportion of the national product—to ascertain whether the pattern of growth discernible from one point of view is still visible from others. We find that the trend of federal expenditures over the period examined was upward, whether expressed in current or in constant prices. It was upward also in relation to population and, most significant of all, in relation to national product, at least since 1869.

The particular pattern through which this rising trend has manifested itself is in the form of a series of steplike movements associated with wars. This relationship to wars raises a question as to the role of payments for military purposes, veterans, and interest, in accounting for the course of federal expenditures. It leads us to inquire into the ways in which war-connected expenditures have behaved before, during, and after wars. Here we distinguish between the four major wars and the two minor wars. We also take note of changes in the composition of federal expenditures from the period preceding to the period following a war, that is, the relative proportions of strictly military, veterans, interest, and civil expenditures.

Next, our attention shifts to a study of the characteristic ways, if any, in which civil expenditures have varied before, during, and after the several wars, and the effect of the depression of the 1930's

¹ Expenditures for the Navy are not available for 1793, and for the preceding years are extremely small. Hence it was thought best to begin this study with 1794.

on the amount and types of civil expenditures, not only during that interval but in the succeeding period of prosperity. Finally, we are led to ask: How do the two main components of federal expenditures, war-connected and civil, compare with each other in long-term growth? As expected, both exhibit a marked upward trend, but our major finding here is that, viewing the period as a whole, civil expenditures have risen at a greater rate than military expenditures. We conclude this section with a brief discussion of the major forces underlying the trends in war-connected (especially military) and civil expenditures.

The last section of the study deals briefly with the impact of recent events on federal expenditures and the short-term outlook for the latter as long as present world tensions continue.

In an appendix, military expenditures are treated in some detail, and the basic tables are given, together with an account of the derivation of the figures.