Volume Title: A Study of Moneyflows in the United States

Volume Author/Editor: Morris A. Copeland

Volume Publisher: NBER

Volume ISBN: 0-87014-053-1

Volume URL: http://www.nber.org/books/cope52-1

Publication Date: 1952

Chapter Title: Moneyflows and Commodity Flows

Chapter Author: Morris A. Copeland

Chapter URL: http://www.nber.org/chapters/c0831

Chapter pages in book: (p. 85 - 97)

Chapter 5

Moneyflows and Commodity Flows

There are streams of commodities and streams of money which in a literal sense are constantly, though not steadily, moving in opposite directions. For the most part, raw materials are grown, extracted, and . . . moved on to factories . . . to wholesalers . . . to retailers; and finally . . . to consumers. At the same time, streams of money are moving in the opposite direction — a main stream becoming smaller and smaller as it flows from consumers to retailers, from retailers to wholesalers, from wholesalers to manufacturers, from manufacturers to producers of raw materials, and thence, mainly in the form of wages, back once more to consumers. This circuit movement characterizes the flow of money, but not the flow of commodities. Foster and Catchings, *Profits* (Houghton Mifflin, 1925), p. 251.

So economists have often thought. But there is something wrong with this picture, and it will help us to understand the money circuit if we try to see what it is. We have emphasized the contrast between the moneyflows accounts and the GNP account by saying that they portray our economy in two different perspectives. The picture in this quotation confuses these two perspectives.[1]

No doubt the various commodity flows all move forward in the channels of trade, from sellers to buyers. And there are various moneyflows with similar designations that move in the opposite direction. Also moneyflows move around a circuit, while the channels of trade appear to terminate with final purchases and the tributaries that combine to make up the main streams of commodity flows must have definite beginnings. This much of the picture is all right. But the circuit referred to in the quotation is not the money circuit. Nor is it the two sector circuit of national income and product accounting. It is a mixture of the two. The circuit flows that are cited by way of illustration are all moneyflows; they come from the national gross cash pay account and Table 8, the national customer moneyflows account. Some of them appear also in the GNP account, the flows from households to retailers on account of commodity purchases — these are final product purchases — and the distributive share payroll flows from businesses to households. The others are moneyflows that do not appear in the GNP account: the flows from retailers

[1] For a further comment on the quotation at the head of this chapter see the note at the end of Chapter 12.

to wholesalers, wholesalers to manufacturers, and manufacturers to raw material producers. But the quotation clearly implies that the circuit is completed by a balancing household account in which the only inflows are payrolls and other distributive shares and the only outflows final product expenditures. This way of completing the circuit belongs to the GNP perspective, not the moneyflows perspective, for it in effect identifies households with the ultimate sector and makes the household flows account into the national product account.[2]

The money circuit includes the flows cited in the quotation as opposites of commodity flows. But we cannot expect these product transaction moneyflows alone to yield a balancing account for households or for any of our other ten sectors. The sector moneyflows accounts include not only product transactions but also transfer payments and financial flows. And among financial flows we count the increment or decrement in the cash balance. There is no place in the circuit described by Foster and Catchings for changes in cash balances — final product expenditures equal the sources of funds derived from production transactions by the ultimate sector (chiefly distributive shares).[3] But surely there should be a place for money in the money circuit accounts.

1 *Customer Moneyflows and Instalments to Contractors*

Clearly we need both to distinguish between the two perspectives confused in our chapter head quotation and to see how they are related. In Chapter 4 we identified the household receipts recorded in four national moneyflows accounts as distributive shares. This gives us a large part of one side of the GNP account. Here we can make a substantial start on the other side. Expenditures on ultimate purchases of gross national product appear in the moneyflows accounts under various headings. We

[2] In this case into the national income account, but the distinction between the national income account and the GNP account is not pertinent to our present point.

[3] Foster and Catchings give a series of cases with imaginary figures entered in a streamlined form of moneyflows account for the business sector. Case X deals with an increase in the quantity of money. But the change in the cash balance does not appear as an item in this or any of their other imaginary moneyflows accounts.

Their cases all assume a simplified economy of three sectors: (a) a single extractive, manufacturing, and merchandising corporation, (b) households, and (c) the banking sector. There is no government sector, and the customer moneyflows and other product transactions of the banking sector are apparently assumed negligible. All this except (c) suggests they have the national income and product perspective in mind. And if all money — money equals currency and deposit liabilities of (c) — is assumed to be always in transit between transactors, changes in cash balances need not appear in the moneyflows accounts of (a) or (b). But it is not clear whether the authors intended this assumption.

shall call some of these moneyflows *customer expenditures,* some *gross rents,* and some *instalments to* (construction) *contractors.* The national accounts for these three types of transaction are considered in this chapter. Most but not all the moneyflows that reflect final purchases of gross national product are recorded in these three accounts, and a major portion of them in Table 8, customer moneyflows.

In Chapter 4 we saw that households incurred expenditures on gross cash pay and cash interest. These expenditures can now be identified as final purchases of gross national product. So also can household expenditures on gross rents and on instalments to contractors (see Tables 9 and 10). And in the case of Table 8 final product purchases by households equal what they spend as customers minus their receipts from sales of secondhand goods (line M minus line A). These five tables do not give us quite all of household expenditures on gross national product; two types of transactions we shall take up in Chapter 6 account for the small remaining portion, certain taxes paid by households and a part of their insurance premium expenditures.

Purchases of gross national product are often called final purchases, because the earlier purchases by merchants for resale are among the transactions screened out through consolidation. More precisely GNP purchases are final purchases new; subsequent secondhand transactions are also screened out. We deduct line A from line M in Table 8 on the assumption that the goods represented on line A are shortly reacquired by households, i.e., that line A is nearly the same as the existing asset value included in household purchases of secondhand items.

Households are not the only sector for which we can identify GNP expenditures at this stage. According to the definition of gross national product adopted in this study (it is spelled out in Chapter 10) final purchases by the rest of the world equal customer expenditures and interest and dividend expenditures minus receipts from customers and interest and dividend receipts (Tables 6, 7, and 8). The relation between the moneyflows account and the gross national product account is exceptionally simple for the rest of the world.

To a large degree customer moneyflows arise from transactions other than final purchases of gross national product. The total in Table 8 runs about twice gross national product.

For all other groups except households and the rest of the world we shall at this point say only that some part of their expenditures as customers — what part will be determined subsequently — represents gross national product purchases. The rest of these customer expenditures

TABLE 8 THE NATIONAL CUSTOMER

(Millions of

		1936	1937	1938
	RECEIPTS			
A	Households	120	140	120
B	Farms	8,400	8,900	7,700
C	Industrial Corporations	118,400	127,500	107,500
D	Business Proprietors and Partnerships et al	45,600	50,200	46,100
E	The Federal Government	740	880	1,000
F	State and Local Governments	1,000	1,240	1,300
G	Banks and U. S. Monetary Funds	360	360	360
H	Other Insurance Carriers	10	10	10
J	Security and Realty Firms et al	1,600	1,400	1,200
K	The Rest of the World	3,200	4,040	2,900
L	All Transactors	179,400	194,700	168,200
	EXPENDITURES			
M	Households	47,400	51,000	48,500
N	Farms	3,200	3,700	3,200
P	Industrial Corporations	83,500	88,600	71,200
Q	Business Proprietors and Partnerships et al	33,800	36,000	32,200
R	The Federal Government	1,600	1,550	1,700
S	State and Local Governments	2,180	2,440	2,580
T	Banks and U. S. Monetary Funds	260	260	240
U	Life Insurance Companies	360	390	380
V	Other Insurance Carriers	710	820	790
W	Security and Realty Firms et al	2,200	2,400	2,200
X	The Rest of the World	2,990	4,030	3,670
Y	All Transactors	178,000	191,200	166,600
Z	Net Dispositions of Money Not Accounted for	1,300	3,500	1,600

TABLE 9 THE NATIONAL INSTALMENTS

(Millions of

		1936	1937	1938
	RECEIPTS			
a	Industrial Corporations	1,800	2,200	1,920
b	Business Proprietors and Partnerships et al	2,700	2,800	2,880
c	All Transactors	4,500	5,000	4,800
	EXPENDITURES			
d	Households	660	800	800
e	Farms	40	60	40
f	Industrial Corporations	740	1,040	720
g	Business Proprietors and Partnerships et al	500	560	560
h	The Federal Government	200	200	240
i	State and Local Governments	1,500	1,400	1,400
j	Banks and U. S. Monetary Funds	40	60	40
k	Life Insurance Companies	10	20	10
m	Other Insurance Carriers	10	10	10
n	Security and Realty Firms et al	800	900	900
p	All Transactors	4,500	5,000	4,800

1/Less than $5 million.

MONEYFLOWS ACCOUNT

Dollars)

1939	1940	1941	1942	Source	
140	160	180	120	P&B-I-E	A
7,900	8,300	11,200	15,300	P&B-II-A	B
119,500	133,900	174,100	201,600	P&B-III-D	C
50,400	55,000	67,200	74,100	P&B-IV-D	D
1,160	1,160	1,620	3,520	P&B-V-C	E
1,360	1,460	1,740	1,880	P&B-VI-C + D	F
360	380	380	380	P&B-VII-D	G
10	10	10	10	P&B-IX-D	H
1,200	1,400	1,600	1,200	P&B-X-D + E + F + G	J
3,200	3,480	4,320	4,380	P&B-XI-C + D + E	K
185,200	205,200	262,300	302,600	A thru K	L
51,200	55,100	63,700	69,700	P&B-I-T	M
3,500	3,800	4,600	5,300	P&B-II-L	N
81,500	92,000	119,800	125,700	P&B-III-R	P
36,600	40,900	50,200	51,000	P&B-IV-Q	Q
1,800	2,200	9,750	42,450	P&B-V-P	R
2,800	2,920	2,980	2,900	P&B-VI-R + S	S
220	280	300	320	P&B-VII-N	T
380	420	440	450	P&B-VIII-P + Q	U
810	870	960	960	P&B-IX-M + N	V
2,400	2,600	3,100	3,000	P&B-X-R	W
3,810	4,880	5,430	4,260	P&B-XI-P + Q + R	X
185,000	206,000	261,200	306,000	M thru X	Y
200	- 800	1,100	- 3,400	L minus Y	Z

TO CONTRACTORS ACCOUNT

Dollars)

1939	1940	1941	1942		
2,200	2,480	3,460	4,660	P&B-III-E	a
3,300	3,900	5,900	7,400	P&B-IV-E	b
5,500	6,400	9,400	12,000	a + b	c
1,040	1,200	1,420	800	P&B-I-U	d
60	60	80	60	P&B-II-M	e
680	1,020	1,400	1,140	P&B-III-T	f
700	700	940	920	P&B-IV-S	g
320	720	2,840	7,160	P&B-V-M	h
1,500	1,500	1,400	1,200	P&B-VI-T	i
40	60	60	20	P&B-VII-P	j
10	10	20	10	P&B-VIII-R	k
10	10	20	1/	P&B-IX-P	m
1,100	1,100	1,200	800	P&B-X-T	n
5,500	6,400	9,400	12,000	d thru n	p

Note: Due to rounding columns may not precisely downtotal.

reflect intermediate transactions that cancel out in the consolidation that yields the gross national product account.

The customer moneyflows account is obviously a large and heterogeneous class of transactions. It covers all commodity sales — using commodity in the narrower sense of tangible personality — and all service sales not elsewhere (Tables 4 through 7, 9, and 10) classified. The case for additional detail by type of transaction is undoubtedly stronger for customer moneyflows than for any other (nonfinancial) national moneyflows account we shall show. However, for the reasons indicated in Chapter 3 it did not seem feasible to attempt such detail in this exploratory study. An analysis of customer moneyflows by type of transaction (e.g., into durable commodities, nondurable commodities, and services) would contribute to our knowledge of gross national product purchases, but alone it would not enable us to say how much of gross national product any of the remaining nine transactor groups purchased. We are not ready to answer this question, but we can indicate something of the problems it entails.

For all transactor groups except households nearly all receipts from customers represent business — or quasi-business — operating revenues. For households, receipts from customers represent sales of second hand furniture, autos, clothing, etc. But the fact that the sale of a motor by the General Electric Company is credited to its operating revenues does not mean that the purchaser charges the expenditure to his current operations. The expenditures recorded in Table 8 include both out of pocket current expenses and out of pocket outlays on capital equipment. A somewhat similar situation prevails with respect to instalments to construction contractors (Table 9). The receipts recorded are operating revenues for the construction industry. The expenditures include both repair expenses and outlays on new capital improvements.

The distinction between out of pocket current expenses and out of pocket capital outlays is not a distinction between different types of transaction; it is what is called a character of expenditure distinction. But it is a distinction we shall need presently to draw to estimate gross national product purchases for most of the transactor groups other than households and the rest of the world.

2 *Book Credit as a Money Substitute*

The accounts in Tables 8 and 9 have another special feature in common. The national moneyflows accounts for all other types of transaction are, for substantially all intents and purposes, on a cash basis. It is true that

some of them are technically accrual items, as we mentioned in Chapter 4; but, wherever we admit an accrual basis figure into the moneyflows accounts in lieu of one on a cash basis, it is because we have estimated the difference between the two to be too small to show. In Tables 8 and 9, however, we intentionally report transactions on other than a cash basis. Table 9 is on what may be termed a book credit basis, and Table 8 is partly so (the cash sales are on a cash basis). Hence it has seemed wise to refer to the financial statement for each transactor group — the simplified statements in Table 2 for households in columns 1 and 2 and for other transactors in columns 3 and 4, and the fuller statements in Chapter 7 — as statements on a moneyflows basis. All the receipts and expenditures listed on these statements, except instalments to contractors and receipts from and expenditures by charge account customers, are on substantially a cash basis.

The distinction between recording a charge account transaction on a cash basis and recording it on a book credit basis is essentially one of timing. A cash basis of recording a purchase of this kind means assigning the purchase to the period in which settlement is made. For the moment it is convenient to say that a book credit basis of recording means assigning it to the period in which title to the article purchased passes from seller to buyer. This language is appropriate for most, but not for all, charge account transactions.

In Chapter 2 we noted that MV is ordinarily somewhat larger than PT. Another difficulty with the equation of exchange is that MV and PT are not synchronous. MV records purchases as occurring at the time of settlement; PT records them as occurring when the title passes,[4] or, at any rate, T does; P may precede T. Whenever the settlement of a trade obligation occurs at a time other than when the transactor becomes obligated to make payment, it may be necessary to distinguish between recording on a cash and on a book credit basis. For the purposes of this study the distinction is of consequence only in connection with customer moneyflows and instalments to contractors. In these transactions settlements are frequently made appreciably later than the expenditures are incurred. But during World War II the Federal government engaged extensively in prepayments.

In developing a set of moneyflows measurements that can be assembled into a series of national accounts it is surely desirable to have all the receipts and expenditures in any one national account conform to a

[4] Cf. Wesley C. Mitchell, *Business Cycles: The Problem and Its Setting* (National Bureau of Economic Research, 1927), p. 130.

standard rule of timing. Uniformity in timing is one of the three types of accounting uniformity referred to at the end of Section 2 in Chapter 4. In each national type of transaction account a uniform timing rule is called for; otherwise, differences in timing might give rise to substantial and possibly eccentric account discrepancies. While there is a material discrepancy in the customer moneyflows account, this is believed to be due chiefly to factors other than failure to achieve uniformity in the timing of receipt and expenditure entries. In Table 8 and also in Table 9 the attempt has been made to show customer moneyflows and instalments to contractors as expenditure items for the payers at the same time that these transactions appear as operating revenues on the books of the recipients.

In Chapter 2 we saw that a quadruple entry underlies each transaction, thus:

1) Customer Dr customer expenditures
2) Customer Cr cash
3) Dealer Dr cash
4) Dealer Cr receipts from customers

Uniformity in timing means that entries (1) and (2) and entries (3) and (4) must be synchronous. But this journal formula refers to a cash sale. When we are dealing with a sale on open account we must change the wording in entries (2) and (3): under (2) credit customer's trade payables and under (3) debit dealer's trade receivables. We have noted the need for including in our system of social accounts figures not only on cash but also on related balances. Because Table 9 and a substantial part of the transactions in Table 8 are on a book credit basis, we must include among these related balances the balance of the trade receivables account and that of the trade payables account for each transactor group. These accounts are considered in Chapter 8.

Uniform timing of entries (1) and (2) and entries (3) and (4) for Tables 8 and 9 could be achieved on either a cash or a book credit basis. Three main considerations favor using the latter for charge account transactions. First, book credit has often been thought of as a money substitute; if we are to see how this substitute operates we must show it in the moneyflows accounts. Secondly, when we have receipt and expenditure figures reported on a book credit basis and have the opening and closing balances of the trade receivables and trade payables account also, we can estimate the cash basis figures (settlements received and settlements made). Thus expenditures minus the increment in trade payables equals settlements made, including offset settlements. But if we had only cash basis or settlements figures we could not derive the book credit basis figures. Thirdly, we set out in Chapter 2 to relate moneyflows

and gross national product purchases. The charge account purchases included in total gross national product purchases are for the most part reported on a book credit rather than a cash basis. The problem of relating moneyflows and gross national product purchases is therefore made easier by adopting the book credit basis for the charge account transactions.

In favor of adopting a strict cash or settlements basis for the customer moneyflows and the instalments to contractors accounts it may be urged that only on this basis can these accounts be said to portray moneyflows, if the term moneyflows is construed strictly. But our consideration of strict construction has gone far enough so that it must be clear there have been different schools of thought on this subject. If all three-cornered offset settlements were to be excluded from the money circuit, there would be scarcely anything left of it. The first passage we cited from Mill's *Principles* in Chapter 4 surely indicates he had book credit in mind as a form of credit that temporarily answers the purposes of money. We believe with Mill that this is a reasonable way to identify a money substitute, and that such substitutes should be included when we define the money circuit, and be included for the fiscal periods in which they are effective. Accordingly we shall construe moneyflows to include the flows in which book credit acts as a money substitute and speak of Tables 8 and 9 as portraying moneyflows. This procedure greatly facilitates interpretation of the accounts; it does not interfere with relating customer moneyflows and instalments to contractors to cash balances; it merely requires us in the process to consider the balances in the trade receivables and trade payables accounts along with cash balances.

In discussing the meaning of the book credit basis we have so far used language that covers most of the transactions in Table 8, but that is too simple to cover all the cases we have to take into account. Particularly for Table 9 we must have a more precise formulation. While commodity purchases on open account can in general be said to take place when title passes, this way of speaking is at best extremely awkward when we come to construction contracts. For them we need to regard each progress payment as it falls due as a separate transaction. Speaking precisely, we shall say that a book credit moneyflows transaction takes place when the recipient transactor enters the transaction on his books, crediting his receipts from customers (or instalment receipts account) and debiting trade receivables.

TABLE 10 THE NATIONAL

(Millions of

		1936	1937	1938
	RECEIPTS			
A	Industrial Corporations	540	540	500
B	Business Proprietors and Partnerships et al	200	220	220
C	The Federal Government	10	30	30
D	State and Local Governments	50	60	50
E	Banks and U. S. Monetary Funds	90	100	100
F	Life Insurance Companies	180	200	190
G	Other Insurance Carriers	10	20	20
H	Security and Realty Firms et al	6,100	6,500	6,700
J	All Transactors	7,200	7,700	7,800
	EXPENDITURES			
K	Households	3,300	3,600	3,800
L	Farms	460	440	400
M	Industrial Corporations	1,800	1,940	1,820
N	Business Proprietors and Partnerships et al	1,200	1,300	1,400
P	The Federal Government	20	30	30
Q	State and Local Governments	10	10	10
R	Banks and U. S. Monetary Funds	50	50	50
S	Life Insurance Companies	30	30	30
T	Other Insurance Carriers	20	30	30
U	Security and Realty Firms et al	260	240	220
V	All Transactors	7,200	7,700	7,800

TABLE 11 THE NATIONAL ACCOUNT OF NET

(Millions of

		1936	1937	1938
	RECEIPTS			
W	Households	600	600	600
X	Farms	100	100	100
Y	Life Insurance Companies	- 220	- 60	40
Z	All Transactors	480	640	740
	EXPENDITURES			
a	Industrial Corporations	100	100	100
b	Business Proprietors and Partnerships et al	100	100	100
c	The Federal Government	0	0	0
d	Security and Realty Firms et al	300	400	520
e	The Rest of the World	- 10	40	20
f	All Transactors	480	640	740

Note: Due to rounding columns may not precisely downtotal.

GROSS RENTS ACCOUNT

Dollars)

1939	1940	1941	1942	Source	
520	560	620	700	P&B-III-C	A
220	240	240	260	P&B-IV-C	B
30	30	60	110	P&B-V-B'	C
50	50	50	60	P&B-VI-B	D
100	90	90	90	P&B-VII-C	E
200	190	190	180	P&B-VIII-C	F
20	20	20	20	P&B-IX-C	G
6,900	7,100	7,800	8,500	V minus A thru G	H
8,000	8,300	9,100	9,900	A thru H	J
3,900	4,000	4,300	4,500	P&B-I-S	K
440	460	660	960	P&B-II-K	L
1,860	1,920	1,880	2,180	P&B-III-Q	M
1,500	1,500	1,800	1,700	P&B-IV-P	N
30	40	40	130	P&B-V-N	P
10	10	10	10	P&B-VI-Q	Q
50	40	40	40	P&B-VII-M	R
30	30	30	30	P&B-VIII-N	S
30	30	30	30	P&B-IX-L	T
240	240	220	220	P&B-X-Q	U
8,000	8,300	9,100	9,900	K thru U	V

PAYMENTS FOR REAL ESTATE TRANSFERS

Dollars)

1939	1940	1941	1942		
600	600	600	600	P&B-I-F	W
100	200	200	200	P&B-II-B	X
- 20	20	140	180	P&B-VIII-D	Y
680	820	940	980	W + X + Y	Z
100	100	100	100	P&B-III-S	a
100	100	100	100	P&B-IV-R	b
0	100	300	300	P&B-V-Q	c
480	480	460	460	P&B-X-S	d
10	30	- 30	20	P&B-XI-S	e
680	820	940	980	a thru e	f

3 *Rents and Real Estate Transfers*

On a book credit basis both the instalments to contractors account and the customer moneyflows account (with relatively minor exceptions) represent operating revenues for most recipient transactors. The same is true of the national gross rent account (Table 10), although this account is on substantially a cash basis. Since the ownership of rental properties is regarded as a business, households receive no rent. As we saw in Chapter 4, they receive instead net owner takeouts from the business of lessorship. When a business's operating revenues are chiefly rents, when it is chiefly a lessor, it is classified in Group X;[5] the bulk of rent is received by Group X, security and realty firms et al.

There is another corollary of the treatment of lessors as businesses in the handling of residential construction in Table 9. The household expenditures item in the national instalments to contractors account, line d, refers exclusively to owner occupants. Other residential contract construction in this table is part of the expenditures of security and realty firms et al, line n.

The account in Table 11 gives crude estimates of the moneyflows resulting from real estate transfers. It is perhaps stretching the term commodity flows to treat real estate as a commodity, but we have used 'commodity flows' in our chapter title in the broader sense often assigned to it: real goods and services as distinguished from abstract goods such as stocks and bonds. Strictly speaking only Table 8 involves commodities, and even in this table services are included. But Table 11 differs from the other three tables considered in this chapter in that transfers of titles to land from one U. S. transactor to another never represent final purchases of gross national product. Real estate sales are always second

[5] Rent receipts by Group X include receipts of corporations. Net owner takeouts for this group include takeouts for all types of unincorporated enterprise included in the group. Rent receipts and net owner takeouts for Group X should not be compared.

One technical deviation of the account in Table 10 from a strict moneyflows basis may be mentioned. In general, the rents are gross. But the item rents paid by farms excludes rents paid by one farm to another; moreover, from rents paid by farms to nonfarm landlords there are deducted farm operating expenditures by such landlords for interest, contract construction, and taxes, and farm operating expenditures by such landlords as customers. These deductions are included as farm expenditures in Tables 7, 8, 9, and 12 (see the following chapter for Table 12). This procedure is not in conformity with a strict interpretation of the term moneyflows, but the figures affected are relatively small, and this deviation from a moneyflows basis facilitates comparisons with Department of Agriculture figures.

Another technical characteristic of Table 10 should be mentioned. For tenant occupied dwellings the figures report space rents; for other rental properties they report contract rents.

hand sales. For improvements on real estate, first hand sales appear in Table 9 and to some extent in Table 8; there are no first hand sales of sites.

Table 11 deviates from a true moneyflows basis in that expenditures for real estate acquisitions are deducted from receipts from real estate sales for each transactor group. Table 11 should have been on a gross basis, but with existing data it did not seem worthwhile to attempt it. The account is too rough to be of any particular value by itself, but some portrayal of real estate transactions is needed to round out the financial statements for the various transactor groups.

Three of the four national accounts discussed in this chapter show no discrepancy. In the case of Table 10 this is because the rent receipts of security and realty firms et al have been estimated as the balancing item in the account. In Table 9 receipts were analyzed by type of construction and each constituent receipt series apportioned against the paying transactor groups. An analogous procedure was followed in Table 11. It would have increased the work materially to follow this procedure in Table 8; short-cuts in estimating are mainly responsible for the discrepancy.

Deviations from a uniform timing of entries may be a minor factor in the discrepancy in the customer moneyflows account. This national account is affected also by another type of deviation from uniform accounting procedures. Our classifications of transactions by type are not quite standardized. We shall not here go into the reasons which have led us to deviate from a uniform scheme of account classification; they are considered in Chapter 8. But we may illustrate this type of nonuniformity. When an incorporated domestic producer sells gold to the Federal government's gold account, the transaction is reflected in line C of Table 8 as a receipt from a customer. But the contraentry is not reflected in line T. It becomes a component of the increment in the monetary gold stock, and we shall treat the gold stock as a species of loanfund receivable.