ments deficit in ways that result in a minimum drain on our gold stock. In addition, the President requested congressional approval of the proposed interest equalization tax on purchases of foreign securities by U.S. residents, designed as a temporary expedient to stem the accelerating outflow of private capital into foreign portfolio investments. In his message presenting this program, President Kennedy announced his decision to create this Task Force and set forth its terms of reference.

In carrying out its assignment, the Task Force called for advice and assistance from major segments of the U.S. industrial and financial communities. The counsel received from representatives of investment banking and brokerage firms, securities exchanges, investment companies, commercial banks and industrial corporations has contributed greatly to the effectiveness and realism of the Task Force's deliberations.

The purpose of our report is to set forth actions which we recommend be taken by the U.S. private sector and the U.S. Government, designed—

1. To improve the U.S. balance of international payments by increasing foreign investment in U.S. corporate securities;
2. To guide U.S.-based international corporations into making increased use of the pools of savings now accumulating in industrial nations in which they do business; and
3. To help establish conditions under which restraining influences on capital flows between the industrially advanced countries—including the proposed U.S. interest equalization tax—can be removed, diminished or allowed to expire.

Because of the favorable prospects for the U.S. economy, some of the savings accumulated in other industrial countries are flowing here for investment. It is not unreasonable to expect that this flow could be increased, particularly if U.S. taxation of foreign investors and other inhibiting factors were alleviated and our private selling efforts reinforced.

The incentives and influences governing international capital flows are, however, complex and not wholly predictable. Habits and fears derived from a lifetime of experience with wars, inflation, depressions, and crises are at least as important in influencing investment decisions as are the day-to-day movements of security prices, dividend rates and economic indicators.

Against this background, the main concern of the Task Force has been to satisfy itself that its recommendations will operate in the right direction, and as promptly as possible.