

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: The Measurement of Corporate Sources and Uses of Funds

Volume Author/Editor: David Meiselman and Eli Shapiro

Volume Publisher: UMI

Volume ISBN: 0-87014-424-3

Volume URL: <http://www.nber.org/books/meis64-1>

Publication Date: 1964

Chapter Title: Front matter, THE MEASUREMENT OF CORPORATE SOURCES AND USES OF FUNDS

Chapter Author: David Meiselman, Eli Shapiro

Chapter URL: <http://www.nber.org/chapters/c1850>


Chapter pages in book: (p. -20 - 0)

TECHNICAL PAPER **18**

**THE MEASUREMENT OF CORPORATE
SOURCES AND USES OF FUNDS**

DAVID MEISELMAN

ELI SHAPIRO

NATIONAL BUREAU OF  ECONOMIC RESEARCH

1964

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LIBRARY OF CONGRESS CATALOG CARD NUMBER 64-15184

Price \$4.50

Printed in the United States of America

by Quinn & Boden Company, Inc., Rahway, N.J.

2,005,986

National Bureau of Economic Research, Inc.

Meiselman, David.

**The measurement of corporate sources and uses of funds
(by, David Meiselman (and, Eli Shapiro. (New York,
National Bureau of Economic Research, 1964.**

xvi, 281 p. 23 cm. (National Bureau of Economic Research.
Technical paper 18)

1. Corporations—U. S.—Finance. I. Shapiro, Eli, 1916— Joint
author. II. Title. (Series)

HG4061.M37

339.260973

64-15184

MATERIAL SUBMITTED BY PUBLISHER.



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This report is one of a series emerging from an investigation of postwar capital market developments in the United States. The costs of the study were financed by a grant to the National Bureau from the Life Insurance Association of America and from general funds of the National Bureau. The Life Insurance Association is not, however, responsible for any of the statements made or views expressed in the report.

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Acknowledgments

We wish to express our indebtedness to the numerous individuals and institutions whose assistance made possible the completion of this project. Professor John C. Dawson of Grinnell College generously made available to us the corporate sector accounts which he had prepared for the period 1931 through 1950. Our indebtedness to him is great, as is readily observable from a study of his accounts and ours. We are grateful to him for his time as well as for his constant encouragement and constructive criticism.

Our colleagues in the Postwar Capital Market Study were most helpful. Morris Mendelson was an invaluable ally; his expertness in flow of funds methodology and data made a difficult task easier. His constructive criticism of several drafts of the text vastly improved the final product; in addition, we gratefully acknowledge his active participation in the preparation of the tables. Raymond Goldsmith was a constant adviser and source of wisdom on data as well as methodology. Robert Lipsey supervised the revision and the extension of the corporate balance sheets reported in Appendix C. Acknowledgment is also made to Michael Gort, who, with Goldsmith and Mendelson, formed the research staff reading committee. We are grateful to Percival F. Brundage, Albert J. Hettinger, Jr., and Willis J. Winn, who served as the reading committee of the National Bureau's Board of Directors. Joan Tron edited the manuscript with skill and patience.

We were very fortunate in the quality of research assistance associated with the Postwar Capital Market Study. In particular, we wish to acknowledge our indebtedness to Justine Rodriguez, who was in large part responsible for the preliminary work done on the derivation of the corporate flow data. In addition, Amy Ferrara, Christine Nagorski, and Jean-Claude Schoeneman also contributed to our peace of mind by the intelligence with which they handled the massive data-assembling assignment.

Our work would never have been completed without the coopera-

Acknowledgments

tion of various government agencies. We wish to express our gratitude to Vito Natrella and his staff at the Securities and Exchange Commission. Elaine Sameth and Lloyd Dollet were tireless in providing us with data as well as advice.

The research staff of the Board of Governors of the Federal Reserve System, and particularly the flow-of-funds project under the supervision of Stanley J. Sigel, were most helpful. Not only did they supply data willingly but they also helped to unsnarl difficulties we encountered. Stephen P. Taylor and Helmut F. Wendel of the Board's staff were the persons with whom we had most of our dealings.

The Office of Business Economics of the Department of Commerce was an unfailing source of information and assistance as well. In particular, we wish to express thanks to George Jaszi, John A. Gorman, and Robert Wasson of the National Income Division. Laughlin McCugh and Herman Liebling were also helpful.

We wish to express our gratitude to Dean Howard W. Johnson and the Sloan Research Fund of the M.I.T. School of Industrial Management for a grant which enabled us to complete the checking of the data.

A number of private business firms and agencies were also of help to us. Indeed, we find the number of helpmates so great that we should terminate our acknowledgments at this point lest they exceed the length of our text.

DAVID MEISELMAN
ELI SHAPIRO

Summary

tion tables for the quarterly flows. The second set, called "supplementary" tables, is on file at the National Bureau of Economic Research. Appendix C contains the corporate balance sheets on an industry basis covering the years 1945-1958. Finally, the Dawson sources and uses estimates on an annual basis for the 1931-1950 period are presented in Appendix D.

The tables used to derive the flows report explicitly the procedure for estimating each line of the final summary tables and give abbreviated references to the sources of data employed. The supplementary tables contain additional data, references, and operations which could not be included conveniently in the paper.

The extensive detail underlying the summary tables found in Appendixes A and B is reproduced to make the accounts more useful to people interested in these data. Analysts need not accept the present form of the summary tables. They can reconstruct or regroup the data to fit their own purposes. The flows are presented on a gross basis wherever possible; those who prefer net flows can easily adjust the figures. It is hoped that publication of the detail will facilitate experimentation with the sources and uses data by others, thereby improving the quality of this information.

Use of the derivation and supplementary tables facilitates reproduction of both the annual and quarterly series and their extension beyond 1955. Given the current reporting lags of the federal government's statistical agencies which provide the bulk of the required data, these tables can be extended to a more nearly current basis with a lag of approximately six months.

Summary

The principal material included in this paper results from efforts to improve the data depicting the flow of funds through the corporate business sector. The tables which are reproduced constitute a statistical filing cabinet in which are recorded the sources and uses of corporate funds by major industry groupings. Annual data cover the six-year period, 1950 through 1955; quarterly data for the same industrial classifications are presented for the years 1953 through 1955.

The annual and quarterly sources and uses of funds statements are presented with identical detail on two levels of aggregation: all non-financial corporations reporting for tax purposes to the Internal Revenue Service; and industry categories consisting of (a) manufacturing, (b) mining, (c) gas and electric utilities, (d) railroads, (e) communications, and (f) the "residual" group composed of trade, service, credit agencies other than banks,¹ and miscellaneous corporations. Chapter I describes the rationale of the accounts, their transactions and coverage, and presents the summary accounts on an annual basis for 1950 through 1955 and on a quarterly basis from 1953 through 1955.

In Chapter II, the methods of deriving the estimates from sources of data are discussed in detail.

Chapter III is devoted to a critique of the accounts and an examination of discrepancies. The chapter closes with a comparison of NBER and other estimates, and a set of recommendations which, if adopted, would improve future estimates.

The underlying data and the operations performed on them are found in two supporting sets of tables. The first, called "derivation" tables, are presented in Appendixes A and B. Appendix A contains the derivation tables for the annual flows and Appendix B the deriva-

¹ This group constitutes an exception to the nonfinancial character of the companies covered.