

Mr. CURTIS. Then let me agree with you now that what I am saying still should not deter this committee from considering how we could properly improve our tax laws. I wasn't interjecting the points I have been making as a deterrent. I simply do say, though, that the administration has to start getting its various recommendations to the Congress together so that there is some consistency.

I have pointed this out in trade matters. We are moving to this business in the Canadian-American auto treaty of bilateral, of a specific product dealing, which is the reverse of the theory of the Reciprocal Trade Act of 1962 and the Kennedy Round, and just in so many instances there seems to be no consistent policy of the administration in this area of foreign trade and international finance.

Secretary FOWLER. I think we can go on this. I simply repeat again that as far as my position is concerned, when I appeared before this committee earlier to recommend the extension of the interest equalization tax, it was on the same premise—that it was a temporary measure that I hoped, with you, we could at an early date dispense with. .

This particular proposal is for a long-term measure that I hope, if it gets on the books, can be maintained indefinitely as one part of a broad effort by our private sector, by foreign governments, and the whole area reflected in these recommendations, to encourage the free movement of capital.

Mr. CURTIS. I don't want to rehash it further. We have done enough rehashing and I think it has been necessary to do so, but this pinpoints what I was saying when I was interrogating you on the interest equalization tax. I was saying I would have liked to have seen some appraisal on the part of Treasury of the damage that was coming about from the interest equalization tax because I am sure when you say that it should be only temporary you are saying that there is some damage being caused, but you think the net benefits are there.

I question that, but I thought your statement presented to the committee on it was gravely lacking in calling to our attention the areas where damage is being created. This is why I have taken this occasion to point up a specific area, and there are many other areas where I would suggest great damage is resulting. If we only put the damage out in relation to the benefits, possibly the administration might change its policy and recognize, or hopefully might see, that the damage is much greater than the temporary benefits.

Secretary FOWLER. While we are assessing benefits let me say that I think one of the additional benefits not necessarily contemplated when the interest equalization tax was proposed is that it has served to focus everyone's attention on the importance of the fact that, in addition to selling foreign securities in U.S. markets, it is important to try to promote the development of the sale of U.S. securities to foreigners. I think over the long pull the interest equalization tax