

*Report on World Finance Meetings*

Hon. members will, I know, welcome this forward looking exercise. At the same time they will appreciate that if any new and far reaching powers were going to be bestowed on some international agency, we should have to be very sure of the political acceptability as well as the financial integrity of the agency in question. Canada, with a great stake in international trade and finance, is deeply concerned that international arrangements shall respond fully and adequately to the demands made upon them.

Before concluding may I add a few words about the annual meetings of the world bank. These were also held in Tokyo last week. This bank is the largest single channel of aid to the less developed countries of the world. It raises most of its funds from world capital markets, under the collective guarantee of all the member governments, and re-lends these funds at a slightly higher interest rate. The bank has since its inception been efficiently managed. Although its charges are quite small, its total profits have over the years become substantial. Last year its profits were nearly \$100 million.

In Tokyo last week I joined with others in approving a proposal that \$50 million of these profits should be turned over as a grant to a subsidiary of the bank known as the international development association. This body makes loans to needy countries on highly concessional terms. In the past all the funds for the I.D.A. have been contributed by 17 of the member governments, including Canada. It is very welcome to have a large subscription from another quarter.

The I.D.A. was founded in response to the growing need of many of the less developed countries for capital from abroad on terms that do not materially add to their balance of payments problems. In this connection I was glad to be able to call the attention of the Tokyo meeting to the terms on which Canadian external aid is now being provided, as outlined in the house by the Secretary of State for External Affairs on November 14 last.

Some minor amendments to the constitution of the world bank were agreed to in Tokyo. In so far as Canada is concerned, these may require amendments in the Bretton Woods Agreements Act. This question will be referred to the Department of Justice and the appropriate amendments, if required, will be introduced into the house at the same time as the amendment relating to the enlargement of our quota in the international monetary fund.

In the biennial elections of the executive directors of both the bank and fund we nominated Mr. A. F. W. Plumptre, assistance deputy minister of finance, and he was re-elected. In addition, he was selected by the officials of the group of ten to be their vice chairman for the following year.

**Mr. Colin Cameron (Nanaimo-Cowichan-The Islands):** Mr. Speaker, I am sure those of us who have taken some interest in this problem of international liquidity will be very glad to hear the statement of the minister today. I recall that last year on behalf of the Canadian delegation to the interparliamentary union in Belgrade I raised this question; and the gathering there, representing some 60 or 70 countries, gave unanimous support to the demand that there should be a study of this problem.

I note the minister suggests that there has been a certain amount of caution, as is usually the case at any gathering of central bankers, and I can only hope that they are not too cautious as they have often been in the past; because although at the present time it appears that an immediate crisis with regard to international liquidity is not developing as some had feared it might, I think there is every possibility that it will if the world embarks on the sort of development program which it is going to have to embark upon if we are to solve the problem of the gap between the have and the have not countries.

I hope Canada and Canada's representatives will give all support possible to any proposals toward developing a new unit of international exchange when the group of ten have completed their studies. Undoubtedly they will come up with some mechanism in this respect, and I would hope to see Canada in the forefront supporting the proposal.

[*Translation*]

**Mr. Gilles Grégoire (Lapointe):** Mr. Speaker, it is obvious that if Canada contributes approximately \$137 million to the world bank to support international liquidity and if three quarters of those \$137 million come from demand notes of the government of Canada, that does not represent much of a commitment on our part inasmuch as it does not cost the Minister of Finance anything whatever to sign new government demand notes.

As for the remaining 25 per cent, simply made up of gold standard representations, that is but a transfer of gold bricks which do