

Representative Boggs. Maybe I should ask you a specific question. Do you know any practical way of resolving the problem that seems to be almost unique with ITT in light of these regulations? Have you gotten any relief from the Commerce Department?

Mr. HAMILTON. Well, obviously, I have gotten to know the administering staff quite well since the first of the year, and there is a general recognition by them that as they apply in any one case these regulations may have some rather unusual and harsh consequences. In effect, they say this merely gives them the right to ask us to come in and sit down and talk about our entire program. What are we going to do during all of 1968 with respect to our net flow abroad?

We are perfectly willing to do that. In fact, the exemption that I mentioned we had filed is an application to do just that and to agree on a level of inflow that shows some progress over last year's, but to permit us to bring it back in all the ways available to us, so that we don't have to rely so heavily on dividend repatriation. Their position is that we should come in and talk about it and they will try to be understanding. I think our complaint—

Representative Boggs. Try to do what?

Mr. HAMILTON. To try to be understanding about the peculiar problems of ITT. I must say these are able and hard-working men, and they have had a very difficult time since the first of the year. Personally I am grateful that I am not put in their position where I am supposed to have the wisdom to review the international programs of 700 or 1,000 or eventually 3,000 or 4,000 companies, many of whom have the complexities of ITT, and make judgments about them in such a way that there is equity, that there is an understanding of the needs of the companies and their shareholders, and that the long-range interests of the U.S. balance of payments are properly served.

Frankly, this is taking on a tremendous responsibility.

Representative Boggs. Do you feel under the existing circumstances, with special reference to your own organization, that you may incur some degree of retaliation from some of these other countries?

Mr. HAMILTON. I think ITT is not alone in this. I think any time that seasoned companies in Western Europe which are not now receiving additional financial support from their parents, but are merely repatriating a fair portion of dividends every year, are asked to go from a level of repatriation from, let's say, as in my example, 50 to 80 percent, then I think it is clear that you would be jeopardizing the long-range interests of your company. Part of it would be the relationship of the affiliate with its Government, part of it would be the relationship with its creditors and, finally, with its competitors.

Representative Boggs. You have built up a great deal of capital, have you not, in these other countries, that you are able to use without any recourse to American capital?

Mr. HAMILTON. This is correct. In our particular situation, these subsidiaries have been over there for 40 and 60 years. As I mentioned, they are staffed almost entirely by nationals. The boards are almost entirely nationals, and their relationships with the local banks are intimate.

These are good bank relationships, and this is why these companies can grow and expand without asking for assistance from the United States. When we do borrow at a senior level as we did in the