Appendix

Additional examples of the way in which life insurance company investments, including pension fund investments, have contributed to the economic growth of the United States are:

1. Some years ago, a firm was established to manufacture high frequency electronic tubes with emphasis on klystron tubes, which had been invented in 1938. A life insurance company loaned this firm $2 million, in 1956, with the funds being used to retire bank debt and expand the plant. With the help of this loan, the firm grew to the point where its gross revenues amounted to $145 million in 1966, compared with $7.2 million in 1955. The company is thriving and has become a diversified electronic manufacturer with foreign operations.

2. A new company was established to engage in the application of paint and other synthetic finishes to continuous coils of steel, aluminum, and other metals. The company was a pioneer in the industry. A life insurance company helped this innovative process by lending the firm $800,000, in 1959. Additional loans of $400,000 and $740,000 were made in 1962 and 1965, respectively. All of these loans were used to finance additional productive capacity. The company's sales rose fivefold between 1958 and 1966, with a proportionate increase in income and employment.

3. In 1958, a life insurance company made a loan of $115,000 to a farm wagon manufacturer. In addition to farm wagons, the company had a mobile hydraulic crane under development. There have been five additional loans made to the company since that time and the total outstanding in 1966 was $1,900,000. The loan funds facilitated the growth of the wagon manufacturing firm and made possible the development of the mobile hydraulic crane. During this period sales and employment of the firm have increased about fifteenfold.

4. In 1958, a life insurance company made a $360,000 loan to a California manufacturer of metal containers for shipping and housing electronic components. Loans to this firm have been increased since 1958 and now total $2,800,000. During this period the sales of the manufacturer have risen from $3 million to $17 million and net worth has increased 5½ times. Employees now number 1,200, compared with 180 in 1958.

5. A small Wisconsin company borrowed $151,000 from a life insurance company in 1964. The company makes portable hydraulic loaders for trucks and tractors which are used primarily to load bulky items such as logs and cement blocks. The business had been formed only about 9 years earlier and it is very doubtful that it could have obtained funds in the public market. There were two additional loans made by the life insurance company and the total investment, in 1966, was $400,000. In 1964 the manufacturer had 86 employees and last year it had 220.

6. In 1960, three insurance companies purchased $16,800,000 of first mortgage bonds of a pipeline in Alaska. This represented 86 percent of the cost of building a 78-mile natural gas transmission pipeline from the Kenai Peninsula to the city of Anchorage, Alaska. Two oil companies who owned and developed the natural gas reserves on the Peninsula advanced the equity moneys of $2,600,000. The building