

the balance-of-payments problem; second was directed to the Securities and Exchange Commission; and the third to the Treasury and therefore to this committee. The Securities and Exchange Commission, in large part Chairman Cohen, then a member of the Commission, was extremely helpful. In the early days of July of 1964, shortly after the report was filed, the Securities and Exchange Commission issued a release which carried out all of the recommendations which were made by the task force to the SEC.

They were extremely helpful. I will not go into them. They were of a technical nature. I will be glad to answer any specific questions that you have at the end, but I don't believe they are of any material moment to this committee other than that it made it far easier for our investment banking firms to offer securities abroad and far easier to bring foreign participants into the U.S. syndicates.

The second area, and probably the most important area, were the recommendations which had to do with the tax bill and tax changes which the committee felt would be helpful in stimulating foreign investment in American securities. The bill that is before you in general carries out each of those recommendations faithfully and goes beyond it in many respects.

There is the one exception that was raised here this morning that of the estate tax. I hope very much that the committee will consider the recommendation of the task force, which is to eliminate all estate taxes on all intangibles, specifically stocks and bonds that are held by foreigners.

The provision in this bill goes a long way as far as rates are concerned. It reduces the rate to a maximum of 15 percent and that amount isn't reached until the estate is over \$5 million, so that the rates are not now too important. The figures given you by the Secretary this morning indicate that the magnitude of all estate taxes that were taken in under existing law was \$5 million per year and the recommendations in this bill, if this bill is enacted, will reduce these to \$2 million.

Two million dollars is a sizable amount of money, but, if the judgment of the investment community is correct, the benefits which would come from the flow of dollars into securities in this country would be far, far, far greater than the \$2 million that would be lost in the revenue measure. As the Secretary indicated, the problem is not simply rate. It is not wanting to become involved in our system of estate taxes. I would hope very much that the committee will consider possibly eliminating the estate taxes entirely in this area.

To move into another area, engagement in business in the United States, a technical concept, the committee made recommendations in this area. Those recommendations were carried out, were effected in the bill. They have raised two or three technical problems that I am not sure I am technically competent to describe to you. We have furnished you a technical memorandum on it.

One, however, I would like to comment on. There is a degree of uncertainty in the present law as to whether the granting of discretion to bankers and to brokerage houses in this country to purchase or sell securities may not constitute doing business in the United States with all of the attendant difficulties that doing business in the United States involves. This has been eliminated entirely except for one area.