investment activity has been more intense. The directness of the relationship between investment activity and export growth is now further supported by various statistical and case-study surveys of the transactions of U.S. affiliates abroad. While so far the United States imports relatively little from foreign affiliates, its exports to them are substantial (about one-quarter) and growing—U.S.' own foreign affiliates already have emerged as a major customer of the United States abroad. Less direct but also significant for U.S. exports is the increase in foreign imports as a result of income gains associated with U.S. local (foreign) production. The increase in foreign imports (including, of course, U.S. exports) from the higher income is now a substantial figure.

It is perfectly compatible with this interpretation of the favorable effect of U.S. investment abroad on U.S. exports to acknowledge the uniqueness of exports as foreign-exchange earners and the importance of increasing exports, especially in periods like the present when dollars tend to accumulate in foreign hands, with the all too well-grounded likelihood that they will be presented for conversion into gold rather than spent on U.S. exports or invested here.

The United States as a Peddler

The charm of exports from a balance-of-payments point of view is that they yield foreign exchange to the country equivalent to their sales value, not just their profit margin. In contrast, production abroad on the basis of U.S. investment, returns foreign exchange equivalent only to the remitted portion of the producers' profits—typically now about 5 percent of the sales revenue (in the case of manufacturing, for which sufficient figures are available to permit a fair estimate). Thus, from the narrow and short-run perspective of the transactions entering balance-of-payments accounting, the proceeds of commercial exports of goods and services constitute the No. 1 foreign-exchange earnings of the country. Even were the export transactions conducted at a commercial loss, there would be a foreign exchange gain.

The fact that U.S.' primary role in the world economy is that of an investor and producer is plainly adventitious for its role as seller of U.S. products wherever made. In contrast, the point is now frequently heard that U.S. producers tend to overconcentrate on the investment/production approach to foreign markets. Those concerned with whatever element of truth there is in this contention argue that the salesmen of our main advanced-country competitors (Europe, Japan—and possibly Hong Kong?) have not forgotten how to hustle and do not disdain individually small (but cumulatively large) sales. Nor do they find that their selling requires a costly investment establishment.

It is not possible to quantify how extensive such presumably drummed-up sales by others may be—and therefore for a more competitive United States *might* be. Nor is it possible to quantify for comparison and by way of offset the volume of U.S. sales that could fairly be attributed to the competitively superior marketing position achieved through the U.S. producing establishment abroad. On the former—the success of sellers from competitive countries—American producers abroad frequently recite offhand instances of the effectiveness of other industrialized countries' salesmen operating without the benefit of an entrenched local marketing establishment, but with the