

III. Actions Involving U.S.-Based International Corporations

Dividends, interest, and other receipts from existing U.S. direct investments abroad have, in recent years, been about twice as large as our new direct investment outlays in foreign countries. It is clear, therefore, that foreign operations of U.S.-based international corporations are already making an important positive contribution to the U.S. balance of payments. Nevertheless, for limited periods of time and with respect to certain areas of the world, our outflows of capital can exceed our receipts from those areas. Hence, it is also clear that programs designed to (1) increase foreign ownership of the shares of U.S. corporations and (2) maximize the use of foreign sources of finance can increase the overall positive contribution which U.S.-based international corporations make to the U.S. balance of payments.

We set forth below specific programs we believe will be of interest to managements of international corporations based in the United States. These programs are not presented as detailed prescriptions for action, since the complexity of the subject matter makes that impossible. Rather, they are suggested as general procedures which might prove feasible under certain circumstances.

Increasing Foreign Ownership of the Securities of U.S. Corporations

Increasing foreign ownership of the securities of U.S. corporations will require initiatives by both the U.S. private and public sectors. In section II we have discussed actions by brokerage and investment banking firms, investment companies, commercial banks, and the securities exchanges. In this section we take up actions by the corporations themselves.

Recommendation No. 18:

U.S.-based international corporations should consider the advantages of increased local ownership of their parent company shares in countries in which they have affiliates.