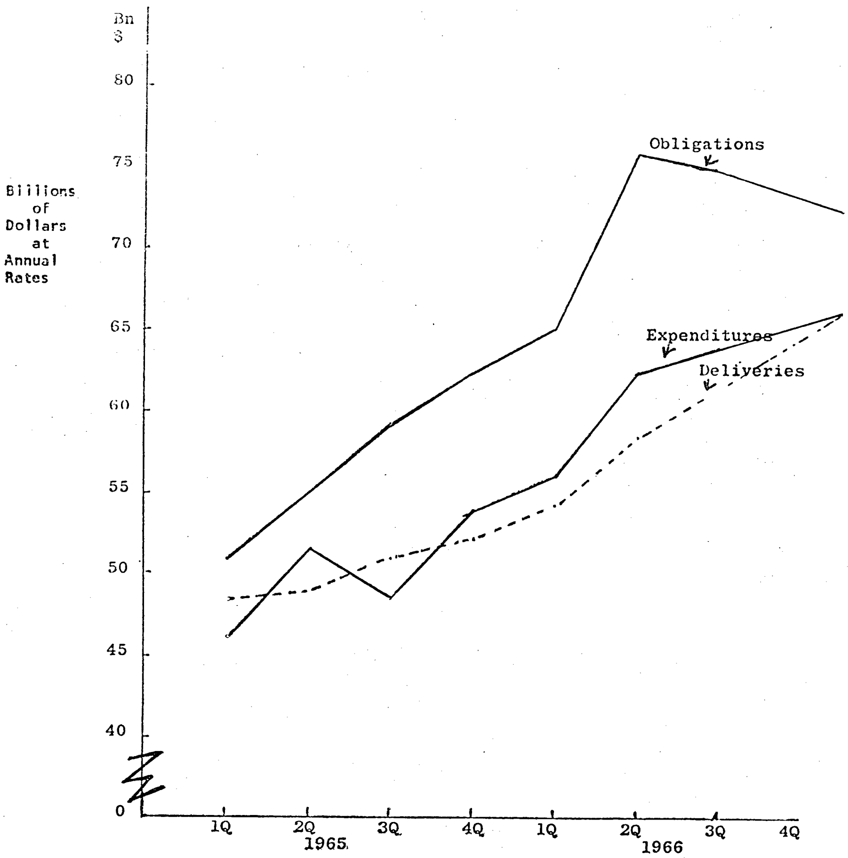
Figure 2: DEFENSE OBLIGATIONS, EXPENDITURES AND DELIVERIES a



Source: Departments of Commerce and Defense

a/ Seasonally Adjusted

Other difficulties arise, of course, from a factor emphasized earlier—the different rates of military resource utilization that are obtained by using lead indicators (obligations) or more coincident indicators (expenditures) or lagging indicators (deliveries or purchase). Figure 2 shows the different time patterns yielded by these three series.

The statistical appendix to this paper brings together various measures of U.S. military spending to provide the reader with additional insights into the impacts on the American economy. Unfortunately, no standard pattern emerges either from the raw data or from the analysis of the rates of change. The need for fundamental improvements in the economic information system as it relates to the public sector and its impacts on the private sector becomes more urgent. Typical is the plea of Professor Arthur Burns, a former chairman of the Council of Economic Advisers, for "information on prospective federal revenues and expenditures, quarter by quarter, similar to the information that the government now compiles on business sales expectations and investment intentions." [29]

[29] Arthur F. Burns, *The Economic and Financial Outlook*, Manufacturers Hanover Trust Company, December 1966, p. 8; see also testimony of Paul W. McCracken in U.S. Congress, Joint Economic Committee, *The 1967 Economic Report of the President*, Part 1, February 1967 (hereafter referred to as *Hearings on 1967 Economic Report*).