

Agriculture, and Treasury. The aggregate figures shown in column 12 materially differ from the "Government investment accounts" figures in the Treasury estimated distribution (table C2), mainly because the Treasury does not count as part of State and local government debt (a) non-interest-bearing obligations (owed to the Bureau of Reclamation) and (b) borrowing for college housing by State universities and colleges (owed to the Department of Housing and Urban Development).⁷

Delineation of State and local public retirement funds from "State and local governments" facilitates appraisal of two essentially dissimilar sources of loan funds. Public retirement funds, like noninsured pension funds (or insured pension funds) are concerned principally with longer term investments. In contrast, "State and local governments" comprise (a) treasury funds, undisbursed bond proceeds, and bond sinking funds (which are primarily concerned with short-term investments), (b) other insurance, endowment and trust funds (which are concerned, to a considerable extent, with longer term investments) and (c) State government direct loan programs to municipalities. State government direct loans have risen from about \$30 million in 1950 to about \$150 million in 1960, and to about \$240 million in 1965.⁸

There are a number of financial institution groups, which hold relatively small amounts of municipal securities, on which there are fairly good statistics. Rather than show each separately, they are combined under a heading "Other identifiable financial institutions" and include: fraternal orders, brokers and dealers, face amount investment companies, and savings and loan associations. As future research uncovers good statistics on municipal security holdings of other identifiable financial institutions (i.e., college endowment funds), they can be transferred from the residual category to this separate category where the holdings have been reasonably approximated.⁹

⁷ C.f. Treasury Bulletin (June 1966), p. 141.

⁸ Detailed in ch. 4. Where the funds for these "State and local government" resources result from capital market borrowing, there is a double counting problem, e.g., (a) the private holders of the bonds financing the construction funds or the direct loans and (b) the public funds or agencies that hold municipal securities or loans.

⁹ The distribution of bond holdings of fraternal orders is based on a sample, as reported to the New York State Department of Banking. Holdings of "brokers and dealers" are based on the total offerings shown in the Blue List. Municipal security offerings in the Blue List ordinarily are by investment banking dealers, but sometimes include offerings by commercial banks. According to an official of the Blue List, offerings by dealers are generally of their own holdings (in which they have a "position" or unsold inventory), but may include holdings of other investors. Moreover, a dealer may not offer in the Blue List all that he holds, especially during periods of credit tightness when heavy capital losses could occur in selling bonds with coupon interest rates appreciably lower than prevailing market yields. Data for savings and loan associations are available only for 1964 and 1965 (June). Data for earlier years are based on straight line interpolation.