Sources and uses of corporate funds

[Billions of dollars]

	1956	1957	1958	1959	1960	1961
Sources, total	47.9	42.5	39.4	57.1	44.1	51.8
Internal sources, total	27.8	28.0	26.0	31.1	30.4	32.0
Retained profits	10.5	8.9	5.7	9.5	7.3	7.3
Depreciation	17.3	19.1	20.3	21.6	23.1	24.8
External long-term sources, total	11.1	11.9	10.9	9.5	9.8	11.1
Stocks	3.2	3.5	3.6	3.7	3.0	4.5
Bonds	4.7	7.0	5.9	4.1	5.0	5.1
Other debt	3.2	1.4	1.4	1.8	1.7	1.4
Short-term sources, total	9.0	2.6	2.6	16.5	3.9	8.7
Bank loans	2.2	.3	−.4	5.4	1.3	.4
Trade payables	5.5	2.4	3.8	5.3	2.6	6.0
Federal income tax liabilities	−1.7	−2.2	−2.5	2.1	−1.5	.6
Other	3.0	2.1	1.7	3.7	1.6	1.7
Uses, total	45.0	40.3	35.3	52.1	41.1	48.3
Increase in physical assets, total	37.5	34.8	24.0	34.2	33.4	31.3
Plant and equipment	29.9	32.7	26.4	27.7	30.8	29.6
Inventories (book value)	7.6	2.1	−2.4	6.6	2.6	1.8
Increase in financial assets, total	7.5	5.5	11.3	17.9	7.7	17.0
Receivables	8.8	4.5	6.7	10.9	7.6	9.6
Consumer	1.4	.9	−.3	2.4	1.6	.1
Other	7.4	3.6	6.9	8.4	6.0	9.5
Cash and U.S. Government securities	−4.3	−.3	2.7	2.9	−3.1	2.5
Cash (including deposits)	.2	.1	2.5	−1.1	−.2	2.9
U.S. Government securities	−4.5	−.4	.2	4.0	−2.9	−.4
Other assets	3.0	1.3	1.9	4.1	3.1	4.9
Discrepancy (uses less sources)	−2.9	−2.2	−4.2	−5.0	−3.0	−3.4

The measurement of industrial capacity is an extremely complex and complicated problem, and the Treasury Department has not itself carried out any detailed studies in this area. The Subcommittee on Economic Statistics of this committee, however, on May 22, 1962, heard a study paper on "Measures of Capacity" prepared by Frank de Leeuw, Economist, Division of Research and Statistics, Federal Reserve System. This paper discusses the measurement problem and presents some suggestions regarding the relationship between capacity utilization and business investment. The general relationship between capacity utilization and new investment is indicated by a chart appearing on page 130 of Mr. De Leeuw's testimony in hearings of the Joint Economic Committee on Inventories of Production Capacity, May 1962.