Mr. KLOPSTOCK. Personally I believe in freedom of capital markets.

Representative GRIFFITHS. And yet Switzerland does do this, does it not? I believe we had a Swiss economist testify yesterday who pointed out that they do that. It is not necessarily that you can't borrow it today. They delay it a little longer.

Mr. KLOPSTOCK. Yes, I understand there is some measure of restriction on capital issues in Switzerland and some other European countries.

Mr. BELL. May I just comment on that?

Representative GRIFFITHS. Yes.

Mr. BELL. I think we don't want to exaggerate the degree to which European countries have, in fact, floated bonds in this country. The net figures for 1961, it would seem it was only a net purchase of $13 or $14 or $15 million during that year. Over a 5-year period, 1957 to 1961, actually the net flow was from Europe to the United States on foreign bonds. In other words, they paid off more than they borrowed during this period. I gather it has increased in 1962. I don't know the latest figures. The first quarter it was $17 million for the quarter. When you take that, compared to the Canadian borrowing, the Canadian borrowing in this country is tremendous and has been throughout this period; isn't that correct?

Mr. PIZER. There is some difficulty in statistics in this area. What happens is this: In the first half of this year, for instance, the total amount of bonds offered here by European issuers is probably close to $200 million, of which perhaps $100 million is taken back immediately by Europeans or others so that the net figure taken by Americans is perhaps $100 million.

At the same time Europeans and others are buying in our market foreign bonds of other issuers. If they are buying foreign bonds in our market, on balance, in the figures you are putting together, you are also netting that against the gross amount of new issues. It is true that the net capital flow on European accounts would be much smaller than the gross amount of money that European borrowers actually come into the U.S. market and borrow.

Mr. BELL. In balance-of-payments terms, I would think that would be the important element.

Mr. PIZER. The net result would be small but the gross figures are considerably larger.

Representative GRIFFITHS. Maybe you have already given this figure, but what is the net for Canada and what is the net for Japan?

Mr. BELL. The net for Canada in 1961 was roughly $210 million for the year compared with Europe of $13 or $14.

Representative GRIFFITHS. And Japan, what is it for Japan, do you know?

Mr. BELL. I don't have the separate figure for Japan on long-term capital.

Representative GRIFFITHS. Thank you very much.

Representative WIDNALL. Would not the Common Market eventually provide greater ability to finance within the Common Market so there would be no necessity to come to the United States?

Mr. HUMPHREY. The British are very much hoping. If they join they hope London will become the capital center, and they will earn something from handling this business.