

has focused attention on the fact that there are things we could do in this area which we haven't yet done, but which would serve to create a better opportunity for the movement of capital this way.

Mr. CURTIS. I will at least remark it is an ill wind that doesn't blow some good. Now, there is one area that has not been gone into and I know it is a difficult one to have statistics about, but what about direct investment?

We have been talking really of investment in stocks, but direct investment has been found, as we found out again in the interest equalization tax, to be one of the big areas, and do we have any idea of what the picture is on direct foreign investment?

Secretary FOWLER. I am glad you raised that, Congressman Curtis, because it enables me to say that the task force in interpreting and applying its terms of reference felt that an examination by it of investment by foreign individuals and concerns in brick and mortar or factories, operations of that sort, was not to be included in the purview of the task force. There has been a unit in the Department of Commerce for some years which has been directed to the so-called direct investment factor and we purposely avoided duplicating the studies and examination of what is involved in that particular problem.

To some extent the tax laws and the recommendations that are in front of you would, I think, affect that situation, but that, as well as investment in real estate, was not the focus of the recommendations.

However, I think one of the principal impacts of these recommendations might very well be on foreign investment in U.S. real estate.

Mr. CURTIS. Help me here. What is the ratio of American investment in foreign securities to American direct investment?

Secretary FOWLER. I don't know whether I am completely accurate on that, but my impression is that a rough rule of thumb would be that of our total investment abroad, about two-thirds tends to go into direct investment and the other third into portfolio investment. The reverse is true of foreign investment in this country, by far the predominant percentage of foreign investment in the United States is in securities, or so-called portfolio investment, and only a third of foreign holdings are in what we would call direct investment.

Mr. CURTIS. That is very helpful, and then we will have the record open too so that you can supply more accurate figures if you have them in this area.

Secretary FOWLER. Right.

Mr. CURTIS. And any comments that you would make.

(The following material was received by the committee:)

End of 1963:	Percent
U.S. direct investment abroad as percent of total U.S. long-term private investment abroad.....	69. 8
Foreign direct investment in the United States as percent of total foreign long-term private investment in the United States.....	34. 9