[Dollar amounts in billions]

| Investor group | Net purchases of corporate and foreign bonds: 1966 | 1967 | 1968 estimate | 3-year total | Percent contributions | Effective Federal tax rate | Effective taxable contributions |
|---|---|---|---|---|---|---|---|
| State and local government | $4.4 | $6.7 | $7.0 | $18.1 | 44.7 | 0 | 0 |
| Private pension funds | 1.9 | 1.0 | 1.5 | 4.4 | 10.9 | 0 | 0 |
| Subtotal No. 1 | | | | 22.5 | 55.6 | | 0 |
| Mutual savings banks | .3 | 2.0 | .2 | 2.5 | 6.2 | 18 | 1.1 |
| Life insurance companies | 2.2 | 3.7 | 3.2 | 9.1 | 22.5 | 20 | 4.5 |
| Subtotal No. 2 | | | | 11.6 | 28.7 | | 5.6 |
| Other insurance companies | .1 | .8 | .4 | 1.3 | 3.2 | 48 | 1.5 |
| Commercial banks | .1 | .8 | .0 | .9 | 2.2 | 48 | 1.1 |
| Other finance | .4 | —.6 | .3 | .1 | .2 | 48 | .1 |
| Households | 1.2 | 1.8 | —.9 | 2.1 | 5.2 | 50 | 2.6 |
| Rest of world | 1.2 | .8 | .0 | 2.0 | 4.9 | 50 | 2.5 |
| Subtotal No. 3 | | | | 6.4 | 15.7 | | 7.8 |
| Grand total | 11.8 | 17.0 | 11.7 | 40.5 | 100.0 | | 13.4 |

Source: 1966 and 1967 net purchases are from Board of Governors, Federal Reserve System; Flow-of-Funds, Jan. 31 1968, p. 16. 1968 estimate is S.B. & H. projection.

STATE AND LOCAL SECURITIES

[Billions of dollars]

| | 1966 | 1967 | 1968 estimate |
|---|---|---|---|
| Gross new long issues | 10.7 | 13.8 | 12.9 |
| Federal public housing | .4 | .5 | .4 |
| Total gross | 11.1 | 14.3 | 13.3 |
| Adjustment | 0 | —.1 | 0 |
| Adjusted gross [1] | 11.1 | 14.2 | 13.3 |
| Less refunding | .2 | .2 | .1 |
| Total, new money, new issue | 10.9 | 14.0 | 13.2 |
| Plus other long borrowing (estimate) | .1 | .7 | .8 |
| Less maturities | 5.5 | 5.9 | 6.2 |
| Net increase in long-term debt | 5.5 | 8.8 | 7.8 |
| Plus increase in miscellaneous short debt | .4 | .6 | .5 |
| Plus increase in P.H.A. short debt | 0 | .2 | 0 |
| Change in total outstanding | 5.9 | 9.6 | 8.3 |
| Held in— | | | |
| Sinking funds (excluding investment funds) | .3 | .2 | .2 |
| U.S. Government investment accounts | 0 | 0 | 0 |
| Net change in publicly owned debt | 5.6 | 9.4 | 8.1 |
| Owned by: | | | |
| Financial intermediaries | | | |
| Savings Banks | —.1 | 0 | —.1 |
| Life insurance companies | —.3 | —.2 | —.3 |
| Fire and casualty companies | .8 | 1.2 | .7 |
| State and local retirement funds | —.3 | —.3 | —.3 |
| Total, financial intermediaries | .1 | .7 | 0 |
| Commercial banks | 2.4 | 8.5 | 5.0 |
| Business corporations | .8 | .5 | .6 |
| Individuals and miscellaneous | 2.3 | —.3 | 2.5 |
| Total, net change in ownership | 5.6 | 9.4 | 8.1 |

[1] Adjusted for payment date.

Chart A is the comparative cost on the taxable versus the tax-exempt method.

Chart B is a percentage breakdown of net funds invested in corporate taxable securities.

Chart C is the '66–'67 net purchases from the Board of Governors, Federal Reserve System "flow-of-funds" dated January 1968. The figures for 1968 are the Salomon Brothers and Hutzler estimate of taxable financing.