

This has been under discussion at the last two meetings and perhaps more, of the Bank's Board of Governors. But, I think it has been clear from the general response that the criticisms have been rather few and scattered, and that the general sense of the Governors is that for the time being it is prudent to continue the present rates.

Senator LAMBERT: Is the total rate 6 per cent now?

Mr. PLUMPTRE: No. The rate depends upon the rate at which the Bank itself can borrow, plus 1 per cent, plus a service charge of about a half of 1 per cent, which the Bank uses to cover its own operations.

This means that the government of an under-developed country, with perhaps a rather weak credit position, can borrow at a rate reflecting guarantees by the government of the United States, the United Kingdom, Canada and all these other countries, plus $1\frac{1}{2}$ per cent. That is a pretty good rate for the very weak governments to be able to borrow at.

Senator LAMBERT: But is not the rate of the Bank on loans roughly 6 per cent?

Mr. PLUMPTRE: No, it varies up and down. It is around 6 per cent now, but it varies with the market rates of interest at which the Bank itself can borrow in New York, Toronto, Montreal, The Hague, London, or wherever it does its borrowing.

Senator REID: Is there a time limit on the loans?

Mr. PLUMPTRE: There is none laid down by the constitution, but of course there is a limit on each loan. I am not able to say from memory what the average term of loan would be, but they are essentially long-term loans. They are meant to build up capital equipment for economic development.

Senator LAMBERT: That is, monetary Fund?

Mr. PLUMPTRE: No, the Bank. The Bank makes medium and long-term loans; the Fund is designed to provide short-term accommodation.

Senator REID: Have the borrowing countries met their obligations each year?

Mr. PLUMPTRE: As far as the Bank is concerned the record is perfect. The Fund, I think, has on one or two occasions extended the term as an accommodation to certain countries.

Senator HORNER: In other words, a great part of the loans is still outstanding, and when you say it is in perfect shape you mean in regard to interest payments?

Mr. PLUMPTRE: That is right, interest and capital repayments.

Senator HORNER: If part of it is not recovered then the guarantee would be used by the various countries?

Mr. PLUMPTRE: The reserves would be used first and then, if necessary, the guarantee.

Senator MACDONALD (*Queens*): First of all I should apologize. I was a little late coming in this morning; but there is a section here I do not quite understand. I will read it aloud first.

1. Section 5 of the *Bretton Woods Agreements Act* is repealed and the following substituted therefor:

5. "The Minister of Finance may provide for the payment out of the Consolidated Revenue Fund to the International Monetary Fund and to the International Bank for Reconstruction and Development in the manner and at