

receive the same treatment as Greece and Finland. If not granted, there is danger it may take retaliatory measures.

The foreign governments take the understandable position that the United States has no more right to tell them how companies in their countries should be operated than those governments have to tell the United States how to run companies in the 50 American States.

The European governments, on the other hand, are willing to cooperate within reason.

ITT's oversea affiliates, like many others, are run by foreign national citizens. Our boards of directors are almost wholly foreign national citizens who are often distinguished leaders of business and finance in their respective countries. In carrying out their duties they have and are obliged to follow the rules and laws of the countries in which they are domiciled, incorporated, and operated. These boards are also composed of representatives from labor and minority stockholder interests. It should be noted that in some places in Europe employees by law participate in profits and management.

Because ITT has been reasonable in its manner of operation, these directors have been fair in their manner of dividend declaration. This is shown by their record of 54 percent dividend distribution which is almost one-third better than the average level of domestic dividend declaration in the United States.

In short, in managing these companies we cannot be unaware of local laws, local boards and long-standing supply commitments to their own Government. Indeed there is reason to believe that many of our friends would consider such disregard morally wrong and perhaps indefensible.

The regulations themselves, therefore, if applied literally, would be self-defeating. They would not solve the problem at which they were aimed . . . unless revised and amended on the basis of justice for all concerned.

Under repatriation regulations U.S. companies in Europe, for example, will not be able to expand and grow and compete effectively in the marketplace. They will be under extreme pressure just to stand still—to maintain their previously hard-won positions—while their competitors take over the market. Eventually, U.S. companies may be unable to send back dollars at all. Thus, an absolutely vital source of dollars flowing into the United States—from the American business investment abroad—could be dried up at a time when the dollars are most needed.

If the regulations are to stand, then we believe they should be administered with flexibility so as to alleviate the harsh results I have described. We believe further that companies that historically have contributed to a favorable balance of payments should be the first to receive selective treatment for the practical assurance of continuing their inward cash flow.

ITT has requested an exemption from the repatriation formula from the Department of Commerce on the basis of just this logic. We are asking for permission to continue to contribute to the overall balance-of-payments gain in 1968 through all the means available to us without the damaging consequences which would result from the repatriation targets of the present regulations.

I would like to add that the able staffs of the Office of Foreign Direct Investment of the Commerce Department and the members of the