In other words, we run from 5 to 15 percent for withholding with respect to subsidiary-parent relationships and we run about 15 percent for portfolio investments.

Mr. BYRNES. I wondered whether in this again there was another situation where what we were doing was giving away certain bargaining latitude that we might have in getting some concessions for our people.

Mr. SURREY. We are, and again that would be preserved in the overall section dealing with that, because we are presently engaged in some negotiations in which we are seeking this result in treaties. One or two of our recent treaties which will be released shortly move in this direction, but it is a matter in which you do have to bargain with the other country.

Secretary FOWLER. I think, Mr. Byrnes, we could give you some comparison of what the situation is under the treaty and what the situation will be in connection with these proposals.

For example, there is no question but what the estate tax proposal adds up to this: That no treaty we have today is more liberal than the proposal made in this bill, and no treaty substantially parallels H.R. 5916.

I could go down with the other provisions if the committee is interested and give similar comparisons. Take the question of graduated rates. No treaty is more liberal. However, almost all treaties reduce the 30-percent flat withholding on certain types of income, usually to 15 percent, sometimes to 10 percent, sometimes to 5 percent. Sometimes the type of income is exempt, for example interest income.

Therefore, what we have is a proposal, and a recommendation, for unilateral action by the Congress of the United States which may to some degree, as Mr. Surrey has indicated, diminish our bargaining power.

However, to the extent that is a factor, it is our conviction that it is substantially outweighed by the advantages that will accrue in terms of the overall objective of promoting foreign investment in the United States. This, together with the improvements it makes in the tax system and other benefits are the price that we would quite willingly pay for whatever diminution of bargaining power might be entailed.

Mr. BYRNES. Thank you, sir.

The CHAIRMAN. Mr. Secretary, I have before me a verbatim list of the recommendations contained in the Fowler task force report compiled by the staff. There are 39 of those recommendations, as I recall.

At this point I would ask unanimous consent that this list be placed in the record.

(The information referred to follows:)

### RECOMMENDATIONS CONTAINED IN THE FOWLER TASK FORCE REPORT

(Compiled by the staff)

1. U.S. investment bankers and brokerage firms should intensify their efforts to develop facilities for reaching foreign investors directly.
2. U.S. investment bankers and brokerage firms should seek modification of foreign regulations and practices which unduly restrict the ability of U.S. firms