

should intensify their efforts to acquaint foreigners with the general desirability of investing in the United States.

The full stock ticker service, which until now has been prohibitively expensive outside the United States and Canada, is making its appearance overseas. Because up-to-the-minute price information is a necessary brokerage service, this should encourage foreign investment in U.S. securities.

Personnel of foreign banks and brokerage firms who deal directly with ultimate purchasers abroad often have little knowledge of U.S. securities or U.S. market procedures. Representatives of U.S. international securities firms should consider offering such personnel condensed versions of the training given registered representatives in the United States.

Educational programs designed to broaden share ownership would be advantageous to all industrialized countries. Here the U.S. securities industry can play a constructive role, both directly and by assisting their foreign counterparts in devising and conducting their own information programs.

Attracting Foreign Deposits in U.S. Banks

Recommendation No. 16:

The Congress should adopt legislation discontinuing mandatory regulation of maximum interest rates on domestic and foreign time deposits.

Recommendation No. 17:

Pending adoption of such legislation, the Federal Reserve Board of Governors should administer Regulation Q in a flexible manner permitting U.S. commercial banks to meet internationally competitive interest rates on both domestic and foreign time deposits.

Foreign time deposits with maturities exceeding 1 year in U.S. banks are similar to foreign purchases of long-term securities in their effect on the U.S. balance of payments. Encouraging such deposits thus is clearly within the terms of reference of the Task Force.

While an increase in short-term deposits in the United States by foreigners would not reduce the U.S. payments deficit as customarily defined, it would tend, at least temporarily, to reduce the volume of liquid dollar assets that foreign central banks might use to buy gold.