Do you have any questions, Mr. Utt?

Mr. UTT. I have no questions. I want to say that I agree that foreign investments are the only ones that bring back money into the United States, or eventually when the dividends are repatriated, and that there should not be a mandatory repatriation just in order to get another tax bite.

Then of course it is going to force you to borrow again in foreign markets at a higher rate of interest and use dividends for expansion.

Mr. STOCK. Sir, I might add in addition to what you just said that 4 or 5 weeks ago I had a meeting with the Assistant Secretary of the German Treasury and he took occasion to tell me that his government was very much concerned at the fact that German industry was not exporting enough capital so that one day the flow back of foreign exchange on foreign investments would not be forthcoming to Germany.

They were doing everything in their power to encourage German industry to establish subsidiaries outside the country. He said, "Your restrictions on overseas investments we find rather pleasing because it enhances our opportunity for German industry to go out and get a foothold in various countries."

And I might add that the Government of Ireland, with whom I took this matter up about 5 weeks ago in Dublin, is understandably very much alarmed because their program will go right down the drain if repatriation is not permitted on a nontaxable basis.

Mr. HERLONG. Mr. Burke will inquire.

Mr. BURKE. Do you know what the business community abroad or foreign governments think of the repatriation requirements?

Mr. STOCK. The Irish Government representatives with whom I discussed the regulations in Dublin are concerned as to the effect they may have on their industrialization program, particularly the U.S. tax on repatriated profits.

Our offices in Europe have made the point that the taxable nature of the repatriation requirements will serve to enhance foreign tax revenues through the withholding of taxes.

Mr. BURKE. Should not a foreign subsidiary which is free of foreign taxation be required to distribute its foreign earnings not needed in the business and pay U.S. tax?

Mr. STOCK. In the case of an underdeveloped country in which the business risks and hazards are great, tax incentives must be offered. A requirement to currently distribute dividends would simply serve to nullify the benefits of the foreign tax incentives.

Thus, U.S. capital would simply not be attracted to the less-developed countries desperately in need of foreign capital and know-how. The Revenue Act of 1962 reflects an understanding of these underdeveloped countries' needs.

Mr. HERLONG. Thank you very much, sir. We appreciate it.

Mr. STOCK. Thank you, sir.

Mr. HERLONG. The next witness is Mr. Evan L. Krogh. Is Mr. Krogh here, K-r-o-g-h? If he isn't here the next witness is Mr. Ed Hall.

Mr. Hall, we know you well; but for purposes of the record would you please identify yourself and proceed in your own way?