funds and corporate securities generally. We do not believe that any such logical imperative exists. Banks and insurance companies should be treated alike.

Both are financial institutions which pay out earnings on other people's money committed to their charge. It is otherwise with typical corporate securities issued by commercial and industrial companies which are not in the business of money management.

The line has to be drawn somewhere. Canadian, British and Swiss companies have drawn the line to exempt life insurance proceeds from withholding tax. There is no logical reason why we should not do the same.

There are two points to be made. First, as a matter of equity the earnings on life insurance policies should, in principle, be as free from withholding on earnings as bank deposits, or as proposed with Treasury support, the certificates of mutual savings and loan associations.

Secondly, with regard to our balance-of-payments crisis, foreigners with access to U.S. dollars should be encouraged to invest in U.S. life insurance policies, if life insurance is what they want.

Mr. Chairman, I wish to apologize. I failed to introduce my associate, Mr. Saul Lesser, associate general counsel of the United States Life Insurance Co.

Mr. JENNINGS. Fine, Mr. Anderson. Do you have anything to add to the statement that was just given by Mr. Anderson?

Mr. LESSER. No, I do not.

Mr. JENNINGS. Mr. Anderson, I noticed the proposed amendment on page 2 which reads: "Interest and earnings paid pursuant to policies or contracts issued by life insurance companies." Are you thinking of existing contracts? As I envision this if this amendment were added to the bill you might extend insurance contracts to cover most any type of operation other than just the contractual relation between an insured and the insurance company.

Mr. ANDERSON. We had not thought of anything except the contractual relation. I am not particularly insistent that this be the exact wording. It is more to convey the sense of what we meant, sir.

Mr. JENNINGS. You see the point.

Mr. ANDERSON. Yes, sir.

Mr. JENNINGS. If there were contracts by life insurance companies as broad as this amendment is you could extend most any type of contract. You could even get into the savings and loan business. You could get into the banking business. You could have a contract and have a company say, "Deposit so much with us. We will pay interest on it. That interest will be nontaxable."

As broad as this is I think you could put in most anything.

Mr. ANDERSON. Most of those conditions that you are mentioning we are precluded from engaging in by the regulatory authorities. We are limited to life insurance contracts with insureds or the beneficiaries of insureds.

Mr. JENNINGS. Are there other questions, Mr. Byrnes?