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1, seems unlikely to be negligible for many purposes of careful analysis of profits data. For some other year, particularly one with cyclical conditions much more favorable or unfavorable than in 1949, the deviation for Food stores, or even for some of the classes with smaller deviations in 1949, might exceed one month by a wide margin.

Many other classes besides the six shown in Tables 11–14 have been analyzed for 1946 (and in some cases 1939) and 1949, in terms of the various criteria used in Tables 10–14, though the results are not presented here. For one particularly informing case—the manufacturing group, Transportation equipment—the deviation of the center of the average year, in terms of net income of the combined categories, is commented on here. The principal subclasses in this class are: railroad equipment, aircraft and parts, and ship- and boat-building. We must bear in mind that the postwar adjustments of 1945–1946 hit industries of this class with great force, and the impact was especially severe on the aircraft manufacturers.[35] The class as a whole in 1946 showed net income in the net category of $175 million, and deficit in the no-net category of $188 million; and for the aircraft subclass the comparable figures were $38 million and $156 million.

The deviation of the center of the average year in 1946 is −2.97 months: the center of the average year is almost three full months before July 1. Surely this deviation is not negligible; surely one cannot assume that July 1 is the center of the average year in this case. This example clearly indicates what extreme distortions can be produced in the monthly pattern, and in the position of the center of the average year, by a wide cyclical upheaval or other violent factors affecting profit realization.

PART III. DIFFERENCES ACCORDING TO SIZE OF CORPORATION

17. *Average total assets per return: industrial classes.* At various points in preceding sections, attention has been called to the possible effects of size differences among corporations, particularly between fiscal-year and non-fiscal-year corporations, upon the percentage ratios and patterns under study. In this and the following section, more direct attention is given to this aspect of the problem; the present section is concerned with the differences in size between fiscal-year and other returns, for the various lines of industry.

Despite the accounting and other factors which may affect it for any particular corporation, total assets appears to be unmistakably the best measure of size for comparisons among corporations or groups of corporations. The simplest comparison of size between two groups of corporations is in terms of average total assets per corporation of each group. Unfortunately, average total assets for a group of corporations—for example, those of an industrial class—is not highly typical of the various corporations included in the group. This is because of the peculiar shape of the size distribution, in terms of total assets, among the corporations of the group. This shape is marked by an enormous concentration of corporations at the low end of the size scale, with

[35] *S. of I.*, 1946, pp. 98–99.

the number of corporations within an interval on the size scale diminishing steadily as size increases, and with a very few extremely large corporations at the high end of the size scale.[36] For such a distribution, the average of total assets is likely to lie in a size interval which includes only a fairly small portion of the total number of corporations: the average is not typical because relatively few actual cases lie near the average. Despite this limitation on the significance of average total assets, comparisons of such averages yield highly useful information about broad differences in size among groups of corporations.

Table 15 presents average total assets in 1949, by industrial class and for all classes combined, for all balance-sheet returns, all fiscal-year returns, and all non-fiscal-year returns. The first column shows enormous differences in average

TABLE 15

AVERAGE TOTAL ASSETS PER RETURN FOR ALL RETURNS, FISCAL-YEAR RETURNS, AND NON-FISCAL-YEAR RETURNS, BY INDUSTRIES, AND RATIO OF FISCAL-YEAR TO NON-FISCAL-YEAR AVERAGE, 1949

(dollars in thousands)

	All Returns	Fiscal-Year Returns (a)	Non-Fiscal-Year Returns (b)	a/b, %
1. All industrial groups	980	359	1,330	27
2. Agriculture, forestry and fishery	284	240	319	75
3. Farms and agricultural services	290	243	329	74
4. Forestry	386	465	360	129
5. Fishery	110	88	125	70
6. Mining and quarrying	1,144	555	1,419	39
7. Metal mining	2,750	468	3,286	14
8. Anthracite mining	2,433	239	3,489	7
9. Bituminous coal and lignite mining	1,007	680	1,152	59
10. Crude petroleum and natural gas production	1,165	622	1,469	42
11. Nonmetallic mining and quarrying	467	308	533	58
12. Construction	198	183	207	88
13. Manufacturing	1,122	650	1,440	45
14. Beverages	1,032	1,302	885	147
15. Food and kindred products	973	1,005	950	106
16. Tobacco manufactures	13,324	4,727	16,003	29
17. Textile-mill products	1,270	1,124	1,397	80
18. Apparel and products made from fabrics	203	201	205	98
19. Lumber and wood products, except furniture	535	412	616	67
20. Furniture and fixtures	289	281	295	95
21. Paper and allied products	1,807	1,405	2,002	70
22. Printing, publishing, and allied industries	377	235	441	53
23. Chemicals and allied products	1,603	1,049	1,925	54
24. Petroleum and coal products	28,968	2,088	43,150	5
25. Rubber products	3,103	2,238	3,600	62
26. Leather and products	475	608	339	179
27. Stone, clay, and glass products	813	364	1,006	36
28. Fabricated metal industries	4,061	1,168	5,438	21

[36] Such a size distribution, technically described as J-shaped, is illustrated in Appendix D. The figures shown there are for 1934, but although the shape in some other year, such as 1949, may be different in matters of detail, the main characteristics of the shape appear in all years.

TABLE 15—(*continued*)

	All Returns	Fiscal-Year Returns (a)	Non-Fiscal-Year Returns (b)	a/b, %
29. Fabricated metal products, except ordnance, machinery, and transportation equipment	588	394	701	56
30. Machinery, except transportation equipment and electrical	1,102	1,130	1,086	104
31. Electrical machinery and equipment	1,999	487	3,096	16
32. Transportation equipment, except motor vehicles	2,801	2,285	3,140	73
33. Motor vehicles and equipment, except electrical	6,269	1,577	9,313	17
34. Ordnance and accessories	4,280	704	6,515	11
35. Scientific instruments	849	354	1,103	32
36. Other manufacturing	274	250	293	85
37. Public utilities	3,184	264	4,016	7
38. Transportation	2,165	211	2,839	7
39. Communication	2,776	184	3,147	6
40. Electric and gas utilities	22,898	3,002	24,812	12
41. Other public utilities	668	213	743	29
42. Trade	229	256	210	122
43. Wholesale	294	281	305	92
44. Commission merchants	167	168	167	101
45. Other wholesalers	315	299	328	91
46. Retail	197	253	160	158
47. Food	279	332	247	134
48. General merchandise	1,022	1,589	542	293
49. Apparel and accessories	144	169	112	151
50. Furniture and house furnishings	153	165	145	114
51. Automotive dealers and filling stations	167	146	175	83
52. Drug stores	117	140	103	136
53. Eating and drinking places	57	60	55	109
54. Building materials and hardware	137	134	138	97
55. Other retail trade	111	116	106	109
56. Trade not allocable	186	171	197	87
57. Finance, insurance, real estate, and lessors of real property	1,930	375	2,516	15
58. Finance	5,394	1,242	6,322	20
59. Banks and trust companies	10,958	7,290	11,083	66
60. Credit agencies other than banks	704	413	843	49
61. Holding and other investment companies	2,633	1,601	2,936	55
62. Security and commodity-exchange brokers and dealers	1,011	748	1,138	66
63. Insurance carriers and agents	8,425	98	10,203	1
64. Insurance carriers	35,501	338	36,405	1
65. Insurance agents and brokers	108	89	114	78
66. Real estate, except lessors of real property other than buildings	186	218	171	127
67. Lessors of real property, except buildings	775	170	913	19
68. Services	152	162	145	112
69. Hotels and other lodging places	343	342	343	100
70. Personal services	78	72	82	88
71. Business services	128	91	149	61
72. Automotive repair services and garages	74	76	74	103
73. Miscellaneous repair services, hand trades	53	43	58	74
74. Motion pictures	353	453	282	161
75. Amusement, except motion pictures	113	139	96	145
76. Other services, including schools	79	69	86	80
77. Nature of business not allocable	99	77	110	70

total assets per return among the various lines of industry. The range is from about $50,000, for Eating and drinking places and Miscellaneous repair services, to about $30 million for Petroleum and coal products and Insurance carriers. This huge range, and the differences within that range, have no direct bearing upon our present analysis; but they do indicate that the average total assets for any inclusive group—for example, all industrial classes combined, or even some of the broad industrial divisions—is the result of combining widely diverse figures. Hence, in the present inquiry, much may be gained by giving chief attention to narrowly defined classes, where the figures are probably less seriously affected by such diversity.

The differences between average total assets for fiscal-year returns and for other returns range widely among the various industrial classes, as shown in comumns a and b. For the entire corporate system (all divisions combined), and for each of the divisions except Trade and Services, the fiscal-year average is smaller than the non-fiscal-year average; and in some divisions, such as Public utilities and Finance, it is strikingly smaller. The fiscal-year average is also smaller than the non-fiscal-year average for the great majority of the groups and subgroups in the corporate system. Only in the Trade and Services divisions are the fiscal-year averages frequently larger.

In appraising these differences among lines of industry, the ratio of the fiscal-year to the non-fiscal-year average can be used effectively instead of the absolute difference between the two averages in each class. These ratios, in percentage form, are shown in the right-hand column of the table. The percentages range from 1 for Insurance carriers to 293 for General merchandise: in the former case the fiscal-year corporations have an average size only about 1 per cent of that for other returns, whereas in the latter case the fiscal-year corporations are on the average nearly three times as large as other corporations. These differences between the average total assets for fiscal-year returns and for other returns necessarily account for the differences between the fiscal-year percentages in terms of number of returns and those in terms of total assets (Table 9).[37]

One may ask why in some lines of industry the larger corporations tend on the average to report on a calendar-year basis, whereas in others they are more likely to file fiscal-year returns. In the extreme case of the Insurance carriers, the reason is clear: the great bulk of the corporations in this line, many of which are very large, are required by public regulation to compile calendar-year statements. The few corporations which escape these requirements and file on a fiscal-year basis are very small. In the extreme case in the other direction, General merchandise, a larger number of huge department

[37] Actually, the relation between those percentages can best be set forth in terms of another ratio, not shown in Table 15. In fact, the following equation holds for any industrial class or combination of classes:

$$\frac{\text{Number-of-returns percentage}}{\text{Total-assets percentage}} = \frac{\text{average total assets for all returns}}{\text{average total assets for fiscal-year returns}}$$

For all industrial classes combined, Table 9 gives the two percentages as 36 and 13.2 and Table 15 gives the average-total-assets figures as 980 and 359. The ratio of each of these two pairs of figures is 2.7.

stores (a major subclass within this class) file on a fiscal-year basis, many of them in fact for a fiscal-year ending in January. These great enterprises dominate the average total assets for fiscal-year returns. Possibly just as simple explanations of the observed differences can be found for various other industrial classes, but I do not here attempt to point them out. Instead, a more intensive study of variations in size among the fiscal-year returns themselves is more helpful.

18. *Average total assets per return: separately by accounting periods.* For any industrial class, or combination of classes, the average total assets per return can be calculated for the returns filed for each of the twelve accounting periods. The details of such calculations, for all industrial classes combined in 1949, are shown in Table 16. Three of the averages—those for all returns, all fiscal-year returns, and other returns—are from the first line of Table 15.

TABLE 16

NUMBER OF BALANCE-SHEET RETURNS, TOTAL ASSETS, AND AVERAGE TOTAL ASSETS PER RETURN, SEPARATELY FOR ALL RETURNS, ALL FISCAL-YEAR RETURNS, AND ALL FILING PERIODS, 1949

(dollars in thousands)

	Number of Returns	Total Assets	Average Per Return
		All	
All returns	554,573	543,561,671	980
All fiscal-year returns	199,912	71,691,136	359
Year ending:			
July	14,423	4,768,979	331
August	15,541	5,607,519	361
September	21,958	7,498,518	341
October	16,151	7,946,312	492
November	12,446	6,540,967	526
December[a]	354,661	471,870,535	1,330
January	16,088	8,471,526	527
February	13,448	3,453,270	257
March	22,343	5,902,631	264
April	17,127	4,686,479	274
May	15,863	4,265,161	269
June	34,524	12,549,774	364

[a] Includes calendar-year and all part-year returns.

Our main interest is in the averages for the eleven fiscal-year periods. These range from $257,000 for February to $526,000 for November. Although one of these figures is about double the other, the range is not strikingly wide; even the highest of the fiscal-year averages remains far below the over-all average of $980,000 for the entire corporate system. Not only is the average of total assets for all fiscal-year returns combined below the general average of the system, and strikingly below the average for other returns, but it runs low for each fiscal-year period separately. Regardless of the terminal month of the fiscal-year period, fiscal-year corporations run, on the average, much smaller than other corporations.

But the entire system is made up of many lines of industry, and the findings for the system as a whole may conceal much more notable variations among

accounting periods in particular industrial classes. In order to examine this point, averages derived by the method of Table 16 were calculated for certain selected classes. These classes were selected from those showing especially high or low ratios in the final column of Table 15. The results, summarized here, show astonishing differences in average corporation size among the eleven fiscal-year periods, for each of these classes. The most striking case is Rubber products, for which the average ranges from $89,000 for the terminal month May to $16,808,000 for October. In other words, in this industry corporations filing for October were on the average nearly 200 times as large as corporations filing for May.

One may again ask why these conditions prevail, why an exceptional number of the large corporations of this industry choose to report for a fiscal year ending in October, and why the next choice—apart from the calendar year—seems to be February (averaging $3,139,000). Without a fairly close knowledge of the industry, I cannot give a positive explanation, but, as indicated in more general terms earlier, I believe that it is to be found in seasonal factors affecting the industry. These factors may relate to the raw materials of the industry, to its manufacturing process, or to conditions in the business of its principal customers. The two peaks in this case, a major peak in October and a minor peak in February, suggest that the Rubber group as a whole consists of at least two major subclasses, one of them with a seasonal slack in or shortly after October and the other in or shortly after February.

The other cases show ranges which, had we not seen the Rubber figures, would be regarded as striking. They are (in thousands of dollars):

	Lowest	Month	Highest	Month
Leather and products	208	January	1,391	November
Transportation equipment	145	March	9,183	November
General merchandise	82	April	2,980	January
Motion pictures	90	April	1,475	August

Again, seasonal considerations are probably a major element in the explanation of these conditions.

Why do not seasonal factors affect small corporations to the same degree as large? The explanation may often be the differences in form of business activity between very large corporations and small corporations within a specified industrial class. Thus, a large metropolitan department store is essentially a different type of business from the general run of smaller enterprises which nevertheless are included in General merchandise, and seasonal factors which affect the large department store may be different, or strike with different force. I suspect a basic difficulty is that, even with classes as narrowly defined as the groups and subgroups listed in Table 15, we may yet have within any one class a considerable variety of subclasses affected by various types of seasonal factor. And, of course, large corporations may be more prevalent in one of these subclasses than in another.[38]

[38] These remarks concerning the complexity remaining within a narrowly defined class can be extended far beyond the seasonal problem and would then have a bearing, of course, on a wide range of analyses using *Statistics of Income* figures classified by industry.

19. *Size in terms of average total assets in 1934.* The only *Statistics of Income* tabulation of fiscal-year returns classifying returns by size of total assets which I have found is that for 1934, in which the size classification is given also for each industrial division and group.[39] For each industrial class and for all classes combined, that tabulation shows the number of fiscal-year returns for each size class, separately for the net and the no-net category of returns. Corresponding figures for all balance-sheet returns, regardless of accounting period, appear in one of the customary tables of *Statistics of Income.* The fiscal-year tabulation gives no other item, such as total assets, besides the number of returns, and a task of Appendix D is to estimate the relevant total-assets figures.

Despite the facts that industrial classifications have so greatly changed since 1934 that very few of the 1934 classes are closely comparable with any in the 1949 list, that an enormous but by no means uniform increase in fiscal-year reporting has occurred since 1934, and that various other changes in corporate affairs have taken place which might also impair the 1934 figures as an indication of more recent conditions, I nevertheless present a summary of facts concerning the situation for all industries combined in 1934. This summary will show certain relationships which may be roughly true for more recent years, and may also suggest how a more up-to-date tabulation of fiscal-year returns by size classes might help answer some of the questions raised in previous sections of this analysis.

The ratios of fiscal-year returns to balance-sheet returns for all corporations are shown as percentages, separately for each assets size class, in Table 17. One relationship which holds fairly uniformly among the various size classes is that the fiscal-year percentage runs lower for the no-net category than for the net category. I can see no clear explanation for this, but suggest very tentatively that the general extension in the use of fiscal-year reporting—already well in progress by 1934, as we saw in Section 2—may in that year have affected corporations with a taxable income to a greater extent than those showing a deficit. In other words, corporations with a net income may in that year have had a tax incentive for shifting to a fiscal-year basis. Or, such influence as the auditing profession exerted in favor of fiscal-year reporting may have been particularly effective with corporations showing net income. Whatever the cause or causes in 1934, we cannot be sure that the same causes were at work in other years, such as 1949; I see no reason for confidence that the same relationship between the net and no-net percentages would be found if we had a corresponding size-class tabulation for 1949.

A second important relationship to be noted is that for both the net and no-net categories, the higher percentages appear in the smaller size classes. This second relationship seems to me likely to persist at least roughly in other years, such as 1949, but this cannot be confirmed without a size classification for that year.

20. *Size in terms of net income or deficit.* Unfortunately, a size classification

[39] *S. of I.*, 1934, pp. 205–207. The same issue also gives, in the preceding pages, a size classification in terms of net income (or deficit), by divisions and groups. But, except for the figures for all divisions conbined which are discussed in Section 20, I do not examine these size classifications in terms of income.

of fiscal-year returns on the basis of total assets is available only for 1934. Net income (or deficit) is a much less satisfactory measure, but a size classification of fiscal-year returns on this basis is available for each year covered in the present analysis. For the one year 1934 such a size classification is given separately for each industrial division and manufacturing group.[40] Correspond-

TABLE 17

NUMBER OF FISCAL-YEAR BALANCE-SHEET RETURNS AS A PERCENTAGE OF BALANCE-SHEET RETURNS WITH NET INCOME AND NO NET INCOME, BY ASSETS SIZE CLASS, 1934

Lower Limit of Size Class (unit: $1,000)	Net	No Net
0	16.8	15.1
50	18.1	14.6
100	17.2	14.1
250	18.2	13.0
500	18.0	12.8
1,000	16.4	10.7
5,000	14.5	9.5
10,000	11.9	7.6
50,000	8.9	3.9
All	17.1	14.4

ing tables in *Statistics of Income* classify all returns, regardless of accounting period, on the same size scale of net income and deficit. We can therefore calculate, for any one of the twenty-three years, 1928–1950, the percentage ratio of the number of fiscal-year returns to the number of all returns in each size class, separately for the net-income and no-net-income categories.

In spite of the steady increase in the importance of fiscal-year reporting with passing time, affecting the ratios for nearly all size classes, the year-to-year changes in these size-class ratios do not appear sufficiently significant to warrant detailed examination of the results for each year. Hence, in Table 18 the presentation of the percentages is limited to selected years at five-year intervals. The most striking indication of the table is that for every year, in both categories, the percentages for the very small and the very large income size classes are below the figure for all classes combined, whereas percentages for the middle range of classes run moderately above the over-all figure.

This can be made more specific by the following summary, which gives for each year, separately for the two categories, the size range within which the percentage exceeds without exception the all-classes figure. Ranges are given from the bottom of the smallest size class to the top of the largest size class included (in thousands of dollars):

[40] *S. of I.*, 1934, pp. 200–204 shows the fiscal-year returns thus classified. Unfortunately, that issue of *S. of I.* does not give also a similar size classification of all returns, separately by industrial class, and therefore a percentage analysis by size class cannot be developed for specific industrial classes even for 1934.

Category	Net	No Net
1929	3–1,000	2–
1934	1– 500	1–250
1939	1–1,000	1–250
1944	4–5,000	1–500
1949	2– 25	2–500

This middle range begins in all cases at a very low level of income (or deficit), and, except for the no-net category in 1929, stops at a level of income which,

TABLE 18

NUMBER OF FISCAL-YEAR RETURNS AS A PERCENTAGE OF ALL RETURNS WITH NET INCOME AND NO NET INCOME, BY INCOME SIZE CLASS, SELECTED YEARS, 1929–1949

Lower Limit of Size Class (unit: $1,000)	1929		1934		1939	
	Net	No Net	Net	No Net	Net	No Net
0	9.7	9.1	14.5	12.3	18.4	16.1
1	10.6	11.5	17.0	13.5	20.1	18.4
2	11.4	12.4	17.7	14.2	20.9	19.0
3	12.7	12.8	17.7	14.6	20.7	20.2
4	12.8	13.1	17.5	14.3	20.2	20.8
5	12.8	14.4	18.1	14.7	20.9	21.3
10	13.4	14.5	18.7	14.9	21.2	22.3
15	13.2	15.8	18.5	15.7	21.3	22.6
20	14.3	14.7	19.1	14.5	24.1	21.1
25	14.7	16.3	19.6	15.0	21.8	22.6
50	15.0	16.6	20.1	15.3	22.8	21.5
100	16.3	17.1	18.5	13.5	21.4	20.3
250	15.5	15.1	17.8	12.2	21.5	13.9
500	14.9	15.8	14.4	10.0	20.2	13.4
1,000	11.6	12.7	12.2	8.8	15.3	9.6
5,000	7.7	13.0	10.3	7.3	8.8	0.0
10,000	[a]	[a]	[a]	[a]	9.7	6.7
All classes	11.8	12.2	16.5	13.3	20.0	17.8

[a] Not available separately for 1929 or 1934. In those years, the percentage in the $5,000,000 class applies to all returns showing net income (or deficit) of $5,000,000 or greater.

Lower Limit of Size Class (unit: $1,000)	1944		1949	
	Net	No Net	Net	No Net
0	20.2	17.1	30.8	27.6
1	23.4	21.0	33.3	32.8
2	24.3	23.0	34.8	34.8
3	25.1	24.1	36.3	36.5
4	26.6	24.0	36.2	37.8
5	26.9	25.7	36.2	39.6
10	27.0	25.7	36.1	41.4
15	26.2	26.3	36.2	42.1
20	27.0	26.4	36.7	42.6
25	28.5	26.6	33.6	43.8
50	29.6	25.4	33.9	43.6
100	30.5	22.5	33.7	38.9
250	32.4	26.7	32.5	36.9
500	30.0	15.1	31.8	33.6
1,000	29.0	20.0	27.7	25.6
5,000	24.7	0.0	22.6	36.4
10,000	14.3	0.0	13.0	20.0
All classes	25.3	19.7	34.1	33.7

while it reaches $5 million for the net category in 1944, in general excludes a long stretch at the high end of the size scale.

The main conclusions are apparent. For corporations with exceedingly small net incomes or deficits—seldom ranging above $2,000—fiscal-year returns are less common than on the average for all size classes. For the middle range on the size scale, which includes net incomes or deficits which are still small or only moderately large, fiscal-year reporting is more common than on the average. For very large net incomes or deficits, with the single exception in the no-net category for 1929, fiscal-year reporting is less common—in some instances, much less common—than on the average.

Can these conclusions be restated in terms of size of corporation, basing size on a more appropriate criterion than net income or deficit? *Statistics of Income* presented for 1948 a special tabulation, correlating size of net income (or deficit) with size of total assets, for all balance-sheet returns.[41] While these 1948 figures do not pertain to any year shown in Table 18, the tentative opinion may be ventured that the main relationships found for 1948 would probably hold for another year, particularly a year in which general economic and profit-and-loss conditions did not differ markedly from 1948.

Without attempting an elaborate analysis of these 1948 correlation tables, we can point out certain broad relationships indicated by the two tables—one each for the net and no-net categories—pertaining to all divisions combined. First, a very large corporation can show an exceedingly small net income or deficit. The following summary from the *Statistics of Income* tables gives the number of very large corporations in terms of assets which are in the very small net-income (or deficit) size classes (dollars in thousands):

Lower Limit of Income (or Deficit)	Lower Limit of Assets-Size Class					
	10,000		50,000		100,000	
	Net	No Net	Net	No Net	Net	No Net
0	6	23	1	1		1
1	2	1			2	1
2	2	2				2
3	4	6	1			
4	1	2	1			
Others	3,492	168	494	30	584	11
All	3,507	202	497	32	586	15

Clearly, some very large corporations do have very small net incomes or deficits, but their number is a very minor fraction of the total, and an even smaller fraction for the net than for the no-net category. These numbers are also an almost negligible fraction of the total number of corporations of all assets-size classes having small net incomes or deficits: thus the seven cases in the net category above with net incomes under $1,000 are among a total of 63,626 in that income-size class; and the twenty-five cases in the no-net category above with deficits under $1,000 are among a total of 67,676 in that deficit-size class.

[41] *S. of I.*, 1948, pp. 14–27, where the correlation tables are shown for all divisions combined, and separately for each broad industrial division. Similar tables were presented also for certain earlier years: 1936, pp. 42–43 and 167–183; 1937, pp. 188–205. The tables for 1936 and 1937 include also figures for the separate groups within the Manufacturing division.

In a similar manner, we might summarize the figures for the smallest assets-size classes, to show whether any appreciable number of such corporations can show very large net income or deficit. For the two smallest assets-size classes—assets under $50,000, and assets between $50,000 and $100,000—we find no cases with net income or deficit above $5 million, but a very few cases with net income or deficit above $250,000. But again the number of such cases is a very small fraction of the total within the assets-size class, and likewise of the total within the relevant income-size class.

Passing now to less extreme evidences of variation, we find for the net category indication of fairly clear correlation between assets size and size of net income, with, however, a considerable variation or scatter about the line (or curve) representing the correlation tendency. The case is much less clearly established for the no-net category, which in fact does not indicate at all clearly a positive correlation between size of assets and size of deficit. For the net category, the following tabulation shows the lower limit of ten assets-size classes which is commonest for each income-size class (dollars in thousands).[42] The tabulation also gives the percentage of the total number of returns in the income-size class falling in the specified assets-size class.

Income Class	Assets Class	Per Cent Concentration
0	0	76
1	0	64
2	0	56
3	0	49
4	0	44
5	0	32
10	50	31
15	50	28
20	50	22
25	100	44
50	100	28
100	250	26
250	500	23
500	1,000	66
1,000	5,000	32
5,000	10,000	62
10,000	100,000	69

For all income-size classes below $10,000, the commonest assets-size class is the smallest—with assets under $50,000—and in each of these six income-size classes, the concentration in the specified assets-size class is fairly high, ranging from 32 to 76 per cent. As we go on up the size scale of income, the specified assets-size class rises, and in general its lower boundary is considerably higher than that of the relevant income-size class. The variations among the concentration percentages are somewhat bewildering, and arise in part from variations in width of the assets-size classes. The main implication of these percentages, however, is derived not from their variations but from their general level: With

[42] In determining this "commonest" assets-size class, a rough allowance is made for the varying widths of the size intervals. The assets-size class is determined within which the peak of the curve distributing all the corporations in any specified income-size class, according to size of assets, probably falls. I may remark that a corresponding determination for the no-net category would show assets under $50,000 as commonest for all income-size classes up to $1 million.

few exceptions, at least one-third of the corporations in an income-size class are concentrated in the commonest assets-size class.

The conclusion seems justified that the findings from Table 18 can be expressed in terms of a size classification based on total assets. Although the very smallest and very largest corporations practice fiscal-year reporting considerably less than the average, the many medium-size and moderately large-size corporations practice it more than the average.

With regard to the finding for the very large corporations, some part of the low level of the percentages in Table 18 can perhaps be explained by the effect of corporations in the Public utilities and Finance divisions. The figures in that table are for all divisions combined, and we have already observed that fiscal-year reporting is for special reasons comparatively infrequent for many of the large corporations in those two divisions. A conclusive test of this point is not feasible, but the special income-size classification by industrial divisions for 1934, already cited, yields some indirect evidence on the point. That classification shows that a much larger fraction of the total number of fiscal-year returns (all divisions combined) of the smaller income-size classes fall in these two divisions than is the case for the very large income-size classes. This is not conclusive; a sure finding would be possible only if a corresponding size classification by industrial divisions of all returns were also available for 1934. But the tentative inference, from the figures actually available, is that fiscal-year reporting is comparatively more common for small net incomes or deficits, and comparatively less common for large net incomes or deficits, in the Public utilities and Finance divisions than in other divisions. On the other hand, a disproportionately high fraction of all large corporations is made up of large corporations in these two divisions.[43] These two facts together may account for the low percentages for the large income-sizes classes in Table 18.

[43] In 1934, about 31 per cent of all balance-sheet returns, regardless of size, were in the Public utilities and Finance divisions; but of the returns with assets of $50 million and over each, about 76 per cent were in these two divisions. *S. of I.*, 1934, pp. 72–94.