

the chief buyers of municipals were fire and casualty insurance companies, private investors, state and local retirement funds (many of these were then restricted to municipals and Treasuries), life insurance companies, and only in easy money periods, commercial banks. Today the sources of funds are radically different; commercial banks and private investors together account for more than the entire net volume of new issues.

The Volume of Municipal Financing Compared with Other Credit Demands

Since most of the institutional investor groups in the United States have little or no interest in tax-exempts, it is fortunate for the municipal yield structure that the net volume of new municipal financing during recent years has not been very large. Each year the gross of new municipal issues sets a record and it is spoken of in the press as enormous, but in fact, considering the size of our capital markets, our economy, and of our municipal expenditures, net municipal capital requirements, as shown in the table below, can be called modest.

TABLE IV

Principal Net Demands for Credit in the United States

	(Billions of Dollars)					
	1960	1961	1962	1963	1964	1965
Real Estate Mortgages	\$14.8	\$18.9	\$24.9	\$30.2	\$30.2	\$29.4
Corporate Bonds	5.0	5.1	4.9	5.6	6.6	8.1
Term Loans (SB&H Estimate)	0.9	1.0	1.4	2.0	2.8	5.3
State and Local Bonds	4.0	5.0	5.3	6.3	5.6	6.8
Foreign & Int'l. Bank Bonds	0.6	0.5	0.9	1.0	0.7	0.9
Total Long-Term Demands	\$25.3	\$30.5	\$37.4	\$45.1	\$45.9	\$50.5
Other Bank Loans	5.1	4.6	8.6	9.1	10.8	15.0
Treasury & Agency Debt (Publicly Held)	-2.7	5.8	6.1	2.5	3.2	0.5
Grand Total of Demands	\$27.7	\$40.9	\$52.1	\$56.7	\$59.9	\$66.0