

countries whose economic progress has gone well beyond the average in the past decade will contribute beyond those general increases. Canada is one of the countries which, having made particular economic progress, are going beyond the general increase.

Senator LAMBERT: The second paragraph of the explanatory note refers to the increasing gap between the Canadian dollar and the American dollar and the exchange rates. I suppose it is only logical to assume that some of this increase in our capital subscription will be due to that fact? At least, that is the implication I take from it, but the main reason for the increase is simply a demand for more capital to meet the demands of business of the Bank?

Mr. PLUMPTRE: That is right, sir.

Senator LAMBERT: So you can estimate it at 5 per cent, say, in connection with the increased premiums of the Canadian dollar over the American dollar and arrive at the proper position?

Mr. PLUMPTRE: Actually, sir, looking at the formalities and the nominal amounts, it works even in the opposite sense. It was considered expedient, when the first Bretton Woods Act was passed, to denominate the Canadian subscription in Canadian dollars. To do so, it was decided at that time to ask Parliament for a substantial, shall we say, "cushion" over and above what was immediately required, in order to look after possible fluctuations in the value of the U.S. dollar in terms of the Canadian dollar. As a matter of fact, a 12 per cent cushion was put in. Parliament was asked for more than was needed at that moment by an amount of 12 per cent to look after possible movements in the Canadian dollar up to a possible 12 per cent.

Senator LAMBERT: The Canadian dollar was at a discount with the American dollar at that time.

Mr. PLUMPTRE: No, at that time it was at par and this would have allowed the Canadian dollar to go down to 88. There was that much leeway given.

Senator LAMBERT: I see.

Mr. PLUMPTRE: It would have been possible to draw the legislation in the same form this time, but a difficulty arose, and now I am speaking rather frankly. Whereas, at that former time, the Canadian dollar had been moved by 10 per cent one way or the other, actually since that time the Canadian dollar has become free to move, and it was difficult to know what amount to suggest by way of a cushion. Should it be 10 per cent, 12 per cent, 20 per cent? And it would have been difficult to defend any particular percentage in this committee because it would have been quite arbitrary. So it seemed expedient on this occasion, because of the experience with the Canadian dollar and the fact that it is not fixed in price, this time to denominate the Canadian subscription in U.S. dollars, which measures what we are required to pay.

Senator LAMBERT: So that actually if our dollar was calculated in terms of \$105 in American funds, it means just five dollars less?

Mr. PLUMPTRE: That is right, sir.

Senator LAMBERT: Than the total amount that appears here?

Mr. PLUMPTRE: That is right, sir.

Senator BRADETTE: I believe it is true that with regard to certain undertakings by nations of the world that come under this agreement you have men in the field looking after that work in the interests of the Bank, and that your records show that?