Professor Holland reports on stock market: Private pension funds to play important role

By Allan Green

Private pension funds will play an ever-increasing role in stock market affairs, says a report to be released late this year by Professor Daniel Holland, of the Sloan School of Industrial Management.

Writing for the National Bureau of Economics, the professor will predict: Pension funds will become powerful accumulators for the next twenty years, but their rate of accumulation will begin to taper off in the middle-1970's.

Dr. Holland points out that the funds have a unique investment position. Unlike individual investors, a fund holds its assets in trust, has great length of time and remains largely unfinanced by market forces.

At most, the individual investor must plan for the length of his own life, and he must always plan his investments to take account of possible personal emergencies.

Pension funds compete with each other for the lowest stock holdings necessary to cope with inflation. Thus, Holland points out, some market prices are driven up.

Pension funds were set up in the 1940's, when high tax rates and the need to stabilize wages made deferred payments to workers desirable. Those funds were the result of that need.

They comprise about a quarter of the total personal savings and give coverage to two-thirds of the labor force. These annuity plans provide for a net monthly income of $1 billion. In his projection, Dr. Holland foresees a $6 billion income by 1970, and one of $60 billion by 1980.

Public and private pension fund arrangements are very different financially. These funds seem to act as net additions to society's savings funds, a departure from those who connect capital development with economic growth.

Council elects officers

The Activities Council elected new officers at its March 5 meeting.

Rusty Epps '66, of WIMX, is the new president; John Davis '66, of CCA, is the new vice-president; and Jerry Clarke '66, of TEN, is the new secretary.

How much foam should there be?

You'll hear some people say there shouldn't be any head at all. They say phooey on the foam...where's the beer!

They shouldn't. Not when it's Budweiser, anyway.

Budweiser is brewed so that it will kick up a healthy head of foam. We go to a lot of trouble to let Budweiser create its own tiny bubbles, rather than pumping them in. Natural carbonation and our exclusive Beechwood Ageing are two things we just want to get modern about. It takes a lot longer this way, and costs more money. (In fact, it is a tax problem.) Butter the result a good head of real beer taste, smoothness and drinkability—are more than worth it.

So pour your Budweiser with about an inch-and-a-half collar of foam. Two inches if it's a tall glass. Watch those bubbles gather...then taste. (That's what we tell our tester.) Let the nose absorb the high cost of bubbles and beechwood. And he just smiles and swallows his arguments.)