

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

Volume Title: The National Balance Sheet of the United States, 1953-1980

Volume Author/Editor: Raymond W. Goldsmith

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-30152-4

Volume URL: <http://www.nber.org/books/gold82-1>

Publication Date: 1982

Chapter Title: Front matter, table of contents, preface

Chapter Author: Raymond W. Goldsmith

Chapter URL: <http://www.nber.org/chapters/c7217>

Chapter pages in book: (p. -17 - 0)

The National Balance Sheet of the United States

1953–1980

Raymond W. Goldsmith



National
Bureau of
Economic
Research

This Page Intentionally Left Blank

The National Balance Sheet
of the United States,
1953–1980



A National Bureau
of Economic Research
Monograph

The National
Balance Sheet
of the
United States,
1953–1980

Raymond W. Goldsmith

The University of Chicago Press

Chicago and London

Raymond W. Goldsmith, Emeritus Professor of Economics at Yale University, is the author of numerous works including *Financial Intermediaries in the American Economy since 1900*; *The National Wealth of the United States in the Postwar Period*; *Study of Saving in the United States*; and *Studies in the National Balance Sheet of the United States*. He is the editor of *Institutional Investors and Corporate Stock: A Background Study*.

This study is a part of the Measurement of Economic and Social Performance project which has been aided by a National Science Foundation grant (NSF SOC 74-21391)

The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London

© 1982 by The University of Chicago
All rights reserved. Published 1982
Printed in the United States of America
89 88 87 86 85 84 83 5 4 3 2 1

Library of Congress Cataloging in Publication Data

Goldsmith, Raymond William, 1904–
The national balance sheet of the United States,
1953–1980.

(National Bureau of Economic Research monograph)

Bibliography: p.

Includes index.

1. National income—United States—Accounting.

I. Title. II. Series.

HC110.I5G63 339.373 82-2746

ISBN 0-226-30152-4 AACR2

National Bureau of Economic Research

Officers

Eli Shapiro, *chairman*
Franklin A. Lindsay, *vice-chairman*
Martin Feldstein, *president*

David G. Hartman, *executive director*
Charles A. Walworth, *treasurer*
Sam Parker, *director of finance and administration*

Directors at Large

Moses Abramovitz
George T. Conklin, Jr.
Morton Ehrlich
Martin Feldstein
Edward L. Ginzton
David L. Grove
Walter W. Heller

Franklin A. Lindsay
Roy E. Moor
Geoffrey H. Moore
Michael H. Moskow
James J. O'Leary
Peter G. Peterson
Robert V. Roosa

Richard N. Rosett
Bert Seidman
Eli Shapiro
Stephen Stamas
Lazare Teper
Donald S. Wasserman
Marina v.N. Whitman

Directors by University Appointment

Charles H. Berry, *Princeton*
Otto Eckstein, *Harvard*
Walter D. Fisher, *Northwestern*
J. C. LaForce, *California, Los Angeles*
Paul McCracken, *Michigan*
Daniel McFadden, *Massachusetts Institute of Technology*
Almarin Phillips, *Pennsylvania*

James L. Pierce, *California, Berkeley*
Nathan Rosenberg, *Stanford*
James Simler, *Minnesota*
James Tobin, *Yale*
William S. Vickrey, *Columbia*
Dudley Wallace, *Duke*
Burton A. Weisbrod, *Wisconsin*
Arnold Zellner, *Chicago*

Directors by Appointment of Other Organizations

Carl F. Christ, *American Economic Association*
Robert C. Holland, *Committee for Economic Development*
Stephan F. Kaliski, *Canadian Economics Association*
Albert G. Matamoros, *National Association of Business Economists*
Douglass C. North, *Economic History Association*

Rudolph A. Oswald, *American Federation of Labor and Congress of Industrial Organizations*
Joel Popkin, *American Statistical Association*
G. Edward Schuh, *American Agricultural Economics Association*
James C. Van Horne, *American Finance Association*
Charles A. Walworth, *American Institute of Certified Public Accountants*

Directors Emeriti

Arthur Burns
Emilio G. Collado
Solomon Fabricant
Frank Fetter

Thomas D. Flynn
Gottfried Haberler
Albert J. Hettinger, Jr.
George B. Roberts

Murray Shields
Boris Shishkin
Willard L. Thorp
Theodore O. Yntema

Relation of the Directors to the Work and Publications of the National Bureau of Economic Research

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.

2. The President of the National Bureau shall submit to the Board of Directors, or to its Executive Committee, for their formal adoption all specific proposals for research to be instituted.

3. No research report shall be published by the National Bureau until the President has sent each member of the Board a notice that a manuscript is recommended for publication and that in the President's opinion it is suitable for publication in accordance with the principles of the National Bureau. Such notification will include an abstract or summary of the manuscript's content and a response form for use by those Directors who desire a copy of the manuscript for review. Each manuscript shall contain a summary drawing attention to the nature and treatment of the problem studied, the character of the data and their utilization in the report, and the main conclusions reached.

4. For each manuscript so submitted, a special committee of the Directors (including Directors Emeriti) shall be appointed by majority agreement of the President and Vice Presidents (or by the Executive Committee in case of inability to decide on the part of the President and Vice Presidents), consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when notice of the proposed publication is submitted to him. It shall be the duty of each member of the special manuscript committee to read the manuscript. If each member of the manuscript committee signifies his approval within thirty days of the transmittal of the manuscript, the report may be published. If at the end of that period any member of the manuscript committee withholds his approval, the President shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty days additional shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board who shall have voted on the proposal within the time fixed for the receipt of votes shall have approved.

5. No manuscript may be published, though approved by each member of the special manuscript committee, until forty-five days have elapsed from the transmittal of the report in manuscript form. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general or the special committee have passed on its validity in every detail.

6. Publications of the National Bureau issued for informational purposes concerning the work of the Bureau and its staff, or issued to inform the public of activities of Bureau staff, and volumes issued as a result of various conferences involving the National Bureau shall contain a specific disclaimer noting that such publication has not passed through the normal review procedures required in this resolution. The Executive Committee of the Board is charged with review of all such publications from time to time to ensure that they do not take on the character of formal research reports of the National Bureau, requiring formal Board approval.

7. Unless otherwise determined by the Board or exempted by the terms of paragraph 6, a copy of this resolution shall be printed in each National Bureau publication.

(Resolution adopted October 25, 1926, as revised through September 30, 1974)

Contents

<i>List of Tables</i>	xi
<i>Preface</i>	xiii
Introduction	1
1. Secular Overview	4
1.1. Trends in the Distribution of National Assets in Current Prices	10
1.2. Differences between Broad and Narrow Concepts of Assets	11
1.3. Changes in the National Balance Sheet in Constant Prices	12
1.4. Sectoral Distribution of Assets	16
1.5. Decomposition of Rates of Growth of National Assets	16
1.6. National Balance Sheet Ratios	20
1.6.1. Capital/Output Ratios	20
1.6.2. Other Balance Sheet Ratios	21
2. Summary of Findings for the 1953–75 Period	23
3. Problems of Constructing National and Sectoral Balance Sheets	29
3.1. Sectoring	29
3.2. Categories of Assets and Liabilities	31
3.3. Valuation	32
3.4. Deflation (Reduction to Constant Prices)	34
3.5. Consolidation	38
3.6. Sources	38

4. The National Balance Sheet of the United States for 1975	41
4.1. The Overall Balance Sheet	41
4.1.1. Sectoral Distribution	41
4.1.2. Main Assets and Liabilities	42
4.2. The Structure of Sectoral Balance Sheets	44
4.3. Distribution of Assets and Liabilities among Sectors	49
4.4. The Financial Interrelations Ratio	55
5. Trends and Fluctuations in the National Balance Sheet, 1953–75	57
5.1. The National Balance Sheet	58
5.1.1. Annual Fluctuations	58
5.1.2. Rates of Growth	59
5.1.2.1. Types of Assets and Liabilities	59
5.1.2.2. Different Sectors	66
5.1.3. Structure of Assets and Liabilities	72
5.1.4. Sectoral Distribution of Assets	75
5.2. Revaluations	93
5.3. A Comparison of Three Estimates	101
6. Trends and Fluctuations in Sectoral Balance Sheets, 1953–75	104
6.1. Sectoral Distribution of Assets, Liabilities, Equities, and Net Worth	104
6.2. Two Financial Ratios	107
6.3. The Balance Sheet of All Nonfinancial Sectors	109
6.4. Households	116
6.4.1. Trends and Cyclical Movements of Total Assets	116
6.4.2. Structural Changes	119
6.4.3. Rates of Growth of Assets and Liabilities	123
6.4.4. Liquidity	128
6.4.5. Leverage Ratio	130
6.4.6. Subsectors of the Household Sector	132
6.4.6.1. Top 1 Percent of Wealthholders	132
6.4.6.2. Households of Different Size of Wealth	134
6.4.6.3. Households of Different Income	136
6.4.6.4. Households of Different Age	139
6.4.6.5. Male and Female Wealthholders	139
6.4.6.6. The Influence of Children	142

6.4.6.7. The Influence of Schooling	143
6.4.6.8. The Influence of Race	143
6.4.6.9. Regional Differences	143
6.5. Nonprofit Organizations	143
6.6. Farm Enterprises	146
6.6.1. The Sector as a Whole	146
6.6.2. Differences among size Classes of Farms	151
6.6.3. Regional Differences	153
6.7. Nonfinancial Nonfarm Unincorporated Business Enterprises	155
6.8. Nonfinancial Corporations	160
6.8.1. The Sector as a Whole	160
6.8.2. Main Subsectors	161
6.8.3. Two Financial Ratios	167
6.9. Federal Government	167
6.10. State and Local Governments	171
6.11. Rest of the World	171
6.12. Financial Institutions	177
7. Broader Definitions of National Assets	186
7.1. Standing Timber	187
7.2. Fish and Game	187
7.3. Collectors' Items	187
7.4. National Monuments	188
7.5. Subsoil Assets	189
7.6. Research and Development Expenditures	190
7.7. Patents, Copyrights, and Goodwill	190
7.8. Unfunded Liabilities of Pension and Retirement Funds	190
7.9. Human Capital	192
7.10. An Estimate of Extended National Assets	193
8. Developments in 1976–80	195
8.1. Movements of National Assets	196
8.2. Changes in Distribution among Components: Overview	196
8.3. Reproducible Tangible Assets	198
8.4. Financial Assets	199
8.5. National Balance Sheet Ratios	205
<i>References</i>	211
<i>Index</i>	215

This Page Intentionally Left Blank

Tables

Note: All tables are in current prices except tables 4 and 23, which are in constant (1972) prices, and tables 3, 15, 17, 18, 21, 26, 48, 52, 62, 68, 76, 78, 80, 83, and 88, which show both current and constant price figures.

1. Structure and Growth of National Balance Sheet, 1900, 1929, 1953, and 1980: Narrow Concept 6
2. Structure and Growth of National Balance Sheet, 1900, 1929, 1953, and 1980: Broad Concept 8
3. Growth Rates of Main Components of National Assets, 1901–80 14
4. Distribution and Growth of Reproducible Tangible Assets, 1900–80; Constant (1929 or 1972) Prices 15
5. Sectoral Distribution of National Assets, 1900, 1929, 1953, 1975, and 1979: Narrow Concept 17
6. Decomposition of Rate of Growth of National Assets, (Narrow Concept), 1901–80 18
7. Capital/Output Ratios, 1900, 1929, 1953, and 1980 21
8. Additional National Balance Sheet Ratios, 1900, 1929, 1953, and 1980 22
9. Asset Price Indices, 1953–80 36
10. Prices of Main Components of Assets: Rate of Increase and Share in Total National Assets 39
11. Main Assets and Liabilities in the National Balance Sheet, 1975 43
12. Structure of Sectoral Balance Sheets, 1975 45
13. Sectoral Balance Sheet Ratios, 1975 49
14. Distribution of Individual Assets and Liabilities among Sectors, 1975 50
15. National Assets, 1953–75 60
16. National Balance Sheet Ratios, 1953–75 62
17. Growth Rates of Assets and Liabilities of All Sectors, 1954–75 64
18. Rates of Growth of Assets of Main Sectors, 1954–75 67

19. Rates of Growth of Assets of Financial Subsectors, 1954-75 68
20. Relation of National and Sectoral Assets to Gross National Product, 1953-75 71
21. Sectoral Growth Rates: Numbers Increasing or Decreasing Each Year, 1955-75 72
22. Annual Changes in Sectoral Assets in Current Prices, 1954-75 73
23. Annual Changes in Sectoral Assets in Constant (1972) Prices, 1954-75 74
24. Structure of National Balance Sheet, 1953, 1964, and 1975 76
25. Sectoral Distribution of Assets, Liabilities, Equities, and Net Worth, 1953, 1964, and 1975 78
26. Sectoral Distribution of National Assets in Current and Constant (1972) Prices, 1953, 1964, and 1975 80
27. Annual Sectoral Distribution of National Assets, 1953-75 82
28. Annual Sectoral Distribution of Tangible Assets, 1953-75 83
29. Annual Sectoral Distribution of Financial Assets, 1953-75 84
30. Changes in Sectoral Distribution of Assets, Liabilities, and Net Worth between 1953 and 1975 86
31. Structure of Sectoral Balance Sheets, 1953 88
32. Distribution of Individual Assets, Liabilities, and Net Worth among Sectors, 1953 90
33. Size of Changes in Sectoral Distribution of Assets, Liabilities, and Net Worth between 1953 and 1975 92
34. Changes in National Assets and National Saving, 1954-75 94
35. Sectoral Distribution of Revaluations, 1954-75 96
36. Share of Revaluations in Increase in Net Worth, 1954-75 97
37. Net Revaluations and Net Worth, 1946-75 98
38. Net Revaluations by Type of Asset and Liability and Sector, 1946-75 99
39. Share of Gross Revaluations in Net Worth Changes by Sector, 1901-53 101
40. Three Estimates of Assets of Domestic Private Sectors, 1953 and 1974 102
41. National Wealth and Sectoral Net Worth, 1953, 1964, and 1975 106
42. The Share of Financial Assets in Total Sectoral Assets, 1953-75 108
43. The Sectoral Liabilities/Financial Assets Ratio, 1953, 1964, and 1975 109
44. Distribution of National Assets between Financial and Nonfinancial Sectors, 1953-75 110
45. Assets of All Nonfinancial Sectors, 1953-75 111
46. Rates of Growth of Assets and Liabilities of Financial and Nonfinancial Sectors, 1954-75 112

47. Structure of Balance Sheet of All Nonfinancial Sectors, 1953, 1964, and 1975 114
48. Assets of Household Sector, 1953–75 118
49. Structure of Household Assets and Liabilities, 1953, 1964, and 1975 120
50. Main Components of Balance Sheets of Households, 1953–75 122
51. Proportion of Years in which Share of Given Asset, Liability, or Net Worth in Total Assets of Households or Relation to Personal Disposable Income Increased, 1954–75 124
52. Rates of Growth of Household Assets, Liabilities, and Net Worth, 1954–75 126
53. Liquidity of Household Sector, 1953–75 129
54. Leverage Ratio of Household Sector, 1953–75 131
55. Balance Sheet Structure of Top 1 Percent of Wealthholders: Selected Dates, 1953–75 133
56. Asset Structure of Households of Different Wealth, 1962 135
57. Structure of Household Balance Sheet by Wealth of Unit, 1962 137
58. Structure of Household Balance Sheet by Income of Unit, 1962 138
59. Structure of Household Balance Sheet by Age of Head, 1962 140
60. Structure of Assets and Liabilities of Male and Female Top Wealthholders, 1953, 1962, and 1972 141
61. Portfolio Structure of Households of Different Composition, Schooling, Race, and Region, 1962 144
62. Assets of Nonprofit Organizations, 1953–75 147
63. Structure of Balance Sheet of Nonprofit Organizations, 1953, 1964, and 1975 148
64. Assets of Farm Enterprises, 1953–75 149
65. Structure of Balance Sheet of Farm Enterprises, 1953, 1964, and 1975 150
66. Balance Sheet Structure of Farms of Different Size, 1975 152
67. Structure of Balance Sheet of Farm Enterprises by Region, 1969 154
68. Assets of Nonfarm Nonfinancial Unincorporated Business Enterprises, 1953–75 157
69. Structure of Balance Sheet of Nonfarm Nonfinancial Unincorporated Business Enterprises, 1953, 1964, and 1975 158
70. Structure of Balance Sheet of Nonfinancial Nonagricultural Partnerships, 1973 159
71. Assets of Nonfinancial Corporations, 1953–75 162
72. Structure of Balance Sheet of Nonfinancial Corporations, 1953, 1964, and 1975 163

73. Balance Sheet Structure of Nonfinancial Nonagricultural Corporations, 1974 164
74. Balance Sheet Structure of Manufacturing Corporations, 1974 166
75. Relation of Market Value of Stock of Nonfinancial Corporations to Their Equity and Their Tangible Assets, 1953–75 168
76. Assets of Federal Government, 1953–75 169
77. Structure of Balance Sheet of Federal Government, 1953, 1964, and 1975 170
78. Assets of State and Local Governments, 1953–75 172
79. Structure of Balance Sheet of State and Local Governments, 1953, 1964, and 1975 173
80. Foreign Assets of American Sectors, 1953–75 174
81. American Assets of Rest-of-the-World Sector, 1953–75 175
82. Structure of Balance Sheet of Rest-of-the-World Sector, 1953, 1964, and 1975 176
83. Assets of Financial Institutions, 1953–75 178
84. Growth, Distribution, and Relation to Gross National Product of Balance Sheet Components of all Financial Institutions; 1953, 1964, and 1975 180
85. Assets of Financial Institutions: Rate of Growth, Distribution, and Relation to Gross National Product, 1953–75 182
86. Extended Concept of National Assets, 1953, 1964, and 1975 193
87. Sectoral Distribution of National Assets, 1953, 1964, and 1975: Standard and Extended Concepts 194
88. Main Components of National Assets, 1975–80 197
89. Distribution and Rate of Growth of National Assets, 1953 and 1975–80 200
90. The Structure of the Stock and Rate of Growth of Reproducible Assets, 1953 and 1975–80 202
91. Sectoral Distribution and Growth Rates of Financial Assets, 1953 and 1975–80 204
92. Distribution and Growth Rates of Financial Assets of Financial Institutions, 1953 and 1975–80 206
93. National Balance Sheet Ratios, 1953 and 1975–80 208

Preface

After decades of neglect, during which the estimates of my *A Study of Saving in the United States* for seven benchmark years between 1900 and 1945, published in 1955–56, and of *Studies in the National Balance Sheet of the United States* by R. W. Goldsmith, R. E. Lipsey, and M. Mendelson, published in 1963, which provided annual data for 1945 to 1958 and for the same benchmark years, were the only ones in the field, there is now a plethora of estimates of national balance sheets of the United States. Apart from the present study, which furnishes annual estimates of national and sectoral balance sheets for each year from 1953 to 1975, and estimates for 1900, 1929, and 1980, there are the as yet unpublished estimates of Richard and Nancy Ruggles (“The Integration of National Income Accounts and Balance Sheets for the United States, 1947–78,” July 1979; updated October 1981); of Robert Eisner (“Capital Gains and Income: Real Changes in the Value of Capital in the United States, 1946–1975,” July 1977); and the various editions of *Balance Sheets for the U.S. Economy* of the Flow-of-Funds staff of the Federal Reserve Board, which cover the period from 1947 on an annual basis but are limited to the private sectors of the economy; and there is a project of the Center for Economic Policy Research of SRI International which will provide quarterly estimates for a larger number of sectors, but for a more recent period only. The present study was conceived as part of a project on the measurement of economic and social performance directed by Richard Ruggles and was completed early in 1978—apart from some revisions and additions, a limited amount of updating in chapter 8, and the addition of chapter 1 early in 1981—before the Ruggles and Federal Reserve Board estimates as well as the 1981 revisions of the Bureau of Economic Analysis estimates became available. This, as well as the other studies, except the SRI International project, is essentially based on two bodies of data:

first, the estimates of the components of reproducible tangible assets prepared by members of the Bureau of Economic Analysis of the Department of Commerce, particularly John Musgrave, published in various issues of the *Survey of Current Business* (e.g., April 1976, September 1979, March 1980, and February 1981), and, second, for financial assets and liabilities, the statistics of the Federal Reserve Board, published, e.g., in *Flow-of-Funds in the United States, 1945 to 1975*. It is only the estimates of the values of land and of consumer semidurables, of households' equity in farm and other unincorporated business enterprises, the balance sheets of nonprofit institutions as well as of a few groups of financial institutions, and the rough estimates of chapter 7 that are original with this study. This study, however, differs from the others in that it goes beyond presentation of the basic statistical data in current prices and provides estimates in constant prices also for land and for financial assets, some data for subsectors of households and enterprises, and a limited amount of analysis and interpretation.

The mass of data is presented as far as possible in the form of ratios—the shares of the different assets and liabilities and of the different sectors in the relevant totals; annual or period rates of growth in current or constant prices; ratios to gross national product and wealth and as index numbers, rather than in absolute (dollar) values, because ratios are regarded as more informative and easier to absorb. However, enough absolute figures are included to permit the intensive user to reconstruct in almost all cases the missing absolute figures and to work with them.

I am indebted, for providing some unpublished material and answering many questions, to the flow-of-funds section of the Federal Reserve Board (Mr. Steve Taylor and Mrs. Helen Tice) and to the Bureau of Economic Analysis of the Department of Commerce (Mr. John Musgrave); and for assistance, particularly in setting up the computer operations, to Miss Judy Notovitz. Professor C. S. Binkley of the Yale School of Forestry kindly prepared the estimate of the value of standing timber used in chapter 7. Financial assistance by NSF grant SOC 74-21391 is gratefully acknowledged.

I am also indebted to the members of the staff reading committee of the National Bureau of Economic Research (Mr. Solomon Fabricant, Mr. John Kendrick, and Mrs. Helen Tice) and to the members of the directors' reading committee (identities unknown to me), although I have not been able to accept all their suggestions.

New Haven, Connecticut
January 1982

R. W. Goldsmith