Net acquisitions of corporate bonds during this period, it will be observed, equaled the similar total for the much larger private trusteed funds during a comparable period. These were predominantly high-quality publicly offered bonds. Mortgage lending has expanded substantially in a few large funds and the pace of mortgage acquisitions has been accelerating. The relaxation of statutory restrictions on common stock investments has been proceeding at a slow pace. In general, the retirement systems have not fully utilized the permitted leeway because of accounting conventions and other problems.

A change in the distribution of assets tends to reflect the decisions of a relatively small number of very large funds. Assets are highly concentrated in relatively few systems. State-administered funds in six States, together with the New York City Retirement Systems, accounted for 53 percent of the $35.2 billion book value of assets at the end of the 1966 fiscal year. Another nine large State systems accounted for an additional 15 percent of the total.[3] In contrast, the 50 companies and union groups with the largest industrial plans accounted for only 37 percent of total assets in 1964, and the top 15 corporate employers accounted for less than 24 percent of the total.

Put another way, there are now 10 individual State and city retirement systems each with more than a billion dollars of assets. The pension funds of corporate giants like Du Pont and Western Electric have just crossed that figure. It is no exaggeration to characterize the leading State retirement systems as the giants of the pension field.

Some years ago, this writer suggested that one might usefully compare the diversification of State and local retirement systems with that of corporate trusteed pension funds a decade earlier.[4] With State and local government securities excluded from the 1958 totals, the comparison was as shown below:

PERCENT OF TOTAL ASSETS AT BOOK VALUE

	State and local government retirement systems, 1958	Corporate trusteed pension funds, 1948
Cash	2	3
U.S. Government securities	46	39
Corporate bonds	42	43
Corporate stocks	2	11
Other assets, including mortgages	7	4
Total	100	100

By updating this kind of comparison, we can measure the lag in the investment policies permitted and pursued by managers of the State and local funds:

[3] The six largest State aggregations of capital are in California, New Jersey, New York, Ohio, Pennsylvania, and Texas. The above figures somewhat overstate the case because State teacher and public employee retirement systems, as in New York, may be administered by different trustees. However, the statutory authority is usually the same for all systems and there is a tendency for generally similar policies to be followed. (Ohio's three systems are perhaps an exception.)

[4] "Retirement System Investments," *Report of the 44th Annual Convention of the National Association of State Auditors, Comptrollers, and Treasurers, 1959*, pp. 114–119 (reprinted as "New Investment Policies Loom for Public Retirement Systems," *Commercial & Financial Chronicle*, Oct. 1, 1959).