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## Small (Government) Is Beautiful?

Published: Friday, 28 May 2010 | 3:35 PM ET

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By: Reported by Hampton Pearson, written by Michelle Lodge



Why is this person smiling? She has a job, for one thing.

It's "good news" that personal incomes are on the rise. But when you crunch the numbers about the source of that income, the US may have a problem—or does it?

Here are the facts: A record low 41.9 percent of the nation's personal income came from private wages and salaries in the first quarter—down from 44.6 percent in December 2007, when the recession started.

At the same time, 17.9 percent of the overall personal income of Americans stemmed from government programs—up from 14.2 percent at the downturn's beginning. Meanwhile, an additional 9.8 percent of personal income was paid to government employees as wages.



### Govt. Paycheck Pain Ahead

Big government is getting bigger, with Christian Weller, Center for American Progress and Chris Edwards, Cato.

The trillion-dollar deficit and the upcoming November elections are turning into a wake-up call for Congress. And Democrats have been stalled in their efforts to pass another extension of jobless benefits, because of concerns about how they will fund them.

"We're in a vicious circle where there are more 'tax-eaters,' people who consume federal money, than taxpayers," Chris Edwards, director of tax policy studies at the Cato

Institute, told CNBC Friday. "An economy can't sustain a bigger and bigger government.

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Edwards added that a larger government causes the private sector to shrink.

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America is now a country of insiders and outsiders, he maintained: "The insiders are all

the government employees who are very well paid, all the people who are dependant on the government, the lawyers and the lobbyists. The other America is of the private sector, where people have to survive in the market economy."

The current size the government is sustainable, Christian Weller, a senior fellow at the Center for American Progress, told CNBC on Friday, adding that no evidence exists to suggests that a smaller government is more effective than a bigger one.

What's more important than size, Weller said, that a government be effective. The recent oil spill and the financial crisis, he added, point to the need for rigorous oversight provided by the federal government.

The government is expected to expand to the size it was under Reagan. "We could sustain the level of government then," he added. "We can certainly sustain it now."

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