

part of this task force report. Most of the comment that I get, quite frankly, is, "Why is the Congress holding this up?"

There seems to be no great disagreement about it. There was no opposition to it in the House. As far as the estate tax matter, the task force report recommended a revision which I am sure the Congress would never come to in dealing with estate taxes of domestic citizens. It recommended that you eliminate U.S. estate taxes on intangible personal property of nonresident alien decedents, and the grounds for it are contained on page 24 of the task force Report, which are simply that the balance-of-payments benefits that would be achieved so far outweighs the questions of whether or not this is in the proper equity relationship to domestic citizens that the members of the task force unanimously felt that it ought to be eliminated.

I signed that particular report feeling that way myself.

Senator WILLIAMS. When did you sign it?

Secretary FOWLER. That was in April 1964.

Senator WILLIAMS. That is right. That is 2 years ago, over 2 years ago, and now, this is the first time that I have had anyone from the Treasury Department suggest to me that this was an important measure to be dealt with this year.

Secretary FOWLER. It was in the President's message of February of 1965, Senator Williams. I would like to bring your attention to the specific paragraph, because it—

Senator WILLIAMS. That is the same message in which he said he was going to balance the budget; I think I remember the message.

Secretary FOWLER. No, this was the one of February 10, 1965, which outlined the whole balance-of-payments program. It included the so-called voluntary program on direct investment and on foreign bank loans. On page 7 of the report the President said:

A truly worldwide market for capital among industrialized countries requires a two-way flow of investment in order to stimulate a greater inflow of capital from advanced industrial countries. The Secretary of the Treasury will shortly request legislation generally along the lines recommended by a Presidential task force to remove the deterrents to foreign investment in U.S. securities. This action will be reinforced and encouraged by the efforts of American business and finance to market U.S. stocks and bonds to foreign investors.

This proposal has been a matter of very great responsibility on the part of the financial community, both here and abroad, and it is viewed as a key element in dealing long term with our balance-of-payments problem.

Senator WILLIAMS. I do not question that the balance-of-payments problem is serious. In fact, I sometimes wonder if I am not more concerned than the Treasury, because one of my criticisms is that the Treasury does a lot of talking about the problem, but does little in the way of acting on the problem.

Now, Treasury recommends this bill as the solution to the balance-of-payments problem, but as always, it seems too little, too late. This is not going to provide the solution to the problem of the balance of payments.

Secretary FOWLER. There is not one solution. You have to deal with many facets of it, and this is an important facet of a long-term treatment of the problem. It is one which, in my judgment, is overdue as far as the Congress is concerned, if I may speak quite frankly. The Treasury has been pushing this. We have been anxious to get it through.