ADD TO THE GOLD DEFICIT

Member firms of the Wool Associates of the New York Cotton Exchange, Inc., require the accounts of their customers to be protected by deposits of cash margins. Overseas customers, who will be subjected to a tax which does not presently exist, will close their accounts in the United States. Cash margin deposits will be withdrawn to finance transaction in foreign futures exchanges. The effect on the gold deficit will be twofold: (*a*) Gold currently in the United States will be withdrawn; and (*b*) a potential inflow of gold will be diverted to foreign nations.

For these reasons the Wool Associates of the New York Cotton Exchange, Inc., believes that current provisions of the bill fail to achieve the desired result. The wool associates earnestly urges the committee to exempt foreign dealers in commodities from the proposed tax embodied in H.R. 5916.

On behalf of the Wool Associates of the New York Cotton Exchange, Inc., I thank the committee for the opportunity to present these views.

Sincerely,

CHARLES R. RUDD,
Executive Committee.

NEW YORK, N.Y.,
June 25, 1965.

Hon. WILBUR D. MILLS,
Committee on Ways and Means, House of Representatives, Longworth House Office Building, Washington, D.C.:

As a member of the Presidental task force on promoting increased foreign investment in U.S. corporate securities and as a general partner in the firm of Morgan Stanley & Co., 2 Wall Street, New York, I urge strongly that H.R. 5916 be given prompt and favorable consideration by your committee. I have also reviewed the proposed letter and memorandum to you from Robert McKinney and from Messrs. Andre Meyer and Frederick M. Eaton and confirmed in general my agreement with the suggestions of proposed changes in H.R. 5916 recommended by Messrs. Meyer and Eaton.

Respectfully submitted.

JOHN M. YOUNG.