

*Bretton Woods Agreements Act*

has for some years been the Canadian executive director for both the international bank and the international monetary fund.

Drawings of \$15 million have been made from the international monetary fund in Canadian currency. In the case of the international bank authorization has been given to lend, without restriction, the 18 per cent of the Canadian subscription usable only with our concurrence. In addition, the bank has been able to place in the Canadian money market three bond issues totalling \$50 million. Total disbursements in Canadian funds on international bank loans now amount to about \$110 million. These outlays have, of course, assisted Canadian business in that they have enabled countries receiving loans from the fund and bank to finance purchases in Canada.

In the view of the Canadian government the successful functioning of these organizations is vital to Canada's economic and political interests. From a commercial point of view Canada, as a nation dependent for its economic welfare on the balanced growth of international trade, is as interested as any other country in the continued success of these agencies. The international monetary fund, by providing a second line of foreign exchange reserves, has contributed to a higher level of international trade than would otherwise have been possible. Member countries have, with the help of the international monetary fund, been able to overcome temporary payment difficulties without sharply reducing the level of their imports. Through the process of annual consultations the international monetary fund has been able to encourage countries to reduce substantially the maze of exchange and trade restrictions inherited from the war and the period of reconstruction. The international bank has also played its part in the development of trade through its program of loans and technical advice to underdeveloped countries. These activities contribute to a rising level of economic activity in these countries and in this way enable them to play an increasing role in the expansion of world trade.

While the bank and the fund are, of course, world institutions, the benefits derived by the commonwealth have been particularly impressive. The importance which commonwealth countries attach to the bank and fund was clearly reflected in the unanimous endorsement given at the Montreal conference last September to an expanded role for these two organizations. Since the inception of the fund until the end of February, 1959 member countries have obtained loans of foreign currency to a total amount of \$3,238 million. Of this total

\$1,258 million has been made available to commonwealth countries. Of the total loans authorized by the international bank from 1946 until February of this year, amounting to \$4,238 million, an amount of \$1,386 million has been provided to members of the commonwealth.

Our interests in these institutions go beyond economic considerations. The I.M.F. and the I.B.R.D. have made a marked contribution toward the attainment of our central objective of world peace and security. By helping to stabilize the economies of the free nations of the world, by promoting a balanced expansion of world trade, and by channeling vast quantities of financial aid without political strings, the fund and bank have helped to remove potential sources of economic dislocation, social unrest and political instability in those countries which constitute the more exposed bastions of the free world.

For all these reasons it is important that the resources of these two institutions should be adequate for the continuation of their work. This is not the case at present. The original fund quotas were calculated in 1944 at the Bretton Woods conference in the light of conditions prevailing at that time. Since then there has been an enormous increase in the volume and value of international trade. Moreover, the circumstances of the past few years have led to very heavy commitments on the existing resources of the fund. As a consequence the uncommitted resources available to the I.M.F. are insufficient to meet potential future demands.

A similar situation exists with respect to the I.B.R.D. The main source of funds for the bank's lending activities is the sale of debentures to private investors. It is primarily the guarantee provided by the 80 per cent uncalled subscriptions of the United States, Canada and other economically strong member countries which enables the ready sale of international bank debentures in the private sector of the world economy. With total outstanding loans of \$3,763 million at March 31, 1959, and current lending in excess of \$700 million per year, the time may soon be approaching when additional guarantee would be necessary to ensure the marketability of international bank bonds.

I mentioned earlier that Canada, along with Germany, Japan and several other countries, will be increasing its quotas by more than the general percentage. The government considers that the particularly rapid economic growth of Canada in recent years is ample reason for a special increase in the Canadian subscription in the two agencies over and above the general increase. This special increase will enable Canada to continue to