ments, but has there not been an actual loss over the past 6 years? That is when we experienced a lot of additional difficulty in the balance of payments.

Secretary FOWLER. At least $13 billion worth of American securities are owned abroad. The extent dividends have been remitted does, of course, enter into the outflow, but that has to be balanced against what we get from our investments abroad. I don't know what you are netting it against.

That is my difficulty in answering your question. There is an impact on our balance of payments as a U.S. company, and as General Motors Corp., pays dividends on its stock to someone who holds that security in Great Britain.

Mr. BROYHILL. That is what causes some of us, and certainly it is causing me, some difficulty in understanding why the interest equalization tax will not in the long run cause more problems in balance of payments. Should not increase in our investments abroad, in the long run also bring back a favorable increase in the balance of payments.

Secretary FOWLER. I think, to bring the interest equalization tax into this for a moment again, you are looking at a very short-run effect. You are looking at a law which, in a sense, causes an American who has been following foreign securities and building up his portfolio in that particular area to pause at this particular time for what we hope will be a brief span of years. It is a short-term deterrent to U.S. investment in foreign bonds and foreign stocks. That is its very purpose, because we feel at this particular period of time the initial capital investment by the individual will be so far in excess of the early returns that would come in the form of dividends and interest in the years immediately ahead when we presumably are trying to lick this balance-of-payments problem, the balance of benefits for the short term is in the national interest as against perhaps the balance of benefits over a long term.

Mr. BROYHILL. You said in your statement that you did not know for certain as to what balance-of-payments effect this bill would have.

Secretary FOWLER. I would think that over the long term, looking again now into 1975 to 1980 as a span, that a net increase in foreign investments in the United States——

Mr. BROYHILL. Increase of purchases rather than the net dividends, net result of incoming capital.

Secretary FOWLER. That is right. It is the outlay of capital now that I have in mind in making that statement.

Mr. ULLMAN. Are there further questions? Mr. Battin.

Mr. BATTIN. Thank you, Mr. Chairman. Do you have, Mr. Secretary, any idea of what the average foreign investor's capital outlay would be in the United States?

Secretary FOWLER. No, I don't believe we do. I think that you could probably get the best information on that from some of the private institutions, let's say, a brokerage firm like Merrill Lynch that has very extensive brokerage offices in Western Europe. They can give you a much better picture of the makeup of the average customer that comes into that brokerage house.

Mr. BATTIN. What prompts the question is the figure that you use in the exemption that would be applied to the estate tax.