

# **Flow-of-Funds Based National Accounting: An Experimental Application to the U.S. Economy**

*Kazusuke Tsujimura*  
*Keio University*

*Masako Tsujimura*  
*Rissho University*

**Paper Abstract:** The objective of this paper is twofold: (i) to design a flow-of-funds based national accounting system, an equivalent of cash-flow statement in business accounting; and (ii) to make from-whom-to-whom flow-of-funds matrix for the U.S. to find out if there were structural changes in the first decade of the century. The matrix is tentatively derived from the Integrated Macroeconomic Accounts by removing the imputations that do not involve payment of funds. We found that there was a conspicuous structural change between 2008 and 2010 when the subprime mortgage crisis hit the economy; and the dominant factor was the shift in monetary policy. Our conclusion is that the economy is highly susceptible to both Federal Reserve's supply of funds and its portfolio.