Chapter 1: Why Study Public Finance?
Figure 1.1  Federal Government Spending as a % of GDP, 1930–2003
Figure 1.2 Total Government Spending Across Developed Nations, 1960–2001

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 1.3 Federal vs. State/Local Government Spending, 2003

Federal – 65.1%
(19.9% of GDP)

State/local – 34.9%
(10.7% of GDP)
Figure 1.4 (a) Federal Revenues and Expenditures, Surplus or Deficit, and Debt, 1930–2003

Revenue and spending (% of GDP)


Spending

Revenue

Figure 1.4 (a) Federal Revenues and Expenditures, Surplus or Deficit, and Debt, 1930–2003
Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 1.4 (b) Federal Revenues and Expenditures, Surplus or Deficit, and Debt, 1930–2003

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 1.4 (c) Federal Revenues and Expenditures, Surplus or Deficit, and Debt, 1930–2003
Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 1.5 Debt Levels of OECD Nations in 2003

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 1.7 (a) The Distribution of Federal and State Expenditures, 1960 and 2001
Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
(b) State/local spending (% of total spending)

1960
- Education (41.2)
- Welfare, social services (10.5)
- Transportation (11.8)
- Other (16.8)
- Health (8.7)
- Public order and safety (11.0)

2001
- Education (36.7)
- Welfare, social services (7.5)
- Transportation (7.1)
- Other (13.9)
- Health (20.7)
- Public order and safety (14.1)

Figure 1.7 (b) The Distribution of Federal and State Expenditures, 1960 and 2001
Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 1.8 (b) The Distribution of Federal and State Revenues, 1960 and 2003

- **1960**
  - Property tax: 38.2%
  - Sales tax: 28.8%
  - Federal grants: 9.4%
  - Other: 17.7%
  - Income tax: 5.9%

- **2003**
  - Property tax: 20.3%
  - Sales tax: 22.7%
  - Federal grants: 22.6%
  - Other: 20.8%
  - Income tax: 13.7%