

U.S. issues of similar maturity. I, therefore, propose that the word "notes" be added to present language of section 16 of the second Liberty Bond Act of 1917, as amended.

The Treasury Department also recommends certain amendments to the bill developed jointly by our staff and the staff of the Joint Committee on Internal Revenue Taxation. These proposals are described in a printed pamphlet entitled "Summary of House Bill and Suggested Technical Amendments," prepared for your use by these staffs, and therefore I will not describe them now.

CONCLUSION

Our current system of taxing foreign investors in the United States contains elements which are inconsistent with generally accepted international tax policy principles and which, at the same time, act to discourage foreign investment in the United States. H.R. 13103 is designed to reshape our present system in order to make it a more rational and equitable vehicle for taxing foreign individuals and corporations.

The legislation is an important element of the President's comprehensive program for dealing with our balance-of-payments problem. Foreigners will invest in this country as long as our economy remains prosperous and stable. However, it cannot be expected that the level of foreign investment will reach its full potential so long as provisions exist in our tax laws which, while serving no sound tax purpose, discourage foreign investors. H.R. 13103 will eliminate or modify these provisions and provide an up-to-date system of taxing foreigners which is in accord with international tax standards.

Adoption of H.R. 13103 will lead to a simpler, more rational, and more equitable method of taxing foreigners. It will also be an important step in improving our balance-of-payments deficit and the strengthening of the international position of the dollar. Because this legislation will contribute to these two vital national objectives, I urge you to support it.

Members of the committee, I have with me at the table Assistant Secretary Surrey, who has labored long and hard both in preparing the Treasury recommendations and working in executive session with the House Ways and Means Committee and the staff of that committee. This is a technical subject, and I will call upon Secretary Surrey from time to time to deal with some questions.

Assistant Secretary Winthrop Knowlton is here to assist in connection with questions that might involve balance-of-payments information.

Senator ANDERSON. Thank you for your statement, Mr. Secretary.

I think I can ask my questions by showing what Saturday's mail brought in on the subject. It is good reading, I might say.

Have you seen these documents put out by the New York State Bar Association and various firms?

Secretary FOWLER. No, sir, I have not. Perhaps Mr. Surrey is familiar with some of them.

Senator ANDERSON. It just seems to me that Mr. Surrey or somebody ought to go through some of these and try to decide whether their arguments are good or bad. I was quite impressed with the arguments.