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MORRIS A. COPELAND

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7. A copy of this resolution shall, unless otherwise determined by the Board, be printed in each copy of every National Bureau book.

(Resolution adopted October 25, 1926 and revised February 6, 1933 and February 24, 1941)

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PREFACE

THE FEDERAL FINANCIAL STATEMENT presented in this Paper is designed to facilitate tracing the impact of fiscal operations on business conditions. As a summary of federal fiscal operations, it is both simpler and more comprehensive than the official monthly statement issued by the Treasury Department. It covers all federal funds except those regarded as local government funds (such as the funds of the District of Columbia) and those regarded as parts of the banking system (such as the Postal Savings Fund).

Changes in established federal financial statements have been proposed by many people and for a variety of reasons. No one form of statement can be expected to serve all purposes; but it is believed that this new form fills an especially urgent need. If issued currently, it would be particularly useful to those concerned with the relation between fiscal policy and business conditions. For this type of use accounting accuracy is not essential. If statistical estimates (rather than exact figures) were employed, it should be possible to prepare such a statement for each quarter from existing accounting records.

This new financial statement is a byproduct of the exploratory study of Money Flows the National Bureau of Economic Research has been conducting at the suggestion of the Committee for Economic Development and with the support of a grant by the Committee. Both that study and the estimates for the federal government discussed here are confined to calendar year figures covering 1936-42. Recent figures would doubtless be more interesting, but the task of assembling them is such as to make it seem desirable to publish the illustrative retrospect figures for these seven calendar years at this time for criticism and comment.

Various persons have aided in the preparation of this Technical Paper. The writer wishes especially to acknowledge the helpful criticism of P. F. Brundage, T. O. Yntema, and George Jaszi, and the assistance of Paul Kohn, Dora Sherman, and Sylvia Levinson.

Federal financial records and reports are necessarily so complex and extensive that it is difficult in an undertaking such as this to be certain that some errors may not have been made in interpretation.

The over-all picture of federal finances presented is therefore tentative. The writer ventures to hope that any errors he has committed have been errors of detail only and that the main outlines of the tentative picture are substantially correct. He assumes sole responsibility for any errors this Technical Paper may contain and will be grateful to have them called to his attention. He assumes also sole responsibility for the views here expressed.

June 1947