

part funds available to such branches and affiliates. This practice, already of long standing, should be encouraged to the greatest extent feasible consistent with other objectives of the program, where possible placing such funds on a long-term basis and thereby facilitating badly needed capital loans.

---

*Recommendation No. 25:*

U.S.-based international corporations should instruct their senior officers and policy groups to keep foreign financial operations under constant review, examining as standard procedure all proposals for new financing from the standpoint of the effect of their actions on the U.S. balance of payments.

With achievement of a high degree of convertibility and the diminution of exchange risks, the incentives for maximizing foreign sources of financing are not as strong as several years ago. Nevertheless, we believe that the introduction of U.S. balance-of-payments considerations into all corporate financial decisions could do much to increase corporate borrowing abroad.

All corporations operating abroad, as a matter of routine, rely on normal trade credits, accrued tax liabilities, and other sources of working capital not involving borrowing. These sources are significant and opportunities for further expansion should be actively sought.

---

*Recommendation No. 26:*

U.S.-based international corporations should, where feasible, finance their foreign operations in a manner which minimizes the outlay of cash.

The use of securities where foreign properties are being acquired improves the balance of payments to the extent that it reduces the immediate outflow of cash funds from the United States or avoids the use of funds which otherwise might be remitted to the United States. Many governments actively solicit the establishment of foreign firms in developing regions. Special inducements are offered, such as low rentals for new plant facilities, tax advantages, and attractive local financing. By taking advantage of these opportunities, U.S. companies planning to produce abroad can reduce the need for capital funds from the United States.

U.S. corporations investing overseas should examine the possibility of utilizing foreign currency loans (the so-called "Cooley Loans") made available in certain countries by the U.S. Govern-