

Bases Used in Statistical Tables

Beginning with this issue, the Bulletin will attempt to state in a footnote or headnote to each statistical table the basis on which that table is compiled. Because different bases are used figures in one table may differ slightly from figures in another table although the classifications would seem to indicate that the figures should be the same. For instance, income tax collections shown in the detailed internal revenue tables do not agree exactly with the income tax figures shown in the summary table on a preceding page. These figures differ because the detailed revenue tables are compiled from reports submitted by collectors of internal revenue whereas the figures in the summary table are on the basis known as "Daily Treasury Statements unrevised." The following explanation will attempt to set forth the differences between these various bases.

Daily Treasury Statements unrevised. The statement of current assets and liabilities, receipts and expenditures and public debt which the Treasury Department publishes in the Daily Statement is compiled principally from mail reports sent to the Treasurer of the United States by Treasury officers and depositaries throughout the country. Figures on this statement for any given day are a composite of all the reports received by the Treasurer on that day. The Daily Statement of a given date does not show all the transactions which actually transpired on that day; it shows instead all the transactions which were reported to the Treasurer and cleared through his accounts on that date. For instance, the report of receipts or expenditures clearing through the San Francisco fiscal agent on Monday might not be received by the Treasurer until Wednesday and would, therefore, appear on the Daily Statement dated Wednesday although the transactions are dated Monday at San Francisco. Most of the receipts and expenditures, public debt, general fund and gold and silver asset tables in this Bulletin are compiled from the Daily Statements unrevised.

Daily Treasury Statements revised. If the report of a transaction which took place on one of the last days of a month or a fiscal year is not received by the Treasurer until some later date, this transaction will appear in the unrevised Daily Statement for the succeeding month or fiscal year instead of appearing in the month or year in which it cleared through a Government depository. When the Daily Statement figures are revised to place these transactions in the month or year in which they actually occurred, the revision is designated as "Daily Treasury Statements revised." In other words, this basis reflects all transactions occurring at Government depositories during a given month or year without regard to the time the transfers cleared through the Treasurer's Washington accounts.

Reports by Collecting Officers. In order to publish information on revenues by itemized sources, the Treasury, once each month, obtains from collectors of internal revenue and customs a detailed statement of collections. These officers report their collections on the basis of the money which they actually received during the month or year in question. Therefore, monthly or yearly totals reported on this basis will not tally exactly with either the Daily Treasury Statements unrevised or revised. For instance, funds which a collector received on January 31, and which he included in his January report, might not appear in the Daily Statement unrevised until some time in February when the report is received by the Treasurer of the United States. On the other hand, if a collector received certain money before the end of January but did not deposit it with a Government depository until February that sum would be included in his January report whereas it would not appear in revised or unrevised Daily Treasury Statement figures until February.

Figures on receipts on a collections basis do not reflect all payments made to collectors at rush periods when some mail may not be opened on immediate receipt. On the other hand, the "collections" basis includes certain trust items which do not appear in the general and special revenue items on the Daily Treasury Statement. Current and historical tables on internal revenue by detailed sources are the only ones in this Bulletin compiled from collectors' reports.

Other Bases. Some tables in this Bulletin are compiled from special reports furnished to the Treasury by other agencies. In these instances the Treasury itself is not the original source and the tables usually are labeled "On the Basis of Latest Reports Received by the Treasury."

In other publications, the Treasury uses certain other standard bases for compilations, the most important of which is the "warrants issued basis." This Bulletin contains no tables which use these other bases, but an explanation of them can be found in the Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1938, pages 351-353.

Cash Income and Cash Outgo. The statistical series on Cash Income and Outgo had never been published by the Treasury prior to the first issue of this Bulletin. The series is still in an evolutionary stage. The removal of trust accounts from the Daily Statement summation of receipts and expenditures, the growth in importance of the social insurance reserve accounts and the removal from the Daily Statement summation of agencies financing themselves - all these changes, which have been made in recent years, have changed the character of the Daily Statement figures and given rise to a need which these cash income and outgo figures are intended to fill.

The intention is to make these figures reflect three things: (1) all cash disbursed by the Treasury, including cash redemptions of adjusted service bonds, but excluding cash disbursed to redeem other Treasury bonds, notes, etc.; cash redemptions of adjusted service bonds are included for reasons given below, (2) all cash received by the Treasury exclusive of cash received from public sales of Treasury or Government guaranteed obligations, and (3) the excess cash income or outgo on this basis. Because the Treasury books are not on the strictly cash basis which these figures contemplate, this series has had to be built up by amending and rearranging figures which appear originally on the Daily Treasury State-

ments unrevised. The system for making these rearrangements has been only tentatively worked out. If changes in the basis for compiling the figures are decided upon, these changes will be explained as they are made.

The method tentatively decided upon for deriving the cash income and outgo figures from the Comparative Analysis of General and Special Accounts which appears on page 2 of the Daily Treasury Statements involves the following principal changes in the Daily Statement figures:

(Adjustments in receipts figures)

(1) General and special receipts on the Daily Statement are reduced by the amount of interest received on certain Governmental corporation obligations purchased by the Treasury because these transactions are intra-Governmental.

(2) Trust fund receipts are included in the cash income total on the following adjusted basis: total trust fund receipts minus (a) the non-cash receipts of the old age insurance and railroad retirement accounts, (b) interest credited to such accounts, (c) the interest credited to other trust accounts having their funds invested in special issues, and (d) non-cash receipts of other trust accounts; none of these items are cash items. The Analysis on page 2 of the Daily Statement includes no trust fund receipts.

(Adjustments in expenditure figures)

(1) The cash outgo total does not include the Daily Statement expenditure item known as "Transfers to Trust Accounts, etc." because these transfers are not cash transactions.

(2) The cash outgo total also excludes that portion of the Daily Statement expenditure item for "Interest on the Public Debt" which represents interest paid to the old age reserve, railroad retirement, and unemployment insurance accounts and other trust accounts because these payments are non-cash.

(3) The cash outgo total differs further from total General and Special Account expenditures because the cash figures do not include "Debt retirements (Sinking Fund, etc.)." This Daily Statement item is excluded from the cash figures for reasons explained in paragraph (5) below.

(4) The cash outgo total also differs from total General and Special Account expenditures because the cash figure includes trust fund expenditures (which are omitted from the expenditure total on page 2 of the Daily Statement) on the following adjusted basis: total trust fund expenditures minus (a) the non-cash "Investments" in the old age reserve, unemployment trust, and railroad retirement and other trust accounts, and (b) any funds deposited in or withdrawn from Treasury checking accounts as the result of open market sales or redemptions of obligations by self-financing agencies like the RFC, CCC, or USHA.

(5) The cash outgo total also includes cash paid out to redeem adjusted service bonds whereas the Analysis on page 2 of the Daily Statement does not show cash redemption of the bonds, but issuance of the bonds. Issuance of the bonds is not a cash transaction whereas their redemption is. Redemption of the adjusted service bonds is included in these cash figures although cash redemptions

of other public debt obligations (mentioned in paragraph 3 above) are not. This distinction between adjusted service bonds and other public debt items is based on the fact that the bonus bonds represented an original payment by the Government whereas redemption of other publicly-held Treasury obligations is a repayment of money previously borrowed.

An excess of cash outgo arrived at on this basis represents the portion of Treasury disbursements which has been financed or must ultimately be financed through net sales of Treasury or Government guaranteed obligations to the public. If there were no excess of cash outgo, the Government would not have to raise new money currently by public borrowing even though budgetary figures showed a deficit. An excess of cash income shown by these figures would be applied against matured public debt items demanding cash redemption and, after covering these items, would increase the General Fund balance or be available for debt retirement.

This explanation should make clear the fact that the cash figures are in no way a true reflection of the Treasury's budgetary position. Even the subdivision of cash outgo labelled "Budget" will not agree with total Budget expenditures because of the elimination of non-cash expenditures from the former figures, and, therefore, the excess of "Budget" cash outgo over "Budget" cash income will not correspond with the budgetary deficit.

The Government's budgetary position is given, as it has always been given, by the Daily Treasury Statement figures. The cash income and outgo figures are only intended to measure the flow of cash, exclusive of borrowed cash, into the Treasury and the flow of all cash, exclusive of repayments of borrowings, out of the Treasury.

Moreover, cash income and outgo figures should not be confused with statistics which attempt to measure the effect of the Government's receipts and expenditures on the general economy. This other type of data requires the making of assumptions about the qualitative effects of certain tax collections and disbursements on the national income, assumptions which the Treasury feels it can not make.

Capital Movements. Statistics on international capital transactions and related foreign exchange market data which are contained in this Bulletin are compiled from reports collected pursuant to the Executive Order of January 15, 1934 and the Treasury Regulation of November 12, 1934. These reports come from all persons engaging in such transactions and having their principal place of business in the United States. Reports, however, are not required of persons (1) who did not carry, during any part of the reporting period, accounts abroad or in the United States for non-residents or (2) whose aggregate transactions, transfers, exports or withdrawals for their own account and the account of others do not exceed \$5,000 during any seven-day period.

The statistics covering the period from the beginning of 1935 through September 1938 were presented in a series of nine quarterly reports commencing in November 1936, entitled "Statistics of Capital Movements between the United States and Foreign Countries and of Purchases and Sales of Foreign Exchange in the United States." Statistics covering the month of October 1938 were published in the January 1939 issue of the Bulletin. The current issue of the Bulletin contains statistics for November 1938; subsequent issues will contain statistics for subsequent months.

The statistics are classified by countries and geographical areas as follows: United Kingdom, France, Germany, Italy, Netherlands, Switzerland, other European countries (including principally the Scandinavian countries, the smaller Central and Southern European countries, Belgium, and the Union of Soviet Socialist Republics), Canada, Latin America (including Mexico, Central and South America, and the West Indies), the Far East (including principally China, Japan, Netherland East Indies, British India, Straits Settlements, and the Philippine Islands), and all other countries (including principally Oceania, Africa, and the Near East).

Since the international movement of capital consists of transfers of ownership of balances, securities, and other claims and equities between the United States and foreign countries, the distinction between domestic entities and foreign entities is important. In all of the tables banking institutions, security dealers, other concerns, and persons are regarded as domestic, whatever their nationality, if domiciled within the United States. Conversely, banking institutions, security dealers, other concerns, and persons are regarded as foreign, whatever their nationality, if domiciled outside the United States. Thus, the branches in the United States of foreign banking institutions, security dealers, and other concerns and entities are regarded as domestic, while foreign branches of domestic banking institutions, security dealers, and other concerns and entities are regarded as foreign.

The various components of the statistics of capital movements and exchange transactions are described in greater detail in the explanatory notes published in the quarterly reports "Statistics of Capital Movements between the United States and Foreign Countries and of Purchases and Sales of Foreign Exchange in the United States."