

in that particular year, it would be a general distribution, according to capital subscriptions. In other words, the Bank's articles of agreement provide for the distribution of profits on what was regarded at the Bretton Woods Conference as a fair basis of division, partly on the basis of used capital and partly on general subscriptions.

Senator REID: If it is so that there is profit totalling \$50 million a year, and if its profits are kept in the special fund for distribution at some future date, will those profits be used to help smaller countries?

Mr. PLUMPTRE: The profits have been accumulating and are accumulating primarily in a special reserve fund on which the first call is made in case there are any losses on the Bank's loans. If and when that special reserve fund were all used up, then there might be a call on us and on others who have subscribed capital, partly in the form of guarantees, but this reserve fund which is being accumulated is in a sense a buffer between ourselves, the capital contributing or capital subscribing governments, and the risk of losses.

Senator LAMBERT: What would the extent of the bonds be that have been issued by the International Bank?

Mr. PLUMPTRE: If I recall correctly bonds were issued in Canada to the extent of some \$50 million. There were three issues. In addition to the capital subscribed by the Governments the Bank borrows in the money markets of the world and it has borrowed in the Canadian capital market to the extent of \$50 million.

Senator LAMBERT: Do you recall what the interest rates on these bonds are?

Mr. PLUMPTRE: I am sorry, sir. It was some years ago and I would not like to guess.

Senator LAMBERT: The bonds have been in existence now for some time?

Mr. PLUMPTRE: Oh, yes.

Senator LAMBERT: And there has never been any difficulty about them.

Mr. PLUMPTRE: No. They are regarded as first-rate prime bonds. The loans which are made out of these bonds are guaranteed by all governments including the United Kingdom, the United States, Canada, and so forth.

Senator REID: There is a question I would like to ask you arising out of something I mentioned in the Senate.

Mr. PLUMPTRE: Yes, I might anticipate your inquiry because I read what you had to say in the Senate, sir.

Senator REID: When did Russia and New Zealand withdraw from these institutions? I understand that they were members originally.

Mr. PLUMPTRE: Neither Russia nor New Zealand became members of the institutions. In other words they sent delegates to Bretton Woods and agreed in principle to the articles of agreement, but when their representatives went home, in neither case did the Government decide to move forward and become members, to pay subscriptions and become operating members. So neither one, sir, became an operating member.

Senator REID: Thank you. I appreciate the answer.

The CHAIRMAN: Are any of the so-called Russian satellite countries members of the Fund or contributors to the Bank?

Mr. PLUMPTRE: No, sir. Czechoslovakia, which at the time of Bretton Woods was certainly not thought of in terms of being a satellite of Russia, did become and was for a number of years a member of both institutions but it retired some years ago, I think about five years ago.

Senator HORNER: In the case of a country retiring, what becomes of the money they have put into the Fund?