during this period were taking place in the defense programs. In future periods, movements in non-defense programs may be the dominant feature in Federal spending patterns, and the rough approximations used here might not suffice so readily.

PRODUCTION ON GOVERNMENT ACCOUNT

In order to measure the production in the private sector on government account, a breakdown is needed in the current reports on business inventories showing how much relates to private orders and how much to government orders. Such information is not now available.

It would be difficult to obtain a breakdown of inventories between "government account" and others. Large amounts of equipment ordered by the Government are made in the same plants as producers' equipment and often from similar parts or materials. Many goods purchased by the Government are similar to or identical with civilian goods and are often made alongside them, with orders sometimes filled with common stocks. Problems would also be encountered in connection with subcontractors who are not always aware of the nature or destination of the final products into which their output is incorporated.

A limited attempt at measuring the amount of government-ordered production can be made through the use of the quarterly reports on the financial position of American corporations, which are jointly prepared by the Federal Trade Commission and the Securities and Exchange Commission. These reports, in presenting a consolidated balance sheet of corporations, show the amounts receivable by business from government and the amounts advanced by government, usually in the form of progress payments. These figures can be taken as a rough indication of the amount of production which has been completed and not yet paid for.

A number of companies do not list receivables from the Federal Government separately in their report.[80] Second, the receivable items measure a later stage of the process than is desired. They represent the completion of a certain amount of productive effort from the accountant's viewpoint of liability while the ideal measure would be the actual amount of production being carried on and the actual amounts being paid to the factors of production. Finally, in the case of continuing or "followon' orders, the levels of inventories add receivables remain fairly constant over an extended period, although considerable amounts of production are carried on and completed.

Nevertheless, this series provided a helpful indication of the amount of production currently being performed on government account in World War II. For example, at the outset of the defense program in December 1939, receivables from the Federal Government of 1,228 registered corporations were only $21 million. On December 1941, the time of the attack on Pearl Harbor, these receivables were only $525 million. However, by December 1943, the peak period of war production, they had risen to $4.1 billion. As of December 1944, these receivables totalled $3.8 billion and by June 1945 they had declined to $3.3 billion.[81]

[80] Many companies have complained that they have difficulty in obtaining reports from the Government as to what their receivables are (accounts payable on the Government's books). Carman G. Blough, "Confirmation of Government Receivables," *Journal of Accountancy*. October 1955, p. 69.

[81] Securities and Exchange Commission, *Working Capital of 1228 Registered Corporations*, released dated Dec. 5, 1945, Washington.