



The above chart by Mercatus Center senior research fellow Veronique de Rugy uses data from the Bureau of Labor Statistics to compare recent changes in government expenditures – state, federal, and local , purchases of labor, goods, and services – to private domestic investment expenditures . This chart illustrates the year-over-year percentage change in government expenditures (red), with those in the private sector (blue).

With the exceptions of 2004 and 2005, government consumption and investment have grown more quickly than private expenditures and investment during the last decade – in the last ten years, the private sector has, on average, grown 1.2 percent annually, while the government has, on average, grown 3.5 percent annually.

In three of the past ten years, the private sector contracted. During these years, the government continued to grow. The continued increase of government spending – despite fluctuations in the private sector – means that we should not bank on a future contraction in government spending to balance out our fiscal woes.

Learn why [government austerity](#) is an oxymoron.

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