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helpful to the analyst of business conditions to have a further supplement to Table 1 showing unfilled orders as of the end of each year. Also if lines S and Q were to be shown quarterly, it would be desirable to know both unfilled orders and available funds uncommitted as of the end of each quarter. No supplementary exhibit of this type has been attempted here because information on uncommitted funds is not very significant on an annual basis and because government financial records during the war years did not accurately reflect unfilled orders. Agencies report the obligation of funds currently, but particularly in the case of war agencies such information has been difficult to interpret. War program funds were frequently obligated by contracting officers prior to the making of contracts merely on the basis of letters of intent or other informal commitments. However, since the war, regulations governing the obligation of funds have been tightened. It would be desirable to have a current public release reporting both obligations incurred but not yet liquidated and unobligated funds available as of the end of the quarter. Incidentally, we may note that while there is urgent need for information on unliquidated obligations as of the end of the fiscal year, if appropriation procedures are to be intelligent, relatively little attention has been given to this type of data to date.

5 Conclusion

The main points made in this Paper regarding the new type of financial statement here proposed for the federal government are in brief: The lack of an official federal financial statement that can be used to trace the impact of fiscal policy on business conditions is a serious gap in our economic information. This gap can be filled by a statement of the type illustrated by Table 1, a comprehensive consolidated statement of payments and balances in which general expenditures are classified by object of payment. Such a statement can be provided by first compiling, then consolidating separate statements for the various groups of federal funds. The supporting detail required for the subsidiary statements yields an improved basis for estimating federal purchases of gross national product.

From a statement along the lines of Table 1 an over-all picture of the dealings of the federal government with the public can be obtained in a form that facilitates relating the broader detail of federal finances to various business indicators. Federal government payrolls can be related to other payroll data, federal procurement to data on production, federal credit to the portfolios of other credit institutions, etc. But if such a statement is to be currently useful, additional steps must be taken:

- i) The estimates should be brought down to date;
- ii) They should be put on a quarterly basis;
- iii) They should be projected into the future, in line with budgetary estimates.

For the uses here contemplated it is not necessary to have exact figures in an accounting sense. It should suffice to have statistical estimates, and on this basis the first two steps—the preparation of statements for more recent years and of quarterly statements currently—would involve difficulties chiefly of detail. A number of the items in Table 1 are already on a current basis; and several others can readily be derived from currently compiled series. However, some items cannot easily be carried through the years of peak wartime activity because of problems peculiar to these years, problems that remain to be solved in connection with the first two steps. Hence, despite the greater interest that attaches to recent figures, it was considered worth while to present the annual figures for the seven years ending with 1942 for consideration and criticism before attempting to put the consolidated federal statement of payments and balances on a current basis.

The third step is more complicated. Appropriation estimates are on what is technically called an 'obligations incurred' basis; Table 1 (except lines H, Q, and S, which are on a book credit basis) is on a cash basis.²⁰ Particularly in the case of procurement and construction, 'obligations' are often 'incurred' well in advance of payments, and even of charges to accounts receivable from the federal government on contractors' books. But over-all expenditure estimates have for some time been projected into the future and the Economic Report of the President includes estimates for 1947 for ten object categories; it should be possible to make quarterly expenditure projections along the lines of Table 1. And such projections would constitute an important instrument for a fiscal policy such as that contemplated by the Employment Act of 1946.

²⁰ Expenditure items other than those included under lines Q and S are in general on a cash basis in the sense that each transaction is deemed to take place when the check to pay for it (drawn on the Treasury) is paid by the Treasury. But there are some deviations from this rule in the case of Miscellaneous Federal Funds transactions.