Burke, but my immediate answer and reaction is that this bill would not benefit or induce that kind of conduct.

Mr. BURKE. What I am trying to get at is, is there anything in this bill here that would induce American money to be sent abroad to invest in foreign investment corporations who would later come back here and invest it here.

Secretary FOWLER. I see exactly what concerns you, but I think our opinion is that that would not be induced or promoted by these proposals. These proposals really go to making it easier for the smaller investor in Western Europe to invest in U.S. securities.

As I have indicated, only 1 person in 30 in Western Europe now has investments in securities. This is not nearly as good a ratio as we have here in the United States; but it is going to come up over the course of time. These provisions really go to encouraging that kind of an individual, whether it be on his own or in some institutional context, to consider American securities as a part of his portfolio.

We do have about $13 billion worth of current investment from abroad in U.S. holdings and securities, but I see, as did the members of the task force, substantial opportunity over the long range for that volume to build up.

I think that is the principal appeal of the proposal. I believe that the practice you referred to goes on and is induced by the tax system generally.

There are great inducements, as you know, in many areas for both individuals and companies to base themselves in a foreign jurisdiction where the rate of local taxation is far less than that in the United States. However, I don't believe that particular practice is going to be substantially changed or increased by the provisions that we have submitted here. There are already large inducements for the person who really is trying to evade taxes in that fashion today.

Mr. ULLMAN. Are there additional questions? Mr. Schneebeli.

Mr. SCHNEEBELI. Mr. Secretary, what is the difference in tax revenues between your recommendations as the task force chairman and your recommendations as Secretary of the Treasury?

Secretary FOWLER. I think about $2 to $3 million.

Mr. SCHNEEBELI. Do we have any figures for the record that would establish the trend of the percentage of foreign ownerships in our securities, 25 or 50 years ago compared with today?

The reason why I ask is I believe there is quite a downward trend since, for instance, at the turn of the century I presume foreign ownership of our railroads was quite large and since then I would assume that there is a downward trend.

Secretary FOWLER. I am perfectly sure you are right in your assumption. I don't have the exact figures.

Mr. SCHNEEBELI. I would be interested in knowing what the foreign ownership in our securities was 50 years ago compared to today. I think it would be very interesting and I think the change would be quite precipitous.

Secretary FOWLER. Yes; I would agree I think it would focus to some extent on this problem.

Mr. SCHNEEBELI. I think it would buttress your argument to show a vast difference in ownership over the years.

Secretary FOWLER. If the record will remain open for us we will try to supply it.

71-297 O-67-pt. 1—13