



NATIONAL ASSOCIATION OF MANUFACTURERS



R. HEATH LARRY
Chairman of the Board

March 15, 1977

The Honorable William Proxmire
Chairman, Senate Committee on Banking,
Housing and Urban Affairs
United States Senate
Room 5241
Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

Many options have been advanced in the policy debate over measures to prevent improper corporate payments to foreign government officials. The National Association of Manufacturers has supported the most direct and effective methods of meeting this problem through improved internal corporate control procedures, vigorous enforcement of U.S. domestic law and the negotiation of an international agreement or agreements to eliminate such payments from world commerce.

We must, however, oppose your bill, S. 305, which is currently before the Senate Committee on Banking, Housing and Urban Affairs. We regret that the short hearing schedule on this bill does not permit us to appear personally before the Committee, but we request that the enclosed statement setting forth our views be entered into the hearing record.

Primarily, NAM believes that S. 305 is unnecessary in light of domestic actions already taken by the private sector as well as government enforcement agencies. We are also concerned about the bill's implementation problems and potentially harmful impact on emerging international cooperation on this issue. The proposed extraterritorial application of U.S. law raises serious U.S. Constitutional questions in the due process area. It would also likely encounter official hostility overseas since other less sensitive unilateral extension of U.S. controls into other countries has created serious diplomatic problems in the past. Yet without full foreign cooperation in U.S. investigations and other procedures, the bill's provisions could not be effectively implemented. Furthermore, the unilateral, extraterritorial nature of this bill's provisions would be counterproductive to building the international cooperation necessary to achieve a real multilateral approach to a problem rooted in diverse global commercial situations.

The NAM will continue to work in the private sector to seek adherence to the highest standards of business ethics and conduct through effective management leadership. We support better enforcement of the many domestic statutes concerning improper payments and urge the negotiation of an effective multilateral accord

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to deal cooperatively with the international aspects of this issue. We urge the Committee not to act favorably on S. 305 which, we believe, could raise serious problems for the domestic effort toward better controls while proving counterproductive to the achievement of a desirable international accord.

We urge continued contact between the Congress, the Executive Branch and the business community to develop the type of cooperation that can assure substantive success to our efforts at home -- and credibility and consequent success in the international arena.

Sincerely,

/s/

R. Heath Larry
Chairman