

Senator DOUGLAS. You have?

Mr. BARTH. We have. It is rather a little confusing. I believe the legal department informed us that there are laws on the books but they apparently are not taxing nonresidents, nor withholding tax, and no tax.

Senator DOUGLAS. I did hear the first part of your statement.

Mr. BARTH. Our legal department informed us that the British situation is a little confusing. There are certain laws on the books, but apparently they are not being enforced as far as nonresidents are concerned.

Senator DOUGLAS. That is very unusual for the British not to enforce their laws. They are, on the whole, the most law-abiding people that we have, and laws which are on the books tend to be enforced.

What about France, where the chief danger for the gold run may come?

Mr. BARTH. Not taxable.

Senator DOUGLAS. Not taxable in France.

What did you say about Italy?

Mr. BARTH. No withholding tax in Italy for nonresident aliens.

Senator DOUGLAS. What about the low countries, Belgium and Holland?

Mr. BARTH. I do not have this information here, but, Senator Douglas, if you would like to have it, I would be glad to have our legal department write a memorandum.

Senator DOUGLAS. Do you have any material on the Scandinavian countries?

Mr. BARTH. No. The Scandinavian countries do not enter into this particular aspect because the Scandinavian countries borrow more than—there are very few foreign deposits in Scandinavian countries.

Senator DOUGLAS. Let me put it this way: While the situation is mixed, is it not true in some cases if the depositors abroad withdrew their funds, they would be jumping from the frying pan into the fire?

Mr. BARTH. Well, I do not know how to answer that. People still have a lot of faith in foreign banks, particularly in London, and some European countries; and whether or not your statement is correct, I am not here—I cannot answer it.

Senator DOUGLAS. Well, it would not seem at the moment that there would be great alacrity on the part of foreign depositors to deposit in British banks. On the contrary, the movement is the other way, unfortunately.

Mr. BARTH. Well, when I say deposit in British banks, Senator, I mean deposit dollars in British banks, not the conversion into pounds, and the British banks have an awful lot of dollar deposits in the so-called external dollar deposits.

Senator DOUGLAS. Which they will not exchange into pounds.

Mr. BARTH. Oh, no, no. They are used in dollars to finance world trade, to finance modernization of factories, to finance all kinds of things not necessarily in Britain but worldwide.

Senator WILLIAMS. If there were a devaluation, those dollars deposited in the British banks would not be affected at all?

Mr. BARTH. Oh, no, no. You see, one of the strengths of the London market has been that even though you had devaluations and