

This PDF is a selection from a published volume from the National Bureau of Economic Research

Volume Title: Studies in the National Balance Sheet of the United States, Vol. 2

Volume Author/Editor: Raymond W. Goldsmith, Robert E. Lipsey, and Morris Mendelson

Volume Publisher: Princeton University Press

Volume ISBN: 0-691-04180-6

Volume URL: <http://www.nber.org/books/gold63-2>

Conference Date:

Publication Date: 1963

Chapter Title: Introduction to "Studies in the National Balance Sheet of the United States, Vol. 2"

Chapter Author(s): Raymond W. Goldsmith, Robert E. Lipsey, Morris Mendelson

Chapter URL: <http://www.nber.org/chapters/c5734>

Chapter pages in book: (p. 1 - 40)

STUDIES IN THE NATIONAL BALANCE
SHEET OF THE UNITED STATES

Volume II

Basic Data on Balance Sheets and Fund Flows

INTRODUCTION

This volume contains the basic data underlying the three parts of Volume I as well as the forthcoming book by Raymond W. Goldsmith, *The Flow of Capital Funds in the Postwar Economy*. Also included are national and sectoral balance sheets for prewar years from Volume III of Goldsmith's *A Study of Saving in the United States* (1956), rearranged with some corrections and revisions to make them more comparable with the postwar data. The tables and notes presented here, together with Appendixes A and B of Goldsmith's *The National Wealth of the United States in the Postwar Period* (1962), will enable a reader to reproduce or extend the balance sheets, asset and liability tables, and fund flow data.

This introduction describes the main features of the National Bureau accounts, some of which were outlined in Volume I, Part One, Chapter 2. It includes the definitions of types of assets and liabilities and of sectors, and identifies the main differences between these accounts and those published by the Federal Reserve Board. The FRB accounts appear in *Flow of Funds/Saving Accounts, 1946-1960*, Supplement 5 (1961),¹ and the most recent explanation can be found in "A Quarterly Presentation of Flow of Funds, Saving, and Investment" (*Federal Reserve Bulletin*, August 1959). Where possible, reconciliations between the NBER and FRB accounts were prepared. These are shown below for 1954-58, which appeared to be long enough to include almost all the main differences between the two sets of accounts. Some of these reconciliations are incomplete, particularly where completeness would have required an examination of the unpublished worksheets underlying the FRB data. However, where the sources of discrepancy could be identified from published information or inferred from the general principles followed by the Federal Reserve Board and the NBER, a reconciliation was made, and these accounted for most of the major discrepancies.

The basic tables are divided into eight sections, as follows:

Assets and Liabilities

- I. National Balance Sheets, 1945-58
- Ia. National Balance Sheets, 1900-45, Selected Years
- II. Finance Sector Balance Sheets, 1945-58
- III. Sector Balance Sheets, 1945-58 and Selected Earlier Years
- IV. Asset and Liability Tables, 1945-58 and Selected Earlier Years

Flow of Funds

- V. Flow of Funds Through Sectors, 1946-58
- VI. Flow of Funds Through Finance Subsectors, 1946-58
- VII. Sector Flow of Funds, 1946-58
- VIII. Transaction Flow of Funds, 1946-58

Section I consists of fourteen balance sheets, one for each year 1945 through 1958, showing, for each major asset and liability, the amount held by each of seven major sectors and by the nation as a whole. These are patterned after the national balance sheets for eight benchmark years between 1900 and 1949 presented in Volume III of *A Study of Saving* (Tables W-9 to W-16). These balance sheets for earlier years, revised to include new data and to improve comparability with later years, are presented in Section Ia. The revision is not complete, however, as can be seen from a comparison of the 1945 balance sheets in Sections I and Ia.

The Section II balance sheets are an expansion of the finance columns in Section I, giving the same information (except on tangible assets) for thirteen subsectors of finance.

¹Hereinafter referred to as *Supplement 5*.

Sections I and II are both derived from the data for individual sectors and items in Sections III and IV. For each major sector in Section I, for each finance sector in Section II, and for many subdivisions of these, Section III contains a table showing assets, liabilities, and equity for every year from 1945 through 1958. These are similar to the sector balance sheets in *A Study of Saving* (Tables W-22 to W-43 of Volume III for major sectors and various tables in Volume I for subsectors). However, the definitions of some major sectors in the postwar tables are different from those in *A Study of Saving* and there have been some changes in the treatment or estimation of several asset and liability items. We have therefore included, as supplementary tables, revised balance sheets for the major sectors for 1900-45.

The Federal Reserve Board has published partial sector balance sheets for 1945-60, excluding tangible assets and many miscellaneous assets and liabilities, in *Supplement 5* (pp. 34-71, particularly Table 8).

Section IV gives, for each asset and liability listed in Sections I, II, and III, the amount held or owed by each of the major sectors and thirteen finance subsectors. These tables correspond to the FRB tables on "amounts outstanding, year-end" in *Supplement 5* (pp. 74-119).

Tables numbered IV-a (for tangible assets) or IV-b (for intangible assets) show the amount of the asset held by each of the main sectors of the economy and the total held by all domestic sectors combined. For those categories which are liabilities as well (all except tangibles and equities), tables numbered IV-c show the amount outstanding against each sector and the total outstanding against all domestic sectors. An attempt is made in each table numbered IV-b to reconcile the total outstanding with the total held, in terms of foreign (rest-of-world) holdings and outstandings, various types of float, valuation differences between holders' and obligors' records, and other sources of discrepancy.

Sections V through VIII are flow tables corresponding to the four sets of stock tables in Sections I through IV. Sections V and VI are annual flow-of-funds tables for the nation, major sectors, and thirteen finance subsectors. The tables in Section V show inventory change in two versions: one at book value, and one (in the notes to the tables) in which only changes in inventories that reflect quantity changes are entered. These real inventory changes are estimated by subtracting the inventory valuation adjustment (IVA) of the Department of Commerce National Income Division.

Data on flows (sources and uses of funds) for the sectors and many of the subsectors listed in Section III are shown in Section VII. Here again, for several of the major sectors, data on inventories are shown both at book value and with IVA.

The Federal Reserve Board's analogous set of tables are the "sector statements of sources and uses of funds," which include estimates of saving from the income account as well as from the balance sheet. These appear in *Supplement 5*, Table 4, pages 11-31, and for subsectors on pages 41-73. They cover 1946-60 in annual data and 1952-60 in quarterly data.

Section VIII provides data on sources and uses of funds, showing, for each type, the sectoral distribution in every year. For structures and durable goods, the flow tables (VIII-a) show expenditures at original and constant cost and net investment at current replacement and constant cost. Inventory flows are shown in constant and in current dollars, and the latter both at book value and with inventory valuation adjustment. No flow of funds into land is estimated; all changes in land value are treated as capital gains, ignoring intersectoral land sales. Financial flows (Tables VIII-b, VIII-c, and VIII-d) are mostly estimated by taking the net change in assets and liabilities between the beginning and end of the year, assuming that valuation changes are small enough to be ignored. However, the flow of funds into equity securities and net worth must be estimated directly because this assumption cannot be made. Net purchases are therefore used as the flow of funds into common stock, and net issues of stock and saving as the net worth flow.

Part b of Section VIII shows uses of funds while parts c and d deal with sources. Part c gives data on the issuance of financial liabilities and part d presents estimates of the flow of funds through common and preferred stock and of gross and net saving, by sector. The analogous FRB tables are shown on pages 74-119 of *Supplement 5* as "annual flows, 1946-1960" and "quarterly flows, 1952-1960."

Assets and Liabilities

Some of the asset and liability tables have self-explanatory titles, but others are somewhat ambiguous or have a different coverage from that of the closest corresponding groups in the

FRB accounts. In this section the NBER categories are defined and reconciled with the corresponding FRB transactions categories.²

Most of the large differences between the asset and liability totals listed here and those shown by the Federal Reserve Board arise from the fact that the FRB consolidates its sectors, netting out intrasector holdings, while the NBER does not. By this process the FRB eliminates, for example, interbank deposits, corporate stocks and bonds owned by other corporations, and holdings of federal government debt by federal agencies and trust funds.

Holdings of tangible assets are not included in the FRB accounts. Data given here on the market or current value of tangible assets, mainly derived by the perpetual inventory method, are from *The National Wealth of the United States*, and definitions of the asset categories can be found there. The only substantial change from that source is that monetary metals, included there under tangible assets, have been shifted to intangible or financial assets, under currency and demand deposits.

Currency and Demand Deposits (Tables IV-b-1 and IV-c-1) encompass two FRB classifications: gold and Treasury currency, and demand deposits and currency. The former category is made up mainly of monetary gold and silver held by the Treasury monetary funds plus official gold holdings of the rest of the world, which were omitted in the NBER accounts. The only liability item under this heading is Treasury currency liability, consisting of seigniorage on coins and revalued silver plus minor coin outstanding and the sum of Federal Reserve bank notes, national bank notes, and U.S. notes outstanding, minus gold reserves against U.S. notes. All the rest of the difference between assets and liabilities appears as discrepancy, since monetary metals are not considered to be a liability of any sector.

TABLE 1
Currency and Demand Deposits: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB currency and demand deposits, assets	134.7	135.5	137.2	137.9	144.8
2. Less NBER rest-of-world assets	4.3	4.3	4.5	4.7	4.8
3. Plus NBER Federal Reserve banks and Treasury monetary funds, assets	48.6	48.7	49.2	50.9	46.8
4. Plus NBER commercial banks, assets	34.0	34.3	35.6	35.5	35.1
5. Total of lines 1-4	213.0	214.2	217.5	219.6	221.9
6. NBER currency and demand deposits, assets	213.1	214.2	217.5	219.5	221.9
7. FRB currency and demand deposits, liabilities	141.9	144.2	145.9	145.2	151.0
8. Plus NBER gold certificates	21.0	21.0	21.3	22.1	20.0
9. Plus NBER FR bank holdings of FR notes	0.2	0.3	0.4	0.4	0.5
10. Plus NBER Exch. Stab. Fund deposits with FR banks	0.2	0.2	0.1	--	0.2
11. Plus NBER FR bank holdings of Treasury currency	0.4	0.3	0.3	0.3	0.3
12. Plus NBER commercial bank demand deposits	12.8	12.9	13.7	13.2	13.5
13. Plus NBER cash items in process of collection	10.0	13.3	13.9	13.7	14.6
14. Plus FRB Federal Reserve float	0.8	1.6	1.7	1.4	1.3
15. Plus FRB member-bank reserves	18.9	19.0	19.1	19.0	18.5
16. Plus FRB other domestic bank deposits	0.1	0.1	0.1	0.1	0.1
17. Plus FRB other vault cash	2.5	2.7	3.3	3.3	3.2
18. Plus FRB federal currency liabilities	2.5	2.5	2.5	2.6	2.6
19. Total of lines 7-18	211.3	218.1	222.3	221.3	225.8
20. NBER currency and demand deposits, liabilities	211.5	218.2	222.2	221.5	225.8

²For an earlier discussion of the differences between NBER and FRB accounts, see Morris Mendelson, *The Flow-of-Funds Through the Financial Markets, 1953-1955*, New York, NBER, 1959, pp. 3-20.

Source to Table 1

<p>Line</p> <p>1: <i>Supplement 5</i>, Table 19L, line K.</p> <p>2: Table IV-b-1, line 9.</p> <p>3-4: Table IV-b-1, lines 5a and 5b.</p> <p>5: Sum of lines 1, 3, and 4, minus line 2.</p> <p>6: Table IV-b-1, line 8.</p> <p>7: <i>Supplement 5</i>, Table 19L, line A.</p> <p>8: See notes to Table III-5a-2, line III-1.</p> <p>9: From various issues of <i>Annual Report of the Board of Governors of the Federal Reserve System</i>, table on condition of Federal Reserve Banks.</p>	<p>Line</p> <p>10: See notes to Table III-5a-2, line II-1.</p> <p>11: Same source as line 9.</p> <p>12: Table IV-b-1c, column 5.</p> <p>13: Table IV-b-1, line 12.</p> <p>14: <i>Supplement 5</i>, Table 16L, line i.</p> <p>15-17: <i>Supplement 5</i>, Table 17L, lines W, Z, and a.</p> <p>18: <i>Supplement 5</i>, Table 8, federal government sector, "Treasury currency liability."</p> <p>19: Sum of lines 7-18.</p> <p>20: Table IV-b-1, line 15.</p>
---	---

TABLE 2

Gold and Treasury Currency: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB gold and Treasury currency	41.7	42.5	43.1	43.9	44.7
2. Plus NBER cash assets of Exch. Stab. Fund	0.3	0.3	0.2	0.1	0.2
3. Less FRB rest-of-world gold	15.1	15.9	16.1	16.0	19.3
4. Less FRB nonmonetary silver bullion held at cost in acct. of U.S. Treasury	--	--	0.1	0.1	0.1
5. Total of lines 1-4	26.9	26.9	27.1	27.9	25.5
6. NBER Treasury monetary funds, currency and demand deposits	27.0	27.0	27.2	28.0	26.0

<p>Line</p> <p>1: <i>Supplement 5</i>, Table 18L, sum of lines A and G.</p> <p>2: See notes to Table III-5a-2, line II-1.</p>	<p>Line</p> <p>3-4: <i>Supplement 5</i>, Table 18L, lines E and K.</p> <p>5: Sum of lines 1-4.</p> <p>6: Table III-5a-2, line II-1.</p>
---	---

The NBER total for other currency and demand deposits is much larger than that of the FRB because the FRB nets out all the currency and demand deposits held by commercial banks and the Treasury monetary funds, although it does take in foreign currency and deposit holdings. The main items disappearing in the FRB consolidation are bank reserves with the Federal Reserve Banks, gold certificates, interbank deposits, cash items in process of collection, Federal Reserve float, and vault cash.

There is a very large discrepancy between assets and liabilities in this item of the NBER accounts because monetary metals appear in assets but not in liabilities. Furthermore, several large items of float also enter into the discrepancy. Nonfarm households' assets are estimated as a residual by subtracting known holdings by other groups from total currency and demand deposits of individuals, partnerships, and corporations, after adjusting that total to a holder record basis.

Other Bank Deposits and Shares (Tables IV-b-2 and IV-c-2) consist of time deposits at commercial and mutual savings banks and postal savings deposits plus shares in savings and loan associations and credit unions. The Federal Reserve Board includes these items, along with consumer-held U.S. government savings bonds, in a category called "fixed-value redeemable claims" (*Supplement 5*, Table 20L, p. 78), which differs from the NBER asset totals by including rest-of-world time deposits as well as savings bonds.

It is assumed, for this category, that there is no discrepancy between total assets and total liabilities (as there is for currency and demand deposits) except for rest-of-world holdings. Total assets are estimated from total liabilities and the household sector is calculated as a residual.

TABLE 3

Other Bank Deposits and Shares: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB fixed-value redeemable claims, assets	156.9	165.3	174.3	184.4	200.6
2. Less FRB U.S. savings bonds (consumer-held)	50.0	50.2	50.1	48.2	47.7
3. Less NBER rest-of-world time deposits	1.8	1.7	1.6	1.6	2.6
4. Total of lines 1-3	105.1	113.4	122.6	134.6	150.3
5. NBER other bank deposits and shares, assets	104.9	113.3	122.5	134.6	150.2
6. FRB fixed-value redeemable claims, liabilities	156.9	165.3	174.3	184.4	200.6
7. Less FRB U.S. savings bonds (consumer-held)	50.0	50.2	50.1	48.2	47.7
8. Total of lines 6-7	106.9	115.1	124.2	136.2	152.9
9. NBER other bank deposits and shares, liabilities	106.7	114.9	124.1	136.1	152.8

Line
1: Supplement 5, Table 20L, line M.
2: *Ibid.*, line S.
3: Table IV-b-2, line 9.
4: Line 1 minus lines 2 and 3.
5: Table IV-b-2, line 8.

Line
6: Supplement 5, Table 20L, line A.
7: *Ibid.*, line I.
8: Line 6 minus line 7.
9: Table IV-c-2, line 8.

Private Life Insurance Reserves (Tables IV-b-3 and IV-c-3) include all liabilities of life insurance companies, fraternal orders, savings bank life insurance (SBLI), and group health insurance plans except for small amounts of specifically identified "other liabilities." The method of estimation treats all insurance organizations as if they were organized as mutuals,

TABLE 4

Private Life Insurance Reserves: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB saving through life ins., assets and liab.	70.2	73.4	77.2	80.0	83.4
2. Plus FRB savings through life ins. co. pension funds	10.0	11.2	12.4	14.0	15.5
3. Plus FRB assets minus liab., life ins. co.	7.4	8.3	8.6	9.2	10.3
4. Plus FRB assets minus liab., fraternal orders	0.8	0.9	0.9	0.8	0.8
5. Plus NBER life ins. co., tangible assets	3.3	3.8	4.1	4.5	4.5
6. Plus NBER life ins. co., other intang. assets	2.3	2.5	2.8	3.0	3.2
7. Plus NBER group health and SBLI reserves	.8	.9	1.0	1.0	1.1
8. Plus NBER fraternal order tangibles and other intangibles	0.1	0.1	0.1	0.2	0.2
9. Less FRB saving through fed. govt. life ins.	6.0	5.9	6.0	6.2	6.2
10. Less NBER other liabilities and equities, life ins. cos.	2.8	3.2	3.6	3.7	3.9
11. Less NBER other liab., fraternal orders	0.2	0.2	0.2	0.2	0.3
12. Total of lines 1-11	85.9	91.8	97.3	102.6	108.6
13. NBER private life ins. reserves, liabilities	85.7	91.6	97.1	102.2	108.5
14. Less NBER rest-of-world holdings of ins. reserves	1.6	1.8	1.9	2.0	2.1
15. Total of lines 13-14	84.3	90.0	95.4	100.6	106.5
16. NBER private life ins. reserves, assets	84.0	89.9	95.2	100.2	106.4

Source to Table 4

Line	Line
1: <i>Supplement 5</i> , Table 21L, line F.	10: Table III-5h, lines III-13 and IV.
2: <i>Ibid.</i> , Table 22L, line G.	11: Table III-5k-1, line III-13.
3: <i>Ibid.</i> , Table 12L, line C minus line M.	12: Lines 1-8 minus lines 9-11.
4: FRB worksheets.	13: Table IV-c-3, line 8.
5-6: Table III-5h, lines I-7 and II-20.	14: Table IV-b-3, line 9.
7: Tables III-5k-2 and III-5k-3, line III-14.	15: Line 12 minus line 14.
8: Table III-5k-1, lines I-7 and II-20.	16: Table IV-b-3, line 8.
9: <i>Supplement 5</i> , Table 21L, line B.	

with all assets, except those specifically earmarked, belonging to the policyholders. This procedure understates the equity of stockholders in stock life insurance companies. However, it was not possible to subdivide the sector into stock and mutual companies. Fortunately, for this purpose, more than half the outstanding life insurance is with mutual companies. This category is not confined strictly to life insurance reserves, including as it does the reserves of life insurance companies against other types of policies (pensions, annuities, accident and health insurance) and the reserves of nonprofit medical plans.

The closest FRB transactions category is saving through life insurance, which includes government life insurance reserves but excludes pension reserves of life insurance companies. Even when these two adjustments are made, however, the NBER item is much larger, mainly because it includes all liabilities not allocable to categories other than policyholders. This procedure adds to the FRB estimates the difference between financial assets and liabilities, as estimated by the FRB for life insurance companies and fraternal orders, plus total assets (tangible and "other intangible") not included by the FRB, minus "other liabilities" and equities (life insurance company stock outstanding). The NBER data also make a rough adjustment for rest-of-world insurance assets, not calculated by the FRB.

Private Pension and Retirement Funds (Tables IV-b-4 and IV-c-4) consist of the reserves (assumed equal to total assets) of noninsured private pension plans, that is, plans not managed by insurance companies. Corporate pension funds, covered in SEC surveys, own the great bulk of the assets, but union-administered and multiemployer funds and those of nonprofit organizations are also included.

This category is approximately equivalent to that part of the FRB transactions item "saving through pension funds" which is the liability of noninsured pension plans. However, the

TABLE 5

Private Pension and Retirement Funds: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB saving through pension funds, private noninsured pension plans	12.6	14.9	17.2	20.0	23.0
2. Less SEC common stock of corporate pension funds, book value	2.3	3.0	3.8	4.8	6.0
3. Plus SEC common stock, corporate pension funds, market value	3.2	4.8	5.6	6.0	9.5
4. Plus NBER misc. assets of noninsured pension plans	0.5	0.6	0.8	0.9	1.0
5. Total of lines 1-4	14.0	17.3	19.8	22.1	27.5
6. NBER private pension and retirement funds	14.3	17.4	20.0	22.3	27.8

Line	Line
1: <i>Supplement 5</i> , Table 22L, line H.	4: Table III-5j, line II-20.
2: SEC, <i>Corporate Pension Funds</i> , 1959 (Statistical Series, Release No. 1680, 1960), Table 1.	5: Sum of lines 1, 3, and 4, minus line 2.
3: <i>Ibid.</i> , Table 3, and Table III-5j-1, line II-17.	6: Table IV-b-4, line 8.

FRB excludes miscellaneous intangible assets and apparently includes stock at book rather than market value, presumably on the assumption that it is only the book value which enters into the obligation to pension holders. The NBER method, as for life insurance and government pension reserves, treats all assets as belonging to policyholders.

The coverage of the FRB category is slightly narrower in 1945-49. Union-administered, multiemployer, and nonprofit plans are excluded, as are mortgage holdings of corporate plans.

Government Pension and Insurance Funds (Tables IV-b-5 and IV-c-5) consist of retirement funds for federal, state, and local government employees, the Old Age and Survivors' Insurance and railroad retirement trust funds, federal government life insurance funds, the unemployment insurance trust fund, and state-administered workmen's compensation funds. All the assets of these funds are credited to the policyholders or beneficiaries.

TABLE 6
Government Pension and Insurance Funds: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB saving through pension funds, fed. govt.	9.4	10.0	10.9	11.3	12.3
2. FRB saving through pension funds, state and local govt.	9.3	10.6	12.1	13.7	15.6
3. FRB saving through life insur., federal govt.	6.0	5.9	6.0	6.2	6.2
4. Plus FRB OASI fund assets	20.6	21.7	22.5	22.4	21.9
5. Plus NBER unemployment trust fund assets	8.7	8.8	9.1	9.1	7.1
6. Plus NBER state-adm. workmen's compensation fund assets	0.9	1.0	1.1	1.2	1.3
7. Total of lines 1-6	54.9	58.0	61.7	63.9	64.4
8. NBER govt. pension and insurance funds	55.2	58.4	62.0	64.9	66.1

Line
1-2: *Supplement 5*, Table 22L, lines B and E.
3: *Ibid.*, Table 21L, line B.
4: *Ibid.*, Table 8, p. 36.
5: See note to Table III-5b-1, line II-1.

Line
6: See note to Table III-5b-2, line II-21.
7: Sum of lines 1-6.
8: Table IV-b-5, line 8.

The corresponding Federal Reserve Board categories are the government parts of saving through life insurance and saving through pension funds, but these exclude the unemployment, workmen's compensation and OASI funds. They also measure the liabilities of the government life insurance funds by policy reserves rather than by total assets as in the NBER estimates.

Consumer Credit (Tables IV-b-6 and IV-c-6) includes short- and intermediate-term credit extended to consumers, but excludes mortgage and security credit. The item has the same

TABLE 7
Consumer Credit: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB consumer credit	32.5	38.9	42.5	45.3	45.5
2. Plus FRB commercial bank loans offset by hypothecated deposits	0.5	0.5	0.6	0.6	0.6
3. Total of lines 1-2	33.0	39.4	43.1	45.9	46.1
4. NBER consumer credit	32.9	39.4	43.1	45.9	46.1

Line
1: *Supplement 5*, Table 29L, line F.
2: *Ibid.*, Table 32L, line z.

Line
3: Sum of lines 1 and 2.
4: Table IV-b-6, line 8.

coverage as the FRB series. The only difference is that in the NBER figures hypothecated deposits are not netted out of the data for consumer credit extended by commercial banks and classified under other loans as is done by the FRB. Supplementary Table IV-b-6a consists of a rearrangement of prewar data to fit more closely into the postwar sectoral classification.

Trade Credit (Tables IV-b-7 and IV-c-7) consists in theory of book credit extended by one business to another in connection with the sale of goods and services. It should thus exclude all consumer credit and most debts to financial institutions, as well as all debts represented by financial instruments, such as bonds or commercial paper. In practice, the estimates are made by subtracting identifiable items other than trade credit from business payables and receivables; they are thus residuals which contain other types of debt. The FRB figures are lower than those presented here mainly because financial institutions have been more thoroughly eliminated from the corporate sector in their accounts. The effect of this difference can be seen in the attempt at reconciliation in Table 8. The receivables of "credit agencies other than banks," deducted from corporate receivables by the FRB, are considerably larger than the consumer and trade credit and other loans of finance companies and other finance deducted in arriving at the NBER estimates. The FRB method probably removes more items inappropriate under the definition of trade credit but runs a greater risk of excluding debts from the nonfinancial sector which fail to be picked up in the finance sector. An even lower recent estimate made at the NBER by Martin Seiden ("The Quality of Trade Credit," ms.) eliminates more doubtful items, but it uses a narrower definition of nonfinancial corporations without any necessity of insuring that every item excluded from trade credit was included somewhere else.

TABLE 8
Trade Credit: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB trade credit	57.1	67.2	73.5	75.4	81.4
2. Plus FRB nonfarm unincorp. bus. trade credit assets	9.1	9.7	10.6	10.9	11.6
3. Plus NBER finance co. trade credit	0.9	1.1	1.3	1.5	1.7
4. Plus NBER other finance trade credit	0.2	0.2	0.3	0.4	0.4
5. Plus difference bet. NBER fin. co. rcvbles. and FRB rcvbles. of credit agen. other than banks	1.6	1.9	3.0	3.9	5.1
6. Total of lines 1-5	68.9	80.1	88.7	92.1	100.2
7. NBER trade credit	68.8	80.4	88.8	92.1	100.4
8. FRB trade debt	45.6	54.7	59.7	60.6	63.6
9. Plus FRB noncorp. nonfinan. bus. trade credit assets	9.1	9.7	10.6	10.9	11.6
10. Total of lines 8-9	54.7	64.4	70.3	71.5	75.2
11. NBER trade debt	58.6	69.7	76.9	80.0	87.0

Line
 1: *Supplement 5*, Table 33L, line A.
 2: *Ibid.*, line J.
 3-4: Tables III-5l and III-5m, line II-7.
 5: NBER from Table III-51, lines II-6, II-7, and II-10; FRB from unpublished worksheets on trade credit.

Line
 6: Sum of lines 1-5.
 7: Table IV-b-7, line 8.
 8: *Supplement 5*, Table 33L, line E.
 9: *Ibid.*, line J.
 10: Sum of lines 8-9.
 11: Table IV-c-7, line 8.

Another contribution to the lower level of the FRB estimates is the fact that they include, for nonfarm unincorporated business, only net trade credit (trade credit minus trade debt), counted as a negative liability. The NBER data show gross trade credit and trade debt.

The trade debt figures from the two sources differ considerably, even though their derivations both start from the same SEC working capital series for corporate payables. It is not possible to find any simple explanation for the discrepancy because of differences in method: the NBER deducts specific types of debt, such as bank loans, while the FRB deducts all payables of certain institutions such as brokers and dealers and credit agencies other than banks and then deducts bank loans for the remaining group. It seems likely that the FRB method eliminates from the total more liabilities that are not strictly trade debt. Supplementary Table IV-b-7a consists of a rearrangement of prewar data to fit more closely into the postwar sectoral classification.

Loans on Securities (Tables IV-b-8 and IV-c-8) consist of loans for purchasing and carrying securities. Mainly these are loans by commercial banks but they also include credit granted by security brokers and dealers (customer debit balances). No estimates are made of security credit extended by others, except for agencies of foreign banks. The NBER estimates differ from those of the FRB mainly by excluding customer credit balances, treated as security credit by the FRB but as other loans (Table IV-b-10) here.

TABLE 9

Loans on Securities: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB security credit, assets	8.6	9.6	9.0	8.7	10.4
2. Less FRB consumer and nonprofit customers' credit balances with brokers and dealers	1.0	.9	.9	.9	1.2
3. Less FRB rest-of-world sec. cred. assets	0.1	0.1	0.1	0.1	0.1
4. Total of lines 1-3	7.5	8.6	8.0	7.7	9.1
5. NBER loans on securities, assets	7.6	8.7	8.0	7.6	9.2
6. FRB security credit, liabilities	8.6	9.6	9.0	8.7	10.4
7. Less FRB consumer and nonprofit customers' cred. balances with brokers and dealers	1.0	0.9	0.9	0.9	1.2
8. Less FRB rest-of-world sec. cred. liab.	0.1	0.1	0.1	0.1	0.1
9. Total of lines 6-8	7.5	8.6	8.0	7.7	9.1
10. NBER loans on securities, liabilities	7.9	9.0	8.3	8.0	9.6

Line
1-3: Supplement 5, Table 30L, lines J, K, and N.
4: Sum of lines 1-3.
5: Table IV-b-8, line 8.

Line
6-8: Supplement 5, Table 30L, lines A, K, and I.
9: Sum of lines 6-8.
10: Table IV-c-8, line 8.

The NBER liability estimates are higher than the FRB figures because a larger ratio (derived from earlier FRB estimating procedures) was used here to raise customer debit balances at New York Stock Exchange member firms to a level covering all brokers and dealers.

There is no residual line in either Table IV-b-8 or Table IV-c-8. The two total lines have not been forced into agreement and the difference between them (line 10 of IV-b-8) is therefore simply an unexplained discrepancy.

Bank Loans, n.e.c. (Tables IV-b-9 and IV-c-9) are all commercial bank loans (and a small amount by Federal Reserve banks) not included in the other specified loan categories. The specified classes of loans are mainly mortgages, consumer credit, security credit, and bonds and notes.

TABLE 10

Bank Loans, N.E.C.: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB bank loans, n.e.c., assets	34.2	42.1	47.9	50.2	51.5
2. Plus FRB loans to domestic banks by Federal Reserve banks	--	0.1	--	--	--
3. Plus FRB CCC-guar. loans and certificates of interest	2.3	1.2	0.9	0.5	0.8
4. Plus FRB open-market paper	1.0	0.8	0.9	1.1	1.2
5. Total of lines 1-4	37.5	44.2	49.7	51.8	53.5
6. NBER bank loans, n.e.c., assets	37.6	44.4	50.0	52.1	53.8
7. FRB bank loans, n.e.c., liabilities	34.2	42.1	47.9	50.2	51.5
8. Plus lines 3, 4, and 5	3.3	2.1	1.8	1.6	2.0
9. Less FRB rest-of-world liabilities	1.0	1.4	1.8	2.1	2.6
10. Total of lines 7-9	36.5	42.8	47.9	49.7	50.9
11. NBER bank loans, n.e.c., liabilities	36.6	43.0	48.3	50.0	51.2

Line

- 1: *Supplement 5*, Table 31L, line H. (The published figure for 1958 seems to be an error.)
 2: *Ibid.*, Table 8 (G.1), line v.
 3-4: *Ibid.*, Table 8(G), lines X and Y.
 5: Sum of lines 1-4.
 6: Table IV-b-9, line 8.

Line

- 7: *Supplement 5*, Table 31L, line I.
 8: Lines 3, 4, and 5.
 9: *Supplement 5*, line R.
 10: Sum of lines 7-8, minus line 9.
 11: Table IV-c-9, line 8.

The NBER estimates for this category are generally larger than those in *Supplement 5* (the composition of which is described in *Federal Reserve Bulletin*, August 1959, pp. 855-856), because they include several additional items. The main ones are loans to commercial banks by the Federal Reserve banks, netted out in the FRB accounts, and CCC-guaranteed loans and certificates of interest and open-market paper, both included by the FRB in "other loans."

A rough division of bank loans into short- and long-term is made in Tables IV-c-9a and IV-c-9b, using SEC series on long-term bank debt which are derived from the FRB loan surveys in 1946, 1955, and 1957.

Other Loans (Tables IV-b-10 and IV-c-10) consist essentially of all loans not made by banks and not included in the categories specified separately, namely, consumer credit, trade credit, security credit, mortgages, and bonds and notes. The major components are federal government loans to business and to other countries, insurance policy loans, loans to business by finance companies, and household credit balances with brokers and dealers.

The corresponding FRB category differs considerably from this one. Among the additional assets included by the FRB are open-market paper (mostly placed under bonds and notes, Table IV-b-12 in the NBER accounts), federal government loans to states (under state and local obligations, Table IV-b-14), CCC-guaranteed loans and certificates of interest (under bank loans, n.e.c., Table IV-b-9), consumer loans offset by hypothecated deposits (under consumer credit, Table IV-b-6), and other loans of business finance companies (under trade credit, Table IV-b-7). In addition, loans from the rest of the world are also included by the FRB in total assets, but excluded here. The FRB data appear to exclude loans to farmers by agricultural credit cooperatives (Table III-5m-4) which are included in the NBER totals.

The differences on the liability side are much the same, except that rest-of-world liabilities to the federal government must also be deducted from the FRB figures.

Total liabilities for this item were derived from total assets after adjusting for rest-of-world liabilities. Other loan liabilities of nonfarm unincorporated business were the residual in this calculation.

TABLE 11

Other Loans: Reconciliation of NBER and FRB Estimates

(billion dollars)

	1954	1955	1956	1957	1958
1. FRB other loans, assets	28.7	29.7	30.6	33.3	35.3
2. Less FRB open-market paper	2.8	2.6	3.1	4.0	4.0
3. Less FRB fed. govt. loans to states	0.5	0.5	0.6	0.8	1.0
4. Less FRB CCC-guar. loans and certificates of interest	2.3	1.2	0.9	0.5	0.8
5. Less FRB consumer bank loans offset by hypothecated deposits	0.5	0.5	0.6	0.6	0.6
6. Less NBER finance co. trade credit	0.9	1.1	1.3	1.4	1.7
7. Plus NBER nonfarm household other loan assets	2.4	2.3	2.3	2.3	3.1
8. Plus NBER other loans of agric. credit org.	0.7	0.7	0.8	0.9	1.2
9. Plus NBER fed. loans to farm coops., ex. tobacco	0.1	0.3	0.1	0.1	0.1
10. Total of lines 1-9	24.9	27.1	27.3	29.3	31.6
11. NBER other loans, assets	25.0	27.2	27.3	29.3	31.6
12. FRB other loans, liabilities	28.4	29.4	30.3	32.8	34.7
13. Less lines 2-6	7.0	5.9	6.5	7.3	8.1
14. Less FRB rest-of-world loans from federal government	10.7	10.6	10.7	11.0	11.6
15. Plus lines 7-9	3.2	3.3	3.2	3.3	4.4
16. Total of lines 12-15	13.9	16.2	16.3	17.8	19.4
17. NBER other loans, liabilities	14.0	16.1	16.2	17.8	19.4

Line
 1-5: *Supplement 5*, Table 32L, lines A, S, n, r, and z.
 6: Table III-5l, line II-7.
 7: Table III-1, line II-10.
 8: Table III-5m-4, line II-10.
 9: Table III-7d, column 6.
 10: Sum of lines 1 and 7-9 minus the sum of lines 2-6.
 11: Table IV-b-10, line 8.

Line
 12: *Supplement 5*, Table 32L, line H.
 13: Sum of lines 2-6.
 14: *Supplement 5*, Table 32L, line q.
 15: Sum of lines 7-9.
 16: Sum of lines 12 and 15 minus lines 13 and 14.
 17: Table IV-c-10, line 8.

Mortgages, which are debt secured by real property, are set out in considerable detail, by type, in Tables IV-b-11, IV-c-11, IV-b-12, and subsidiary tables. The coverage of this category is the same as that of the series published regularly by the Federal Reserve Board and of the data in Saul B. Klamman, *The Volume of Mortgage Debt in the Postwar Decade* (1958). The latter source gives an account of the construction of mortgage estimates and an appraisal of their quality.

The data on mortgage holdings are divided here into nonfarm (Table IV-b-11) and farm mortgages (Table IV-b-12), and the former are further broken down into residential (IV-b-11a) and nonresidential (IV-b-11b). Residential mortgage holdings are then subdivided again by type of property (one- to four-family versus multifamily) and by type of mortgage (FHA-insured, VA-guaranteed, and conventional).

Mortgage assets and liabilities are shown at the same total value, with nonfarm households the residual holders and debtors. No rest-of-world debts or holdings are shown, although it is known (see Table IV-c-11) that U.S. life insurance companies, for example, own over \$700 million of foreign—mainly Canadian—mortgages. The presumption is that the U.S. holdings of foreign mortgages are approximately offset by foreign holdings of U.S. mortgages and that the estimate of household mortgage holdings, which is a residual, is therefore not seriously distorted.

The FRB tabulations in *Supplement 5* distinguish one- to four-family, multifamily, nonfarm nonresidential, and farm mortgages. No reconciliations are shown for any of these categories because the estimates used here, derived mainly from Klamman, *The Volume of Mortgage Debt* and from data of the Federal Reserve Board and the Home Loan Bank Board, are virtually identical with those in *Supplement 5*.

Several supplementary tables (IV-b-11c, IV-b-11c-1 through IV-b-11c-4, and IV-b-12a) are included here for benchmark years from 1900 through 1945. These put data from *A Study of Saving* into a form more comparable with the later information, changing the coverage of sectors and, in some cases, taking advantage of later studies and estimates of mortgage debt particularly by Klamann and the Home Loan Bank Board. The most extensive of these revisions were in the data on multifamily and nonresidential mortgages, where the totals and the amounts held by households were scaled down sharply.

U.S. Government Securities (Tables IV-b-13, IV-b-13a, IV-b-13b, and IV-b-13c) cover direct federal debt and guaranteed securities issued by federal agencies, including demand notes issued to the IMF. Nonguaranteed federal agency bonds and notes are excluded and placed under other bonds and notes (Table IV-b-15). Also excluded is privately held stock issued by federal agencies, the largest element of which is Federal Home Loan Bank stock owned by insured savings and loan associations.

In supplementary tables this category is divided into several parts, the estimates for which are less reliable than those for the totals. The subcategories are short-term securities (Table IV-b-13a), savings bonds (Table IV-b-13b), and other long-term securities (Table IV-b-13c). The estimates of short-term holdings are taken mainly from FRB worksheets, and those for savings bonds from the Treasury ownership survey. The estimates for long-term securities other than savings bonds are thus a residual.

Both the FRB and the NBER balance sheets consolidate government corporations with the federal government to the extent that investments by the government in these corporations are netted out. Therefore there is no entry for agency securities held by the federal government or for federal advances to these agencies.

TABLE 12

U.S. Government Securities: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB federal obligations, assets	179.4	180.2	174.6	175.7	184.4
2. Plus FRB consumer-held savings bonds	50.0	50.2	50.1	48.2	47.7
3. Plus NBER U. S. govt. secur. held by fed. govt.	5.2	5.2	5.5	5.9	5.8
4. Plus NBER U. S. govt. secur. held by federal insur. and pension funds	44.4	46.5	48.4	49.4	48.8
5. Less FRB nonguar. federal obligations	2.1	3.6	4.2	6.3	5.8
6. Less FRB rest-of-world holdings of federal obligations	4.8	5.8	6.6	6.8	6.8
7. Plus difference between FRB and NBER est. of valuation discrepancy	--	--	0.2	0.4	0.0
8. Total of lines 1-7	272.1	272.7	268.0	266.5	274.4
9. NBER U. S. government securities, assets	272.1	272.7	268.1	266.4	274.4
10. FRB federal obligations, liabilities	179.3	180.4	175.3	176.7	185.1
11. Plus lines 2-4	99.6	101.9	104.0	103.5	101.1
12. Plus FRB demand notes issued to IMF	1.5	1.6	1.1	0.7	0.0
13. Less FRB nonguar. fed. obligations	2.1	3.6	4.2	6.3	5.8
14. Total of lines 10-13	278.3	280.3	276.2	274.6	282.2
15. NBER U. S. government securities, liabilities	278.4	280.4	276.3	274.6	282.2

Line

- 1-2: *Supplement 5*, Table 23L, lines E and I.
 3: Table III-7, line II-13.
 4: Table III-5b-1, line II-13.
 5-6: *Supplement 5*, Table 23L, lines D and p.
 7: *Ibid.*, line 5 (with sign reversed) minus Table IV-b-13, line 10.
 8: Sum of lines 1-4 and line 7, minus lines 5 and 6.

Line

- 9: Table IV-b-13, line 8.
 10: *Supplement 5*, Table 23L, line A.
 11: Sum of lines 2-4.
 12: *Supplement 5*, Table 34L, line 5.
 13: *Ibid.*, Table 23L, line D.
 14: Sum of lines 10-12, minus line 13.
 15: Table IV-c-12, line 7a.

The FRB's federal obligation item differs from this one by including nonguaranteed securities but excluding consumer-held savings bonds, demand notes issued to the IMF, and all federal securities held by the federal government and federal agencies and trust funds, particularly the large social insurance funds.

On the liability side, these items account for all of the divergence between FRB and NBER figures, but, on the asset side, there is a difference in the estimate of the discrepancy between total assets and total liabilities. The discrepancy arises because liabilities are listed at par value and assets at book value. For most assets this type of discrepancy disappears in the process of estimating one sector (usually households) as a residual. For government bonds, however, the Treasury ownership survey, giving data by holder on a par value basis, permits direct estimation of the discrepancy for several holder groups. The NBER data estimate this only for banks, but the FRB makes a more comprehensive estimate, covering all sectors except households.

A supplementary table (IV-b-13d) revises the sectoral allocation of U.S. government securities given in *A Study of Saving* for benchmark years back to 1900. Aside from the redefinition of the sectors, the main change to match later years is elimination of the estimate for nonfarm unincorporated business holdings of these securities. The amounts have been added into the household sector.

State and Local Government Securities are all debts of state and local governments except for their trade debt and the obligations of their retirement and other insurance funds. The amounts shown here are larger than in *Supplement 5* because we have included state and local debts to the federal government (included in "other loans" by the FRB) and an estimate of non-interest-bearing debt.

TABLE 13

State and Local Government Securities: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB state and local oblig., assets and liab.	42.5	46.0	49.2	53.8	59.5
2. Plus FRB fed. govt. loans to state and local governments	0.5	0.5	0.6	0.8	1.0
3. Plus NBER non-interest-bearing state and local govt. debt	0.6	0.6	0.6	0.7	0.7
4. Total of lines 1-3	43.6	47.1	50.4	55.3	61.2
5. NBER state and local govt. sec., liabilities	43.6	47.0	50.4	55.2	61.2
6. Less NBER rest-of-world holdings of state and local securities	0.1	0.1	0.1	0.1	0.1
7. Total of lines 5-6	43.5	47.0	50.3	55.2	61.1
8. NBER state and local govt. sec., assets	43.5	47.0	50.3	55.1	61.1

Line
1: *Supplement 5*, Table 24L, line A.
2: *Ibid.*, Table 32L, line n.
3: See note to Table III-6, line III-12.
4: Sum of lines 1-3.

Line
5: Table IV-c-12, line 6.
6: Table IV-b-14, line 9.
7: Line 4 minus line 6.
8: Table IV-b-14, line 8.

In the NBER accounts, total assets are estimated from total liabilities, with only a small estimate of foreign holdings as a discrepancy item, and nonfarm households as the residual sector. The state and local government sector is one case in which the FRB accounts do not completely consolidate a sector; total assets are shown including state and local securities held by the state and local governments themselves.

A supplementary table (IV-b-14a) gives data from *A Study of Saving* for benchmark years back to 1900 according to the postwar classification of sectors.

Other Bonds and Notes (Table IV-b-15) are made up mainly of corporate bonds, but also include foreign bonds, nonguaranteed bonds issued by U.S. government agencies, and commercial paper held outside banks. Total assets are derived from the liabilities of domestic nonfinancial corporations and finance companies (Table IV-c-12) by adding foreign bonds held in the United States and subtracting U.S. corporate bonds held abroad. Nonfarm household assets are calculated as a residual.

The closest FRB category, corporate and foreign bonds (*Supplement 5*, Table 25L, p. 89), excludes commercial paper and nonguaranteed bonds, listing the former under "other loans" and the latter under "U.S. government securities." A further divergence between the two sources arises from the use of different estimates of corporate bond liability. The NBER and FRB series start with the same 1945 value but the former (derived in David Meiselman's and Eli Shapiro's manuscript "Corporate Sources and Uses of Funds" from SEC data on "net change in outstanding corporate securities") rise faster, by about \$1 billion between 1945 and 1958.

A supplementary table (IV-b-15a) gives data for corporate bonds from *A Study of Saving* at benchmark dates back to 1900. These have been allocated according to the postwar definitions of the sectors.

TABLE 14
Other Bonds and Notes: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
1. FRB corporate and foreign bonds, assets	57.6	61.4	66.5	73.8	80.2
2. Plus FRB federal nonguaranteed sec.	2.1	3.6	4.2	6.3	5.8
3. Plus NBER com. paper held outside banks	1.4	1.6	1.7	2.0	2.1
4. Less FRB rest-of-world holdings of U. S. corporate bonds	0.2	0.3	0.3	0.4	0.5
5. Total of lines 1-4	60.9	66.3	72.1	81.7	87.6
6. NBER other bonds and notes, assets	61.4	67.1	72.9	82.8	88.7

Line

- 1: *Supplement 5*, Table 25L, line E.
2: *Ibid.*, Table 23L, line D.
3: Table III-5I-a, sum of columns 4, 8, and 11.

Line

- 4: *Supplement 5*, Table 25L, line O.
5: Sum of lines 1 through 3, minus line 4.
6: Table IV-b-15, line 8.

Preferred Stock (Table IV-b-16) is calculated by cumulating new issues, less retirements and conversions, starting from a 1949 benchmark estimate (in Goldsmith's *Supplementary Appendixes to Financial Intermediaries in the American Economy since 1900*, 1958, Appendix F). No adjustment for price changes is made, and it is assumed in effect that holdings are reported at the original cost. The Federal Reserve Board combines preferred with common stock and it is therefore impossible to make any comparisons with their data.

Common Stock (Tables IV-b-17 and IV-b-17a) presents more serious problems. It is a much more important category and is subject to large changes in price whose influence far outweighs that of new issues. Furthermore, most common stock is held by households and there is thus relatively little direct information from the asset side. This situation contrasts with that for most other instruments, which are held mainly by financial institutions.

Even the definition of the total amount of stock outstanding presents difficulties, particularly for intercorporate holdings. The 1949 benchmark from Goldsmith's *Supplementary Appendixes to Financial Intermediaries*, which is the starting point for both the NBER and FRB series, includes some intercorporate stockholdings but not stock of wholly owned subsidiaries (Table F-5, pp. F-32 to F-34), even though the line is entitled "all stock outstanding." The estimated intercorporate holdings thus refer essentially to holdings of those stocks which are also held by others.

TABLE 15

Corporate Stock: Reconciliation of NBER and FRB Estimates

(billion dollars)

	1954	1955	1956	1957	1958
1. FRB corporate stock, assets	258.0	317.0	338.0	299.0	418.0
2. Plus NBER stock held by nonfin. corp.	52.7	63.6	66.1	59.7	79.0
3. Plus NBER stock held by closed-end investment companies	4.7	5.7	5.2	4.9	6.1
4. Less FRB rest-of-world corp. stockholdings	5.3	6.6	7.0	6.1	8.3
5. Total of lines 1-4	310.1	379.7	402.3	357.5	494.8
6. NBER common and preferred stock, assets	298.6	364.3	381.6	347.5	465.4

Line

- 1: Supplement 5, Table 26L, line G.
 2: Table III-4, sum of lines II-16 and II-17.
 3: Table III-5f-2, sum of lines II-16 and II-17.
 4: Supplement 5, Table 26L, line Q.

Line

- 5: Sum of lines 1-3, minus line 4.
 6: Sum of Table IV-b-16, line 8, and Table IV-b-17, line 8.

The 1945 and 1949 figures from *Financial Intermediaries* are interpolated and extrapolated to 1958 by new stock issues and capital gains and losses. New stock issues are SEC estimates, with some additions, especially for new incorporations not covered by the SEC (Table IV-b-17a). The change in value of outstanding issues is calculated from Standard and Poor's 500-stock price index. New stock issues accounted for only a little over 10 per cent of the total change in the market value of stock outstanding between 1945 and 1958. All the rest was the effect of price changes on outstanding stock (including new stock after issuance). Corporate stockholdings were estimated, starting from the 1949 benchmark, by assuming that corporations purchased 5 per cent of new stock issues and that price changes on their existing stockholdings were identical with those for stocks in general. Since their share in new stock issues was assumed to be less than a third of their share in stock outstanding in 1945, a very high proportion—over 95 per cent—of the change from 1945 to 1958 was attributed to gains in the value of stock held.

The Federal Reserve Board used an entirely different method of estimating outstanding stock. Starting from a similar benchmark, they extrapolated by means of SEC data on the value of stock traded on exchanges (which accounted for almost two-thirds of the benchmark total). The underlying assumption is that stock traded on exchanges is a constant proportion of total (except intercorporate) stock outstanding.

The resulting FRB estimates rise more rapidly than the NBER series over the postwar period as a whole, and particularly after the 1949 benchmark. The FRB series also fluctuates more violently; after 1950 both its rises and its falls are greater than those in the NBER series, and some of the differences are substantial.

One reason for the sharper movements in the FRB series is that the dates involved are the last trading days of each year. The index underlying the NBER series uses an average of December and January to represent end-of-year levels, a process which involves some smoothing. The effect of this difference in dating can be estimated by measuring the price changes implied by the NBER and FRB series (calculated roughly by subtracting new issues from changes in value outstanding) and comparing them with changes in the stock price index measured from December 31 to December 31 and from December-January to December-January.

For example, in 1953 the index implied by the FRB series declined 5.9 per cent and the one implied by the NBER series only 2.4 per cent. The difference can be explained largely by the fact that the year-end price index fell by 6.6 per cent as against 2.2 per cent for the index actually used in the calculation. Similarly, in 1954, the FRB implied price index rose 46.4 per cent and the NBER one only 38.8 per cent. Again the dating was mainly responsible. The stock price index used rose by 38.1 per cent while the end-of-year index rose 45 per cent. Much the same story was repeated during the 1957 decline and the 1958 increase in stock prices.

The greater volatility of the FRB series thus seems to be mainly attributable to its use of single-date valuations rather than the two-month averages used by the NBER. On the other hand, the relatively rising trend of the FRB series might be explained in several ways. One possibility is that the stock price index used in the NBER calculation is biased: that prices have been rising more quickly outside of the realm of the 500 stocks, either on exchanges other than the New York Stock Exchange or on stocks not traded on any exchanges. Another possibility, more favorable to the NBER estimates, is that the value of stocks traded on the exchanges is a biased extrapolator because the proportion of stocks so traded has been increasing. A third possible source of error is the estimate of stock held by corporations. An overestimate of the rise in this series would produce a downward bias in the NBER series for other stockholdings. The only events that could have brought about a substantial overestimate in the NBER figures would have been a slower rise in prices for corporation-owned stocks than for others or substantial net sales of stock investments by corporations.

There is no liability table corresponding to the asset categories for corporate stock. The matching item on the liability side of the nonfinancial corporation balance sheet is line IV, "equity," which is the difference between the market value of assets and the value of liabilities. The corporate stock asset category includes financial corporations too, and it is therefore necessary to include on the liability side the equity line for commercial banks, investment companies, life insurance, fire and casualty insurance, and finance companies. The matching is still not perfect, however. Stock life insurance companies' equity includes no estimate of retained earnings, all of which are attributed here to policyholders. And equity of brokers and dealers is all included here under unincorporated business although some of them are incorporated.

A supplementary table (IV-b-17c) shows the sectoral distribution of corporate stock at benchmark dates back to 1900. Data from *A Study of Saving* were arranged according to the sector definitions used for the postwar years.

Equity in Mutual Financial Organizations (Table IV-b-18) consists of the equity, all assumed to be owned by nonfarm households, of mutual savings banks, savings and loan associations, and credit unions. Equity in other mutual financial organizations has been dispersed over several categories. That of mutual insurance companies appears in the reserves of private pension and insurance organizations (Tables IV-c-3 and IV-c-4) and the equity of farm cooperatives appears to be scattered among insurance organizations and nonfarm unincorporated business. On the asset side, farm cooperative equity is listed under "other assets" of agriculture.

Equity in Other Business (Table IV-b-19) consists mainly of equity of unincorporated business (including brokers and dealers) but includes also the equity of the federal government in the Exchange Stabilization Fund. All unincorporated business equity is allocated to the nonfarm household sector, but part of it duplicates equity in farm cooperatives already covered in agriculture sector assets. Another part represents the equity of incorporated brokers and dealers which is already presumably covered by household sector holdings of corporate stock.

Other Intangible Assets and Liabilities (Tables IV-b-20 and IV-c-13) are a miscellany best described in connection with the individual sector estimates below. They include many unidentifiable items estimated in the course of making up complete balance sheets for sectors, and many types of current assets not specified elsewhere, such as accruals and prepayments. Among the major assets included are direct investments abroad by U.S. corporations, the U.S. subscription to the IMF and IBRD, and corporation income taxes owed to the U.S. government. Data were not considered adequate for estimation of personal income tax liability to the federal government or other tax liabilities to state and local governments. Among the important items in other liabilities are the previously mentioned tax accruals and policyholders' equity in fire and casualty companies.

The FRB category "miscellaneous financial transactions" contains the same direct investment assets and liabilities and other foreign assets as the NBER group but does not attempt to cover the accrual, current, and unidentified items which make up the rest of the class. This is partly because the FRB did not attempt complete balance sheets for all the sectors included; many of the NBER figures for other assets and liabilities were estimated by subtracting identified from total assets and liabilities.

Equities or Net Worth, although not shown in a separate table in Section IV, is an important part of the sectoral and national balance sheets. It is defined as the difference between the market value of a sector's assets and the value of its liabilities. Two equity classifica-

tions—equity in mutual financial organizations and equity in other (mainly nonfarm unincorporated) business—are listed at the same value on both sides of the balance sheets. The net worth of corporate business, as mentioned earlier, is valued independently on the asset side, and the two valuations are often far apart.

Classification of Sectors

The accounts presented here are divided into eight major sectors, one of which is finance. The finance sector is subdivided into thirteen subsectors in Section II and many of these are further subdivided in Section III. Most of these detailed finance subsectors need little description or explanation but the boundaries of the major sectors are much more hazy. Although those delineated here are similar to the corresponding sectors in *A Study of Saving* and in the Federal Reserve Board flow-of-funds accounts, there are considerable divergencies in detail. This section lists the NBER sectors, defines them, and describes the most important respects in which they differ from those in other sources.

A number of reconciliation tables are included which identify the most important items of discrepancy between the NBER and FRB accounts for specific assets and liabilities within sectors.

Nonfarm Household estimates (Table III-1) are derived almost entirely as residuals. The sector's holdings of almost every asset and its debt on almost every liability are calculated by first estimating the total value of that asset outstanding and then deducting the estimated holdings of every other sector. The balance sheet of this sector therefore includes all items mistakenly omitted from other sectors and the consequences of all errors made in estimating total outstandings for any instrument.

In principle, the nonfarm household sector includes all individuals except farmers and all nonprofit organizations. Personal trust funds are consolidated with households, but separate balance sheets have been drawn up for total personal trust funds (Table III-1a), personal trust funds other than common trust funds (Table III-1b), and common trust funds (Table III-1c). These funds can therefore be separated from the household sector. If this were done, an entry would have to be added to household assets for equity in personal trust funds.

It should be noted that owners of farms are treated differently from owners of nonfarm unincorporated businesses. The latter's personal assets are segregated from their businesses and retained in the household sector, while farmers are consolidated into a combined farm business and farm household sector. The Federal Reserve Board does attempt to make the separation for farmers, placing certain of their assets and liabilities in the household sector.

The combination of households with nonprofit organizations is clearly undesirable and can only be justified on the grounds of lack of data. Some pieces of information are available, however. Tangible assets of nonprofit organizations are estimated annually for 1945 to 1958 in Goldsmith's *National Wealth* (Table A-51, p. 206). The FRB has made estimates of nonprofit organizations' liability on bank loans, n.e.c. (*Supplement 5*, p. 102), federal government loans (*ibid.*, p. 105), trade debt (*ibid.*, p. 111), and commercial mortgages (*ibid.*, p. 95). Rough estimates of complete balance sheets for a number of years can be found in *A Study of Saving* (Vol. III, Table W-25, p. 72) and in Mendelson's *The Flow-of-Funds* (Tables 24-1 and 24-2, p. I-220).

One of the major differences between the FRB and NBER balance sheets for households arises from the arbitrary nature of the division between personal and unincorporated business assets. The FRB accounts show mortgage debt on rented one- to four-family houses as a liability of unincorporated nonfinancial business. The NBER accounts place these houses, and therefore the mortgage debt on them, in the household sector, thus treating them as investments rather than as businesses.

The differences between the FRB and NBER accounts in the treatment of farm households are reflected in several lines of the balance sheet, as can be seen in the reconciliation Tables 16 and 17. Among assets, time deposits, private and government insurance policies, and savings bonds are placed in the agriculture sector by the NBER and in the consumer sector by the FRB, and among liabilities the same is true of consumer debt and insurance policy loans of farmers.

Other discrepancies between the two sets of accounts arise from differences in estimating total outstandings (as in the case of state and local government securities, corporate stock, and insurance reserves) or holdings by other sectors (as in federal obligations and corporate stock). Some discrepancies arise from the use of different estimating methods, such as in

TABLE 16

Nonfarm Household Assets: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Line II-1</u>					
1. FRB demand deposits and currency	59.0	58.2	59.1	58.2	60.9
2. NBER currency and demand deposits	59.3	58.6	59.5	58.5	61.4
<u>Line II-2</u>					
3. FRB fixed-value redeemable claims	150.6	159.3	168.3	178.1	191.7
4. Less FRB U.S. savings bonds	50.0	50.2	50.1	48.2	47.7
5. Less NBER agric. sector, other bank deposits and shares	2.5	2.6	2.6	2.9	3.1
6. Total of lines 3-5	98.1	106.5	115.6	127.0	140.9
7. NBER other bank deposits and shares	97.8	106.2	115.4	126.8	140.6
<u>Line II-3</u>					
8. FRB savings in life insurance, private	64.2	67.6	71.1	73.8	77.2
9. Plus FRB savings in life ins. co. pension funds	10.0	11.2	12.4	14.0	15.5
10. Plus NBER additional assets incl. in insur. reserves	14.7	16.5	17.5	18.7	20.1
11. Less NBER other liab. and equities, fraternal orders and life insur.	3.0	3.4	3.8	3.9	4.2
12. Less NBER rest-of-world holdings of insur. reserves	1.6	1.8	1.9	2.0	2.1
13. Less NBER agric. sector insur. reserves	5.6	5.9	6.2	6.4	6.7
14. Total of lines 8-13	78.7	84.2	89.1	94.2	99.8
15. NBER life insurance reserves, private	78.4	84.0	89.0	93.8	99.7
<u>Line II-4</u>					
16. FRB savings in pension funds, private	22.6	26.1	29.7	34.0	38.5
17. Plus NBER adjustment to total private pens. funds	1.4	2.4	2.6	2.1	4.5
18. Less FRB saving in life ins. co. pens. funds	10.0	11.2	12.4	14.0	15.5
19. Total of lines 16-18	14.0	17.3	19.9	22.1	27.5
20. NBER pension and retirement funds, private	14.3	17.4	20.0	22.3	27.8
<u>Line II-5</u>					
21. FRB savings in life insurance, govt.	6.0	5.9	6.0	6.2	6.2
22. FRB savings in pension funds, govt.	18.7	20.7	23.0	25.1	27.9
23. Plus NBER adjustment to total govt. pens. and ins. funds	30.2	31.5	32.7	32.7	30.3
24. Less NBER agric. sector, govt. life ins. funds	.4	.4	.4	.4	.4
25. Total of lines 21-24	54.5	57.7	61.3	63.6	64.0
26. NBER pension and ins. funds, govt.	54.8	58.0	61.6	64.4	65.7
<u>Lines II-6, II-7, and II-9</u>	No household assets				
<u>Line II-8</u>	No assets; see line II-10				
<u>Line II-10</u>					
27. FRB security credit	1.0	0.9	0.9	0.9	1.2
28. Plus NBER sav. and loan assoc. loans in process	0.8	0.9	0.9	0.9	1.1
29. Total of lines 27-28	1.8	1.8	1.8	1.8	2.3
30. NBER other loans	2.4	2.3	2.3	2.3	3.1

(continued)

TABLE 16 (continued)

	1954	1955	1956	1957	1958
<u>Line II-11a (1- to 4-family)</u>					
31. FRB 1- to 4-family mortgages	8.9	9.2	9.7	10.6	11.2
32. Less NBER face amt. invest. co. holdings	0.3	0.3	0.3	0.3	0.2
33. Total of lines 31-32	8.6	8.9	9.4	10.3	11.0
34. NBER 1- to 4-family mortgages	8.6	8.9	9.6	10.3	11.0
<u>Line II-11a (multifamily)</u>					
35. FRB multifamily and com. mortgages	8.3	8.9	9.6	10.4	11.6
36. Less NBER nonfarm nonresident. mortg.	6.9	7.6	8.3	8.9	9.9
37. Total of lines 35-36	1.4	1.3	1.3	1.5	1.7
38. NBER multifamily mortgages	1.4	1.5	1.6	1.7	1.8
<u>Line II-11b</u>					
39. FRB multifamily and com. mortgages	8.3	8.9	9.6	10.4	11.6
40. Less NBER multifamily mortgages	1.4	1.5	1.6	1.7	1.8
41. Total of lines 39-40	6.9	7.4	8.0	8.7	9.8
42. NBER nonfarm nonresidential mortgages	6.9	7.6	8.3	8.9	9.9
<u>Line II-12</u>					
43. FRB farm mortgages	3.5	3.7	4.0	4.3	4.6
44. NBER farm mortgages	3.4	3.6	4.0	4.2	4.5
<u>Line II-13b</u>					
45. FRB U. S. savings bonds	50.0	50.2	50.1	48.2	47.7
46. Plus FRB nonprofit org. savings bonds	1.2	1.2	1.0	0.7	0.6
47. Less NBER agric. sector savings bonds	5.0	5.2	5.1	5.1	5.2
48. Total of lines 45-47	46.2	46.2	46.0	43.8	43.1
49. NBER savings bonds	46.4	46.5	46.2	43.9	43.0
<u>Lines II-13a and II-13c</u>					
50. FRB federal obligations	13.9	16.1	17.1	18.0	15.6
51. Less FRB nonguar. federal obligations	0.3	0.9	1.2	1.9	1.6
52. Less FRB nonprofit org. savings bonds	1.2	1.2	1.0	0.7	0.6
53. Less NBER nonfinancial corp. holdings of govt. bonds	18.8	22.8	18.2	17.4	17.6
54. Plus FRB nonfinancial corp. holdings of federal obligations	19.0	23.2	18.8	18.4	19.2
55. Total of lines 50-54	12.6	14.4	15.5	16.4	15.0
56. NBER U. S. govt. sec. excl. savings bonds	12.4	14.2	15.6	16.7	15.6
<u>Line II-14</u>					
57. FRB state and local obligations	17.7	19.4	21.0	23.1	24.3
58. Plus NBER non-interest-bearing debt of state and local govts.	0.6	0.6	0.6	0.7	0.7
59. Total of lines 57-58	18.3	20.0	21.6	23.8	25.0
60. NBER state and local govt. securities	17.9	19.6	21.2	23.4	24.8
<u>Line II-15</u>					
61. FRB corporate and foreign bonds	4.2	5.4	6.6	7.7	8.3
62. Plus FRB nonguar. federal securities	0.3	0.9	1.2	1.9	1.6
63. Plus FRB nonguar. federal secur. held by savings and loan assoc.	0.1	0.1	0.3	0.5	0.5
64. Total of lines 61-63	4.6	6.4	8.1	10.1	10.4
65. NBER other bonds and notes	5.3	7.2	8.9	10.7	11.0

(continued)

TABLE 16 (concluded)

	1954	1955	1956	1957	1958
<u>Lines II-16 and II-17</u>					
66. FRB corporate stock	233.6	287.5	306.3	268.2	376.9
67. Less differences bet. FRB and NBER estimates of total stock outstanding	11.5	15.4	20.7	10.0	29.4
68. Less NBER corporate stock held by noninsured pension plans	4.0	5.6	6.6	7.0	10.8
69. Plus FRB corporate stock held by noninsured pension plans	2.9	3.7	4.6	5.7	7.1
70. Total of lines 66-69	221.0	270.2	283.6	256.9	343.8
71. NBER corporate stock	220.8	269.9	283.1	256.1	343.0

Lines II-18, II-19, and II-20

Not estimated by FRB

Line	Line
1: <i>Supplement 5</i> , Table 8(A), line V.	31: <i>Supplement 5</i> , Table 27L, line B.
2: Table III-1, line II-1.	32: Table IV-b-11a-2, line f.
3-4: <i>Supplement 5</i> , Table 8(A), lines W and Z.	33: Line 31 minus line 32.
5: Table III-3, line II-2.	34: Table IV-b-11a-2, line 1.
6: Line 3 minus lines 4 and 5.	35, 39: <i>Supplement 5</i> , Table 28L, line O.
7: Table III-1, line II-2.	36, 42: Table IV-b-11b, line 1.
8: <i>Supplement 5</i> , Table 8(A).	37: Line 35 minus line 36.
9: <i>Ibid.</i> , Table 22L, line G.	38, 40: Table IV-b-11a-1, line 1.
10: Table 4, sum of lines 3-8.	41: Line 39 minus line 40.
11: Table 4, sum of lines 10-11.	43: <i>Supplement 5</i> , Table 28L, line P.
12: Table 4, line 14.	44: Table III-1, line II-12.
13: Table III-3, line II-3.	45: <i>Supplement 5</i> , Table 8(A), line Z.
14: Sum of lines 8-10, minus lines 11-13.	46: FRB worksheets.
15: Table III-1, line II-3.	47: Table III-3, line II-13b.
16: <i>Supplement 5</i> , Table 8(A).	48: Sum of lines 45-46, minus line 47.
17: Table 5, sum of lines 3-4, minus line 2.	49: Table III-1, line II-13b.
18: Line 9, above.	50-51: <i>Supplement 5</i> , Table 23L, lines F and H.
19: Sum of lines 16-17, minus line 18.	52: FRB worksheets.
20: Table III-1, line II-4.	53: Table III-4, line II-13.
21-22: <i>Supplement 5</i> , Table 8(A).	54: <i>Supplement 5</i> , Table 23L, line J.
23: Table 6, sum of lines 4-6.	55: Sum of lines 50-54, minus lines 51-53.
24: Table III-3, line II-5.	56: Table III-1, sum of lines II-13a and II-13c.
25: Sum of lines 21-24.	57: <i>Supplement 5</i> , Table 8(A), line e.
26: Table III-1, line II-5.	58: See note to Table III-6, line III-12.
27: <i>Supplement 5</i> , Table 30L, line K.	59: Sum of lines 57-58.
28: See Table III-5e, note to line III-10.	60: Table III-1, line II-14.
29: Sum of lines 27-28.	61: <i>Supplement 5</i> , Table 8(A), line f.
30: Table III-1, line II-10. Almost all the discrepancy between lines 29 and 30 is due to differences between NBER and FRB estimates of customer credit balances at brokers and dealers. The NBER estimates are higher by the following amounts (billion dollars): 1954 0.7, 1955 0.6, 1956 0.6, 1957 0.7, 1958 0.9.	62-63: <i>Ibid.</i> , Table 23L, lines H and d.
	64: Sum of lines 61-63.
	65: Table III-1, line II-15.
	66: <i>Supplement 5</i> , Table 8(A), line g.
	67: Table 15, line 5 minus line 6.
	68: Table III-5j, sum of lines II-16 and II-17.
	69: <i>Supplement 5</i> , Table 12L, line U.
	70: Sum of lines 66-69, minus lines 67-68.
	71: Table III-1, sum of lines II-16 and II-17.

the case of security credit where the NBER data used a larger ratio in estimating total customers' credit balances from those for New York Stock Exchange member firms.

A supplementary table (III-1d) shows nonfarm household balance sheets for benchmark years from 1900 through 1945. These are from Volume III of *A Study of Saving*, but they have been revised to improve comparability with the postwar data. Among the major changes were the substitution of revised mortgage estimates (see Table IV-b-11c), the inclusion of government bond holdings allocated to unincorporated business by Goldsmith (with a corresponding reduction in equity in unincorporated business), and the elimination of tax accruals,

which were not estimated for the postwar years. Also, payables to financial intermediaries were subdivided by type of debt; monetary metals were transferred to intangible assets; and time deposits were separated from demand deposits.

TABLE 17

Nonfarm Household Liabilities: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Lines III-1 through III-5</u>	No household liabilities				
<u>Line III-6</u>					
1. FRB consumer credit liabilities	32.5	38.9	42.5	45.3	45.5
2. Plus FRB consumer bank loans offset by hypothecated deposits	0.5	0.5	0.6	0.6	0.6
3. Less NBER agric. sector consumer debt	1.0	1.2	1.2	1.2	1.3
4. Total of lines 1-3	32.0	38.2	41.9	44.7	44.8
5. NBER consumer debt	31.9	38.2	41.9	44.8	44.8
<u>Line III-7</u>	No discrepancy				
<u>Line III-8</u>					
6. FRB security credit liabilities	4.1	4.8	4.8	4.4	5.5
7. NBER loans on securities	4.6	5.4	5.3	4.9	6.2
<u>Line III-9</u>	No discrepancy				
<u>Line III-10</u>					
8. FRB other loans	3.9	4.2	4.5	5.0	5.5
9. Less FRB consumer bank loans offset by hypothecated deposits	0.5	0.5	0.6	0.6	0.6
10. Less FRB federal govt. loans to nonprofit organizations	--	--	--	0.1	0.2
11. Less NBER agric. sector policy loans	0.2	0.2	0.2	0.3	0.3
12. Total of lines 8-11	3.2	3.5	3.7	4.0	4.4
13. NBER other loans	3.2	3.4	3.7	4.0	4.4
<u>Line III-11</u>					
14. FRB consumer debt: 1- to 4-family mortg.	69.2	81.5	92.6	101.3	110.9
15. FRB nonprofit orgs.: other mortg.	0.6	0.7	0.7	0.8	0.9
16. Plus FRB noncorporate nonfinancial bus.: 1- to 4-family mortg. liability	5.0	5.2	5.0	5.0	5.2
17. Total of lines 14-16	74.8	87.4	98.3	107.1	117.0
18. NBER mortgage debt	74.8	87.4	98.4	107.1	117.0
<u>Lines III-12 and III-13</u>	No liabilities				

Line

1: *Supplement 5*, Table 8(A), line m.
 2: *Ibid.*, Table 32L, line z.
 3: Table III-3, line III-6.
 4: Sum of lines 1-2, minus line 3.
 5: Table III-1, line III-6.
 6: *Supplement 5*, Table 8(A), line n.
 7: Table III-1, line III-8.
 8: *Supplement 5*, Table 8(A), line o.
 9-10: *Ibid.*, Table 32L, lines z and qq.

11: See Table III-3, note to line III-10.
 12: Line 8 minus sum of lines 9-11.
 13: Table III-1, line III-10.
 14-15: *Supplement 5*, Table 8(A), lines l and "other mortgages."
 16: *Ibid.*, Table 8(C).
 17: Sum of lines 14-16.
 18: Table III-1, line III-11.

The *Nonfarm Unincorporated Business* balance sheet (Table III-2) is probably the least reliable of all except households. Estimates are made only for certain assets and liabilities which seem clearly to be business rather than personal (multifamily and commercial structures and land, producer durables, consumer and trade credit, trade debt, and multifamily and commercial mortgage debt). For only a few items (such as currency and demand deposits) is an attempt made to split assets between households and unincorporated business.

Aside from the treatment of one- to four-family homes, described earlier, the FRB and NBER sectors are very similar, because the latter is constructed mainly from FRB data. Both estimates treat farm cooperatives ambiguously. Their tangible assets (roughly \$5 billion in 1958, according to Table III-3a) are probably scattered among unincorporated busi-

TABLE 18
Nonfarm Unincorporated Business: Reconciliation of NBER and FRB Estimates
 (billion dollars)

	1954	1955	1956	1957	1958
<u>Line II-1</u>	No discrepancy				
<u>Lines II-2 through II-5</u>	No nonfarm unincorporated business assets				
<u>Lines II-6 and II-7</u>	No discrepancy				
<u>Lines II-8 through II-20</u>	No nonfarm unincorporated business assets				
<u>Lines III-1 through III-6</u>	No nonfarm unincorporated business liabilities				
<u>Line III-7</u>	No discrepancy				
<u>Line III-8</u>	No nonfarm unincorporated business liabilities				
<u>Line III-9</u>					
1. FRB bank loans, n.e.c.	8.2	9.2	9.8	9.6	10.1
2. Plus FRB bank-held open-market paper	1.0	0.8	0.9	1.1	1.2
3. Plus difference between NBER and FRB corporate bank debt	-0.4	0.1	--	--	1.4
4. Total of lines 1-3	8.8	10.1	10.7	10.7	12.7
5. NBER bank loans, n.e.c.	8.6	10.0	10.7	10.6	12.4
<u>Line III-10</u>					
6. FRB other loans	4.5	5.3	5.7	6.2	6.4
7. Less FRB noncorp. nonfin. bus. liab. on acceptances	0.3	0.2	0.2	0.3	0.3
8. Total of lines 6-7	4.2	5.1	5.5	5.9	6.1
9. NBER other loans	3.9	4.9	5.0	5.3	5.4
<u>Line III-11</u>	No discrepancy between NBER mortgage debt and FRB multifamily and commercial mortgage debt				
<u>Lines III-12 and III-13</u>	No nonfarm unincorporated business liabilities				

Line

- 1: *Supplement 5*, Table 8(C), line Q.
- 2: *Ibid.*, Table 32L, sum of lines V, a, and d.
- 3: Table 20.
- 4: Sum of lines 1-3.
- 5: Table III-2, line III-9.

Line

- 6: *Supplement 5*, Table 8(C), line R.
- 7: *Ibid.*, Table 32L, line g.
- 8: Line 6 minus line 7.
- 9: Table III-2, line III-10.

ness, corporate business, and agriculture, as are many of their other assets and liabilities, but most of them are probably in this sector. It is clear that the unincorporated business indebtedness to the federal government (included in line III-10) consists largely of loans to farm cooperatives.

The two items for which a reconciliation is attempted in Table 18, bank loans, n.e.c., and other loans, are both estimated as residuals in the NBER accounts. It is therefore difficult to know exactly what is contained in the figures for the nonfarm unincorporated business sector and to explain the discrepancies with the FRB accounts.

Supplementary Table III-2a gives earlier balance sheets for this sector with some adjustments for comparability with later years. The main change was elimination of the estimate for holdings of government bonds, which were transferred to the household sector, a shift of some cash assets to nonfarm households, and subdivision of the category "payables to financial intermediaries."

Agriculture (Table III-3) includes all households engaged primarily in farming, and its balance sheet contains all their assets and liabilities including those not used in agriculture. It also contains agricultural assets owned by nonfarm households and corporations even though no specific entry is made for agricultural assets in the nonfarm household balance sheet. Stock in agricultural corporations presumably is included there but not ownership of farms themselves.

TABLE 19
Agriculture: Reconciliation of NBER and FRB Estimates
 (billion dollars)

	1954	1955	1956	1957	1958
<u>Line II-1</u>	No discrepancy				
<u>Lines II-2, II-3, II-5, and II-13</u>	Not estimated by FRB; included in nonfarm household (consumer) sector				
<u>Lines II-4, II-6 through II-12, II-14 through II-19</u>	No agriculture sector assets				
<u>Line II-20</u>	Mostly not estimated by FRB; only a very small item for equity in federal land banks is shown in farm business sector balance sheet				
<u>Lines III-1 through III-5, III-8, III-12, and III-13</u>	No agriculture sector liabilities				
<u>Line III-6</u>	Not estimated by FRB; included in nonfarm household (consumer) sector				
<u>Lines III-7 and III-9</u>	No discrepancy				
<u>Line III-10</u>					
1. FRB other loans	1.1	1.1	1.2	1.4	1.6
2. Plus NBER agric. sec. life insur. policy loans	0.2	0.2	0.2	0.3	0.3
3. Total of lines 1-2	1.3	1.3	1.4	1.7	1.9
4. NBER other loans	1.3	1.3	1.4	1.6	1.9
<u>Line III-11</u>	No discrepancy				

Line.
 1: Supplement 5, Table 8(B), line P.
 2: See Table III-3, note to line III-10.

Line
 3: Sum of lines 1-2.
 4: Table III-3, line III-10.

The Federal Reserve Board, as mentioned above, includes only farm business assets, leaving such items as equity in insurance and consumer debt in the household or "consumer" sector.

In *A Study of Saving* farm cooperatives were consolidated into the agriculture sector; their total assets, rather than just farmers' equity as in Table III-3, were therefore included. In this volume most of their assets are in the nonfarm unincorporated business sector, as was mentioned earlier. However, a separate balance sheet for agricultural cooperatives was calculated (Table III-3a) along with supporting balance sheets for specific types of cooperatives. These include cooperatives for purchase, supply, and related services (Table III-3a-1), rural electric cooperatives and farmers' mutual telephone companies (Table III-3a-2), and farmers' mutual irrigation companies (Table III-3a-3). The farm cooperative balance sheets draw together assets and liabilities which are scattered through the other sectors.

Almost all the differences between these figures and those of the Federal Reserve Board (Table 19) involve the inclusion of nonbusiness assets and liabilities of farm households, such as time deposits, insurance and pension funds, savings bonds, consumer debt, and life insurance policy loans.

Supplementary Table III-3b revises the prewar balance sheets to match the new ones, by moving monetary metals to intangible assets, separating time from demand deposits, breaking payables into components, and substituting equity in farm cooperatives for the total assets of these organizations.

Nonfinancial Corporations (Table III-4) include all except corporate farms and those corporations specifically listed as part of the finance sector. Banks, insurance companies, investment companies, and finance companies (sales, personal, and business finance, and mortgage companies) are all excluded, but real estate corporations, including lessors, are included.

Data for all corporations are based on *Statistics of Income* tabulations in which industry and balance sheet categories are broadly defined and are, furthermore, obscured by consolidation of parent and subsidiary accounts. Data for financial corporations, on the other hand, are from sources in which the industries and the individual assets and liabilities are more precisely defined. It is often not clear, therefore, whether the financial sectors and items eliminated from the corporation total correspond with those entered in the finance sector. There is a considerable chance that some items are included under both nonfinancial corporations and finance, and that others are omitted from both. For example, incorporated brokers and dealers in securities are in the finance sector, combined with the unincorporated ones, which are more important. However, corporate brokers and dealers have not been removed from nonfinancial corporations, and there is therefore some overlapping between the two groups.

The main differences between the NBER and FRB corporate sector balance sheets follow from the fact that the latter consolidate this sector, netting out most intercorporate assets. This process eliminates several lines which appear in the NBER balance sheet and virtually removes holding companies and closed-end investment companies from the corporate sector. An exception to the netting of intercorporate assets by the Federal Reserve Board is trade credit, for which the amounts extended to other corporations are included in the balance sheet.

The reconciliation with FRB estimates (Table 20) is incomplete for several items. The main differences in the trade credit estimates have been discussed earlier in connection with the calculation of total trade credit outstanding, and those for corporate bonds in connection with the totals for that item. The FRB data include closed-end investment companies (except intercorporate investments), which are in the NBER finance sector, and at least in some assets appear to include corporate farms, even though conceptually they should have been removed.

It is impossible to make a real reconciliation for "other assets" and "other liabilities," since the Federal Reserve Board shows only foreign investments in these categories while the NBER figures include large amounts, only vaguely identified, which arise in the estimation of a complete corporate balance sheet. Part of the assets and most of the liabilities are current items excluded in all the FRB data.

Supplementary Table III-4b, which provides a nonfinancial corporation balance sheet for earlier years, is substantially different from that in *A Study of Saving*. The major changes resulted from the adjustment of the finance sector to the postwar definition and can best be described in connection with that sector.

TABLE 20

Nonfinancial Corporations: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Line II-1</u>					
1. FRB demand deposits and currency	30.9	32.0	32.1	32.1	33.8
2. Less NBER closed-end investment cos.	0.1	0.1	0.1	0.1	0.1
3. Less NBER corporate farms	0.2	0.2	0.2	0.2	0.3
4. Total of lines 1-3	30.6	31.7	31.8	31.8	33.4
5. NBER currency and demand deposits	30.5	31.5	31.6	31.6	33.3
<u>Line II-2</u>	No discrepancy				
<u>Lines II-3, II-4, and II-5</u>	No nonfinancial corporation assets				
<u>Line II-6</u>	No discrepancy				
<u>Line II-7</u>					
6. FRB trade credit	53.7	63.8	69.8	71.6	78.1
7. Plus FRB receivables deducted, brokers and dealers	0.3	0.4	0.5	0.4	0.6
8. Plus FRB receivables deducted, credit agencies other than banks	13.2	17.6	19.9	22.4	22.8
9. Less NBER rcvbl. deducted, finance cos.	11.6	15.7	16.9	18.5	17.7
10. Less NBER rcvbl. deducted, corp. farms	.4	.3	.4	.4	.5
11. Total of lines 6-10	55.2	65.8	72.9	75.5	83.3
12. NBER trade credit	55.1	65.9	73.0	75.7	83.4
<u>Lines II-8 through II-12</u>	No nonfinancial corporation assets				
<u>Line II-13</u>					
13. FRB federal obligations	19.1	23.5	19.2	19.2	19.8
14. Less FRB non guar. federal obligations	0.1	0.3	0.4	0.8	0.6
15. Less NBER closed-end invest. cos.	0.1	0.1	0.1	0.1	0.1
16. Less NBER corporate farms	0.1	0.1	0.1	0.1	0.1
17. Total of lines 13-16	18.8	23.0	18.6	18.2	19.0
18. NBER U. S. government securities	18.8	22.8	18.2	17.4	17.6
<u>Line II-14</u>	No discrepancy				
<u>Lines II-15, II-16, and II-17</u>	Not estimated by FRB; considered to be intercorporate holdings eliminated in consolidation				
<u>Lines II-18 and II-19</u>	No nonfinancial corporation assets				
<u>Line II-20</u>					
19. FRB miscellaneous financial assets	17.9	19.5	22.4	25.4	27.5
20. Plus nonfin. corp., other cur. assets	2.2	3.0	4.5	5.2	5.4
21. Plus nonfin. corp., other assets	10.8	11.2	10.9	12.0	11.8
22. Total of lines 19-21	30.9	33.7	37.8	42.6	44.7
23. NBER other intangible assets	29.7	34.5	40.5	47.1	48.1
<u>Lines III-1 through III-6</u>	No nonfinancial corporation liabilities				

(continued)

TABLE 20 (concluded)

	1954	1955	1956	1957	1958
Line III-7					
24. FRB trade debt	40.8	49.7	54.0	53.9	57.0
25. NBER trade debt	44.6	54.9	60.5	62.5	68.8
Line III-8 No discrepancy					
Line III-9					
26. FRB bank loans, n.e.c.	16.7	19.5	24.8	26.8	27.3
27. NBER bank loans, n.e.c.	17.1	19.4	24.8	26.8	25.9
Line III-10					
28. FRB other loans	2.8	3.0	3.2	3.7	3.8
29. Less NBER finance company trade credit	0.9	1.1	1.3	1.4	1.7
30. Total of lines 28-29	1.9	1.9	1.9	2.3	2.1
31. NBER other loans	1.6	2.1	2.0	2.3	2.2
Line III-11 No discrepancy					
Line III-12					
32. FRB corporate bonds	50.1	52.8	56.4	62.6	68.4
33. Plus NBER com. paper other than finance co., held outside banks	0.2	0.2	0.2	0.2	0.3
34. Total of lines 32-33	50.3	53.0	56.6	62.8	68.7
35. NBER bonds and notes	51.0	53.7	57.4	63.8	69.7
Line III-13					
36. FRB miscellaneous liabilities	4.0	4.3	4.5	4.8	4.9
37. Plus NBER tax liability	15.5	19.3	17.6	15.4	12.9
38. Plus NBER other current liabilities	22.5	25.7	29.0	31.1	33.3
39. Total of lines 36-38	42.0	49.3	51.1	51.3	51.1
40. NBER other liabilities	48.1	54.7	58.1	60.6	60.8

Line	Line
1: <i>Supplement 5</i> , Table 8(D), line o.	20-21: "Corporate Sources and Uses of Funds," Table C-1a, lines 9 and 10.
2: Table III-5f-2, line II-1.	22: Sum of lines 19-22.
3: Meiselman and Shapiro, "Corporate Sources and Uses of Funds," Table C-9, column 2.	23: Table III-4, line II-20.
4: Line 1 minus lines 2 and 3.	24: <i>Supplement 5</i> , Table 8(D), line c.
5: Table III-4, line II-1.	25: Table III-4, line III-7.
6: <i>Supplement 5</i> , Table 8(D), line T.	26: <i>Supplement 5</i> , Table 8(D), line a.
7-8: FRB worksheets.	27: Table III-4, line III-9.
9: Table III-5l, sum of lines II-6 and II-7.	28: <i>Supplement 5</i> , Table 8(D), line b.
10: "Corporate Sources and Uses of Funds," Table C-11, column 2.	29: Table III-5l, line II-7.
11: Sum of lines 6-8, minus lines 9 and 10.	30: Line 28 minus line 29.
12: Table III-4, line II-7.	31: Table III-4, line III-10.
13: <i>Supplement 5</i> , Table 8(D), line Q.	32: <i>Supplement 5</i> , Table 8(D), line X.
14: <i>Ibid.</i> , Table 23L, line K.	33: Table III-5l-a, column 11.
15: Table III-5f-2, line II-13.	34: Sum of lines 32-33.
16: "Corporate Sources and Uses of Funds," Table C-10, column 3.	35: Table III-4, line III-12.
17: Line 13 minus the sum of lines 14-16.	36: <i>Supplement 5</i> , Table 8(D).
18: Table III-4, line II-13.	37-38: "Corporate Sources and Uses of Funds," Table C-1b, lines 7 and 8.
19: <i>Supplement 5</i> , Table 8(D).	39: Sum of lines 36-38.
	40: Table III-4, line III-13.

Finance (Table III-5) is a mixture of government and private agencies: corporations, co-operatives, and unincorporated businesses, all of which perform some sort of financial services. Among government or quasigovernmental agencies are the Federal Reserve banks, Treasury monetary funds, and federal, state, and local government pension, retirement, and other insurance funds. Corporations include banks, stock insurance, investment, and finance companies. Also included are several types of mutual or cooperative organizations such as mutual insurance companies, savings banks, savings and loan associations, credit unions, and cooperative agricultural credit agencies.

The FRB accounts do not show any total finance sector, and the reconciliations for finance are therefore performed for each type of institution separately.

The finance sector balance sheet for 1900-45 (Table III-5o) is much narrower in coverage than the sector defined in *A Study of Saving*. It consists mainly of the banking system, financial intermediaries other than the banking system and government corporations, and unincorporated brokers and dealers. To these were added finance companies (using data from *Financial Intermediaries*), mortgage companies, and Treasury monetary funds, while investment holding companies and the postal savings system were subtracted. Excluded from the finance sector were financial corporations other than financial intermediaries (except for finance companies), consisting mainly of real estate and holding companies. These were placed, along with investment holding companies, in the nonfinancial corporation sector. Also excluded from finance were government lending agencies which, together with the postal savings system, were moved into the federal government sector.

Financial intermediaries, as covered by the broadest definition used in Goldsmith's *Financial Intermediaries* (Table A-28), are also a wider group than the present one. They include government corporations and credit agencies, federal land banks, the postal savings system, and investment holding companies, all excluded here, and personal trust funds, which are placed in the household sector in these balance sheets. However, they do not cover the Treasury monetary funds.

Most of the individual finance subsectors are self-explanatory as far as sector coverage is concerned, but there are many differences in the treatment of individual items, as well as a few points of sectoring, that should be mentioned.

Federal Reserve Banks (Table III-5a-1) and *Treasury Monetary Funds* (Table III-5a-2) are combined into a monetary authorities subsector in the FRB accounts and into Table III-5a here. The Treasury monetary funds are not, strictly speaking, an institution. They consist of the Exchange Stabilization Fund and the Treasury's stock of monetary metals and liability on gold certificates. The monetary funds are excluded from *Financial Intermediaries* and placed in the federal government sector in *A Study of Saving*.

TABLE 21

Federal Reserve Banks and Treasury Monetary Funds:
Reconciliation of NBER and FRB Estimates

(billion dollars)

	1954	1955	1956	1957	1958
<u>Line II-1</u>					
1. FRB monetary authorities, gold and Treasury currency	26.6	26.7	27.0	27.9	25.7
2. Plus NBER cash assets of FR banks	21.6	21.7	21.9	22.9	20.8
3. Plus NBER cash assets of Exch. Stab. Fund	0.3	0.3	0.2	0.1	0.2
4. Total of lines 1-3	48.5	48.7	49.1	50.9	46.7
5. NBER currency and demand deposits	48.6	48.7	49.2	50.9	46.8
<u>Lines II-2 through II-8</u>	No Federal Reserve bank and Treasury monetary fund assets				

(continued)

TABLE 21 (concluded)

	1954	1955	1956	1957	1958
<u>Line II-9</u>					
6. FRB Fed. Res. bank loans to domestic banks	--	0.1	--	--	--
7. NBER bank loans, n.e.c.	0.1	0.1	0.1	0.1	0.1
<u>Lines II-10 through II-12</u>	No Federal Reserve bank and Treasury monetary fund assets				
<u>Line II-13</u>	No discrepancy				
<u>Lines II-14 through II-19</u>	No FR bank and Treasury monetary fund assets				
<u>Line II-20</u>					
8. FRB miscellaneous assets	--	--	--	0.2	--
9. Plus NBER FR banks uncol. cash items, etc.	4.1	5.7	5.9	5.7	5.8
10. Total of lines 8-9	4.1	5.7	5.9	5.9	5.8
11. NBER other intangible assets	4.1	5.7	5.9	5.9	5.8
<u>Line III-1</u>					
12. FRB demand deposits and currency	29.8	30.0	30.0	30.0	30.1
13. Plus FRB member bank reserves	18.9	19.0	19.1	19.0	18.5
14. Plus FRB other domestic bank deposits	0.1	0.1	0.1	0.1	0.1
15. Plus FRB other vault cash	2.5	2.7	3.3	3.3	3.2
16. Plus NBER gold certificates	21.0	21.0	21.3	22.1	20.0
17. Plus NBER FR bank holdings of FR notes	0.2	0.3	0.4	0.4	0.5
18. Plus NBER Exch. Stab. Fund deposits with FR banks	0.2	0.2	0.1	--	0.2
19. Plus NBER FR bank holdings of Treasury cur.	0.4	0.3	0.3	0.3	0.3
20. Total of lines 12-19	73.1	73.6	74.6	75.2	72.9
21. NBER currency and demand deposits	73.2	73.7	74.5	75.4	73.0
<u>Lines III-2 through III-12</u>	No FR bank and Treasury monetary fund liabilities				
<u>Line III-13</u>					
22. FRB miscellaneous liabilities	0.2	0.2	0.2	0.2	0.2
23. Plus NBER FR banks, other liabilities	3.6	4.5	4.5	4.6	4.9
24. Total of lines 22-23	3.8	4.7	4.7	4.8	5.1
25. NBER other liabilities	3.8	4.7	4.7	4.8	5.1
<u>Line</u>	<u>Line</u>				
1: Supplement 5, Table 17L, sum of lines C and D.	11: Table III-5a, line II-20.				
2: Table III-5a-1, line II-1.	12-15: Supplement 5, Table 17L, lines Q, W, Z, and a.				
3: See Table III-5a-2, note to line II-1.	16: See Table III-5a-2, note to line III-1.				
4: Sum of lines 1-3.	17-19: See Table III-5a-1, note to line II-1.				
5: Table III-5a, line II-1.	20: Sum of lines 12-19.				
6: Supplement 5, Table 17L, line N.	21: Table III-5a, line III-1.				
7: Table III-5a, line II-9.	22: Supplement 5, Table 17L, line U.				
8: Supplement 5, Table 17L, line K.	23: Table III-5a-1, line III-13.				
9: Table III-5a-1, line II-20.	24: Sum of lines 22-23.				
10: Sum of lines 8-9.	25: Table III-5a, line III-13.				

The differences between the NBER and FRB accounts listed in Table 21 are accounted for by the usual factors: the netting out of intrabanking system assets and liabilities by the FRB and the inclusion of miscellaneous current and other assets and liabilities by the NBER.

Government Pension and Insurance Funds (Table III-5b) are the sum of two components: federal government pension and insurance funds (Table III-5b-1), which include the retire-

ment system for federal employees, the two federal government life insurance funds, and social insurance funds such as the Old Age and Survivors Insurance, railroad retirement, and unemployment insurance trust funds; and state and local government pension and insurance funds (Table III-5b-2), which cover retirement systems for state and local government employees as well as state-administered workmen's compensation funds.

All the assets and liabilities of these funds are included with other government assets in the FRB accounts, and there is therefore no reconciliation table for them here. They do, however, play a part in the reconciliations for the government sectors.

These funds make up almost all of the category government trust funds in *Financial Intermediaries* and they are included in financial intermediaries both there and in *A Study of Saving*.

Commercial Banks (Table III-5c) have the same coverage as the FRB flow-of-funds category and as the regularly published FRB series on commercial bank assets and liabilities. Banks in possessions are excluded from this category and placed under other finance below.

Most of the differences between the NBER and FRB estimates (Table 22) involve asset and liability items which disappear in the process of consolidating the banking sector.

TABLE 22
Commercial Banks: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
Line II-1					
1. FRB FR bank deposits and vault cash	21.3	21.5	22.1	22.4	21.7
2. Plus NBER interbank deposits, com. banks	12.8	12.9	13.7	13.2	13.5
3. Total of lines 1-2	34.1	34.4	35.8	35.6	35.2
4. NBER currency and demand deposits	34.0	34.3	35.6	35.5	35.1
Line II-2	Not estimated by FRB; netted out in consolidation of banking sector				
Lines II-3 through II-5	No commercial bank assets				
Line II-6					
5. FRB consumer credit	10.9	13.2	14.6	15.8	15.9
6. Plus FRB consumer bank loans offset by hypothecated deposits	0.5	0.5	0.6	0.6	0.6
7. Total of lines 5-6	11.4	13.7	15.2	16.4	16.5
8. NBER consumer credit	11.4	13.7	15.2	16.4	16.6
Line II-7	No commercial bank assets				
Line II-8	No discrepancy				
Line II-9					
9. FRB bank loans, n.e.c.	34.0	42.1	47.9	50.2	51.5
10. Plus FRB CCC-guar. loans and certif. of inter.	2.3	1.2	0.9	0.5	0.8
11. Plus FRB open-market paper	1.0	0.8	0.8	1.0	1.1
12. Total of lines 9-11	37.3	44.1	49.6	51.7	53.4
13. NBER bank loans, n.e.c.	37.5	44.3	49.9	52.0	53.7
Line II-10	No commercial bank assets				
Lines II-11 and II-12	No discrepancy				

(continued)

TABLE 22 (concluded)

	1954	1955	1956	1957	1958
<u>Line II-13</u>					
14. FRB federal obligations	70.4	63.4	60.2	60.3	68.6
15. Less FRB nonguar. federal obligations	1.4	1.8	1.6	2.1	2.2
16. Total of lines 14-15	69.0	61.6	58.6	58.2	66.4
17. NBER U.S. government securities	69.0	61.6	58.6	58.2	66.2
<u>Line II-14</u>	No discrepancy				
<u>Line II-15</u>					
18. FRB corporate bonds	1.9	1.7	1.3	1.4	1.3
19. Plus FRB nonguar. federal obligations	1.4	1.8	1.6	2.1	2.2
20. Total of lines 18-19	3.3	3.5	2.9	3.5	3.5
21. NBER other bonds and notes	3.3	3.5	2.9	3.5	3.5
<u>Lines II-16, II-18, and II-19</u>	No commercial bank assets				
<u>Line II-17</u>	Not estimated by FRB				
<u>Line II-20</u>					
22. FRB misc. assets and FR bank stock	0.5	0.5	0.4	0.5	0.6
23. NBER other intangible assets	11.0	14.0	14.9	15.1	16.1
<u>Line III-1</u>					
24. FRB demand deposits, net	112.1	114.2	115.9	115.2	120.8
25. Plus FRB Federal Reserve float	0.8	1.6	1.7	1.4	1.3
26. Plus NBER cash items in process of col.	10.0	13.3	13.9	13.7	14.6
27. Plus NBER interbank dep. of com. banks	12.8	12.9	13.7	13.2	13.5
28. Total of lines 24-27	135.7	142.0	145.2	143.5	150.2
29. NBER currency and demand deposits	135.8	142.0	145.2	143.5	150.2
<u>Line III-2</u>	No discrepancy				
<u>Lines III-3 through III-8</u>	No commercial bank liabilities				
<u>Line III-9</u>	Not estimated by FRB; netted out in consolidation of banking sector				
<u>Line III-10</u>	No discrepancy; see <i>Supplement 5</i> , Table 32L, line o				
<u>Lines III-11 and III-12</u>	No commercial bank liabilities				
<u>Line III-13</u>					
30. FRB other liabilities	0.5	0.6	0.6	0.4	0.3
31. NBER other liabilities	3.0	3.0	3.6	3.9	3.9
Line	Line				
1: <i>Supplement 5</i> , Table 16L, line T.	17: Table III-5c, line II-13.				
2: Table IV-b-1c, column 5.	18-19: <i>Supplement 5</i> , Table 16L, lines I and G.				
3: Sum of lines 1-2.	20: Sum of lines 18-19.				
4: Table III-5c, line II-1.	21: Table III-5c, line II-15.				
5: <i>Supplement 5</i> , Table 16L, line L.	22: <i>Supplement 5</i> , Table 16L, lines R and U.				
6: <i>Ibid.</i> , Table 32L, line z.	23: Table III-5c, line II-20.				
7: Sum of lines 5-6.	24-25: <i>Supplement 5</i> , Table 16L, lines X and i.				
8: Table III-5c, line II-6.	26: Table IV-b-1h, column 6.				
9-11: <i>Supplement 5</i> , Table 16L, lines N, P, and Q.	27: Table IV-b-1c, column 5.				
12: Sum of lines 9-11.	28: Sum of lines 24-27.				
13: Table III-5c, line II-9.	29: Table III-5c, line III-1.				
14-15: <i>Supplement 5</i> , Table 16L, lines D and G.	30: <i>Supplement 5</i> , Table 16L, line g.				
16: Line 14 minus line 15.	31: Table III-5c, line III-13.				

Mutual Savings Banks (Table III-5d) cover the same group as the corresponding category in *Supplement 5*, and all the estimates agree closely. The only differences (Table 23) are that a few more lines are estimated in the NBER accounts and the calculation of other bonds and notes is slightly different.

TABLE 23

Mutual Savings Banks: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Lines II-1 and II-2</u>	No discrepancy				
<u>Lines II-3, II-4, II-5, II-7, and II-9</u>	No mutual savings bank assets				
<u>Lines II-6 and II-10</u>	No discrepancy; FRB includes in <i>Supplement 5</i> , Table 10L, line P				
<u>Line II-8</u>	Not estimated by FRB				
<u>Lines II-11 and II-12</u>	No discrepancy				
<u>Line II-13</u>	No discrepancy with federal obligations, direct and fully guaranteed, <i>Supplement 5</i> , Table 10L, line H				
<u>Line II-14</u>	No discrepancy				
<u>Line II-15</u>					
1. FRB savings inst. (mutual sav. banks), corporate and foreign bonds	2.9	2.6	2.6	3.2	3.8
2. NBER other bonds and notes	3.0	2.7	2.8	3.6	4.1
<u>Line II-16</u>	No mutual savings bank assets				
<u>Line II-17</u>	No discrepancy with <i>Supplement 5</i> , Table 26L, line I				
<u>Lines II-18 and II-19</u>	No mutual savings bank assets				
<u>Line II-20</u>	Not estimated by FRB				
<u>Lines III-1, III-3 through III-8, and III-10 through III-12</u>	No mutual savings bank liabilities				
<u>Line III-2</u>	No discrepancy				
<u>Lines III-9 and III-13</u>	Not estimated by FRB				

Line

- 1: *Supplement 5*, Table 25L, line 1.
- 2: Table III-5d, line II-15.

Savings and Loan Associations (Table III-5e) have the same coverage as the FRB class. The discrepancies in two lines result from the treatment of loans in process as a loan liability of the associations and from the incorrect location of nonguaranteed federal government securities in other assets in the NBER accounts. These nonguaranteed government se-

TABLE 24

Savings and Loan Associations: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Lines II-1, II-6, and II-11</u>	No discrepancy				
<u>Lines II-2 through II-5, II-7 through II-10, and II-12</u>	No savings and loan association assets				
<u>Line II-13</u>	No discrepancy with <i>Supplement 5</i> , Table 10L, line V (direct and fully guaranteed)				
<u>Lines II-14 through II-19</u>	No savings and loan association assets				
<u>Line II-20</u>					
1. FRB misc. financial transactions	1.2	1.2	1.3	1.3	1.6
2. Plus FRB nonguar. fed. obligations	0.1	0.1	0.3	0.5	0.5
3. Total of lines 1-2	1.3	1.3	1.6	1.8	2.1
4. NBER other intangible assets	1.5	1.6	1.8	2.1	2.4
<u>Lines III-1, III-3 through III-8, III-11 and III-12</u>	No savings and loan association liabilities				
<u>Lines III-2 and III-9</u>	No discrepancy				
<u>Line III-10</u>					
5. FRB other loans	0.9	1.4	1.2	1.3	1.3
6. Plus NBER loans in process	0.8	0.9	0.9	0.9	1.1
7. Total of lines 5-6	1.7	2.3	2.1	2.2	2.4
8. NBER other loans	1.7	2.3	2.1	2.1	2.4
<u>Line III-13</u>	Not estimated by FRB				

Line
1-2: *Supplement 5*, Table 10L, lines c and w.
3: Sum of lines 1-2.
4: Table III-5e, line II-20.
5: *Supplement 5*, Table 10L, line h.

Line
6: See note to Table III-5e, line III-10.
7: Sum of lines 5-6.
8: Table III-5e, line III-10.

curities are mainly notes of the Federal Home Loan Banks and the Federal National Mortgage Association and should have been included under other bonds and notes (line II-15). However, data on these holdings were not shown separately in the Federal Home Loan Bank Board reports used for this sector and appeared in the Treasury Ownership Survey only starting with June 1960 (*Treasury Bulletin*, September 1960) when the survey was expanded to include savings and loan associations.

For FRB estimates of these holdings, see Table III-5e, note to line II-20.

Investment Companies (Table III-5f) include open-end (Table III-5f-1), closed-end (Table III-5f-2), and face-amount investment companies (Table III-5f-3), as does the corresponding sector in *Financial Intermediaries*. The latter source adds an estimate (very small for recent years) for fixed and semifixed investment trust companies.

The Federal Reserve Board includes only the open-end companies among financial institutions, leaving the closed-end in the nonfinancial corporation sector where their main asset, common stock, is netted out in consolidation. No reconciliation with the FRB data is shown here because there is almost perfect agreement between the two estimates.

Credit Unions (Table III-5g), covering both federal- and state-chartered organizations, coincide with the FRB sector, although details of assets and liabilities are not given in Table

10L of *Supplement 5*. However, most of the FRB estimates can be inferred from the asset and liability tables, usually by subtracting savings and loan associations from a total including them and credit unions. The resulting figures agree closely with the NBER calculations.

Life Insurance Companies (Table III-5h) include all the activities of these companies, including pension plans administered by them and accident, health, and other insurance. The NBER and FRB asset figures, both derived mainly from Institute of Life Insurance data published in the *Life Insurance Fact Book*, agree closely, with the exception of small offsetting discrepancies for lines II-10 and II-15. In addition, the FRB makes an estimate for life insurance company trade credit (receivables from agents) which never gets above \$.1 billion.

The more substantial differences on the liability side of the life insurance account have been explained earlier in connection with the asset category, private life insurance reserves (Table 4).

Fire and Casualty Insurance Companies (Table III-5i) consist of the groups called "fire and marine insurance" and "casualty and miscellaneous insurance" in *Financial Intermediaries*, with some adjustments to eliminate overlapping with the life insurance category. The data were derived mainly from various issues of Best's *Fire and Casualty Aggregates and Averages*.

The FRB did not publish a separate balance sheet for fire and casualty companies in *Supplement 5*, but merged them into other insurance companies, of which they are, however, the major part. A comparison of the NBER estimates with unpublished FRB worksheets reveals no major discrepancies. There were some small differences such as the assumption by the FRB that all mortgage holdings were of commercial mortgages, whereas the NBER split them between commercial and multifamily.

Noninsured Pension Plans (Table III-5j) cover all plans not administered by insurance companies. Mainly these are corporate pension funds (Table III-5j-1) but estimates are also included for union-administered and multiemployer plans (Table III-5j-2) and for pension funds of nonprofit organizations, such as churches (Table III-5j-3). Estimates for corporate plans were derived from Securities and Exchange Commission surveys, and those for the other funds made use of unpublished data from the National Bureau's pension study and estimates by the U.S. Social Security Administration. These were supplemented by examination of a sample of plans of nonprofit organizations.

The FRB estimates cover the same universe, conceptually, but only corporate funds were calculated before 1950. The rough estimates in *Financial Intermediaries* and *A Study of Saving*, made before the SEC data became available, were intended to cover only the corporate pension funds, although the total assets shown are larger than the aggregate for all funds in Table III-5j.

The only major discrepancies between the FRB and NBER balance sheets, the valuation of common stockholdings and the treatment of miscellaneous assets, have been discussed earlier in connection with the asset category private pension and retirement funds (Table 5).

Other Private Insurance (Table III-5k) is the sum of three groups, fraternal orders (Table III-5k-1), group health insurance (Table III-5k-2), and savings bank life insurance (Table III-5k-3). Most of the information on fraternal orders was from the *Annual Report* of the New York State Insurance Department, combined with aggregate data from the *Life Insurance Fact Book* and data published by *The Fraternal Monitor*. The balance sheets for group health insurance (nonprofit medical plans) were calculated from totals given in *Best's Insurance Reports* and asset distributions supplied by the Blue Cross Commission of the American Hospital Association. Savings bank life insurance aggregates from the *Life Insurance Fact Book* were distributed among the various asset categories by using data on New York and Massachusetts savings banks.

Group health insurance was not included in the tabulations in *Financial Intermediaries* or *A Study of Saving*, but is a part of the FRB category other insurance companies. Savings bank life insurance is omitted by the FRB. The total of Tables III-5i and III-5k, however, matches the FRB other insurance category almost exactly in each item.

Finance Companies (Table III-5l) consist of sales finance, consumer (or personal) finance, industrial loan, commercial finance (factors), and mortgage companies. The last were shown separately from other finance companies in *Financial Intermediaries* and included only in the broad definition of financial intermediaries. In *A Study of Saving*, all finance companies, including mortgage companies, were removed from the financial intermediaries group and combined with financial corporations other than financial intermediaries.

The data for finance companies were all taken from FRB calculations, based in recent

TABLE 25

Finance Companies: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Lines II-1 and II-6</u>	No discrepancy				
<u>Lines II-2 through II-5</u>	No finance company assets				
<u>Line II-7</u>	Not estimated by FRB; included in other loans				
<u>Lines II-8 and II-9</u>	No finance company assets				
<u>Line II-10</u>					
1. FRB other loans	2.6	3.8	3.9	4.6	4.5
2. Less FRB other loans of com. fin. cos.	0.9	1.1	1.3	1.5	1.7
3. Total of lines 1-2	1.7	2.7	2.6	3.1	2.8
4. NBER other loans	1.7	2.6	2.5	3.2	2.8
<u>Line II-11</u>	No discrepancy				
<u>Lines II-12 through II-20, III-1 through III-8, III-10, III-11, and III-13</u>	No finance company assets or liabilities				
<u>Line III-9</u>					
5. FRB bank loans, n.e.c.	4.6	7.2	6.6	6.2	5.0
6. Plus NBER bank-held fin. co. com. paper	0.4	0.3	0.4	0.4	0.4
7. Total of lines 5-6	5.0	7.5	7.0	6.6	5.4
8. NBER bank loans, n.e.c.	4.9	7.5	6.9	6.6	5.5
<u>Line III-12</u>					
9. FRB corporate bonds	4.0	5.3	6.4	7.1	7.3
10. FRB other loans (open-market paper)	1.5	1.7	1.9	2.3	2.2
11. Less NBER bank-held fin. co. com. paper	0.4	0.3	0.4	0.4	0.4
12. Total of lines 9-11	5.1	6.7	7.9	9.0	9.1
13. NBER bonds and notes	5.1	6.8	8.0	9.1	9.1
Line	Line				
1: <i>Supplement 5</i> , Table 14L, line H.	7: Sum of lines 5-6.				
2: Table III-51, line II-7.	8: Table III-51, line III-9.				
3: Sum of lines 1-2.	9-10: <i>Supplement 5</i> , Table 14L, lines J and L.				
4: Table III-51, line II-10.	11: Table III-51-a, sum of columns 3 and 7.				
5: <i>Supplement 5</i> , Table 14L, line K.	12: Sum of lines 9-11.				
6: Table III-51-a, sum of columns 3 and 7.	13: Table III-51, line III-12.				

years on their surveys of finance companies. There are, therefore, no real discrepancies between the two sets of balance sheets. However, several items have been treated differently in the NBER accounts, as can be seen in Table 25. Other loans of commercial finance companies have been listed here as trade credit, and commercial paper liabilities have been included with bonds and notes, rather than other loans, except for bank-held paper, which has been carried as bank loans. Estimates of the distribution of commercial paper are made in Table III-51-a.

Other Finance (Table III-5m) is a heterogeneous group united by nothing but the fact that they are institutions performing financial functions and have not been included in any of the previous groups. The components are brokers and dealers (Table III-5m-1), banks in possessions (Table III-5m-2), agencies of foreign banks (Table III-5m-3), and agricultural credit organizations (Table III-5m-4).

TABLE 26

Brokers and Dealers: Reconciliation of NBER and FRB Estimates
(billion dollars)

	1954	1955	1956	1957	1958
<u>Line II-1</u>	No discrepancy				
<u>Lines II-2 through II-7</u>	No brokers and dealers assets				
<u>Line II-8</u>					
1. FRB security credit	2.7	3.1	3.1	2.8	3.8
2. NBER loans on securities	2.9	3.4	3.4	3.1	4.1
<u>Lines II-9 through II-12</u>	No brokers and dealers assets				
<u>Line II-13</u>					
3. FRB federal obligations	0.8	0.4	0.4	0.7	0.7
4. NBER U. S. government securities	0.8	0.3	0.3	0.5	0.7
<u>Lines II-14 through II-17, combined</u>					
5. FRB other securities	2.2	2.2	1.5	1.6	1.5
6. NBER state and local secur., other bonds and notes, corporate stock	1.4	1.4	0.8	1.3	0.9
<u>Lines II-18 and II-19</u>	No brokers and dealers assets				
<u>Lines III-1 through III-7</u>	No brokers and dealers liabilities				
<u>Line III-8</u>					
7. FRB security loans from agencies of foreign banks	0.4	0.5	0.6	0.7	0.7
8. Plus FRB security loans from banks	2.9	3.3	2.6	2.6	2.8
9. Total of lines 7-8	3.3	3.8	3.2	3.3	3.5
10. NBER loans on securities	3.3	3.6	3.0	3.1	3.4
<u>Lines III-9, III-11, and III-12</u>	No brokers and dealers liabilities				
<u>Line III-10</u>					
11. FRB customer credit balances	1.1	1.0	1.0	1.0	1.3
12. NBER other loans	1.6	1.4	1.4	1.5	2.0

Line
 1: *Supplement 5*, Table 14L, line R.
 2: Table III-5m-1, line II-8.
 3: *Supplement 5*, Table 14L, line P.
 4: Table III-5m-1, line II-13.
 5: *Supplement 5*, Table 14L, line Q.
 6: Table III-5m-1, sum of lines II-14 through II-17.

Line
 7-8: *Supplement 5*, Table 14L, lines U and V.
 9: Sum of lines 7-8.
 10: Table III-5m-1, line III-8.
 11: *Supplement 5*, Table 14L, line T.
 12: Table III-5m-1, line III-10.

Brokers and dealers, combining both unincorporated and incorporated businesses, are the most important of these four groups and the only one for which a separate balance sheet is published in *Supplement 5*. For several categories the NBER estimates differ from those of the FRB despite the fact that they are both based, to a considerable extent, on the same data for New York Stock Exchange member firms (Table III-5m-1a). The ratios used by the NBER to estimate national from N.Y. Stock Exchange totals for customer debit and credit balances appear to be larger than those of the FRB. Some of the NBER ratios come from earlier versions of the FRB accounts.

Banks in possessions are separated from the rest of commercial banking to match the of-

ficial monetary statistics, which exclude them. The sector has recently become negligible with the shift of Hawaii and Alaska to statehood. Liabilities on demand and time deposits are calculated in Table III-5m-2, but they do not enter the totals in Tables IV-c-1 and IV-c-2 or the national balance sheets in this form. Instead they are entered there as other liabilities.

Data for banks in possessions are derived from the *Annual Report of Comptroller of the Currency*. Although *Supplement 5* does not show a separate account for these institutions, there is very little possibility that the FRB estimates are different from those shown here.

Agencies of foreign banks are a different case. Very little is known about the distribution of their assets and it is clear that the NBER and FRB estimates are far apart on some items. The NBER and FRB calculations started from the same asset totals but the NBER asset distribution was derived from that of the American Express Company (see Mendelson, *The Flow-of-Funds*, p. I-267, for a discussion of the method).

Agricultural credit organizations consist of livestock loan companies, production credit associations, and national farm loan associations. These are apparently consolidated with the farm business sector in the FRB accounts, which means that their main assets, loans to farmers, are netted out. It is because of this consolidation that agricultural credit organization loans appear as an element in the discrepancy between FRB and NBER other loan assets and liabilities (see Table 11).

State and Local Government (Table III-6) contains all the general government and enterprise activity of political subdivisions of the United States, including the District of Columbia, states, cities, counties, special districts and authorities, and other local government units. It excludes their pension and retirement funds, the unemployment insurance trust funds, and workmen's compensation trust funds, all of which are in Table III-5-b. Other trust and sinking funds, such as those for debt retirement, are included in the government sector.

TABLE 27

State and Local Governments, Including State and Local Pension and Retirement Funds:
Reconciliation of NBER and FRB Estimates

(billion dollars)

	1954	1955	1956	1957	1958
<u>Lines II-1 and II-2</u>	No discrepancy				
<u>Lines II-3 through II-10, II-12</u>	No state and local government assets				
<u>Lines II-11, II-13, and II-14</u>	No discrepancy (II-13 with direct and guar. only)				
<u>Line II-15</u>					
1. FRB corporate bonds	2.7	3.2	3.8	4.6	5.6
2. Plus FRB nonguar. federal securities	0.1	0.2	0.3	0.4	0.3
3. Total of lines 1-2	2.8	3.4	4.1	5.0	5.9
4. NBER other bonds and notes	2.8	3.4	4.1	5.0	6.0
<u>Lines II-16 and II-17</u>	Not estimated by FRB				
<u>Lines II-18 through II-20</u>	No state and local government assets				
<u>Lines III-1 through III-4, III-6</u>	No state and local government liabilities				
<u>Line III-5</u>					
5. FRB consumer savings in retirement funds	9.3	10.6	12.1	13.7	15.6
6. Plus NBER workmen's compensation funds	0.9	1.0	1.1	1.2	1.3
7. Total of lines 5-6	10.2	11.6	13.2	14.9	16.9
8. NBER pension and insurance funds	9.7	11.0	12.5	14.2	16.2

(continued)

TABLE 27 (concluded)

	1954	1955	1956	1957	1958
<u>Line III-6</u>	No state and local government liabilities				
<u>Line III-7</u>	No discrepancy				
<u>Lines III-8 through III-11, III-13</u>	No state and local government liabilities				
<u>Line III-12</u>					
9. FRB state and local obligations	42.5	46.0	49.2	53.8	59.5
10. Plus FRB other loans (federal govt.)	0.5	0.5	0.6	0.8	1.0
11. Plus NBER non-interest-bearing state and local govt. debt	0.6	0.6	0.6	0.7	0.7
12. Total of lines 9-11	43.6	47.1	50.4	55.3	61.2
13. NBER bonds and notes	43.6	47.0	50.4	55.2	61.2
Line	Line				
1-2: <i>Supplement 5</i> , Table 8(F).	8: Table III-5b-2, line III-5.				
3: Sum of lines 1-2.	9: <i>Supplement 5</i> , Table 8(F), line T.				
4: Table III-6, line II-15, plus Table III-5b-2, line II-15.	10: <i>Ibid.</i> , Table 8(F), line "other loans (federal government)."				
5: <i>Supplement 5</i> , Table 8(F), line W.	11: See note to Table III-6, line III-12.				
6: See note to Table III-5b-2, line II-21.	12: Sum of lines 9-11.				
7: Sum of lines 5-6.	13: Table III-6, line III-12.				

The combination of this sector with state and local pension and retirement funds (Table III-5b-2) is equivalent to the FRB state and local government sector. The coverage of this sector in *A Study of Saving* is the same as in the present volume.

The only differences between NBER and FRB data, aside from the location of nonguaranteed U.S. government securities, are in pension and insurance fund liabilities and in bonds and notes outstanding. The former discrepancy appears to be due to a difference in estimating procedure. The FRB figures are apparently based on the Census Bureau reports on *Governmental Finances*; those shown here are calculated by cumulating receipts and expenditures of the pension funds. The two sources also differ in the treatment of state-administered workmen's compensation funds, which are excluded by the FRB.

The discrepancy for bond liabilities arises from the inclusion here of loans from the federal government (other loans in the FRB accounts) and non-interest-bearing debt.

A large part of the NBER estimates for this sector were taken over directly from the Federal Reserve Board. The original sources, and the sources of information for the split between general government and pension fund assets, were the various Census Bureau publications on government finances, including the *1957 Census of Governments*.

Supplementary Table III-6a gives data for state and local governments back to 1900. Only a few changes have been made in the balance sheet from *A Study of Saving*, the most important one being the addition to structures of federal-aid highways, which were incorrectly omitted in the source.

Federal Government (Table III-7) covers all the departments, agencies, and trust funds of the federal government, with the exceptions noted below. Both general government functions and corporations and credit agencies are included, as well as federal land banks and federal home loan banks, even though they have passed into private ownership. Military assets are excluded, however, and are shown only in supplementary Table III-7a. Also excluded from this sector are the Federal Reserve banks (Table III-5a-1), Treasury monetary funds (Table III-5a-2), and federal government pension and insurance funds (Table III-5b-1).

The federal government sector in *Supplement 5* matches this one closely except that the FRB does not separate federal pension funds. The FRB accounts also do not include Old Age and Survivors' Insurance and unemployment trust fund assets as a federal government liability to the household sector, as was explained earlier.

Several supplementary tables give data for parts of the federal government, for use in computing the total balance sheet or to aid in comparisons with other sources. Table III-7b

TABLE 28

**Federal Government, Including Federal Pension and Insurance Funds:
Reconciliation of NBER and FRB Estimates**

(billion dollars)

	1954	1955	1956	1957	1958
<u>Lines II-1 and II-2</u>	No discrepancy				
<u>Lines II-3 through II-6</u>	No federal government assets				
<u>Line II-7</u>	No discrepancy				
<u>Lines II-8 and II-9</u>	No federal government assets				
<u>Line II-10</u>					
1. FRB other loans	17.0	17.8	18.1	19.0	20.4
2. Plus NBER CCC loans to coops, except tobacco	0.1	0.3	0.1	0.1	0.1
3. Less FRB fed. govt. loans to states	0.5	0.5	0.6	0.8	1.0
4. Less FRB fed. govt. loans to nonprofit org.	--	--	--	0.1	0.2
5. Total of lines 1-4	16.6	17.6	17.6	18.2	19.3
6. NBER other loans	16.6	17.6	17.6	18.3	19.4
<u>Lines II-11 and II-12</u>					
7. FRB 1- to 4-family and other mortgages	4.6	5.2	6.0	7.5	7.8
8. NBER mortgages, nonfarm and farm	4.5	5.0	5.7	7.2	7.6
<u>Line II-13</u>	Not estimated by FRB; netted out in consolidation of sector				
<u>Line II-14</u>	No discrepancy; included under "other loans" by FRB				
<u>Lines II-15 through II-18</u>	No federal government assets				
<u>Line II-19</u>					
9. FRB misc. assets, capital stock of Exch. Stab. Fund	0.2	0.2	0.2	0.2	0.2
10. Plus NBER other assets, postal sav. system	0.1	0.1	0.1	0.1	0.1
11. Plus NBER other equity in Exch. Stab. Fund	0.1	0.1	0.1	0.1	0.1
12. Total of lines 9-11	0.4	0.4	0.4	0.4	0.4
13. NBER equity in other business	0.4	0.4	0.4	0.4	0.4
<u>Line II-20</u>					
14. FRB miscellaneous assets	3.9	4.1	4.6	5.3	5.6
15. Plus FRB corp. profits tax liab. to federal government	15.5	19.3	17.6	15.4	12.9
16. Less FRB capital stock of Exch. Stab. Fund	0.2	0.2	0.2	0.2	0.2
17. Total of lines 14-16	19.2	23.2	22.0	20.5	18.3
18. NBER other intangible assets	19.2	23.2	22.0	20.5	18.3
<u>Lines III-1 and III-2</u>	No discrepancy				
<u>Lines III-3 and III-4</u>	No federal government liabilities				
<u>Line III-5</u>					
19. FRB cons. sav., life ins. and retirement funds	15.4	15.9	16.9	17.5	18.5
20. Plus FRB OASI fund assets	20.6	21.7	22.5	22.4	21.9
21. Plus NBER unemployment trust fund assets	8.7	8.8	9.1	9.1	7.1
22. Total of lines 19-21	44.7	46.4	48.5	49.0	47.5
23. NBER pension and insurance funds, govt.	45.5	47.4	49.5	50.6	49.9

(continued)

TABLE 28 (concluded)

	1954	1955	1956	1957	1958
<u>Lines III-6 and III-8</u>	No federal government liabilities				
<u>Line III-7</u>	No discrepancy				
<u>Line III-9</u>	No discrepancy; listed under "other loans" by FRB				
<u>Lines III-10 and III-11</u>	No federal government liabilities				
<u>Line III-12</u>					
24. FRB federal obligations	179.3	180.4	175.3	176.7	185.7
25. Plus FRB consumer-held savings bonds	50.0	50.2	50.1	48.2	47.7
26. Plus NBER U.S. govt. secur. held by fed. pension and insurance funds	44.4	46.5	48.4	49.4	48.4
27. Plus NBER U.S. govt. secur. held by fed. govt.	5.2	5.2	5.5	5.9	5.8
28. Plus FRB demand notes issued to IMF	1.5	1.6	1.1	0.7	0.8
29. Total of lines 24-28	280.4	283.9	280.4	280.9	288.4
30. NBER bonds and notes	280.5	284.0	280.5	280.9	288.5
<u>Line III-13</u>					
31. FRB misc. liabilities, other	0.8	0.9	1.0	1.4	1.3
32. Plus FRB misc. assets, deposits of savings and loan assoc. at FHLB	0.8	0.7	0.7	0.7	0.8
33. Less FRB unallocated foreign deposit liability of federal govt.	0.2	0.2	0.3	0.3	0.3
34. Less NBER Exch. Stab. Fund deposits with Treasurer of U.S.	--	--	--	0.2	--
35. Total of lines 31-34	1.4	1.4	1.4	1.6	1.8
36. NBER other liabilities	1.4	1.4	1.5	1.5	1.8

- Line
- 1: *Supplement 5*, Table 8(E), line v.
 - 2: Table III-7d, column 6.
 - 3-4: *Supplement 5*, Table 32L, lines n and qq.
 - 5: Sum of lines 1 and 2, minus lines 3 and 4.
 - 6: Table III-7, line II-10, plus Table III-5b-1, line II-10.
 - 7: *Supplement 5*, Table 8(E).
 - 8: Table III-7, sum of lines II-11 and II-12.
 - 9: *Supplement 5*, Table 34L, line o.
 - 10: Table III-7b, line II-20.
 - 11: See Table III-7, note to line II-19.
 - 12: Sum of lines 9-11.
 - 13: Table III-7, line II-19.
 - 14: *Supplement 5*, Table 8(E).
 - 15: FRB worksheets.
 - 16: *Supplement 5*, Table 34L, line o.
 - 17: Sum of lines 14 and 15, minus line 16.
 - 18: Table III-7, line II-20.
 - 20: *Supplement 5*, Table 8(E).
 - 21: See note to Table III-5b-1, line II-1.
 - 22: Sum of lines 19-21.
 - 23: Table III-5b-1, line III-5.
 - 25: *Supplement 5*, Table 8(E), lines c and a.
 - 26: Table III-5b-1, line II-13.
 - 27: Table III-7, line II-13.
 - 28: *Supplement 5*, Table 8(E).
 - 29: Sum of lines 24-28.
 - 30: Table III-7, line III-12.
 - 32: *Supplement 5*, Table 8(E).
 - 33: *Ibid.*, Table 34L, line R.
 - 34: See note to Table III-5a-2, line II-20.
 - 35: Table III-7, line II-20.

is a balance sheet for the postal savings system, Table III-7c for government lending and credit agencies, and Table III-7e for the federal land banks. Table III-7d gives details on the distribution of federal government loans.

Another supplementary table (III-7f) is a reconstruction of the earlier balance sheets in *A Study of Saving*. Balance sheets for the federal government, government corporations and credit agencies, and the postal savings system were added together, and assets and liabilities of Treasury monetary funds were subtracted. Items for personal income and estate and gift tax accruals, equity in government corporations, and miscellaneous liabilities of the federal government were removed from the balance sheet and revisions were made in mortgage holdings.

The classification of sectors for Sections V, VI, and VII is identical with that described here for Section III and therefore requires no separate discussion. Most of the flow-of-funds categories are similarly described by the definitions of assets and liabilities. The ones which involve separate conceptual or estimative problems—tangible and equity flows—are discussed further in the notes to Section VIII.

Robert E. Lipsey