

made in the method of measuring the surplus or deficit. The balance of payments statistics are arranged according to a double entry type of accounting system in which each transaction appears as a debit as well as credit entry. For example, transfers of goods or services usually have a counterpart on the other side of the account in capital transactions. For all transactions the accounts must balance; a failure of all known transactions to do so is remedied by inserting an "errors and omissions" entry to achieve the equality. A balance may be struck between the debit and credit entries attributed to any particular category of transactions or group of categories (such as merchandise trade, or all goods and services). Various methods of grouping have been used for the purpose of computing a single balance to indicate whether the international transactions of the country are in surplus or deficit.

The Committee recommended the use of what it called the "official settlements" method whereby surplus or deficit is measured by reserve transactions and, when appropriate, special intergovernmental transactions. This recommendation was a principal subject of hearings held by the Subcommittee on Economic Statistics of the Joint Economic Committee in May and June of 1965. The Subcommittee recommended the adoption of the Review Committee's recommendation. In August 1965 the Cabinet Committee on Balance of Payments, following consideration of proposals regarding Review Committee recommendations formulated by a special committee of Cabinet-Committee agencies, also (*inter alia*) recommended adoption of the "official settlements" measure. The presentation of U.S. balance of payments statistics showing the official settlements balance first appeared in December 1965. The new measure did not replace the previous balance, referred to as the "liquidity balance". Both appear in the official presentation of the balance of payments.

#### *Technical Advisory Committee*

A second important recommendation which has been adopted concerns the organizational arrangement within the U.S. Government for the improvement of the balance of payments statistics. Noting that the Bureau of the Budget, by law, is assigned responsibility for coordination of Government statistical activities, the Committee stated that: "In the broader role of seeing that the quality of the data and their presentation are maintained and improved, the OSS (Office of Statistical Standards in the Bureau of the Budget) has not taken the firm lead that is needed to make the system work most effectively." Accordingly, the Committee recommended, as one remedial measure, that the OSS "should chair a permanent inter-agency committee in which issues of data adequacy, statistical classification, and presentation may be discussed." As a result the Technical Advisory Committee on Balance of Payments Statistics was established in October 1965, and has met frequently. In addition to the Budget Bureau, the Committee includes representatives from the Departments of Commerce and Treasury, the Federal Reserve Board, and the Council of Economic Advisers.

#### *Changes in Tabular Presentation*

A third recommendation has led to a substantial revision in presentation of the balance of payments statistics. The Committee recommended that the then existing tabular presentation in the *Survey of Current Business* be replaced by a new group of tables, along lines outlined in detail in the Report. Work on revision of the tabular presentation of the balance of payments statistics was carried out within the Technical Advisory Committee. New tables were published in the June 1966 issue of the *Survey*. The new presentation served mainly to eliminate from the summary table any explicit combining of items which would seem to provide a single measure of the U.S. payments balance, and to clearly provide in the summary table a framework from which the supplementary analytical table could be derived.

#### *Five-Year Cycle of Investment Censuses*

The Review Committee supported requests made to Congress by OBE in 1963 and 1964 that the staff of the Balance of Payments Division (BPD) be augmented. The Office of Business Economics received funds for 13 additional positions in fiscal year 1967. This permanent increase in staff will permit carrying out a project endorsed by the Committee, namely, that the Balance of Payments Division conduct a five-year cycle of censuses of U.S. assets abroad and foreign assets in the U.S. Work on planning for the census of U.S. investments abroad,