

Consideration might be given to some type of income tax forgiveness on exports. An export tax rebate merely reduces prices, by and large, but provides little real incentive to export. We have advantages which are not being fully utilized to reach our goal of more exports. Income tax forgiveness on export earnings might work this way: Assume an enterprise had total sales of \$100, \$25 being export sales and \$75 being domestic sales. The enterprise's profits would be taxed at the normal applicable tax rate on 75% and 5 percentage points less on the 25% of profits attributable to exports. Exports need incentive more than anything else, and given appropriate incentives business will do an adequate job.

Thank you.

Chairman PROXMIRE. Our next witness is Mr. Lyman C. Hamilton, Treasurer of the International Telephone & Telegraph Corp.

STATEMENT OF LYMAN C. HAMILTON, TREASURER, INTERNATIONAL TELEPHONE & TELEGRAPH CORP.

Mr. HAMILTON. Mr. Chairman, if you don't mind I would rather stay rather close to the text.

Chairman PROXMIRE. All right, it is a relatively short statement. Go right ahead.

Mr. HAMILTON. Yes, sir.

My name is Lyman Hamilton, I am treasurer of International Telephone & Telegraph Corp., ITT, and in that capacity I sit on top of the flow of funds from the United States and to the United States. Happily, there is more of the latter. I welcome this opportunity to appear before this distinguished committee, and I hope to be able to contribute in a positive and constructive manner toward a solution to the serious balance of payments problem in which we find ourselves.

I might begin by saying just a few words about ITT for the benefit of those who may not be familiar with the corporation.

ITT is an American-owned international corporation whose principal business, despite its recent acquisitions, which are somewhat publicized, is the manufacture, sale, service, and operation of electronic and telecommunication equipment and systems on a global basis.

At the time of its founding in 1920, ITT had a total of 1,400 employees and in 1921, its first full year of operation, reported revenues of slightly less than \$4 million.

Today ITT is a system of more than 100 affiliated companies and divisions located throughout the world. The system has a total of over 204,000 employees in 62 countries including the United States and Canada.

It will report total sales and revenues approaching \$3 billion for 1967.

ITT also, is one of the 700 American companies which took a leading role in the Commerce Department's voluntary reporting program.

ITT is fully aware of the serious financial problems which have led to the regulatory program and we are prepared to do everything in our power to improve the balance of payments.

However, there is one key point regarding the balance-of-payments regulations that should be noted in the national interest. Productive foreign investments are not expendable. They are the very core of our ability to wage war or maintain peace. We assume that the importance of these investments is realized in the highest policymaking circles of our Nation. And, we assume it is also realized that the long-