Italy

In accordance with the provisions of Law No. 43 of February 7, 1956, the repatriation of capital invested in the establishment or expansion of productive enterprises and the transfer of income thereon are not restricted. For other registered investments, the original capital may be repatriated after a minimum period of two years. All other foreign capital may be repatriated freely through Capital Accounts (see section on Nonresident Accounts, above).

Italian companies may freely take up participations in foreign companies and purchase foreign shares, provided that such investments are in their lines of business and are intended to facilitate the expansion of the firms' activities abroad. Residents may make other investments in countries of the European Economic Community in accordance with the Community's program of liberalization of capital movements (direct investments and their liquidation, movements of personal capital, short-term and medium-term commercial credits, etc.). In addition, specified financial institutions may buy and sell stocks and bonds issued and payable abroad; and all residents, without distinction, may buy and sell bonds issued by international financial organizations in which Italy participates as a member country. Other investments abroad by residents are subject to approval, which is granted only when such investments are considered economically advantageous.

The export of securities is not permitted, except of those which are owned by nonresidents and have been purchased against U.S. dollars, Canadian dollars, or externally convertible European currencies, or against funds on a Foreign Account or Capital Account.

Netherlands

Inward and outward capital transfers and the shifting of foreign-owned capital within the Netherlands from one asset to another are subject to control, but general licenses have been granted for most types of capital transaction.

New capital investments in the Netherlands by nonresidents are in general permitted only if made in convertible currencies. All authorized capital transactions, other than transactions in securities, take place at the official exchange market rates. All payments in respect of transactions in securities are channeled through a free market, where payments and receipts must be either in guilders through K Accounts or in convertible currencies through "reinvestment" accounts (see below). In addition, nonresidents may debit their Convertible Guilder Accounts to pay residents for transactions in securities.

Residents may buy foreign securities from, or sell them to, other residents. Residents may sell securities abroad against any foreign currency. The exchange so acquired must be deposited with an authorized bank or securities broker in the Netherlands and may be sold or retained. If convertible currencies are acquired, a "reinvestment" account may be credited. "Reinvestment" accounts may be used to buy securities officially quoted either in the Netherlands or abroad.

Nonresidents may have their securities, Netherlands or foreign, exported to them, except securities held in W-deposits.

Emigrants may avail themselves of the same facilities as travelers (see section on Payments for Invisibles, above), i.e., export up to f. 14,250 for each person. Emigrants acquire the status of nonresidents upon leaving the Netherlands, provided that they have declared their intention to settle abroad for more than three years; they may then have remitted to them the total of their assets in the Netherlands.

Corporate Profits

SUMMARY

The so-called profit squeeze is not found to exist.

In the first place the significant measure of profitability is not profits alone but total after tax income—including depreciation. In other words, the significant income measure is not profits but the total income to capital.

Second, as has been previously pointed out, income to capital is a function of the rate at which capital is used. At low rates of capacity utilization, corporate incomes are low; and at high rates of capacity utilization, corporate incomes are high. Furthermore, the income to capital varies much more widely than does volume of production.

The attached memorandum finds that the income to capital has not been squeezed in recent years, but rather, the converse. Since 1956, the total income