

the dividends and interest in many cases, and in certain areas capital can be taken out. They have various procedures to attract capital, but Wall Street generally and the thinking in the United States—which still has quite an influence on the planning of Canadian businessmen—is very cagey about putting money into an area that has as many restrictions as the sterling area.

Hon. Mr. EULER: Especially when you do not know when if ever you will get it back.

Mr. HENDERSON: I am not a banker, but there are a host of different kinds of sterling being dealt in, in various manners, shapes and forms, with certain countries; and it is very difficult to chart your course under the various regulations.

I think, Mr. Chairman, you are quite right, that this is not an emergency situation. If it were, Canada would not be found lacking; we could devise some technique to take care of it, as we have done in the past. However, we are now tackling something that is very deep-rooted; and we are hopeful that as a result of your deliberations here that you may be able to get to the crux of the problem.

The CHAIRMAN: We need a long-range plan.

Hon. Mr. DUFFUS: What is the main snag in the sterling area problem?

Mr. HENDERSON: I would define it by saying that they do not have dollars and they can't buy; that means that they have to develop a trading area within the sterling block, which sows seeds of discord and misunderstanding as the years go on. Perhaps my associates could better define that situation.

The CHAIRMAN: Do you not think that every trading area needs not only investments but raw materials—even the Iron Curtain countries and the United States await development? The wealth of the British Empire is in the land and sea, but she has a very poor working capital. If her productive energy could be financed by the removal of restrictions so that capital would flow in, she could soon produce more.

Mr. HENDERSON: That is true; but they have got to create a climate that will attract capital. I do not think the Canadian capital is any more anxious than American capital to go into a climate that is as badly tied up in its domestic affairs as is the sterling area.

Hon. Mr. EULER: People are not going to invest their money in the sterling area countries unless they have some certainty or hope of getting it back—that might prove very difficult—especially when the Canadian capitalist can find more remunerative returns by investing his capital in Canada. It is most difficult to induce capital from either the United States or Canada to go into European or other sterling area countries. Is that not so?

Mr. HENDERSON: Yes.

The CHAIRMAN: I was quite surprised when in Jamaica recently to find out that a big hotel there, built at a cost of several million dollars, had quite a few Canadians listed among its shareholders. I made inquiries from the leader of the House of Representatives there, and he said that Jamaica was absolutely free in that respect, that Canadians could put their capital in there and draw it out or take their dividends whenever they wanted to.

Hon. Mr. EULER: I happen to know that they cannot do so. I am a director of an insurance company which has a branch in Jamaica, and it has to invest its money in the West Indies; it cannot take it out of that country.

The CHAIRMAN: I understand that this arrangement in Jamaica is quite new.

Mr. HENDERSON: Mr. Chairman, perhaps I could amplify that a little bit. I know something about Jamaica and I know that they have extended various concessions to new industries, particularly the hotel business, with a view to