

Senator REID: I understand Germany has requested an increased quota, and that Formosa is also to be increased. Why should a country like Formosa raise its subscription when I understand it has no money?

Mr. PLUMPTRE: My understanding is China's quota is going up according to the general proportionate increase.

Senator REID: Did she ask for it?

Mr. PLUMPTRE: I can't answer that.

Senator REID: Did Germany ask for her increase?

Mr. PLUMPTRE: There was a general discussion, and there is a general increase in the subscriptions to both institutions, but in addition to that, for certain countries which have made very great economic strides in the past decade—including Germany, Japan and Canada—those countries are having their subscriptions increased more than in the general proportion. The Chinese increase is just in the general proportion. If you ask me, how is China going to find the necessary funds to subscribe under the proposed provision for increase, the answer is that I can't tell you.

Senator LAMBERT: With regard to China, is it not true that the situation is complicated by the fact that you have there two administrations, recognized by the United Nations, and the other not? Surely that is the key to the situation at the Bank, as well as everywhere else.

I would like to ask Mr. Plumptre if he can describe the capitalization of this Bank. I know they have bonds, and we hold some of them ourselves. As I understand it, they are not giving away anything with this increased capital. What they are doing, it seems to me, is the same as any company does when it wants more capital to meet increased demand for trading facilities. What is the capitalization of the International Bank?

Mr. PLUMPTRE: The total capitalization of the Bank before the increases that are now currently under discussion is \$9,553 million.

Senator BEAUBIEN: All in American dollars?

Mr. PLUMPTRE: It is denominated in American dollars; that is the yardstick. But the contributions are in various currencies, perhaps including our own; in fact, some of it was in Canadian dollars.

After the increases which are now under discussion, the total capitalization will be \$20,369 million.

Senator REID: May I ask a question apropos to what Mr. Plumptre has said? Does the Bank show a profit, and if so, what is the amount of the profits held by the Bank? My information is that between \$40 million and \$50 million are being held as profits.

My second question is, does Canada share in the profits, or has she shared in them up to now? No statement has ever been given to Parliament regarding that position, and I think it important we should know.

Mr. PLUMPTRE: Under the constitution or articles of agreement of the International Bank it must accumulate a certain reserve fund out of current earnings, and it may distribute profits. So far—and I think this is typical of a prudently managed financial institution in its early years—its earnings have been devoted entirely to the accumulation of reserves, and no distribution of profits has taken place. If a distribution of profits were to take place, the basis of distribution would be two-fold. In the first place, there would be a distribution based on the amount of the capital from various countries that the Bank had actually used. If it had called up and received certain capital from Canada and used it in the year in which the profit was being determined, and if some other country had not had any of its capital called up and used in that year, we would be eligible for a first share of the profits up to 2 per cent and the other country would not. If there was a further distribution