policy objective of assisting developing countries. Doesn't the Federal Government have to make up its mind as to which policy objective is more important? The result is to blunt the objective of balance-of-payments improvement by accommodation of the developing country policy. The structuring of the program into schedules appears to reflect a determination to force a "retreat of American business from Europe," an area from which substantial dividends benefiting our balance of payments have been received. Paradoxically, the program gives favored treatment to investments in countries which are not, because of the stage of local economic development, capable of a quick and generous payout on such investments.

If there is to be a control program it would seem the administration should give absolute priority to the balance-of-payments objective. At the same time it should structure the control program in such a manner as to give business maximum flexibility with regard to its foreign investment decisionmaking. This argues clearly for abandonment of the schedule system and the adoption of a worldwide single application. Indeed, the voluntary program—acknowledged a resounding success by government—had the great virtue of preserving flexibility in corporate decisionmaking. With the mandatory program that flexibility is gone.

Obviously, a division of the globe, dictated by political considerations, arbitrarily prevents the normal flow of funds to those points which offer the greatest return on investment. Moreover, by "scheduling" the globe in the manner in which the regulation does, the administration has created a very great administrative problem for companies which have investments in more than one schedule because of the substantial lateral dealings between members of a group of affiliated foreign nationals across these arbitrary lines.

We are critical of the scheduled approach which compromises between the balance-of-payments improvement objective and the objective of favoring developing countries. We do not believe, for the reasons stated, that this further sacrifice of flexibility for American business within the control program can be justified and that the scheduled approach ought to be abandoned in favor of a single worldwide approach. Thus, assuming the controls program is continued, the total goal of the administration would not be changed. Business would be put in a more flexible position and the administrative nightmare created by the schedule approach would be avoided.

We recognize that the Federal Government has a longstanding national policy of helping developing countries which is believed to be in the interest of the United States as well as international development. We adhere without hesitation and irrevocably to the proposition that pursuit of this objective should not result in a further burden on, or creation of a further inflexibility for, business with regard to the total private investment effort, particularly under a control system. If the Government wishes to give some extra boost to the developing countries in the light of the imposition of a controls program, it should not discriminate against developed countries under the controls program but should provide some direct incentive for investment in the developing countries. This is already being proposed through negotiation of tax treaties and undoubtedly the Treasury Department, together with