

*Bretton Woods Agreements Act*

whole I think it has succeeded in achieving that purpose. The international bank has been of value in international economic assistance. If there has been criticism of the bank on that score it has usually been directed to the fact that the bank has been very cautious, conservative, if I may use the word, in its approach to lending policies. Perhaps I should not complain about this too much, in view of the type of international organization it is and the provisions governing it. Yet perhaps it has been, from the point of view of international economic assistance, guided too much by hard commercial considerations in the loans that it has been able to make.

In recent years the bank has moved into other activities which are financial in character but have had some indirect political importance. One has been mentioned, namely the relationship of the bank to the Aswan dam financing and the activities of the bank—I think I am correct in saying this, although I have not been following these matters in detail recently—in the relations between India and Pakistan in the allocation of border waters, where the governor of the bank played a very helpful and constructive part. This international institution can do things as a financial institution which have important economic effects; but it will only be able to establish itself in that field if it maintains and retains its reputation as a genuine international undertaking not under the pressure or domination of any one country.

I am sure the minister knows the danger here in the case of an international organization which gets so very much of its support from the United States government which has acted with great generosity in this and in other matters but which has at the same time, because of the magnitude of its own contribution and the necessity of raising that contribution from its own legislature, exercised a good deal of influence and pressure on the organization in question. At times and not only in connection with this organization this has been a helpful development in terms of the help given but it has also affected the activity of the organization itself. The minister probably cannot say—I am sure he cannot say, any more than I could if I were the minister—but I have the feeling, based upon experience, that the Canadian representation on the board of these organizations has been very helpful in taking what steps could be taken by friendly persuasion to avoid that kind of difficulty.

There is one thing that worries me, namely that in this field of international economic assistance there is now almost a proliferation of international agencies. Perhaps

the time will come when there will be a certain amount of confusion and overlapping amongst these agencies. They deal in a broad way with the same problem. Their approach may be by different methods. There is the United Nations expanded program of technical assistance; there is the United Nations international development fund; there is the Colombo plan, which in a more limited way is in the same field and doing very fine work. There are the two agencies we are talking about now, namely the bank and the fund. We now have this international financial corporation and there is a proposal now for an agency which I mentioned this afternoon in the house, and which the minister said in reply was not in existence. I think he said there had been no decisions taken by the Canadian government in respect of it and that no formal proposals had been advanced. This agency is the international development association, a new agency, presumably a billion dollar international development association, which, according to a report in the *New York Times* of May 19 from its Washington financial correspondent will be ready for approval in principle by the world's finance ministers in September, presumably at the annual meeting of the bank and the fund.

This report says that support must be secured for this organization, the purposes of which I am not too clear about, particularly from the hard currency nations of western Europe and Canada and Japan, and that the United States has been successful in its overtures to these countries. The article also goes on to say that the new agency would be an affiliate—that brings it right within the ambit of this resolution—of the international bank for reconstruction and development. Presumably it would be empowered as an affiliate to make what I might call loans that would be softer in character than those which the bank normally makes, and perhaps this may be a very desirable and useful development.

The article goes on to say that according to present expectations of United States officials the basic outlines of the plan would be approved by the world's finance ministers when they meet in September for the annual meeting of the international bank and international monetary fund, that the charter, if all goes well, should be ready for presentation to the next session of congress, and that in respect of this proposed organization or institution or association, whatever you wish to call it, all members, not only the United States and other hard currency countries, will have to make contributions in gold or in dollars.