in your country in anticipation of slamming the door on further purchases on November 17. (10) Exports were the cream of the business. Will corporate management and individual enterprises willingly give up those outlets abroad, knowing full well that it will be a long wait for European recovery and that in the meantime competitors operating in soft-currency countries will, in due course, fill those market demands with products priced in more reasonable relationship to the pocketbooks in the consuming country to pay? Would it not be better to enter the soft-currency country where costs of production are lower than those in the United States, offering the American "know-how," spare capital, and a share of ownership with European capital?

In facing the problem frankly, cannot we see that a new pattern had already begun to emerge during the war when the sinking of ships and destruction of transportation facilities broke up the trading habits of the world and resulted in new production facilities? Were not new tanneries established when American leather could not reach its former destinations? Did not Marseilles, France, cease to be the capital of the world in the refining of peanut oil when a new refinery was established in West Africa; new ones are now contemplated in the British colonies of Uganda, Kenya and Nigeria?

Many illustrations could be given of new industries being born in what was formerly a part of the British Empire.

To keep its place in the foreign field, American industry must, in a large measure, abandon its hope of regaining lost exports and move quickly into a pattern of partnership in production in foreign lands. Many, indeed, have already done so, as I shall show later, after considering the following factors.

III. Bargains in equities: Where else in the world can an American investor, seeking a long-term investment, get so much for his money as in those European countries well known to us as traditionally industrious, thrifty and reliable, and with standards of living like our own?

For Americans in the high-income bracket, the only possible opportunity for substantial gain under the Internal Revenue law is in the field of capital gains. Since you do not have this law in Canada, I will explain in rough outline that an investment held for longer than six months, for example, in the stock of a corporation, is a "long-term investment." If it is sold at a profit, the gain is said to be a capital gain. If it is sold at a loss, this is a capital loss. The tax on the gain is limited to 25% of the gain. 75% can be retained tax-free. (11)

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(10) See monthly and quarterly "Foreign Trade of the United States," published by the Department of Commerce, and advance November summary (by Mrs. Keyserling, Special Programmes Divisions, Areas Branch, Office of International Trade). The largest year of exports in the United States was 1944, $14,500,000,000, compared to $7,900,000,000 in 1919 after the last war and $8,200,000,000 in 1920. Of course, higher prices today account for some of the differences.

(11) Internal Revenue Code, Sec. 117(a); 472 C.C.H. para 859.