

earnings which we are counting on here. I think the people had better stay abroad and continue their travel.

Chairman PROXMIRE. You have no particular objections to the Federal Reserve program, I take it; that is, the restraint on banks and financial institutions abroad?

Mr. HAMILTON. No, sir; in fact, we have some credit organizations that are subject to that program.

Chairman PROXMIRE. Very good.

Mr. Norris?

Mr. NORRIS. Oh, I think that under any mandatory program, you can do anything you want; I mean if you insist that you bring back a half billion dollars.

Chairman PROXMIRE. So, you say it will work, but for how long?

Mr. NORRIS. Only because it is mandatory, and I think the actual results will depend upon the degree of flexibility that is exercised in the management of the program, and there must be flexibility because a lot of companies hurt not only short run but they certainly hurt long run.

Chairman PROXMIRE. You have answered the first part of the question that you think you will get the billion dollar saving. But, the next part of the question is, How long before that will deteriorate?

The burden of the testimony, including Professor Behrman's testimony this morning, was that there is such a quick payback that if you cut investment abroad by \$1 billion, presumably within 2½ years, you lose your benefit and you begin to worsen rather than benefit your balance-of-payments situation.

Mr. NORRIS. I agree with what has been said this morning.

Chairman PROXMIRE. Would you agree that is right?

Mr. NORRIS. Yes; and I think there are also short-term losses, too.

Chairman PROXMIRE. How about on repatriation of earnings?

Mr. NORRIS. Here again, I think, if it is mandatory, you can force anybody to do something under threat of penalty, and imprisonment and fines. But I think the real problem here is whether U.S. industry isn't going to run into really difficult problems with respect to their partners abroad, where you have nationals who have majority interests, and where you have laws, as in the case of France, under which you are actually precluded from doing various things; for example, depending upon whether your interest is in a society of limited responsibility or a société anonyme.

There are these other restrictions that I have attempted to point out, such as in Brazil. In many cases you can't do these things by law. Or you do them against the rights of minority shareholders, and you can't force your position as a majority holder.

Chairman PROXMIRE. You make a very, very strong case. I simply wanted to get your notion. Now, how about on travel? Will that work?

Mr. NORRIS. The main thrust of our position on travel, Mr. Chairman, is that under no circumstances should this program apply to business, because I think there is an immediate loss and I think that there is a very long-term penalty that is paid.

Chairman PROXMIRE. Is there? Secretary Fowler testified that in his judgment this wouldn't diminish the amount of travel at all—just the amount spent. He argued that there would be the same num-