

And they feel they have a real basis for conceding that these figures were taken right out of thin air, and they just cannot get the source for them. They have tried terribly hard to duplicate tables like this, at the request of several members of this committee, who were interested in the same kind of thing. They cannot get them.

I wonder if you could give us the sources and how the individual statistics were derived because we are deeply concerned with this, and we think we should have the actual sources made available to us. In particular, could you indicate how the representative lines were selected both in the United States and the foreign countries.

Secretary DILLON. We would be delighted. The sources, of course, were given in full to the competent tax committees, to the Ways and Means Committee and the Finance Committee.

We made a very detailed study of the tax systems in all these various countries. It is a document that is probably 40 or 50 pages long, and was submitted to those committees. They have it in their files, and we can certainly furnish it to this committee and could finish this information that the staff of this committee would like.

I would like to point out that these figures were first furnished to the Joint Committee on Internal Revenue Taxation in January. They have been under study by that committee and those other committees for some 7 months. And today is the first day to my knowledge that anyone has ever questioned the validity of these figures. Certainly no one from the Joint Economic Committee has ever, to my knowledge, asked the Treasury to substantiate these figures before.

So I do not accept any accusation or any intimation that these figures are not entirely accurate, but I would be glad certainly to have any members of the committee come to the Treasury, and would be glad to show them, or the staff of the committee, exactly how these were figured.

(In response to Senator Proxmire's request, the following memorandums and materials are submitted by the Treasury. They describe in detail the sources of information and methods used in compiling the data on foreign capital recovery and investment incentive provisions presented in the table entitled "Comparison of depreciation deductions, initial and investment allowances for industrial equipment in leading industrial countries with similar deductions and allowances in the United States." This table appears following Secretary Dillon's statement at page 670 above and also in an earlier form in Revenue Act of 1962, hearings before the Committee on Finance, U.S. Senate, 87th Cong., 2d sess., on H.R. 10650, Apr. 2, 1962, pt. 1, p. 82.)

Sources of information

The data on percentage of cost recovered through tax allowances shown in the table are based on information assembled from reliable sources and outlined in a memorandum entitled "Depreciation Practices in Certain Foreign Countries," which is submitted herewith as a supporting exhibit. This memorandum and the table were previously submitted to the Joint Committee on Internal Revenue Taxation on January 18, 1962. The memorandum is also reproduced in the Senate Finance Committee hearing, April 2, 1962, part 1, cited above, at pages 396-416.

As indicated in the introductory paragraph of the memorandum, a main source of data was the response to a questionnaire sent by the Treasury Department to the U.S. embassies in the various countries for which information