

INTERNATIONAL ASSOCIATION FOR RESEARCH IN INCOME
AND WEALTH

FINANCIAL REPORT, 1972

The year 1972 was the first year in the history of the International Association for Research in Income and Wealth in which the Association was without foundation or academic subsidy, and entirely dependent upon its own resources. This major shift in the financing of the Association was made possible by two developments: the establishment of *The Review of Income and Wealth*, and the initiation of the institutional membership program.

From its foundation in 1947 through 1961, the IARIW was dependent upon foundation grants to support its activities. Thanks to the generous support of such organizations as the Nuffield Foundation, the Rockefeller Foundation, and the National Institute of Economic Research in London, the Association was able, in its first 15 years, to hold seven biennial general conferences and three regional conferences. Nine volumes of the *Income and Wealth* series and seven volumes of the *Bibliography on Income and Wealth* series were published in this interval.

In 1962 the headquarters of the Association was moved from the National Institute in London to Yale University, and the Yale Economic Growth Center undertook to provide an annual grant to support the Association's activities for a period of five years. In this interval two general conferences and one regional conference were held, and eight volumes were published: three in the *Income and Wealth* series, one in the *Bibliography* series, and four volumes of regional conference papers.

As the end of the initial five year Yale Growth Center grant approached, it became clear that it was unrealistic for the Association to expect to continue to exist on foundation or other grants. Up to this time, the Association had derived very little financial benefit from its publications, which were in the form of hard-bound proceedings volumes with limited circulation. Accordingly, it was decided to replace the proceedings volumes with a quarterly journal, which could be expected to enjoy a wider circulation, and hopefully eventually to provide enough revenue to make the Association financially viable. Publication of *The Review of Income and Wealth* was initiated in 1966. In May 1966 the Yale Economic Growth Center agreed to extend its grant for a further five years, in order to help the Association establish the *Review*. During the period of this second grant, two additional measures were undertaken aimed at establishing financial independence. In 1968, dues for members were instituted. In 1969, a Finance Committee was appointed to consider the problem of long term viability. The Finance Committee initiated a program of soliciting institutional memberships from government agencies and international organizations interested in the Association's work. Starting in 1970, these institutional memberships have been an increasingly important source of support for the Association. The average contribution is about \$500, and by 1972 17 organizations were contributing.

The Yale subsidy ceased with the year 1971. Revenue from the *Review* and contributions from institutional members increased sufficiently during the last two years of the subsidy so that it was possible to transfer substantial amounts to accumulated surplus during these years. This development had been anticipated in our financial planning, in order to provide the working capital that would be required after the end of the subsidy. In 1972, the first year of operation without subsidy, revenues were approximately equal to expenditures.

This result also reflects our success in holding expenditures relatively constant over the past six years. This constancy cannot, however, be expected to continue in the future. Two factors contributed to holding expenses down. The first was the shift of publication from Canada to England, which offset rising printing costs for several years. Wage increases announced by the printer and the devaluation of the dollar may be expected to have an adverse effect on this element of cost in the future. The second was the introduction of computerized record-keeping. The Association was able to take advantage of a computerized information-processing system developed for another professional society without having to pay its development costs, and this has held clerical costs below what they would otherwise have been. But here again, wages will inevitably rise in the future.

In view of the inevitability of rising costs, increases in revenue will be needed if the Association is to be viable. There are three possible sources for such increases. First, it is to be hoped that the number of subscriptions to the *Review* will increase. An effort to expand circulation is being made, but it is not clear how successful it will be in a period when libraries' budgets are being squeezed. Second, the rates of dues and subscriptions could be raised. However, there is some indication that at least part of any such increase would be offset by price elasticity. Third, efforts can be made to expand the institutional membership program. It is clear that revenue from this source is very much needed to fill the gap left by revenue from dues and subscriptions. Broader participation of statistical organizations in various countries will be needed.

The appended tables present the historical income statements and balance sheets for the Association for the period 1966-72.

INTERNATIONAL ASSOCIATION FOR RESEARCH IN INCOME AND WEALTH
INCOME AND OUTLAY, 1966-1972

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	1966	1967	1968	1969	1970	1971	1972
REVENUE							
1. Institutional members	—	—	—	—	500	5,300	8,111
(Number)	—	—	—	—	(1)	(10)	(17)
2. Members	—	—	1,970	2,000	2,260	2,850	4,320
(Number)	—	—	(197)	(200)	(226)	(285)	(301)
3. Subscribers	4,900	8,850	9,630	10,000	11,416	12,364	17,646
(Number)	(490)	(885)	(983)	(1,020)	(968)	(1,047)	(997)
4. Sales of back issues and reprints	424	2,354	1,500	2,250	1,568	1,048	1,550
5. Interest	—	—	—	—	—	188	653
Less:							
6. Allowance for bad debts	— 757	— 1,500	— 2,000	— 2,000	— 1,500	— 500	— 500
Total Revenue	4,567	9,704	11,100	12,250	14,244	21,250	31,780
EXPENDITURE							
1. Printing and publishing	9,924	12,672	13,725	11,320	11,407	11,257	12,612
2. Salaries	9,580	10,060	11,972	12,019	12,789	10,013	12,664
3. Postage	516	825	859	1,334	1,089	1,153	526
4. Supplies and miscellaneous	1,123	1,008	1,273	665	665	1,320	929
5. Insurance	153	64	163	163	163	163	237
6. Depreciation	687	1,135	1,063	1,064	743	687	332
7. Data processing	—	—	—	—	—	2,334	2,137
8. Reserve for conference expenditures	3,000	3,000	3,000	3,000	1,500	1,500	1,500
Total Expenditure	24,983	28,764	32,055	29,565	28,356	28,427	30,937
Surplus or deficit	— 20,416	— 19,060	— 20,955	— 17,315	— 14,112	— 7,177	+ 843
Yale Economic Growth Center Contribution	15,500	18,500	18,500	18,500	18,500	18,500	
Change in Reserves	— 4,916	— 560	— 2,455	+ 1,185	+ 4,388	+ 11,323	+ 843

INTERNATIONAL ASSOCIATION FOR RESEARCH IN INCOME AND WEALTH

BALANCE SHEETS, 1966-1972

	1966	1967	1968	1969	1970	1971	1972
ASSETS							
1. Cash	26,700	26,357	26,283	26,254	30,414	25,380	33,059
Checking account	(7,100)	(23,748)	(10,578)	(20,360)	(19,054)	(7,539)	(13,240)
Savings account	—	—	—	—	—	(15,000)	(25,000)
Yale account	(19,600)	(2,609)	(15,705)	(5,894)	(11,360)	(2,841)	(- 5,181)
2. Accounts receivable	6,800	6,421	9,078	7,856	6,947	3,671	2,657
Less: Doubtful accounts	- 2,000	- 3,000	- 4,000	- 4,000	- 3,000	- 2,000	- 1,000
3. Office equipment	3,300	3,962	2,924	1,860	1,117	430	98
Total Assets	34,800	33,740	34,285	31,970	35,478	27,481	34,814
LIABILITIES AND SURPLUS							
1. Accounts payable	2,600	2,000	2,200	2,500	120	100	50
2. Accrued publishing costs	3,500	6,500	4,500	5,000	3,000	3,000	3,000
3. Prepayments:							
Yale subsidy	18,500	18,500	18,500	18,500	18,500	—	—
Dues and subscriptions	100	200	2,000	1,400	3,400	3,800	8,840
4. Reserve for conference expenses	3,500	500	3,500	- 200	1,300	100	1,600
5. Accumulated reserves	6,600	6,040	3,585	4,770	9,158	20,481	21,324
Total Liabilities and Surplus	34,800	33,740	34,285	31,970	35,478	27,481	34,814