

4. Credits to U.S. companies with foreign activities which would take the place of funds normally obtained abroad.

Reasonable efforts should be made to avoid accommodating credit requests of these types, regardless of specific guideline targets detailed in this circular.

Notes

1. None of the guidelines in this circular are intended to apply to the reinvestment of reserves on insurance policies sold abroad in assets within the country involved, in amounts up to 110 per cent of such reserves.

2. Developed countries other than Canada and Japan are: Abu Dhabi, Australia, Austria, the Bahamas, Bahrein, Belgium, Bermuda, Denmark, France, Germany (Federal Republic), Hong Kong, Indonesia, Iran, Iraq, Ireland, Italy, Kuwait, Libya, Liechtenstein, Luxembourg, Monaco, Netherlands, Neutral Zone, New Zealand, Norway, Portugal, Qatar, Republic of South Africa, San Marino, Saudi Arabia, Spain, Sweden, Switzerland, and the United Kingdom.

Also to be considered "developed" are the following countries within the Sino-Soviet bloc: Albania, Bulgaria, any part of China which is dominated or controlled by international communism, Cuba, Czechoslovakia, Estonia, Hungary, any part of Korea which is dominated or controlled by international communism, Latvia, Lithuania, Outer Mongolia, Poland (including any area under its provisional administration), Rumania, Soviet Zone of Germany and the Soviet sector of Berlin, Tibet, Union of Soviet Socialist Republics and the Kurile Islands, Southern Sakhalin, and areas in East Prussia which are under the provisional administration of the Union of Soviet Socialist Republics, and any part of Viet Nam that is dominated or controlled by international communism.

Senator ANDERSON. Senator Dirksen.

Senator DIRKSEN. Mr. Perkins, how are you?

My attention was directed yesterday to the fact that the President's Task Force recommended that the tax on the estates of decedents, foreign decedents, be eliminated. Well, evidently, they also struck out two exemptions in the bill that go along with it. One of those made an exemption of corporate bonds, and the other made an exemption of cash in banks. Well, if that is the case, I can see very readily that they would want to haul their money out of the banks and they would want to liquidate their corporate bonds.

Now I believe somewhere along the line, although I have not seen it, that Secretary Fowler may have said that probably it would not amount to more than \$5 million. Well, I have a letter which points out there has been a recent withdrawal in a Chicago bank of over \$500,000, and one other withdrawal in which over \$20 million would certainly be driven from this country if we didn't continue these exemptions in the law. Do you have a theory about it?

Mr. PERKINS. I really wonder whether the Secretary maybe was thinking of the amount of revenue from the tax, because clearly the amounts would be very large. This has been our position, Senator, particularly adding in the corporate bonds, but with the deposits, these are just large amounts of money, and these people are very responsive to taxes, and while some of them perhaps would, regardless of the tax, would keep their money in the United States for one reason or another, an awful lot of them would take some kind of steps to avoid the tax and the amounts involved I think clearly are just of very large magnitude, nothing like the \$5 million you mentioned.

Senator DIRKSEN. Yes.

Mr. PERKINS. I had a call from one Chicago lawyer, as a matter of fact, who pointed out just one estate they were handling in their firm where there was \$5 million of corporate bonds involved that would be moved.