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5 Trends and Fluctuations in the National Balance Sheet, 1953–75

This chapter discusses some of the more important characteristics and aspects of the national balance sheet during the period 1953 to 1975, sometimes on an annual basis, and sometimes, when this would be too space-consuming, only for the three benchmark years 1953, 1964, and 1975, and for the two eleven-year subperiods between them.

The 1953–75 period has the advantage that it naturally divides into two subperiods of equal length but economically different nature. The first period running from 1953 through 1964 is characterized by reasonable price stability, the increase in the price level (gross national product deflator) averaging 2.0 percent per year; by relatively rapid growth, the real gross national product rising at an average rate of 3.5 percent; and by a low level of interest rates, the yield of high-grade corporate bonds averaging 4.2 percent. The second period, covering the years 1965–75, in contrast is inflationary, with the price level advancing at an annual average rate of 5.4 percent; with slow growth of real national product of 2.9 percent a year; and with high interest rates indicated by the average yield of 6.9 percent of high-grade corporate bonds. It is, therefore, often necessary to discuss these two heterogeneous periods separately.

The entire period of twenty-two years contains six business cycles of different duration and severity. They are identified, if only annual data are available, by the trough years 1953, 1957, 1960, 1962, 1966, 1970, and 1974.¹ It remains to be seen whether and how clearly these cycles, and particularly their troughs, are reflected in the national and sectoral balance sheets.

1. Moore and Klein 1977, 2:14; 1962 and 1966 are classified as “mini-recessions.”

5.1. The National Balance Sheet

5.1.1. Annual Fluctuations

National assets, i.e., the unconsolidated sum of the assets of all sectors, increased from 1953 through 1975 from nearly \$3 trillion to close to \$14 trillion, or at an average annual rate of 7.4 percent. As a result of the upward trend of prices the increase was much more moderate in constant (1972) prices, viz., 3.6 percent per year. The increase, however, was slightly more rapid than the expansion of gross national product with the result that the ratio of the national assets to national product rose from 7.9 to 8.6.

Trends in the two halves of the period were quite different. National assets in current prices expanded at an average rate of 6.3 percent during the first half of the period and by 8.5 percent during the second half. In constant prices, on the contrary, the rate of growth fell from an average of 4.5 percent in the first half of the period to 2.7 percent during the second half, as the constant price value of the stock of fixed face value assets was reduced in proportion to the rise of the price level. All rates will have to be reduced by 1.3 percent for the period as a whole and by 1.7 and 1.0 for its two halves if per head values are wanted. The movements of the ratio of national assets to gross national product are similar: up from 7.9 in 1953 to 8.6 in 1964, flat from 1964 to 1975.

The year-to-year movements of national assets, which can be followed in table 15 show a fairly pronounced cyclical pattern, whether expressed in current or in constant prices. Of the six cyclical troughs (dated on base of the year-end situation as balance sheets refer to end of year) the rates of growth of national assets are well below the level of the preceding and the following year in five cases (1957, 1960, 1962, 1966, 1974), while they are below the following but above the preceding year in the remaining case (1970). The movements of the ratio during cyclical upswings do not show equally pronounced regularities. There is, however, a tendency, again both for current and constant price estimates, for the first year of an upswing (1958, 1961, 1963, 1967, 1971, and 1975) to be associated with a relatively high value of the ratio.

The year-to-year changes of the ratio of national assets to national product, shown in column 7, do not exhibit a clear relation to business cycle movements, only two of the six cyclical troughs (1962 and 1966) coinciding with low values of the ratio.

The financial interrelations ratio (table 16) exhibited a downward trend, falling between 1953 and 1977 from 1.18 to 1.09, if household equities in unincorporated business enterprises and in personal trust funds are included among financial assets. This trend disappears if these three sectors are consolidated with the household sector, as is often done

in national accounting, because the share of these three equities in broadly defined financial assets declined from 21 to 16 percent. Both measures, however, showed similar movements for the period, rising from 1953 to 1968 and declining by 23 and 21 percentage points, or by one-sixth of their 1972 value, in 1973 and 1974, when the prices of tangible assets increased sharply. The movements of the ratio thus point to an increase in the relative size of the financial superstructure in the less inflationary and to a decline in the more inflationary part of the period, though the decline started only in 1969, two years after the rise in the price level accelerated, and was interrupted in 1971–72.

The capital/output ratio shows no trend until 1972, keeping in most years between 3.7 and 3.9, but is generally high in cyclical trough years (1957, 1960, 1970, 1974) because the numerator, the capital stock, is not adjusted for changes in the degree of utilization.

5.1.2. Rates of Growth

5.1.2.1. *Types of Assets and Liabilities*

While the current value of national assets increased at an average annual rate of 7.4 percent over the period as a whole and the deflated (1972 prices) rate averaged 3.6 percent, the growth rates of the components, i.e., the main types of tangible assets and financial instruments, often deviated considerably from these averages. The range of the assets distinguished in table 17 extends from -3 percent (gold)² to 16 percent (U.S. agency securities and open-market paper, two relatively new types of instruments) in current prices, and from -6 percent to 12 percent in constant prices. The range would be wider if assets had been more finely classified and narrower if fewer assets had been distinguished. The great majority—nineteen out of twenty-six—of the growth rates, however, lie between 5 and 10 percent if current values are used and between 2 and 7 percent for deflated values.

Tangible assets grew at an only slightly more rapid rate than financial assets, both in current and in constant prices. Among financial assets, disregarding those of relatively small size, time and savings deposits, state and local government securities, corporate bonds, mortgages, bank loans, consumer credit, and direct foreign investment grew in current prices at a rate at least 1 percent above the average for the period as a whole. On the other hand, the rate of growth of demand deposits and currency, U.S. government securities, and equity in unincorporated business and trust funds was at least 1 percent below the average. This left

2. Valued at market prices gold would show an average rate of increase of 8.66 percent for the 1964–75 period and one of 2.57 percent for the entire period.

Table 15 **National Assets, 1953-75**

	Amount (\$ bill.)		Index (1953 = 100.0)		Annual change (percent)		Relation of col. 1 to	
	Current prices (1)	1972 (2)	Current prices (3)	1972 (4)	Current prices (5)	1972 (6)	Gross national product ^a (7)	National wealth (8)
1953	2,876	4,730	100.0	100.0	...	...	7.94	2.15
1954	3,089	5,026	107.4	106.3	+7.4	+6.3	8.10	2.21
1955	3,375	5,323	117.4	112.5	+9.3	+5.9	8.21	2.21
1956	3,613	5,471	125.6	115.7	+7.1	+2.8	8.31	2.17
1957	3,744	5,549	130.2	117.3	+3.6	+1.4	8.52	2.11
1958	4,072	5,949	141.6	125.8	+8.8	+7.2	8.64	2.18
1959	4,311	6,196	149.9	131.0	+5.9	+4.2	8.62	2.19
1960	4,462	6,371	155.1	134.7	+3.5	+2.8	8.82	2.19
1961	4,801	6,779	166.9	143.3	+7.6	+6.4	8.78	2.26
1962	4,955	6,914	172.3	146.2	+3.2	+2.0	8.60	2.23
1963	5,318	7,347	184.9	155.3	+7.3	+6.3	8.63	2.28
1964	5,639	7,685	196.1	162.5	+6.0	+4.6	8.60	2.29

1965	6,122	8,160	212.9	172.5	+8.6	+6.2	8.46	2.32
1966	6,407	8,284	222.8	175.1	+4.7	+1.5	8.27	2.27
1967	7,042	8,799	244.9	186.0	+9.9	+6.2	8.50	2.32
1968	7,781	9,263	270.5	195.8	+10.5	+5.3	8.61	2.34
1969	8,216	9,224	285.7	195.0	+5.6	-0.4	8.57	2.24
1970	8,727	9,349	303.4	197.7	+6.2	+1.4	8.60	2.22
1971	9,565	9,773	332.6	206.6	+9.6	+4.5	8.62	2.27
1972	10,611	10,357	368.9	219.0	+10.9	+6.0	8.58	2.31
1973	11,553	10,338	401.7	218.6	+8.9	-0.2	8.48	2.17
1974	12,503	9,973	434.7	210.8	+8.2	-3.5	8.64	2.04
1975	13,786	10,341	479.3	218.6	+10.3	+3.7	8.55	2.07

^aThe appropriate denominator is year-end gross national product including allowances for the use value of government and nonprofit organizations' capital and of consumer durables and semidurables. This broader total, as estimated by Ruggles (appendix table 1) is about one-tenth higher (excluding allowance for the use value of consumer semidurables) than the conventional estimates of the Bureau of Economic Analysis of the Department of Commerce, which have been used here, since Ruggles's estimates were not available when this study was essentially completed. Hence all ratios to gross national product shown in this and other tables should be reduced by about one-tenth. Estimates of the year-end rate of gross national product are provided by neither the Bureau of Economic Analysis nor by Ruggles. They must, therefore, be approximated, which has been done in this study, in principle though with some exceptions, by averaging the rates of the last quarter of the year and of the first quarter of the following year. Differences between annual and year-end figures are small in most years, averaging somewhat over 3 percent and rarely exceeding 5 percent.

Table 16 **National Balance Sheet Ratios, 1953–75**
(National Assets = 1.00)

	Financial interrelations ratio ^a		Financial inter-mediation ratio ^b	Debt ratio (4)	Equity ratio ^c (5)	Net worth ratio ^d (6)	Foreign balance ratio (7)	Liquidity ratio ^e (8)	Capital output ratio ^f (9)
	A	B							
	(1)	(2)							
1953	1.178	0.935	0.597	0.354	0.218	0.428	0.0052	0.199	3.69
1954	1.229	0.989	0.592	0.348	0.213	0.439	0.0045	0.194	3.67
1955	1.229	0.988	0.587	0.343	0.210	0.447	0.0039	0.183	3.71
1956	1.191	0.967	0.585	0.337	0.211	0.452	0.0045	0.175	3.83
1957	1.137	0.921	0.597	0.339	0.213	0.448	0.0056	0.175	4.07
1958	1.206	0.984	0.587	0.332	0.210	0.458	0.0052	0.171	3.96
1959	1.217	1.001	0.590	0.335	0.206	0.459	0.0046	0.169	3.93
1960	1.215	1.004	0.604	0.341	0.203	0.456	0.0051	0.169	4.03
1961	1.286	1.072	0.604	0.338	0.200	0.462	0.0051	0.166	3.88
1962	1.255	1.045	0.629	0.350	0.200	0.450	0.0060	0.171	3.86
1963	1.305	1.094	0.632	0.352	0.196	0.452	0.0057	0.169	3.79

1964	1.321	1.114	0.645	0.358	0.195	0.447	0.0066	0.171	3.76
1965	1.363	1.158	0.640	0.357	0.192	0.451	0.0070	0.167	3.64
1966	1.306	1.100	0.653	0.364	0.193	0.443	0.0074	0.167	3.65
1967	1.354	1.156	0.645	0.358	0.190	0.452	0.0068	0.166	3.67
1968	1.372	1.117	0.638	0.354	0.187	0.459	0.0063	0.162	3.68
1969	1.271	1.084	0.651	0.358	0.190	0.452	0.0059	0.159	3.82
1970	1.252	1.069	0.666	0.363	0.189	0.448	0.0057	0.164	3.87
1971	1.295	1.110	0.677	0.365	0.188	0.447	0.0039	0.167	3.79
1972	1.320	1.134	0.688	0.367	0.186	0.447	0.0026	0.166	3.72
1973	1.183	1.002	0.711	0.372	0.192	0.436	0.0033	0.167	3.91
1974	1.063	0.911	0.723	0.374	0.197	0.429	0.0044	0.169	4.22
1975	1.094	0.923	0.712	0.370	0.198	0.432	0.0047	0.171	4.12

^aFinancial assets including (col. 1) or excluding (col. 2) equities in unincorporated enterprises and personal trust funds divided by gross national product.

^bTwice share of financial institutions in total financial assets.

^cEquity of three business sectors plus net foreign investment.

^dNet worth of households, nonprofit organizations, governments, and net foreign balance.

^eGold, currency, deposits, bonds, and open market paper.

^fNational wealth : gross national product.

Table 17 **Growth Rates of Assets and Liabilities of All Sectors, 1954–75**
(percent per year)

	Current prices			Constant prices		
	1954 to 1964 (1)	1965 to 1975 (2)	1954 to 1975 (3)	1954 to 1964 (4)	1965 to 1975 (5)	1954 to 1975 (6)
1. Land	9.02	9.60	9.31	7.67	3.17	5.40
2. Structures	5.52	10.10	7.79	3.89	3.38	3.63
3. Consumer durables	4.67	9.38	7.00	3.92	6.13	5.02
4. Equipment	4.50	8.31	6.39	2.24	3.49	2.86
5. Inventories	3.31	8.03	5.64	2.21	2.67	2.44
6. Tangible assets	5.70	9.48	7.57	4.22	3.50	3.86
7. Demand deposits and currency	2.44	5.05	3.74	0.46	-0.33	0.07
8. Time and savings deposits	10.39	10.78	10.58	8.25	5.11	6.67
9. Gold and foreign exchange	-3.05	-2.65	-2.84	-4.93	-7.62	-6.28
10. U.S. government securities	1.07	4.95	2.99	-0.89	-0.42	-0.65
11. U.S. agency securities	11.62	21.04	16.24	9.45	14.84	12.12
12. State and local government securities	9.42	8.63	9.02	7.30	3.06	5.16
13. Corporate and foreign bonds	7.11	9.70	8.40	5.04	4.08	4.56
14. Corporate stock	11.99	2.93	7.36	9.82	-2.34	3.56
15. Mortgages	10.62	9.11	9.86	8.47	3.52	5.97
16. Bank loans n.e.c.	9.18	10.78	9.98	7.06	5.11	6.08
17. Other loans	7.46	10.12	8.78	5.38	4.48	4.93
18. Consumer credit	8.91	8.52	8.71	6.80	2.95	4.86
19. Open-market paper	14.69	17.56	16.11	12.48	11.54	12.01
20. Trade credit	6.81	8.92	7.86	4.75	3.35	4.04
21. Insurance and pension reserves	7.27	7.47	7.37	5.19	1.97	3.57

22. Direct foreign investment	8.96	9.33	9.14	6.85	3.74	5.28
23. Farm business equity	3.06	8.56	5.77	1.06	3.01	2.03
24. Unincorporated nonfarm equity	3.47	8.33	5.87	1.47	2.74	2.12
25. Common trust funds	15.70	10.70	13.17	13.44	5.04	9.16
26. Individual trust funds	9.17	3.60	6.35	7.06	-1.70	2.59
27. Other financial assets	4.37	8.84	6.58	2.35	3.27	2.81
28. Total financial assets	6.81	7.63	7.22	4.74	2.12	3.42
29. Total assets	6.31	8.47	7.38	4.51	2.74	3.62
30. Demand deposits and currency	2.47	5.50	3.98	0.49	0.10	0.30
31. Time and saving deposits	10.39	10.78	10.58	8.25	5.11	6.67
32. U.S. government securities	1.15	4.97	3.04	-0.80	-0.41	-0.61
33. U.S. agency securities	11.62	21.04	16.24	9.45	14.84	12.12
34. State and local government securities	9.42	8.32	8.87	7.30	2.77	5.02
35. Corporate and foreign bonds	7.11	9.70	8.40	5.04	4.08	4.56
36. Mortgages	10.62	9.11	9.86	8.47	3.52	5.97
37. Bank loans n.e.c.	9.18	10.78	9.98	7.06	5.11	6.08
38. Other loans	7.82	10.32	9.06	5.73	4.67	5.20
39. Consumer credit	8.91	8.52	8.71	6.80	2.96	4.86
40. Open-market paper	14.69	17.56	16.11	12.48	11.54	12.01
41. Trade debt	7.09	8.81	7.94	5.02	3.23	4.12
42. Insurance and pension reserves	7.27	7.47	7.37	5.19	1.97	3.57
43. Other liabilities	4.17	9.46	6.79	2.16	3.86	3.01
44. Liabilities	6.43	8.78	7.60	4.18	3.35	3.77
45. Direct foreign investment	9.54	9.27	9.41	7.42	3.68	5.53
46. Common trust funds	15.70	10.70	13.17	13.44	5.04	9.16
47. Individual trust funds	9.17	3.60	6.35	7.06	-1.70	2.59
48. Business equities	4.70	8.98	6.82	2.68	3.41	3.04
49. Equities	5.22	8.61	6.90	3.18	3.06	3.12
50. Net worth	6.74	8.14	7.43	5.40	2.12	3.74
51. Liabilities, equities, and net worth	6.31	8.47	7.38	4.51	2.74	3.62

corporate stock, trade credit, and insurance and pension reserves within 1 percent of the average.

The difference between the first half of the period and the second is clearly reflected in the growth rates of the various assets. While the growth rate of total national assets in current prices increased from 6.3 to 8.5 percent, the rate based on constant price estimates declined sharply from 4.5 to 2.7 percent. These movements were shared by most components, about three-fourths of the growth rates in current prices rising from the first to the second half of the period, while over two-thirds of the rates in constant prices showed the opposite movement.

The change between the two halves of the period was much more pronounced, on the basis of current prices, for tangible assets with an increase of 3.8 percent than for financial assets with a change of 0.8 percent, reflecting the fact that the prices of tangibles rose rapidly in the second half of the period, while among financial assets the most important asset subject to price fluctuations, corporate stock, advanced only a little. On the basis of constant prices the rate of growth fell for both tangible and financial assets, but the decline was considerably smaller for the former, with 0.7 percent, than for the latter, for which it averaged 2.6 percent.

Among financial assets the sharpest decline in the growth rate between the first and the second half of the period occurred in corporate stock, the average rate of growth in current prices falling from nearly 12 to less than 3 percent. The rate of growth also declined for state and local government securities, mortgages, consumer credit, and trust funds. Increases in the rate of growth lagged behind the average for time and savings deposits, bank loans, insurance and pension reserves, and direct foreign investment. In a few cases, however, the rate of growth in the second part of the period exceeded that of the first part, viz., U.S. agency securities and equity in unincorporated business.

5.1.2.2. *Different Sectors*

The growth of the assets of the nine main sectors and of the nineteen financial subsectors differed considerably from the national averages of 7.4 percent in current and 3.6 percent in constant (1972) prices. This is evident from tables 18 and 19. Among the main sectors the average rate of growth in current prices ranged from 4.2 percent for the U.S. government to 10.6 percent for the rest of the world (foreign investments in U.S.A.). Three other sectors (state and local governments, nonprofit institutions, and financial institutions) grew more rapidly than national assets, while two others (farm and nonfarm unincorporated business) lagged substantially behind the national average. Households, the largest sector, kept fairly close to the average.

Table 18 **Rates of Growth of Assets of Main Sectors, 1954–75**
(percent per year)

	Current prices			Constant (1972) prices		
	1954 to 1964 (1)	1965 to 1975 (2)	1954 to 1975 (3)	1954 to 1964 (4)	1965 to 1975 (5)	1954 to 1975 (6)
1. Households	6.62	7.61	7.11	4.85	2.24	3.53
2. Nonprofit institutions	8.14	8.55	8.34	6.53	1.77	4.13
3. Farm business	3.73	8.39	6.04	2.48	2.33	2.41
4. Nonfarm nonfinancial noncorporate business	3.96	8.49	6.20	2.66	2.23	2.45
5. Nonfinancial corporate business	5.87	10.00	7.92	4.17	3.84	4.01
6. U.S. government	3.60	4.84	4.22	1.74	-0.86	0.43
7. State and local governments	7.58	11.35	9.45	5.94	4.38	5.15
8. Rest of the world	9.07	12.06	10.56	6.96	6.32	6.64
9. All nonfinancial sectors	6.04	8.40	7.21	4.30	2.63	3.46
10. Financial institutions	7.59	8.77	8.18	5.52	3.18	4.34
11. All sectors	6.31	8.47	7.38	4.51	2.74	3.62

Table 19 **Rates of Growth of Assets^a of Financial Subsectors, 1954–75**
(percent per year)

	Current prices			Constant (1972) prices		
	1954 to 1964 (1)	1965 to 1975 (2)	1954 to 1975 (3)	1954 to 1964 (4)	1965 to 1975 (5)	1954 to 1975 (6)
	1. Monetary authorities	1.17	6.69 ^b	3.89 ^c	-0.79	1.23	0.22
2. Commercial banking	5.53	9.76	7.62	3.48	4.15	3.81
3. Mutual savings banks	6.61	7.36	6.98	4.54	1.86	3.19
4. Savings and loan associations	14.57	9.86	12.19	12.35	4.23	8.21
5. Credit unions	15.97	12.69	14.32	13.71	6.92	10.26
6. Federally sponsored credit agencies	13.93	19.87	16.86	11.73	13.73	12.73
7. Life insurance companies	5.98	6.16	6.07	3.93	0.73	2.32
8. Fraternal life insurance companies	3.70	5.33	4.51	1.70	-0.03	0.83
9. Savings bank life insurance	7.72	6.22	6.97	5.70	0.94	3.29
10. Private pension funds	16.71	7.93	12.23	14.45	2.41	8.26
11. State and local employee pension funds	13.02	11.94	12.48	10.84	6.21	8.50
12. Other insurance companies	7.56	7.54	7.55	5.47	2.04	3.74
13. Open-end investment companies	19.38	3.43	11.12	17.07	-1.87	7.18
14. Finance and mortgage companies	10.16	8.60	9.37	8.03	3.04	5.50
15. Security brokers and dealers	7.28	5.17	6.22	5.20	-0.21	2.46
16. Bank-administered trusts and estates	9.45	3.88	6.63	7.33	-1.44	2.85
17. Postal savings	-14.52	-21.66	-18.17	-14.98	-27.62	-21.55
18. All subsectors	7.57	8.59 ^c	8.08 ^c	5.52	3.18	4.34

^aExcluding small amounts of tangible assets.

^bRates would be 8.73 percent in col. 2 and 4.41 percent in col. 3 if gold were valued at market price instead of book value.

^cIf gold is valued at market price 8.70 percent in col. 2 and 8.13 percent in col. 3.

Divergences from the averages of 8.2 percent in current and 4.3 percent in constant prices are much larger among financial institutions. They range in current prices from -18 percent for postal savings to +17 percent for federally sponsored credit agencies. Though the large types of institutions kept closer to the average, differences were very substantial among them too. Thus private and state and local pension funds and savings and loan associations grew at an average rate of 12 percent, while the average growth rate of mutual savings banks and life insurance companies was fully 1 and 2 percent respectively below the sector average of 8 percent, and that of monetary authorities with less than 4 percent lagged by more than 4 percent behind it. Commercial banks, the largest subsector, were close to, but 0.6 percent below, the average. In constant prices all the growth rates are lower, but the ranking and relationships among sectors and subsectors are the same as in current prices.

On the basis of current prices growth rates were higher in the second inflationary half of the period in all sectors, but the difference between the two periods varied. While the growth rate for all sectors of the second half of the period was 2 percent above that of the first half, the difference was in excess of 4 percent for the three business sectors, in part reflecting sharp increases in the prices of land and structures, and by almost as much for state and local governments; but it was only of the order of 1 percent above the rate of the first half for households and financial institutions, influenced by the relatively poor performance of stock prices.

Differences were even larger among financial institutions, although the average rate of growth during the second half of the period with 8.8 percent was only a little over 1 percent higher than in the first period. Indeed the average rate of growth of the second half of the period was below that of the first part for some important institutions, such as savings and loan associations, pension funds, open-end investment companies, and finance and mortgage companies, all of which had grown very rapidly at rates in excess of 10 percent during the first part of the period. The most important groups which greatly accelerated growth during the second part of the period were monetary authorities, commercial banking, and federally sponsored credit agencies, the first two being closely linked to the process of increasing inflation.

Contrary to the picture in current prices the rate of growth of assets was lower in the second than in the first half of the period in all main sectors if constant prices are used. Compared to an average decline of nearly 2 percent—2.7 against 4.5 percent—it amounted to 2.5 percent in the two largest sectors, households and financial institutions. Although its assets declined only at the average rate, the U.S. government was the only sector to show a negative rate of growth in the second half of the period. On the other hand the decline was small—less than one-half of 1 percent—for the three business sectors.

The only financial institutions to show a higher rate of growth of assets in constant prices in the second than in the first part of the period were monetary authorities, commercial banks, and federally sponsored credit agencies, though the increase was small for banks. The decline was particularly marked, among large institutions, for saving and loan associations, life insurance companies and pension funds. It was large enough to result in a negative average rate of growth in the case of open-end investment companies, security brokers and dealers, and bank administered trusts.

To see whether the assets of the different sectors have grown more or less rapidly than the economy as a whole, they have been expressed in table 20 as a percentage of gross national product. For the period as a whole, when the ratio of national assets to gross national product rose from 7.94 to 8.55, all of the increase occurring in the first five years of the period, that of unincorporated business declined from 0.89 to 0.75 and that of the U.S. government fell from 0.60 to 0.33. The ratio increased for the other six sectors, though insignificantly for households. The increases were largest in absolute terms for nonfinancial corporations, state and local governments, and financial institutions, but in relative terms for the small sectors of nonprofit organizations and rest of the world. While most sectors showed fairly regular trends, the movement was irregular for some of them. The household sector, in particular, registered an increase between 1953 and 1961 from 3.43 to 4.01 and a decline thereafter to 3.50 in 1975, the movements being influenced by those in stock prices. The ratio of financial institutions' assets to gross national product scored most of its advance during the first part of the period, rising from 1.29 in 1953 to 1.60 in 1964, and ended the period at 1.64 after having reached a peak at 1.72 in 1972.

An idea of the synchronization of the annual changes in the rate of growth of the assets of the nine sectors, in current as well as in constant prices, is provided by table 21, which is based on tables 22 and 23. In the average year the rate of growth of assets in current prices increases for about five sectors and declines for about four sectors. The relation is reversed in constant prices: about four sectors increase their rate of growth, while about five decrease it. There are only two years (1961, 1964) in which all nine ratios increase or decrease. Even years with seven or eight ratios in the same direction are not prevalent—five in current prices (1957, 1960, 1965, 1968, 1972); twelve in constant prices (1956, 1958, 1960, 1961, 1963, 1966, 1968, 1969, 1971, 1972, 1973, 1974); and only four on both bases (1960, 1951, 1968, 1972). There does not seem to be a close connection between the degree of sectoral synchronization of growth rates and the business cycle, but the connection that does exist is more pronounced for constant than current price ratios. Even in constant

Table 20

Relation of National and Sectoral Assets to Gross National Product, 1953-75
(percent)

	House- holds (1)	Nonprofit institu- tions (2)	Farm business (3)	Nonfarm non- financial business		U.S. govern- ment (6)	State and local govern- ments (7)	Rest of the world (8)	Finan- cial institu- tions (9)	All sectors (10)
				Unincor- porated (4)	Corpo- rate (5)					
1953	343.3	11.5	39.9	49.3	110.8	59.5	44.6	6.0	129.1	793.9
1954	358.8	12.2	38.7	48.0	108.8	59.4	44.4	6.6	133.2	810.2
1955	364.8	13.0	36.9	47.1	112.5	60.0	45.9	6.8	134.0	820.9
1956	368.9	13.4	36.6	47.6	116.0	59.6	48.3	7.0	133.4	830.7
1957	374.5	13.7	38.0	49.2	121.6	60.0	51.5	7.0	136.8	852.3
1958	390.3	13.7	38.6	48.0	118.0	57.4	51.0	7.3	140.0	864.2
1959	390.5	14.0	36.7	46.1	118.2	56.4	51.3	7.8	141.0	862.0
1960	398.2	14.4	36.7	46.7	120.3	56.6	53.7	8.2	147.4	882.1
1961	401.4	14.6	35.3	44.3	116.2	54.1	53.0	8.4	150.4	877.8
1962	384.6	14.1	34.9	43.8	115.9	52.7	54.0	8.0	151.9	859.8
1963	388.2	14.6	33.8	42.4	114.7	50.3	54.3	8.4	155.9	862.7
1964	384.0	15.0	32.9	41.8	114.6	48.5	55.1	8.7	159.5	860.0
1965	381.3	14.8	32.0	39.8	112.7	45.2	54.2	8.1	158.0	846.2
1966	365.4	14.5	31.6	39.5	114.8	43.6	55.2	7.7	154.9	827.1
1967	382.2	14.7	31.1	39.4	116.3	42.4	56.1	8.3	159.9	850.4
1968	391.3	14.7	30.3	39.6	116.9	41.3	56.7	8.6	161.4	860.9
1969	379.0	15.2	30.2	41.2	122.2	41.3	59.7	9.0	159.0	856.9
1970	373.3	15.7	29.8	41.6	124.5	39.7	63.4	9.1	162.5	859.6
1971	373.9	15.9	29.3	40.5	122.9	37.3	63.9	10.6	168.1	862.4
1972	371.3	15.7	29.5	39.7	120.4	34.4	63.7	11.4	171.6	857.7
1973	353.1	15.4	32.8	41.1	125.3	33.7	68.1	11.3	167.6	848.4
1974	346.3	15.5	33.3	43.3	137.8	34.5	75.4	12.3	165.3	863.7
1975	349.9	15.1	33.5	41.6	133.0	33.2	73.1	12.4	163.5	855.1

Table 21 Sectoral Growth Rates: Numbers Increasing or Declining Each Year, 1955-75

	Current prices			Constant prices		
	Up (1)	Down (2)	Unchanged (3)	Up (4)	Down (5)	Unchanged (6)
1955	5	3	1	3	6	0
1956	3	6	0	1	8	0
1957	1	8	0	3	5	1
1958	7	2	0	7	2	0
1959	5	4	0	4	5	0
1960	1	7	1	1	8	0
1961	9	0	0	8	1	0
1962	4	5	0	3	6	0
1963	6	3	0	8	1	0
1964	4	5	0	0	9	0
1965	8	1	0	4	4	1
1966	4	5	0	1	7	1
1967	6	3	0	5	4	0
1968	7	1	1	2	7	0
1969	4	5	0	1	8	0
1970	3	6	0	6	3	0
1971	6	2	1	7	2	0
1972	8	1	0	7	2	0
1973	5	4	0	2	7	0
1974	3	6	0	1	8	0
1975	4	5	0	6	3	0
Total	103	82	4	80	106	3

prices synchronization is pronounced in only three of the six cyclical troughs (1960, 1966, and 1974).

5.1.3. Structure of Assets and Liabilities

The differences in the rates of growth and year-to-year changes of the various categories of assets and liabilities are reflected in the changes in the structure of the national balance sheet and in the ratios of assets and liabilities to national product and national wealth, shown in table 24.

The most important structural ratio, the share of tangible assets in total national assets, was less than two percentage points higher, at nearly 48 percent, in 1975 than it had been at the beginning of the period, irrespective of whether the balance sheet in current or in constant (1972) prices is used. This, however, is the result of a decline from 46 to 43 percent during the first part of the period and a somewhat larger advance during the second half. Some of these shifts reflect the fact that the prices of reproducible tangible assets increased less than the general price level during the first part of the period but more during the second half, while

Table 22 **Annual Changes in Sectoral Assets in Current Prices, 1954–75**
(percent)

	All sectors (1)	Households (2)	Nonprofit insti- tutions (3)	Nonfinancial noncorporate business		Nonfinan- cial corpo- rations (6)	Federal govern- ment (7)	State and local govern- ments (8)	Rest of the world (9)	Finan- cial institu- tions (10)
				Farm (4)	Other (5)					
1954	+7.4	+10.0	+9.5	+2.8	+2.2	+3.5	+5.1	+4.3	+13.6	+8.5
1955	+9.3	+9.6	+15.2	+2.7	+6.0	+11.6	+9.3	+11.2	+12.0	+8.5
1956	+7.1	+6.9	+9.4	+4.6	+6.7	+8.9	+4.9	+11.7	+10.7	+5.3
1957	+3.6	+2.6	+3.4	+5.0	+4.3	+6.0	+1.9	+7.6	+0.0	+3.6
1958	+8.8	+11.8	+6.7	+9.0	+4.6	+4.1	+2.7	+6.2	+9.7	+9.8
1959	+5.9	+6.2	+9.4	+0.5	+2.2	+6.3	+4.1	+7.1	+14.7	+6.8
1960	+3.5	+3.1	+5.7	+1.6	+2.2	+3.0	+1.4	+5.4	+5.1	+5.8
1961	+7.6	+9.0	+6.8	+3.8	+2.5	+4.4	+3.5	+7.0	+12.2	+10.3
1962	+3.2	+1.0	+2.5	+4.1	+4.1	+5.0	+2.7	+7.2	+0.0	+6.3
1963	+7.3	+8.0	+11.1	+4.0	+4.0	+5.8	+2.0	+7.7	+13.0	+9.8
1964	+6.0	+5.2	+8.9	+3.3	+4.6	+6.4	+2.6	+7.8	+9.6	+8.8
1965	+8.6	+9.6	+9.2	+6.9	+5.1	+8.5	+2.8	+8.6	+3.5	+9.3
1966	+4.7	+2.6	+4.7	+6.1	+6.3	+8.9	+3.4	+9.2	+1.7	+5.0
1967	+9.9	+11.8	+8.9	+5.3	+6.5	+8.3	+3.8	+8.6	+13.3	+10.3
1968	+10.5	+11.8	+9.0	+6.2	+9.5	+9.8	+6.3	+10.3	+14.7	+10.2
1969	+5.6	+2.7	+9.8	+5.5	+10.6	+10.9	+6.2	+11.5	+10.3	+4.5
1970	+6.2	+4.3	+9.6	+4.5	+6.8	+7.8	+1.8	+12.6	+7.0	+8.2
1971	+9.6	+9.4	+10.0	+7.6	+6.4	+7.8	+2.5	+10.1	+27.2	+13.0
1972	+10.9	+10.8	+10.2	+12.3	+9.4	+9.2	+2.9	+11.1	+21.4	+13.9
1973	+8.9	+4.7	+8.2	+22.2	+13.8	+14.6	+8.0	+17.8	+8.5	+7.5
1974	+8.2	+4.3	+6.7	+8.1	+12.2	+17.0	+8.7	+17.6	+14.9	+4.9
1975	+10.3	+12.5	+8.5	+11.8	+7.0	+7.4	+7.2	+8.0	+12.4	+10.2

Sources: Tables 15, 48, 62, 64, 68, 71, 76, 78, 81, and 83; percentages are derived from figures rounded to nearest billion dollars.

Table 23 Annual Changes in Sectoral Assets in Constant (1972) Prices, 1954–75
(percent)

	All sectors (1)	Households (2)	Nonprofit institutions (3)	Nonfinancial noncorporate business		Non-financial corporations (6)	Federal government (7)	State and local governments (8)	Rest of the world (9)	Financial institutions (10)
				Farm (4)	Other (5)					
1954	+6.3	+8.6	+11.1	+1.7	+1.8	+2.3	+5.1	+5.8	+13.5	+6.8
1955	+5.9	+6.9	+11.3	+1.2	+2.8	+7.2	+4.0	+5.4	+7.1	+5.5
1956	+2.8	+3.7	+3.4	+1.6	+2.0	+3.6	-0.3	+4.5	+6.7	+1.6
1957	+1.4	+0.2	+2.2	+2.0	+3.9	+3.4	-0.3	+4.9	-2.1	+1.3
1958	+7.2	+9.8	+7.4	+4.7	+2.8	+3.1	+0.8	+5.9	+10.6	+7.9
1959	+4.2	+3.9	+7.9	+1.9	+2.2	+4.9	+2.6	+6.7	+9.6	+4.7
1960	+2.8	+2.4	+3.7	+1.1	+1.2	+2.7	+0.3	+6.8	+5.3	+4.6
1961	+6.4	+8.1	+8.8	+3.3	+2.7	+2.8	+1.5	+6.6	+10.0	+8.9
1962	+2.0	-0.4	+0.8	+3.2	+2.9	+5.8	+2.0	+5.7	-1.5	+4.4
1963	+6.3	+6.9	+8.9	+3.8	+3.7	+5.1	+2.2	+6.7	+10.8	+8.3
1964	+4.6	+3.9	+7.4	+3.0	+3.5	+5.0	+1.4	+6.3	+8.3	+7.1
1965	+6.2	+7.7	+5.5	+4.5	+3.7	+6.0	+0.9	+6.3	+0.0	+6.5
1966	+1.5	-0.1	+0.7	+2.4	+3.8	+5.6	+0.9	+6.1	-1.3	+1.3
1967	+6.2	+7.6	+4.5	+1.8	+2.0	+4.6	+1.1	+5.9	+10.4	+6.7
1968	+5.3	+5.7	+1.9	-1.2	+1.7	+5.9	+2.3	+5.4	+8.2	+5.1
1969	-0.4	-2.7	+1.8	-2.1	+3.3	+3.5	-0.9	+3.8	+5.4	-1.0
1970	+1.4	+0.2	+3.0	-0.3	+2.1	+2.5	+1.6	+4.1	+2.1	+2.9
1971	+4.5	+5.1	+4.7	+3.0	+2.5	+3.1	-6.4	+3.6	+20.2	+8.0
1972	+6.0	+6.0	+3.9	+3.5	+3.1	+4.2	-1.9	+4.5	+16.0	+9.2
1973	-0.2	-3.2	-3.2	+7.4	+2.5	+4.3	-3.5	+3.6	+0.7	-0.4
1974	-3.5	-5.8	-5.5	+1.9	+0.4	+2.3	-4.5	+2.6	+3.6	-6.4
1975	+3.7	+5.3	+2.9	+4.9	-0.2	+0.3	+1.0	+2.2	+5.6	+3.7

Source: As for table 22; percentages are derived from figures rounded to nearest billion dollars.

land prices advanced more rapidly than the general price level throughout the period.

Among financial assets the most important changes for the period as a whole were the decline in the share of U.S. government and agency securities from 8 to 4 percent of national assets, and of the equity in unincorporated business enterprises from nearly 10 to 7 percent. These were offset by the increases of the share of state and local government securities, corporate and foreign bonds, mortgages, bank loans, open-market paper, and direct foreign investment, mortgages alone accounting for well over one-half of the total increase. The share of deposits with financial institutions rose slightly, but this was the result of the halving of the share of demand deposits and currency and the doubling of that of time and savings deposits. Most of the changes, both upward and downward, occurred during the first rather than the second part of the period. The exception is common stocks, the share of which doubled, from 6 to 11 percent, during the first part of the period but fell back to its 1953 level by 1975, both movements primarily reflecting the gyrations of common stock prices. These are also mainly responsible for the movements of the share of individual trust funds.

As the various financial instruments are usually entered with the same value on the asset and the liability side of the national balance sheet, the share of the same instruments is similar on both sides of the national balance sheet. An exception is corporate stock, which is entered among assets at its market value but on the liability side at its adjusted book value (reproduction cost or market value of tangible assets less liabilities). The changes in the distribution of assets and liabilities reflect the differences in the rates of growth of these instruments discussed in the preceding section.

5.1.4. Sectoral Distribution of Assets

The sectoral distribution of national assets shown in tables 25–27 reflects the differences in the rates of growth of the assets of the main sectors. Over the period as a whole one of the main changes in this distribution is the increase in the share of financial institutions from about 16 percent in the mid-1950s to 20 percent in the 1970s, the share advancing in two out of three years of the period. Among nonfinancial sectors the shares of the federal government and of unincorporated farm and nonfarm business enterprises showed a downward trend, particularly pronounced in the case of the federal government, whose share was almost cut in half and declined in all but three years of the period. On the other hand, the shares of nonfinancial corporations and state and local governments, as well as the much smaller shares of nonprofit organizations and the rest of the world, advanced, fairly regularly in the case of

Table 24 **Structure of National Balance Sheet, 1953, 1964, and 1975**
(percent)

	Distribution			Relation to gross national product		
	1953 (1)	1964 (2)	1975 (3)	1953 (4)	1964 (5)	1975 (6)
1. Land	7.61	10.04	11.25	60.4	86.3	96.2
2. Structures	20.55	18.93	22.33	163.1	162.8	190.9
3. Consumer durables	4.28	3.61	3.96	34.0	31.0	33.9
4. Equipment	6.86	5.68	5.59	54.5	48.9	47.8
5. Inventories	6.62	4.83	4.62	52.6	41.6	39.5
6. Tangible assets	45.92	43.09	47.75	364.6	370.6	408.3
7. Demand deposits and currency	4.50	2.99	2.11	35.7	25.8	18.0
8. Time and savings deposits	3.36	5.09	6.42	26.7	43.8	54.9
9. Gold and foreign exchange	0.76	0.28	0.08 ^a	6.1	2.4	0.7 ^a
10. U.S. government securities	7.95	4.56	3.17	63.1	39.2	27.1
11. U.S. agency securities	0.15	0.26	0.88	1.2	2.3	7.5
12. State and local government securities	1.20	1.65	1.67	9.5	14.2	14.3
13. Corporate and foreign bonds	1.87	2.03	2.30	14.8	17.5	19.7
14. Corporate stock	6.22	11.03	6.20	49.4	94.9	53.0
15. Mortgages	3.53	5.46	5.83	28.0	47.0	49.8
16. Bank loans n.e.c.	1.19	1.59	2.01	9.4	13.7	17.2
17. Other loans	0.89	1.00	1.19	7.1	8.6	10.1
18. Consumer credit	1.09	1.42	1.43	8.7	12.2	12.2
19. Open-market paper	0.09	0.21	0.51	0.7	1.8	4.4
20. Trade credit	2.15	2.26	2.37	17.1	19.5	20.3
21. Insurance and pension reserves	4.26	4.70	4.24	33.8	40.4	36.3
22. Direct foreign investment	0.71	0.94	1.02	5.7	8.0	8.7
23. Farm business equity	4.55	3.23	3.26	36.1	27.8	27.9

24. Unincorporated nonfarm business equity	5.27	3.91	3.86	41.9	33.7	33.0
25. Common trust funds	0.04	0.10	0.13	0.3	0.9	1.1
26. Individual trust funds	1.32	1.77	1.07	10.5	15.2	9.1
27. Other financial assets	2.97	2.42	2.51	23.5	20.8	21.5
28. Financial assets	54.08	56.91	52.25	429.4	489.5	446.8
29. Total assets, percent	100.00	100.00	100.00	793.9	860.0	855.1
30. Total assets, \$ bill.	2,876	5,830	13,786	...	...	...
31. Demand deposits and currency	4.79	3.20	2.36	38.0	27.6	19.0
32. Time and savings deposits	3.36	5.09	6.42	26.7	43.8	54.9
33. U.S. government securities	7.86	4.55	3.17	62.4	39.1	27.1
34. U.S. agency securities	0.15	0.26	0.88	1.2	2.3	7.5
35. State and local government securities	1.20	1.65	1.62	9.5	14.2	13.9
36. Corporate and foreign bonds	1.87	2.03	2.30	14.8	17.5	19.7
37. Mortgages	3.53	5.46	5.83	28.0	47.0	49.8
38. Bank loans n.e.c.	1.19	1.59	2.01	9.4	13.7	17.2
39. Other loans	0.89	1.00	1.29	7.3	9.2	11.0
40. Consumer credit	1.09	1.42	1.43	8.7	12.2	12.2
41. Open-market paper	0.09	0.21	0.51	0.8	2.3	5.5
42. Trade debt	2.15	2.04	2.11	14.9	17.5	18.0
43. Insurance and pension reserves	4.26	4.70	4.24	33.8	40.4	36.6
44. Other liabilities	2.97	2.59	2.87	25.7	22.3	24.5
45. Liabilities	35.43	35.80	37.03	281.2	309.1	317.0
46. Direct foreign investment	0.57	0.79	0.85	4.5	6.8	7.3
47. Common trust funds	0.04	0.10	0.13	0.3	0.9	1.1
48. Individual trust funds	1.32	1.77	1.07	10.5	15.2	9.1
49. Business equities	19.87	16.80	17.70	157.8	144.3	151.3
50. Equities	21.80	19.46	19.75	173.1	167.2	168.8
51. Net worth	42.77	44.75	43.22	339.6	383.7	369.3
52. Liabilities, equities, and net worth	100.00	100.00	100.00	793.9	860.0	855.1

^aIf gold is valued at market price 0.29 in col. 3 and 2.5 in col. 6.

Table 25 Sectoral Distribution of Assets, Liabilities, Equities, and Net Worth, 1953, 1964, and 1975
(percent of national total for item)

	Amount (\$ bill.) (1)	Households (2)	Nonprofit insti- tutions (3)	Federal govern- ment (4)	State and local govern- ments (5)
I. Assets^a					
1. 1953	2,876	43.2	1.4	7.5	5.6
2. 1964	5,639	44.6	1.7	5.6	6.4
3. 1975	13,786	40.9	1.8	3.9	8.5
II. Liabilities					
1. 1953	1,038	10.2	0.5	26.1	3.6
2. 1964	2,067	15.0	0.7	15.2	4.8
3. 1975	5,223	14.3	0.6	10.5	4.6
III. Equities^b					
1. 1953	609	...	...	...	...
2. 1964	1,052	...	...	...	...
3. 1975	2,606	...	...	...	...
IV. Net worth					
1. 1953	1,340	84.9	2.8	-4.1	9.3
2. 1964	2,442	90.4	3.4	0.2	10.7
3. 1975	6,562	74.6	3.2	-0.2	14.3

^aSum of II, III and IV exceeds I because of inclusion of valuation adjustment of nonfinancial corporation in IV.

state and local governments and the rest of the world. The share of the largest sector, households, declined irregularly, the result of a moderate rise in the first half of the period and a somewhat larger decline in the second half. In all other sectors the movement of the asset share was in the same direction in both parts of the period. Nonfinancial corporations constituted an exception, a small decline in the first half of the period being followed by a substantial increase in the second half.

If the nine sectors are combined into five broader groups the changes in their share in national assets are quite moderate for the period as a whole, no group gaining or losing more than 2.8 percentage points. There is no evidence of cyclical movements in the different sectors' share in national assets, except in the case of households, whose share declines in all trough years of the business cycle, and that of nonfinancial corporations, whose share increases in the same years (except in 1960).

	1953	1964	1975
Households	44.7	46.4	42.7
Nonfinancial business	25.1	22.0	24.4
Government	13.1	12.0	12.4
Rest of the world	0.8	1.0	1.4
Financial institutions	16.3	18.6	19.1
All sectors	100.0	100.0	100.0

Rest of the world (6)	Farm business (7)	Nonfarm unincorporated business (8)	Nonfinancial corporations (9)	Valuation difference on corporate equity (10)	Financial institutions (11)
0.8	5.0	6.2	13.9	...	16.3
1.0	3.8	4.9	13.3	...	18.6
1.4	3.9	4.9	15.6	...	19.1
3.6	1.3	2.6	14.4	...	37.8
4.5	1.6	2.6	15.2	...	40.3
5.1	1.7	2.7	17.1	...	43.4
...	21.5	25.0	41.4	...	12.2
...	17.3	21.0	41.5	...	20.2
...	17.3	21.4	47.0	...	14.3
-1.1	...	...	...	8.2	...
-1.5	...	...	...	-3.2	...
-1.0	...	...	...	9.2	...

^bIncluding personal trust funds (1953: 39; 1964: 105; 1975: 165).

The changes in the sectoral distribution of tangible and financial assets, which are more homogeneous than those of total assets, are shown in tables 28 and 29 on the basis of current prices.

Changes in the distribution of tangible assets have been moderate if only the three broad groups of households, business, and government are distinguished. In that case the share of households (including nonprofit organizations) increased from 33.7 percent in 1953 to 35.5 percent in 1975, while those of business and of government declined from 43.0 to 41.3 percent and from 23.0 to 22.0 percent respectively. Substantial changes, however, occurred within the business and government groups. The share of nonfinancial corporations increased moderately while that of nonfarm and particularly that of farm unincorporated business decreased substantially. The change is even greater within the government sector. While the share of state and local governments increased sharply from 10.5 to 15.8 percent, that of the federal government was cut in half from 12.5 to 6.3 percent so that the share of the public sector declined fractionally. Most of the changes occurred in the first half of the period in the case of households (here the 1964 ration was above that of 1975), nonprofit institutions, and unincorporated business, but in the second half for nonfinancial corporations and the U.S. government.

In the case of financial assets, changes in the distribution were substan-

Table 26 **Sectoral Distribution of National Assets in Current and Constant (1972) Prices, 1953, 1964, and 1975**
(percent)

	Current prices			Constant (1972) prices		
	1953 (1)	1964 (2)	1975 (3)	1953 (4)	1964 (5)	1975 (6)
1. Households	43.25	44.64	40.91	42.54	43.86	41.73
2. Nonprofit institutions	1.45	1.75	1.76	1.53	1.88	1.71
3. Farm business	5.02	3.83	3.93	5.07	4.07	3.91
4. Nonfarm, nonfinancial, noncorporate business	6.21	4.86	4.87	6.06	4.96	4.71
5. Nonfarm, nonfinancial, corporate business	13.95	13.33	15.52	13.84	13.30	15.02
6. U.S. government	7.49	5.64	3.88	7.50	5.56	3.77
7. State and local governments	5.62	6.40	8.54	5.90	6.82	8.14
8. Rest of the world	0.76	1.01	1.44	0.79	1.01	1.48
9. All nonfinancial sectors	83.74	81.45	80.85	83.22	81.45	80.47
10. Financial institutions ^a	16.26	18.55	19.15	16.78	18.56	19.53
a. Monetary authorities	1.88	1.09	0.91	1.94	1.09	0.93
b. Commercial banking	6.03	5.56	6.35	6.23	5.57	6.49
c. Mutual savings banks	0.95	0.98	0.87	0.98	0.98	0.89

d. Savings and loan associations	0.93	2.12	2.44	0.96	2.12	2.50
e. Credit unions	0.07	0.18	0.27	0.07	0.18	0.28
f. Federally sponsored credit agencies	0.14	0.30	0.91	0.15	0.30	0.93
g. Life insurance companies	2.67	2.58	2.04	2.76	2.58	2.08
h. Fraternal life insurance companies	0.08	0.06	0.05	0.09	0.06	0.05
i. Savings bank life insurance	0.01	0.01	0.01	0.01	0.01	0.01
j. Private pension funds	0.41	1.14	1.08	0.42	1.14	1.11
k. State and local employee pension funds	0.28	0.55	0.77	0.29	0.54	0.79
l. Other insurance companies	0.54	0.62	0.56	0.56	0.62	0.57
m. Open-end investment companies	0.14	0.52	0.31	0.15	0.52	0.31
n. Real estate investment trusts	...	...	0.08	...	...	0.09
o. Finance and mortgage companies	0.48	0.71	0.72	0.49	0.71	0.73
p. Money market funds	...	...	0.03	...	...	0.03
q. Security brokers and dealers	0.16	0.18	0.13	0.16	0.18	0.13
r. Bank administered trusts and estates	1.32	1.81	1.13	1.36	1.81	1.15
s. Postal savings	0.09	0.01	0.00	0.09	0.01	0.00
11. All sectors, percent	100.00	100.00	100.00	100.00	100.00	100.00
12. All sectors, \$ bill.	2,876	5,639	13,786	4,730	7,685	10,341

*Includes tangible assets (0.13 in 1953, 0.19 in 1964, and 0.53 in 1975, which are not divided among financial institutions in lines a-s.

Table 27 **Annual Sectoral Distribution of National Assets, 1953–75^a**
(percent)

	House- holds (1)	Nonprofit organi- zations (2)	Farm business (3)	Nonfarm nonfinan- cial business		U.S. govern- ment (6)	State and local govern- ments (7)	Rest of the world (8)	Financial institu- tions (9)
				Unincor- porated (4)	Corporate (5)				
1953	43.25	1.45	5.02	6.21	13.94	7.49	5.62	0.76	16.26
1954	44.29	1.50	4.77	5.93	13.43	7.33	5.48	0.81	16.45
1955	44.44	1.58	4.49	5.74	13.71	7.31	5.59	0.83	16.33
1956	44.40	1.62	4.41	5.73	13.96	7.17	5.81	0.85	16.06
1957	43.94	1.61	4.46	5.78	14.28	7.04	6.04	0.82	16.05
1958	45.16	1.58	4.45	5.55	13.65	6.64	5.90	0.85	16.20
1959	45.30	1.62	4.25	5.35	13.71	6.55	5.96	0.91	16.36
1960	45.15	1.62	4.16	5.29	13.64	6.42	6.08	0.92	16.71
1961	45.73	1.66	4.02	5.05	13.24	6.16	6.04	0.96	17.14
1962	44.73	1.64	4.05	5.09	13.48	6.13	6.28	0.93	17.67
1963	45.00	1.70	3.92	4.92	13.30	5.83	6.30	0.97	18.07
1964	44.64	1.75	3.83	4.86	13.33	5.64	6.40	1.01	18.55
1965	45.07	1.75	3.78	4.71	13.32	5.34	6.41	0.96	18.67
1966	44.18	1.75	3.82	4.78	13.88	5.27	6.67	0.93	18.73
1967	45.00	1.73	3.54	4.64	13.69	4.99	6.61	0.97	18.83
1968	45.52	1.71	3.39	4.60	13.60	4.81	6.60	1.00	18.78
1969	44.24	1.78	3.52	4.81	14.26	4.82	6.97	1.05	18.56
1970	43.43	1.83	3.46	4.84	14.48	4.62	7.37	1.06	18.91
1971	43.36	1.84	3.39	4.70	14.26	4.32	7.41	1.22	19.49
1972	43.30	1.83	3.42	4.63	14.04	4.01	7.43	1.33	20.01
1973	41.65	1.82	3.80	4.84	14.78	3.97	8.04	1.34	19.77
1974	40.10	1.79	3.85	5.02	15.96	3.99	8.73	1.42	19.14
1975	40.91	1.76	3.93	4.87	15.55	3.88	8.54	1.44	19.12

^aFor absolute figures of all sectors cf. table 14.

Table 28 **Annual Sectoral Distribution of Tangible Assets, 1953–75**
(percent)

	Amount (\$ bill.) (1)	Households (2)	Nonprofit organi- zations (3)	Farm business (4)	Nonfarm nonfinancial business		U.S. govern- ment (7)	State and local govern- ments (8)	Rest of the world (9)	Financial institu- tions (10)
					Unincor- porated (5)	Corporate (6)				
1953	1,321	31.76	1.95	10.30	11.36	21.36	12.49	10.51	...	0.27
1954	1,386	32.28	1.98	10.06	11.08	20.95	12.94	10.43	...	0.28
1955	1,514	32.51	2.03	9.46	10.81	21.18	12.98	10.74	...	0.31
1956	1,659	32.35	2.07	9.17	10.60	21.68	12.69	11.14	...	0.32
1957	1,752	32.61	2.09	9.07	10.47	21.83	12.22	11.39	...	0.33
1958	1,846	33.01	2.12	9.38	10.34	21.28	12.03	11.52	...	0.33
1959	1,944	33.79	2.17	9.02	10.09	21.20	11.76	11.62	...	0.35
1960	2,015	34.11	2.22	8.83	10.01	21.14	11.51	11.83	...	0.35
1961	2,100	34.13	2.29	8.83	9.87	21.00	11.36	12.17	...	0.36
1962	2,197	34.10	2.37	8.78	9.87	20.99	11.05	12.47	...	0.37
1963	2,304	34.21	2.45	8.71	9.79	21.05	10.66	12.74	...	0.40
1964	2,430	34.27	2.51	8.55	9.76	21.19	10.28	13.01	...	0.43
1965	2,591	34.06	2.57	8.61	9.67	21.52	9.88	13.21	...	0.49
1966	2,778	33.62	2.62	8.49	9.62	22.21	9.46	13.43	...	0.55
1967	2,992	33.79	2.66	8.04	9.59	22.53	9.17	13.63	...	0.59
1968	3,281	34.13	2.69	7.76	9.70	22.47	8.83	13.73	...	0.69
1969	3,617	33.74	2.77	7.71	9.76	22.70	8.52	14.04	...	0.77
1970	3,875	33.01	2.87	7.52	9.80	23.08	8.10	14.75	...	0.86
1971	4,168	32.99	2.91	7.50	9.74	23.12	7.69	15.13	...	0.93
1972	4,573	33.33	2.94	7.66	9.72	22.98	7.24	15.13	...	0.99
1973	5,292	32.99	2.94	8.05	9.64	23.10	6.81	15.43	...	1.04
1974	6,061	32.25	2.94	7.70	9.48	24.17	6.50	15.88	...	1.08
1975	6,582	32.67	2.87	7.99	9.36	23.96	6.26	15.78	...	1.11

Table 29

Annual Sectoral Distribution of Financial Assets, 1953-75
(percent)

	Amount (\$ bill.) (1)	House- holds (2)	Nonprofit organi- zations (3)	Farm business (4)	Nonfarm nonfinancial business		U.S. govern- ment (7)	State local govern- ments (8)	Rest of the world (9)	Financial institu- tions (10)
					Unincor- porated (5)	Corporate (6)				
1953	1,556	53.01	1.02	0.53	1.83	7.66	3.24	1.46	1.41	29.84
1954	1,703	54.06	1.12	0.48	1.73	7.32	2.76	1.45	1.47	29.60
1955	1,861	54.13	1.23	0.45	1.62	7.63	2.69	1.39	1.50	29.36
1956	1,964	54.53	1.23	0.42	1.64	7.48	2.54	1.34	1.56	29.27
1957	1,992	53.91	1.18	0.41	1.65	7.62	2.48	1.34	1.54	29.87
1958	2,226	55.24	1.14	0.39	1.59	7.34	2.18	1.25	1.55	29.35
1959	2,366	54.76	1.18	0.34	1.46	7.55	2.26	1.30	1.65	29.51
1960	2,447	54.23	1.15	0.31	1.40	7.46	2.22	1.35	1.68	30.18
1961	2,700	54.76	1.17	0.29	1.30	7.21	2.12	1.28	1.70	30.19
1962	2,758	53.20	1.06	0.29	1.28	7.49	2.21	1.35	1.68	31.45
1963	3,014	53.25	1.12	0.26	1.19	7.37	2.14	1.37	1.71	31.58
1964	3,209	52.50	1.17	0.26	1.15	7.37	2.12	1.40	1.77	32.27
1965	3,532	53.14	1.14	0.24	1.05	7.31	2.01	1.42	1.66	32.01
1966	3,628	52.26	1.08	0.24	1.07	7.50	2.06	1.50	1.64	32.64
1967	4,050	53.25	1.05	0.22	1.00	7.18	1.92	1.43	1.69	32.26
1968	4,500	53.80	1.00	0.21	0.89	7.15	1.88	1.41	1.73	31.93
1969	4,598	52.50	0.99	0.22	0.91	7.63	1.92	1.40	1.88	32.56
1970	4,852	51.75	1.00	0.22	0.87	7.61	1.84	1.48	1.91	33.32
1971	5,397	51.37	1.01	0.21	0.81	7.42	1.73	1.46	2.17	33.83
1972	6,038	50.85	0.99	0.21	0.77	7.27	1.56	1.59	2.34	34.41
1973	6,261	48.96	0.88	0.21	0.79	7.76	1.58	1.80	2.46	35.57
1974	6,442	47.49	0.72	0.22	0.81	8.24	1.63	2.00	2.75	36.13
1975	7,204	48.44	0.75	0.21	0.76	7.87	1.70	1.93	2.76	35.58

tial and rather irregular. The share of households, the largest holder, fell from 53 to 48 percent, most of the decline occurring in the early 1970s in connection with the movements of stock prices, but declines were also observed in all cyclical trough years. Holdings of nonfinancial corporations kept close to an average of 7½ percent. The combined share of the other nonfinancial sectors, fairly small individually, declined slightly during the first part of the period, but recovered fractionally during the second half. Financial institutions increased their share from 30 to 36 percent, the increase being about equally divided between the first and the second half of the period.

Table 30 shows for each sector and for each category of assets and liabilities (except those for which only one creditor or one debtor is recognized) the change between 1953 and 1975 in the sector's share, the data for 1953 being shown in tables 31 and 32. It thus indicates which sectors have increased or reduced their share in a given asset or liability in the twenty-two-year interval.

It is immediately evident that the extent of changes in distribution varies greatly. In some cases the 1953 and 1975 distributions differ only by a few percent, in other the absolute sum of sectoral changes exceeds 30 percent.

Changes are relatively small for tangible assets, the largest ones being a decrease by 6.2 percent in the share of the federal government, which mainly reflects the decreasing importance of military equipment, and an increase of 5.3 percent in the share of state and local governments.

Changes are also moderate for the total of financial assets, the increase of the share of financial institutions of 5.8 percent occurring largely at the expense of the decline of the share of the household sector by 4.6 percent. A substantial decrease in households' share and an equal increase in that of financial institutions is also observed in the case of corporate stocks and mortgages. In corporate and foreign bonds and in open-market paper, on the other hand, the share of financial institutions declines substantially while that of the household sector rises. The rest of the world sharply increased its share in U.S. government securities as foreign central banks acquired large dollar balances, while most domestic sectors decreased theirs. In demand deposits and currency substantial increases in the shares of households and the rest of the world were offset by reductions of the three business sectors' shares.

Among liabilities the share of the federal government declined substantially while those of financial institutions and households increased.

• The greater the absolute sum of the differences in the 1953 and 1975 shares of a given sector the larger the changes in the sectoral distribution of a given component of the national balance sheet. These figures are shown in column 1 of table 33. Since changes are more likely if a larger number of sectors is involved as holders or issuers, the average absolute

Table 30 **Changes in Sectoral Distribution of Assets and Liabilities between 1953 and 1975**
(percent of total of item)

	House- holds (1)	Non- profit organi- zations (2)	Nonfinancial unincorporated business		Nonfi- nancial corpo- rations (5)	U.S. govern- ment (6)	State and local govern- ments (7)	Rest of the world (8)	Finan- cial insti- tutions (9)
			Farm (3)	Other (4)					
1. Land	+2.2	+0.7	-8.7	-2.0	+4.2	-0.9	+3.6	...	+0.9
2. Structures	-0.4	+1.0	-2.9	-2.1	+0.4	-3.0	+6.2	...	+0.8
3. Equipment	...	+0.2	-1.4	-1.8	+18.0	-20.0	+3.0	...	+2.0
4. Inventories	-0.2	...	-3.0	-3.6	+14.3	-7.7	+0.1	...	+0.2
5. Tangible assets	+0.9	+1.0	-2.3	-2.0	+2.6	-6.2	+5.3	...	+0.8
6. Demand deposits and currency	+8.2	-0.1	-2.9	-3.7	-4.1	-0.8	-1.0	+3.6	+0.6
7. Time and savings deposits	-5.5	...	...	...	+1.6	-0.3	+3.4	-0.1	+0.9
8. U.S. government securities	-3.0	-1.2	...	...	-5.1	...	+3.0	+13.2	-7.0
9. U.S. agency securities	+5.4	...	...	...	+2.6	+5.8	+5.9	...	-19.7
10. State and local government securities	+3.7	+0.2	...	...	-1.0	...	-4.7	...	+1.9
11. Corporate and foreign bonds	+9.3	-0.2	...	...	...	...	...	+0.2	-9.2
12. Corporate stock	-15.3	-1.4	...	...	...	...	...	+1.1	+15.6

13. Mortgages	-9.9	+0.1	...	...	...	-1.6	+1.1	...	+10.3
14. Other loans	...	...	...	...	...	-26.6	...	...	+26.6
15. Consumer credit	...	...	...	-6.2	-11.0	...	...	...	+17.2
16. Open-market paper	+11.5	...	...	...	+6.4	...	...	-3.3	-14.7
17. Trade credit	...	...	...	-14.4	+12.3	-1.6	...	+2.9	+0.7
18. Direct foreign investment	...	...	...	...	+4.3	...	...	-4.3	...
19. Other financial assets	-0.3	+1.3	+0.8	+1.1	+5.8	-20.2	+0.9	+2.1	+8.5
20. Financial assets	-4.6	-0.3	-0.3	-1.0	+0.2	-1.5	+0.4	+1.4	+5.8
21. Total assets	-2.3	+0.4	-1.1	-1.3	+1.7	-3.6	+3.0	+0.6	+2.8
22. Corporate and foreign bonds	...	...	...	...	-7.2	...	...	+2.3	+4.9
23. Mortgages	-1.8	-0.5	-1.2	+1.2	+1.9	+0.1	...	...	+0.4
24. Bank loans n.e.c.	-4.6	...	-0.6	-1.0	-5.3	...	...	+5.9	+5.6
25. Other loans	+4.2	...	+3.2	-3.0	+8.1	...	+0.3	-20.0	+7.3
26. Open-market paper	...	...	...	-1.5	-1.5	...	...	+9.3	-6.3
27. Trade debt	...	+0.5	-2.1	-15.3	+14.8	-3.0	+1.0	+4.0	...
28. Insurance and pension reserves	...	...	...	...	...	-11.6	...	...	+11.6
29. Other liabilities	+0.8	...	...	...	-16.0	-4.8	...	+2.7	+17.3
30. Liabilities	+4.1	+0.1	+0.4	+0.1	+2.7	-14.9	+1.1	+1.5	+4.9
31. Equities	...	...	-4.5	-4.7	+7.1	...	...	...	+2.0
32. Net worth	-10.4	+0.5	...	...	...	+4.1	+5.6	+0.1	...

24. Unincorporated nonfarm equity	5.3	12.2	...	...	...	...	...	...	...	...
25. Common trust funds	0.0	0.1	...	...	...	...	...	...	...	...
26. Individual trust funds	1.3	3.1	...	...	...	...	...	...	...	...
27. Other financial assets	3.0	0.9	1.1	0.9	1.1	0.5	9.8	0.5	20.6	9.0
28. Financial assets	54.1	66.3	38.1	5.7	16.0	29.7	23.4	14.1	100.0	99.2
29. Total assets, percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
30. Total assets, \$ bill.	2,876.4	1,243.9	41.6	144.4	178.6	401.2	215.5	161.6	21.9	467.7
31. Demand deposits and currency	4.8	...	...	...	...	...	...	...	...	29.5
32. Time and savings deposits	3.4	...	...	...	...	...	...	...	...	20.7
33. U.S. government securities	7.9	...	...	...	...	...	105.0	...	...	...
34. U.S. agency securities	0.2	...	...	...	...	...	...	...	...	0.9
35. State and local government securities	1.2	...	...	...	...	...	...	21.4	...	...
36. Corporate and foreign bonds	1.9	...	...	...	...	11.7	...	...	14.2	0.8
37. Mortgages	3.5	5.0	9.4	5.4	5.1	4.4	0.0	...	...	0.1
38. Bank loans n.e.c.	1.2	0.3	...	1.9	1.0	5.6	...	...	3.1	0.7
39. Other loans	0.9	0.3	...	0.7	2.7	0.7	...	0.5	55.9	0.2
40. Consumer credit	1.1	2.5	...	...	...	...	...	...	...	...
41. Open-market paper	0.1	...	...	...	0.1	0.2	...	...	0.9	0.4
42. Trade debt	1.9	...	2.8	1.4	6.2	8.8	1.2	0.9	2.1	...
43. Insurance and pension reserves	4.3	...	...	...	...	...	15.7	...	...	18.9
44. Other liabilities	3.2	0.3	...	...	...	5.9	3.4	...	17.7	11.6
45. Liabilities	35.6	8.5	12.2	9.4	15.1	37.2	125.4	22.8	93.9	83.7
46. Direct foreign investment	0.6	...	...	...	...	...	...	...	74.4	...
47. Common trust funds	0.0	...	...	...	...	...	...	...	...	0.3
48. Individual trust funds	1.3	...	...	...	...	...	...	...	...	8.1
49. Business equities	18.6	...	...	90.6	84.9	62.8	...	...	...	7.9
50. Equities	21.8	...	...	90.6	84.9	62.8	...	...	74.4	16.3
51. Net worth	42.6	91.5	87.8	...	...	...	-25.4	77.2	-68.3	...
52. Liabilities, equities, and net worth	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^aCorresponds to table 3 for 1975.

^bConsumer semidurables.

Table 32 **Distribution of Individual Assets, Liabilities and Net Worth among Sectors, 1953^a**
(percent)

	Amount (\$ bill.) (1)	House- holds (2)	Non- profit insti- tutions (3)	Nonfinancial unincorporated business		Nonfi- nancial corpo- rations (6)	Federal govern- ment (7)	State and local govern- ments (8)	Rest of the world (9)	Finan- cial insti- tutions (10)
				Farm (4)	Other (5)					
1. Land	219	29.7	3.3	31.3	5.7	11.9	4.9	12.9	...	0.3
2. Structures	591	31.7	3.0	5.3	17.3	16.5	8.3	17.6	...	0.3
3. Consumer durables	123	100.0	...	...	...	...	...	...	...	...
4. Equipment	197	...	0.4	7.9	10.4	42.8	34.8	3.2	...	0.5
5. Inventories	190	23.2 ^b	...	11.0	7.7	38.8	19.3	0.1	...	0.0
6. Tangible assets	1,321	31.8	1.9	10.3	11.4	21.4	12.5	10.5	...	0.3
7. Demand deposits and currency	129	48.2	0.2	5.4	8.0	20.5	4.6	5.9	1.2	6.1
8. Time and savings deposits	97	92.8	...	...	...	0.9	0.4	2.0	2.5	1.4
9. Gold and foreign exchange	22	...	...	...	...	...	...	...	...	100.0
10. U.S. government securities	229	25.3	1.7	...	...	8.4	...	4.0	2.0	58.7
11. U.S. agency securities	4	2.1	...	...	...	...	...	12.6	...	85.3
12. State and local government securities	35	21.2	0.0	...	...	2.9	...	6.6	...	69.2
13. Corporate and foreign bonds	54	1.0	4.0	...	...	...	...	...	0.5	94.5
14. Corporate stock	179	74.3	5.1	...	...	...	...	...	2.0	18.6
15. Mortgages	101	18.2	0.1	...	...	...	3.3	0.5	...	77.9
16. Bank loans n.e.c.	34	...	...	...	...	...	...	...	...	100.0
17. Other loans	26	...	...	...	...	...	68.0	...	...	32.0
18. Consumer credit	31	...	...	...	12.6	20.3	...	...	...	67.1
19. Open-market paper	3	3.5	...	...	...	33.4	...	...	15.3	47.8
20. Trade credit	62	...	...	...	19.8	74.4	3.6	...	0.6	1.6
21. Insurance and pension reserves	122	100.0	...	...	...	...	...	...	...	...
22. Direct foreign investment	21	...	...	...	...	79.3	...	...	20.7	...

23. Farm business equity	131	100.0	...	...	...	...	...	...	...	...
24. Unincorporated nonfarm equity	152	100.0	...	...	...	...	...	...	...	...
25. Common trust funds	1	100.0	...	...	...	...	...	...	...	...
26. Individual trust funds	38	100.0	...	...	...	...	...	...	...	...
27. Other financial assets	85	12.9	0.5	1.5	2.3	2.2	24.8	1.0	5.3	49.5
28. Total financial assets	1,556	53.0	1.0	0.5	1.8	7.7	3.2	1.5	1.4	29.8
29. Total assets	2,876	43.2	1.4	5.0	6.2	13.9	7.5	5.6	0.8	16.3
31. Demand deposits and currency	138	...	...	...	...	...	...	...	...	100.0
32. Time and savings deposits	97	...	...	...	...	...	...	...	...	100.0
33. U.S. government securities	226	...	...	...	...	...	100.0	...	...	...
34. U.S. agency securities	4	...	...	...	...	...	...	...	...	100.0
35. State and local government securities	35	...	...	...	...	...	...	100.0	...	...
36. Corporate and foreign bonds	54	...	...	...	...	87.4	...	...	5.8	6.8
37. Mortgages	101	61.7	3.9	7.6	8.9	17.3	...	...	...	0.5
38. Bank loans n.e.c.	34	10.5	...	7.9	5.0	65.6	...	...	2.0	9.0
39. Other loans	26	13.5	...	4.0	18.6	11.0	...	2.9	46.3	3.6
40. Consumer credit	31	100.0	...	...	...	...	...	...	...	...
41. Open-market paper	3	...	...	...	7.2	22.5	...	...	7.5	62.8
42. Trade debt	54	...	2.2	3.8	20.6	65.1	4.8	2.7	0.9	...
43. Insurance and pension reserves	122	...	...	...	...	...	27.7	...	...	72.3
44. Other liabilities	93	4.6	...	...	...	25.2	8.0	...	4.1	58.1
45. Total liabilities	1,018	10.4	0.5	1.3	2.7	14.6	26.5	3.6	2.0	38.4
46. Direct foreign investments	16	...	...	...	...	...	...	...	100.0	...
47. Common trust funds	1	...	...	...	...	...	...	...	...	100.0
48. Individual trust funds	38	...	...	...	...	...	...	...	...	100.0
49. Business equities	571	...	...	22.9	26.5	44.1	...	...	...	6.5
50. Equities	627	...	...	20.9	24.2	40.2	...	...	2.6	12.2
51. Net worth	1,230	3.0	...	...	...	...	-4.4	10.1	-1.2	...
52. Liabilities, equities, and net worth	2,876	43.2	1.4	5.0	6.2	13.9	7.5	5.6	0.8	16.3

^aCorresponds to table 13 for 1975.

^bConsumer semidurables.

Table 33

**Size of Changes in Sectoral Distribution of Assets, Liabilities and
Net Worth between 1953 and 1975^a**

	Absolute sum of changes (percent) (1)	Number of sectors (2)	Changes per sector, (percent) (3)
1. Land	23.2	8	2.90
2. Structures	16.8	8	2.10
3. Equipment	46.4	7	6.63
4. Inventories	29.1	7	4.16
5. Tangible assets	21.1	8	2.64
6. Demand deposits and currency	25.0	9	2.78
7. Time and savings deposits	11.8	6	1.97
8. U.S. government securities	32.5	6	5.42
9. U.S. agency securities	39.4	5	7.88
10. State and local government securities	11.5	5	2.30
11. Corporate and foreign bonds	18.9	4	4.73
12. Corporate stock	33.4	4	8.35
13. Mortgages	23.0	5	4.60
14. Other loans	53.2	2	26.60
15. Consumer credit	34.4	3	11.47
16. Open-market paper	35.9	4	8.98
17. Trade credit	31.9	5	6.38
18. Direct foreign investment	8.6	2	4.30
19. Other financial assets	41.0	9	4.56
20. Total financial assets	15.5	9	1.72
21. Total assets	16.8	9	1.87
22. Corporate and foreign bonds	14.4	3	4.80
23. Mortgages	7.1	7	1.01
24. Bank loans n.e.c.	23.0	6	3.83
25. Other loans	46.1	7	6.57
26. Open-market paper	18.6	4	4.65
27. Trade debt	40.7	7	5.81
28. Insurance and pension reserves	23.2	2	11.60
29. Other liabilities	41.6	5	8.32
30. Total liabilities	29.8	9	3.31
31. Equities	18.3	4	4.58
32. Net worth	20.7	5	4.14

^aAssets with only one holder sector and liabilities with only one issuer sector omitted.
Source: Tables 3 and 24.

sum of differences in the 1953 and 1975 shares will be found in column 3 of table 33. In the case of land, for example, five of the eight sectors which held land increased their share in the total value of land between 1953 and 1975 by 11.5 percent of that total—one-half the absolute sum of the changes—while three other sectors decreased their share by the same amount, the change per sector averaging 2.9 percent of the total value of land.

The average change in the sectoral share of total assets was slightly below 2 percent. Among major assets the average was relatively high, indicating considerable change in the ownership pattern, for equipment, U.S. government and agency securities, corporate stock, consumer credit and open-market paper. It was relatively low for most tangible assets, deposits, state and local government securities, bonds, and mortgages. The fact that the average is considerably lower for total and for total financial assets than it is for all individual asset categories, for which it averages 5.7, points to a substantial degree of substitution among assets, particularly financial assets. The situation is similar among liabilities, though the average for total liabilities is considerably higher than the one for total assets.

5.2. Revaluations

Only part of the large increases in the assets and the net worth of the different sectors is the result of their saving, the remainder being the result of increases in the price of price-sensitive assets, i.e., tangible assets and equities. This is evident from table 34.

For the period as a whole net saving, as estimated in the national accounts (and therefore somewhat overstated since capital consumption allowances are calculated on the basis of original cost) were equal to less than one-sixth of the change in total national assets and, what is even more significant, accounted for only one-third of the increase in the value of tangible assets excluding increases in the value of consumer durables, since these are not regarded as part of saving in the official national accounts. Both ratios were considerably lower for the second, more inflationary part of the period. In the case of tangible assets the ratio was cut in half from 57 to 29 percent, and for the concluding years, 1973–75, averaged only one-fifth. Hence most of the increase in the current value of tangible assets reflected increases in their prices. There is thus a negative correlation between the share of saving in the increase in national or tangible assets and changes in the price level, but it is not tight on an annual basis. For corporate stock (excluding those of open-end investment companies) nearly seven-eighths of the increase in market value was attributable to price changes. Here, however, the share was much lower in the second half of the period, with about two-thirds, than in the first

Table 34 **Changes in National Assets and National Saving, 1954–75**

	Change (\$ bill.) in		Net saving ^a (\$ bill.) (3)	Share of saving in change (percent) in		Increase in price level ^b (6)
	National assets ^a (1)	Tangible assets ^a (2)		National assets (4)	Tangible assets (5)	
1954	208	60	32	15.4	53.3	1.4
1955	275	117	46	16.7	39.3	2.2
1956	228	125	52	22.8	41.6	3.1
1957	122	94	49	40.2	52.1	3.3
1958	324	88	36	11.1	40.9	1.7
1959	233	92	50	21.5	54.3	2.1
1960	146	66	51	34.9	77.3	1.8
1961	336	82	48	14.3	58.5	0.9
1962	147	90	55	37.4	61.1	1.9
1963	354	98	60	16.9	61.2	1.4

1964	312	115	69	22.1	60.0	1.5
1965	467	145	82	17.6	56.7	2.2
1966	265	167	87	32.8	52.1	3.4
1967	613	192	81	13.2	42.2	2.9
1968	717	261	88	12.3	33.7	4.6
1969	407	379	100	24.6	26.4	5.0
1970	483	235	90	18.6	38.3	5.4
1971	812	267	97	11.9	36.3	5.0
1972	1,012	371	115	11.4	30.7	4.2
1973	908	671	148	16.3	22.1	5.8
1974	898	717	124	13.8	17.3	9.6
1975	1,236	474	99	8.0	20.9	9.7

^aExcluding consumer durables.

^bGross national product deflator.

Sources:

Cols. 1, 2 Tables 15 and 28.

Cols. 3 *Economic Report of the President*, 1980, p. 216 (capital consumption allowances), and 230 (gross saving).

Col. 6 *Ibid.* p. 206.

half, when it amounted to 95 percent, because stock prices rose by over 200 percent in the first but only by about 10 percent in the second half of the period.

The calculation of the share of valuation changes for different sectors and for different types of assets and liabilities is a much more complex task, one that has not been possible within the framework of this study, but it is not necessary because two calculations of this type have already been made for approximately the period covered by this study (Eisner 1977; Ruggles 1979). The results of one of them are summarized in tables 35 to 38.

Differences in asset and liability price movements obviously affect the structure of national balance sheets and changes in them over time. They also affect the international comparison of national and sectoral balance sheets, but since this study deals only with the United States, the special problems involved in such comparisons are not discussed here. The effects of price changes are the more noticeable the wider the range of price differentials, particularly the difference between the prices of price-sensitive assets, i.e., mainly land, reproducible tangible assets and equities, and fixed claims; and the greater the differences in the share of the various types of price-sensitive assets in the balance sheets of individual sectors and subsectors. The effects of inflation on the rate of growth of national, or sectoral, assets, and on changes in the structure of balance sheets are by no means unequivocal or foreseeable. While the increase in national, or sectoral, assets will be the larger the higher the rate of inflation, i.e., the rise in the general price level, the intensity of the changes in the structure of national and sectoral balance sheets, mea-

Table 35 Sectoral Distribution of Revaluations, 1954-75
(percent)

	Gross revaluations			Net revaluations ^a		
	1954 to 1964 (1)	1965 to 1975 (2)	1954 to 1975 (3)	1954 to 1964 (4)	1965 to 1975 (5)	1954 to 1975 (6)
1. Households	63.0	42.2	46.7	69.1	-39.9	12.9
2. Business	23.5	41.2	37.3	8.9	77.0	44.0
a. Noncorporate	13.7	25.3	22.8	4.2	45.6	25.2
b. Corporate nonfinancial	11.5	16.9	15.7	9.8	40.3	25.6
c. Private financial	-1.7	-1.0	-1.2	-4.1	-9.0	-6.9
3. Government	13.6	16.7	16.0	22.1	62.9	43.2
4. All sectors, percent	100.0	100.0	100.0	100.0	100.0	100.0
5. All sectors, \$ bill.	1,129	4,108	5,237	567	605	1,171

^aAdjusted for changes in general price level.

Source of basic data: Eisner 1977, pp. 44 ff.

Table 36 Share of Revaluations in Increase in Net Worth, 1954–75
(percent of average net worth)

	Gross revaluations			Net revaluations ^a		
	1954 to 1964 (1)	1965 to 1975 (2)	1954 to 1975 (3)	1954 to 1964 (4)	1965 to 1975 (5)	1954 to 1975 (6)
1. Households	67	66	66	37	-9	4
2. Business	50	88	80	9	24	21
a. Noncorporate	49	85	78	6	23	19
b. Corporate nonfinancial	69	101	94	29	35	34
c. Private financial	-79	-653	-204	-113	-824	-267
3. Government	83	118	109	68	66	66
4. All sectors	64	80	76	32	12	17

^aAdjusted for changes in general price level.

Source of basic data: Eisner 1977, pp. 44 ff.

sured by their variance, is not directly and predictably related to the rate of inflation. It rather depends on three factors: the variance of the price movements among assets and liabilities; the differences in the structure of balance sheets; and the degree to which the expansion of fixed-value claims deviates from the movements of the general price level. If, as is generally the case, except in hyperinflation, the volume of money and most other fixed claims expand broadly in line with the rate of inflation and the prices of reproducible tangible assets do not deviate widely from those of current output, i. e., the national produce deflator, changes in the structure of national, and less so sectoral and particularly subsectoral, balance sheet will not be radical; nor will the structure of balance sheets in constant (deflated) prices differ widely from those in current prices. An example of the largely offsetting character of the different components of change in asset values is evident in table 26, which compares the national balance sheet of the United States in 1953, 1964, and 1975 in current and constant prices.

Total revaluations during the period 1954–75 have been estimated on the basis of data similar to but not identical with those used in this study at \$5.2 trillion or nearly one-half of the increase in national assets during the period and nearly three times equities and net worth at the beginning of the period (Eisner 1977, pp. 44 ff.). Of total revaluations \$1.1 trillion occurred during the first half of the period, and \$4.1 trillion during the much more inflationary second half. These calculations do not allow for changes in the general price level. If these are taken into account, revaluation gains for the entire period, now reflecting differences between asset price and general price level movements, are reduced to \$1.2 trillion, about equally distributed over the two halves of the period.

Table 37 **Net Revaluations and Net Worth, 1946–75**
(percent of average net worth)

	Land (1)	Repro- ducible tangible assets (2)	Financial assets		Total assets (5)	Liabil- ities (6)	Net Worth (7)
			Total (3)	Corporate stock (4)			
1. Households	10.7	-2.6	-23.3	1.3	-15.2	-19.4	4.2
2. Business	21.4	6.4	-119.2	8.5	-91.4	-132.2	40.8
a. Noncorporate	22.5	7.1	-4.7	...	+24.8	-13.1	38.0
b. Corporate nonfinancial	20.0	5.3	-54.6	...	-29.3	-100.2	70.9
c. Financial	9.9	3.8	-4,604.1	-403.9	-4,590.5	-4,203.6	-386.9
3. Government	56.1	64.1	-56.9	...	63.3	-200.0	263.4
4. All sectors	17.7	5.2	-60.7	-2.4	-37.8	-73.1	35.3

Source of basic data: Eisner 1977, pp. 82 ff.

Table 38

Net Revaluations by Type of Asset and Liability and Sector, 1946-75

	Land (1)	Reproduc- ible tangible assets (2)	Financial Assets		Total assets (5)	Liabil- ities (6)	Net worth (7)
			Total (3)	Corporate stock (4)			
<i>I. Distribution by Sector</i>							
1. Households	34.2	-28.2	21.7	-30.4	22.7	15.0	6.8
2. Business	44.2	44.7	71.9	130.4	88.8	66.3	42.4
a. Noncorporate	29.0	31.0	1.8	...	-15.0	4.1	24.5
b. Corporate nonfinancial	14.8	13.2	11.8	...	10.2	17.9	26.3
c. Financial	0.4	0.5	58.4	130.4	93.7	44.3	-8.4
3. Government	21.6	83.5	6.4	...	-11.4	18.7	50.8
4. All sectors	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>II. Distribution by Type of Asset and Liability</i>							
1. Households	-70.5	17.2	153.3	-8.5	100.0	127.9	-27.9
2. Business	-23.4	-7.0	130.4	9.3	100.0	144.6	-44.6
a. Noncorporate	90.4	28.6	-18.9	...	100.0	-52.4	152.4
b. Corporate nonfinancial	68.4	18.0	-186.3	...	100.0	341.9	-241.9
c. Financial	-0.2	-0.1	100.3	8.8	100.0	91.6	8.4
3. Government	88.5	101.3	-89.8	...	100.0	-315.8	415.8
4. All sectors	47.0	13.9	-161.0	-6.3	100.0	193.7	93.7

Source of basic data: Eisner 1977, pp. 82 ff.

The distribution of revaluations among sectors is shown in table 38. Changes in the sectoral distribution between the first and the second part of the period are substantial as are the differences between the distribution of gross and net revaluations. For the period as a whole and on a net basis government accounted for two-fifths of total revaluations, mainly the result of the reduction of the real value of government debt in the face of a substantial increase in that of its stock of tangible assets. The share of both corporate and noncorporate nonfinancial business was of the order of one-fourth. Households benefited only to the extent of one-eighth of total revaluations, while financial institutions showed negative revaluations equal to 7 percent of the total.

The relation of revaluations to initial net worth and the share of revaluations in the change in net worth over the period differed considerably among sectors and between the two halves of the period, depending upon the structure of assets and liabilities and their price movements. This is evident from table 36. It shows that for all sectors together revaluations were responsible for three-fourths of the change in net worth if no account is taken for changes in the general price level, but that the share is much lower, though still substantial, if they are. It also shows that the share of revaluations is higher in the second half of the period on a gross basis except for households, but lower on a net basis in three of the sectors, reflecting the much sharper rise in prices during the second half of the period. The share of revaluations is highest in both halves of the period and, for both gross and net revaluations, for the government, followed by nonfinancial corporations and (except for net revaluations during the first half of the period) by unincorporated business enterprises and households. Financial institutions, differing from all other sectors, show heavy negative revaluations in both subperiods, but to a much larger extent in the second one, and on both bases of calculation, reflecting the small share of price-sensitive assets and the erosion of the value of their predominant fixed claims.

As a result of differences in the movements of the real prices of the different assets and liabilities and of the differences in the portfolio structure of the various sectors, the ratios of positive and negative revaluations to net worth show substantial differences. These are evident in table 37. Compared to the average net worth for the period 1946-75 (the ratios should not be much different for the slightly shorter period 1953-75) total net revaluations, adjusting for changes in the price level, were equal to slightly less than 40 percent of net worth changes. This figure is the result of very small relative net revaluations in the household sector and very large relative net revaluations in the government and financial institutions sectors. Among the two nonfinancial business sectors, net revaluations were relatively about twice as large in the corporate as in the noncorporate sector. Turning to the sources of revaluations it is found

that relative net revaluations were positive for all sectors, with one insignificant exception, in the case of reproducible assets; negative for financial assets; and positive—indicating a reduction in the real burden of debt—for liabilities. The picture is, therefore, what one would expect in a period of considerable increases in the prices of tangible assets and of the general price level and given the great differences in the shares of tangible and financial assets among sectors.

It is interesting to see that at least for gross revaluations the sectoral distribution has been fairly similar in 1954–75 to that of the preceding half-century shown in table 39. In both periods households accounted for nearly one-half of all sectors' gross revaluations and unincorporated and corporate business for about one-fifth each. The share of the government was somewhat higher in 1954–75 with one-sixth than in 1900–1953 with one-tenth.

5.3. A Comparison of Three Estimates

Table 40 permits a comparison of the estimates of total, tangible and financial assets of this study with those of the two other available sets of figures available for the beginning and very near the end of the period covered. The differences are very small for total assets, the estimates of this study being in 1974 1 and 4 percent in excess of those of the two other sources, when adjusted for differences in coverage, for the sum of the domestic private sectors, the only ones for which estimates are available in all three estimates. Differences in the movements of the three estimates between 1953 and 1974 are also small, the average rate of growth of the total assets of all domestic private sectors of this study of 7.27 percent comparing with rates of 7.03 percent for the estimates of the Federal

Table 39 Share of Gross Revaluations in Net Worth Changes by Sector, 1901–53

	Change in net worth (\$ bill.) (1)	Gross revalu- ations (\$ bill.) (2)	Ratio (2):(1) (3)	Distribution of (2) (4)
Nonfarm households	947.6	442.1	.467	.49
Agriculture	130.0	100.4	.772	.11
Nonfarm, unincorporated business	79.3	58.9	.743	.07
Corporate business (including finance)	361.8	211.0	.583	.23
State and local governments	103.7	65.7	.634	.07
Federal government	-186.9	23.7	-.127	.03
All sectors	1,435.5	901.8	.628	1.00

Source: Goldsmith, Lipsey, and Mendelson 1963, 1:132, 154.

Table 40 **Three Estimates of Assets of Domestic Private Sectors, 1953 and 1974**
(\$ bill.)

	1953			1974		
	This study (1)	Federal Reserve (2)	Ruggles (3)	This study (4)	Federal Reserve (5)	Ruggles (6)
I. Total assets						
1. Reported	2,500	2,364	2,383	10,913	10,000	9,989
2. Adjustments	...	143	207	...	511	795
3. Adjusted	2,500	2,507	2,590	10,913	10,511	10,784
II. Land	180	209	209	1,114	951	951
III. Reproducible assets						
1. Reported	837	795	825	3,591	3,397	3,491
2. Adjustments	...	44 ^a	44 ^a	...	38 ^a	138 ^a
3. Adjusted	837	839	869	3,591	3,535	3,629
IV. Financial assets						
1. Reported	1,483	1,360	1,350	6,208	5,652	5,546
2. Adjustments	...	99 ^b	163 ^c	...	373 ^b	663 ^c
3. Adjusted	1,483	1,459	1,503	6,208	6,025	6,209

^aConsumer semidurables.

^bHousehold equity in trust funds; assets of monetary authorities, federally sponsored credit agencies, and fraternal insurance.

^cHousehold equity in trust funds; assets of life and fraternal insurance and of pension funds.

Sources:

Cols. 2, 5 Federal Reserve Board 1979b.

Cols. 3, 6 Ruggles 1979.

Reserve Board staff and of Ruggles. Differences are, of course, relatively larger, and sometimes considerably so, for some sectors and for some categories of assets, liabilities, equities, and net worth. This applies in particular to the estimates of nonagricultural land, which are the roughest in all three sources.

Any major conclusions that can be drawn from the figures will hardly be affected by the differences between the three sets of estimates. This is not astonishing, since they are essentially derived, except for nonagricultural land, from the same three bodies of basic data, the estimates of the Bureau of Economic Analysis for reproducible assets, those of the Federal Reserve Board for financial assets, and those of the Department of Agriculture for farm land.