

record of claims at a time when such record can most accurately be made should substantially benefit both the claimants themselves and the Government of the United States.

Accordingly, we indicate our firm support for the favorable consideration and passage of S. 3675 in this session of Congress.

Thank you, gentlemen.

Mr. ZABLOCKI. Thank you, Mr. Sprague.

Concerning the extended period of time it has taken to start this legislation, is it accurate to assume that the claimants were not overly concerned before this because they had sought some relief or recovery by court action or were hopeful that a settlement could be had? Also, I can understand how the House report issued in 1963 containing the \$56 million figure for confiscated American property that obviously was far lower than the amount actually confiscated on the mainland of China might have prompted this action. I can see how the claimants would believe that this apparent erroneous figure of \$56 million should not stand as the figure with which the State Department would someday use to negotiate with some future Government of China.

Mr. SPRAGUE. Mr. Chairman, I can only speak for American & Foreign Power Co. I think the points you have made are part of the reason. I don't think anyone in my company has felt there was much chance of getting our properties back or the equivalent in the near future, and this was something that could be put off. Most of us are kept busy enough taking care of pressing problems that we just didn't exert any pressure or do anything in a positive way to see this legislation was considered until quite recently.

Mr. ZABLOCKI. Would it be accurate to assume that after you read the House report of 1963 you were motivated to action?

Mr. SPRAGUE. It pointed up the necessity for some kind of a valuation.

Mr. ZABLOCKI. I agree. There was speedy action in the other body. S. 3675 was introduced by Senator Carlson on August 1, 1966, and reported favorably by the committee on August 30 and acted upon in the Senate on September 6, 1966.

I believe that this subcommittee should lose no time in reporting this bill to the full committee for further action.

Mr. SPRAGUE. We are very happy to hear you say that.

Mr. ZABLOCKI. I have no further questions.

Mr. Broomfield.

Mr. BROOMFIELD. Mr. Chairman, I concur in what you have said.

I am still a little bit troubled by the one fact of what this means to your company as far as other than what you have mentioned. I know it will be raised on the floor. It is a logical question of claimants as far as tax advantages are concerned. What disturbs me is the lateness of the hour and the fact that I question in my own mind why this wasn't done sooner.

Mr. SPRAGUE. This can be explained for the most part by reference to the statutory situation respecting claims for foreign expropriations of property of U.S. nationals. Until relatively recently there was no statutory basis for the adjudication of claims of U.S. nationals prior to the time assets were available for their payment. As Chairman Re pointed out in his testimony, presettlement adjudication of claims was first used in the Lake Ontario programs involving Canada. That was in 1963. Then in October 1964 the Cuban Claims Act, fol-