sons carrying on the banking business in the United States and, therefore, the exemptions from interest on estate tax were extended to depositors or savings account holders with certain types of savings and loan associations primarily located in California and Ohio, State-chartered institutions, most of them federally insured.

This extension of the exemption was extended 4 years prior to 1958 to the entire mutual savings bank industry in the United States.

So, in effect, what you have today is not only deposits that would possibly be driven out of the United States if this bill were enacted as proposed, but also from mutual savings banks and from savings and loan associations.

Since 1958 we have forwarded close to $80 million foreign savings deposits to California savings and loan associations where foreigners have enjoyed exemption from U.S. income tax and U.S. estate tax, and most of these people are middle-class people, they are people who would, for the most part, not know how to go about establishing a foreign-situs corporation to avoid the U.S. estate tax.

These are middle-class people engaged in commerce primarily with the United States and they find it expedient and desirable for their own peace of mind to keep a part of their earnings from the United States in the United States in the form of savings deposits, all of which are insured by permanent agencies of the U.S. Government, because these are little people depositing $10,000 in a number of savings institutions.

I would estimate that there are a quarter of a billion dollars on deposit in California savings and loan associations today by foreigners who are enjoying these tax exemptions, exemptions from income and estate tax, and although I do not have any figures either on the New York mutual savings banks in particular, I would estimate that approximately a like amount is on deposit in mutual savings banks in the United States. In other words, approximately half a billion of foreign deposits in the United States are presently with tax-exempt savings banks and savings and loan associations.

I will not go into the—I think it is needless at this late stage to go into the reasons why this money would be driven out of the country. I think it has been amply and eloquently explained.

I think it is also worthy of note that the average individual who has deposits in the United States, a foreigner, from my experience, probably has a checking account, certificates of deposit and savings account approximately of $50,000, so that he would be consuming his $30,000 estate tax exemption immediately, and this would not take into account any equity investment that he had in the United States.

There is a discriminatory feature in this bill which I am sure also has been brought to your attention, that effective immediately with January 1, 1967, only deposits by foreigners in foreign branches of U.S. commercial banks would be exempt from the U.S. estate tax, and after 1971, only those branches of U.S. banks abroad could offer foreigners exemption from U.S. income tax.

There are two points I think the committee should take into account on why this discrimination should not hold in the final bill and that is, No. 1, if all the foreign deposits presently in the United States gravitate to these foreign branches, there would be so much