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STUDIES IN BUSINESS FINANCING

CORPORATE INCOME
RETENTION

1915-43

by

SERGEI P. DOBROVOLSKY

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PREFACE

THIS study of the income-retention policies of manufacturing corporations carries forward into new ground the studies in Business Finance which were started under the Financial Research Program of the National Bureau in 1940. It utilizes much of the material gathered in connection with other studies of the Business Financing Project, directing attention to such questions as the following: Have corporations recently been saving more out of their net incomes than formerly? How do these income-retention policies vary at different levels of corporate growth and profitability? How have changes in policies of income retention affected the dependence of industrial concerns on external money markets for funds to finance asset expansion? Wherever the available information has made it possible, these and the other questions with which the study is concerned are examined separately for large corporations and for those of small and medium size.

In view of the extensive interest in this range of problems, and the spirited controversies which have been waged over the probable effects of what have been assumed to be the facts concerning corporate financial policies, Dr. Dobrovolsky's analysis, based on primary business records, should be highly valuable.

R. J. SAULNIER

Director, Financial Research Program

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A large part of the analytical work on the study was done under a Demobilization Award granted by the Social Science Research Council, and I wish to record my appreciation of this assistance.

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