The bill provides that anyone who is engaged in the securities business abroad, if he gives discretion here, may then, or will then, become engaged in business here. There isn't any doubt but what a foreign security dealer if he is actually engaged in business here should be subject to the same taxes that our own security dealers are, but not simply because they are members of various syndicates that are now being formed to distribute U.S. securities abroad. Incidentally, in connection with General Motors syndicate, some 48 foreign firms were brought in as members of that syndicate. Under the terms of a syndicate agreement discretion is granted to the syndicate managers who are U.S. banking houses to buy and sell and stablize the market in securities, to lay off transactions—I won't go into the details. There should be a technical amendment made here and I have advised the counsel to your committee and Secretary Surrey of the problem—so that it will not discourage the very thing which the action of the SEC and which this bill is intended to encourage, which is to bring foreign security firms in to assist us in selling our securities abroad.

The intercorporate dividend tax provision creates a problem and again I have furnished information in that area to counsel to the committee and Secretary Surrey. With those very limited exceptions not only does this bill carry out all the recommendations in the task force report, but goes beyond it and the private members of the task force are very heavily indebted to Secretary Surrey and his staff and to Chairman Mills for introducing this bill.

I will go on for a moment, if I may have the time, Mr. Chairman, to comment briefly on those recommendations that were directed to the private sector. So complete was the cooperation of the Government sector that the private sector felt that they should go as far as they could to carry out the recommendations which in effect they had made to themselves.

I would like to quickly emphasize that many of the things that I am going to comment on were brought about and occasioned by a combination of events and not alone by this task force recommendation. Therefore I would not want to indicate that the steps that have been taken over the last 12 months to help on the balance-of-payments problem were directly a result of the task force report.

Some of the specific suggestions in the task force report helped to educate both the banking and the industrial community as to the opportunities which did exist abroad for investment there.

One of the areas that was recommended was that we place American securities abroad, and within the last 12 months there have been something in the neighborhood of $100 million in American securities placed abroad.

I won't try to detail them. I have to some extent in the report that has been filed with you. General Motors placed $50 million. Ford was $30 million, Minnesota Mining was $3 million, Cutter Laboratories, and there have been others that I won't bother you with.

Another area that was recommended was that U.S. companies borrow money abroad for their foreign financing rather than to invest our funds here in the foreign company. Fortunately the interest equalization tax does not apply to a corporation that invests money in a foreign subsidiary or any foreign company in which it owns more than 10 percent of the stock, so the equalization tax did not prevent this flow of funds.