

nents not only from reduction in business investment but also from the foreseeable liquidation of foreign holdings of American short-term obligations and the liquidation of bank deposits of foreigners. The council has grave concern over the inclusion in the bill of these provisions which represent a radical departure from the objective of the original bill, and which the council considers would defeat the very purposes of the Fowler committee's recommendations.

The council, through its tax committee, has given thorough consideration to H.R. 13103 and has prepared a detailed statement based upon the results of their deliberations. Copies of this statement have been filed with your committee. It is requested that it be made a part of the record of these hearings and that full consideration be given to the views of the council, particularly because of the importance of this legislation as it may affect the international balance-of-payments position of the United States.

Senator ANDERSON. Is this the document?

Mr. NORRIS. Yes.

Senator ANDERSON. It will be placed in the record.

Mr. NORRIS. In summary, then, Senator, the council's principal reservations with respect to this legislation are:

(1) Concern about the possible adverse effect of this legislation on international trade and commerce through the introduction of the "effectively connected" concept relating to taxation of foreign enterprises; and

(2) The adverse effect to which I have alluded—and the filed statement more fully covers the subject—that certain portions of this legislation would have on the balance-of-payments position of the United States.

I would merely like to conclude by saying that there have been introduced two additional amendments in the Secretary's statement this morning, and also the report of the joint staff, and we would like the opportunity, obviously, to examine these, and to have the opportunity to present our views if they are indicated at the future time.

Senator ANDERSON. We certainly will, Mr. Norris. You take those with you, and if you have comments, send them to the committee as soon as possible because I understand we will be working on this bill within the next week or 10 days.

Mr. NORRIS. Thank you.

Senator ANDERSON. Thank you. I am sorry the other members of the committee have gone, but I appreciate your coming very much.

Mr. NORRIS. Thank you.

(The pamphlet referred to above follows:)