

process necessitate taking measurements of the governmental spending stream at earlier phases than merely at the completion stage represented by deliveries or payments.

It may well be that different kinds of measures are needed at different periods in the development of government programs and for various types of governmental programs.

When the Government is about to embark upon a new program, often the most useful indicator of the scope of this new activity will be the amount appropriated for it by the Congress. A series on new obligational authority would furnish the needed information in this case and would furnish also some insight to any "announcement" effects.

A more direct indication of the current effect on the economy can be the aggregate of the orders placed and contracts let. A series on Federal obligations incurred would provide the necessary information in this instance and, in general, the most convenient measure of the progress being made on a government program.

Changes in the size of government programs often show up in the new obligational authority and obligations incurred series significantly earlier than in the expenditure series. This is especially the case where a long production period is involved between the time commodities are ordered by the Government and the time they are produced. Moreover, such production typically takes place in the private sector of the economy and only appears in the public sector when the delivery and payments are made. Hence, the two "lead" series on governmental spending would, in these instances, help to indicate the extent to which developments in the private sector arose in response to changes in the public sector and were mainly part of the governmental procurement process.

Where the increase in government activity consists mainly of payments made directly to the public, such as veterans' pensions or relief, a series on expenditures would be of particular value. Except for a comparatively minor amount of advance and progress payments usually made to contractors on large production or construction orders, the expenditure of public money represents the completion of the program concerned rather than the dynamic period of its development.

The use of any of these measures need not be mutually exclusive and their contribution may be additive. What is needed is not a single standard measure of Federal spending but a tool kit of series, each of which is adapted to special analytical purposes. The addition of economic series measuring the early stages of the Federal spending process to the conventional series which emphasize the terminal stages may help better to meet the needs of the various situations that can occur.

This specific recommendations that arise from this study are that series on new obligational authority granted by the Congress and obligations incurred by government agencies be computed regularly by the Federal Government and that they should be published in the standard compendia of economic statistics. They should be supplemented from time to time by reports on unobligated balances and on unpaid commitments outstanding.