bill is likely for a period of 5 years to make us much more energetic and careful with respect to the expatriate because he is the fellow we are looking for in particular, and on whom we would concentrate. As Secretary Fowler said, we suggested the period be 10 years in the House.

All I am saying is that it is a conscious policy in this bill to do all that can be done within reasonable limits to reach the expatriate, but it is very difficult to go beyond a certain point. If people want to give up their citizenship, and in many cases wait for 5 or 10 years after that before they really receive a commensurate benefit, they are free to make that choice. I do not think there will be many who would want to do that.

Senator WILLIAMS. I do not question that, and I agree fully, as I understand it, that the bill would provide that greater control for the 5-year period, but why open it after a 5-year period? That is the point that disturbs me.

Secretary FOWLER. I think that——

Senator WILLIAMS. Why dangle a carrot for them to use later.

Secretary FOWLER. The whole purpose of the bill is to make it attractive for foreigners to invest in the United States. Now if you are going to achieve that particular objective, and if it is a desirable one, you have this incidental problem of the expatriate to deal with. We have tried to deal with it in the manner described because we think the advantage of the bill in terms of the authentic foreign investor far outweighs the disadvantage that might accrue by the fact that sporadically an American might renounce his citizenship in order to achieve some tax advantage.

However, we have gone further than that and not just left it on that particular balance, but by these 10-year and 5-year provisions—10-year for the estate tax and 5-year for the income tax—tried to weight the scales against that judgment.

Now, if it is the judgment of this committee that these yearly periods do not put sufficient weight on the scale. I think the Treasury's instincts would be to extend the number of years. That was our position in the House.

Senator WILLIAMS. That is the point. What years did you suggest or do you suggest?

Secretary FOWLER. Ten and ten.

Senator WILLIAMS. Ten and ten.

Secretary FOWLER. In the House, yes.

Senator WILLIAMS. What about 10 and 20? Do you think you should leave any financial attraction at all to an American citizen to give up his citizenship?

Secretary FOWLER. I certainly have no desire to propose that there be some limit. If the committee feels that the 10- and 5-year periods selected by the House are not adequate, I would not object and would go along with it if the committee wished to extend the period.

Senator WILLIAMS. As I understand it, you recognize this could be a potential loophole and you would have no objections to it being tightened or closed if this committee saw fit.

Secretary FOWLER. No, sir.

Senator WILLIAMS. I appreciate that.

Senator ANDERSON. Senator Curtis.

Senator CURTIS. I have one question.