ment, provided that the agencies involved are directed to do so. The derivation of the quarterly obligations series is as follows:

1. *Department of Defense (military functions) and foreign military assistance.* The obligaton figures for this category were obtained from the Department of Defense release, *Monthly Report on Status of Funds.* Although the concept of "obligations" used in the *Status of Funds* report is not precisely the same as that in the budget document, the annual totals are fairly close and the conceptual differences are relatively minor.[76] This report covers almost half of the total annual obligations to the Federal Government in recent years.

2. *Interest.* The figures for this category were obtained by using the data on budget expenditures for interest reported in the monthly *Treasury Bulletin.* This could be done because interest payments on the public debt are recorded both as budget expenditures and as obligations when the payable interest accrues rather than when cash actually is paid. This category covers approximately 10 percent of the total annual obligations at the present time.

3. *All other programs.* For historical periods, the annual obligations figures (other than interest and defense) can be converted to quarterly estimates by reference to the seasonal patterns which Federal procurement activities have generally followed through the years.

There is usually a high rate of obligating during the first few months of the fiscal year as the agency commits its new funds for the programs which it has already planned. A downturn in ordering usually takes place in the fall and carries through until the spring. A sharp increase in obligations occurs in the closing months of the fiscal year, due in part to the desire of agency officials to fully obligate their funds by the close of the fiscal year to avoid "losing" unobligated funds. Ordinary prudence would dictate to an administrative official that he maintain, in effect, an emergency fund for unforeseen contingencies by holding up until the end of the fiscal year outlays for certain desirable but postponable items.

This assumed seasonal pattern of Federal purchasing has been affirmed by the limited studies which have been made on the subject. An analysis of government purchasing for the Temporary National Economic Committee noted the concentration of government purchase orders in the latter part of the fiscal year 1938.[77]

In his study of military procurement during World War II, John Perry Miller noted the tendency for the award of contracts to be "heavy" in the second quarter of each calendar year (the last 3 months of the fiscal year). He states that this was clearly a reflection of the desire of the agencies to commit funds before the end of the fiscal year to avoid the lapse of unobligated amounts.[78]

The monthly obligation series for the last several fiscal years reported by the Treasury *White Book* also generally support the hypothesis. An analysis of the *White Book* renders the following

[76] For example, the *Status of Funds* report list obligations incurred by the Department of Defense (military functions) in the fiscal year 1954 as $30 billion, while Budget Bureau worksheets incidate $32 billion for the same period.

[77] Clem C. Linnenberg and Dana M. Barbour, *Government Purchasing—An Economic Commentary* Temporary National Economic Committee, Monograph No. 19, Washington, Government Printing Office, pp. 144–145.

[78] Miller, *op. cit.*, p. 25.