

should be protected solely by tariffs; (3) damage to trading interests should be avoided by consultation; and (4) within the framework of GATT tariffs should be reduced by negotiations. At present about 85 countries have acceded to the General Agreement, thereby becoming contracting parties. For 1973, GATT had a budget of \$5,680,000 (U.S.), of which Canada paid \$323,000.

The Financial Agencies: There are four financial organizations in the United Nations system with Specialized Agency status. Three of them, the *International Bank for Reconstruction and Development* (IBRD), with its affiliates the *International Development Association* (IDA) and the *International Finance Corporation* (IFC), constitute the World Bank Group. The fourth organization is the *International Monetary Fund* (IMF).

Membership in these agencies does not include all members of the United Nations. The reason that some UN members do not belong is the requirement for IMF membership before a country may join the other institutions. Membership in the IMF requires certain reporting procedures that have proved unacceptable to some UN members. Such countries have not, accordingly, joined the IMF, and hence are not members of the World Bank Group.

The IBRD, with its two affiliates, is empowered to extend loans and credits to all member countries, especially those in the Third World, for projects Bank studies have indicated will make an important contribution to the borrower's economic development. The three organizations differ essentially in the source of their funds and the terms of their loans. The IBRD obtains most of its funds from bonds issued on world capital markets and it must, accordingly, lend on competitive terms. Canada's subscription to the IBRD's capital amounts to \$942 million (U.S.)⁽⁶⁾ or 3.7 per cent of the total. Since members pay-in only one-tenth of their subscription, Canada's actual contribution to the Bank's lendable capital is \$94.2 million (U.S.). The remaining nine-tenths of the Bank's subscriptions remains on call and constitutes a guarantee of Bank obligations.

The IDA relies on interest-free advances from governments for the bulk of its resources, and makes loans on highly concessional terms. Since the IDA's inception in 1960, Canada has contributed or pledged \$304.5 million (U.S.). Canada has also agreed to participate in a "fourth replenishment", which was recently negotiated. Its contribution will amount to \$227.5 million (U.S.) over the four-year period 1974-75 to 1977-78.

(6) All dollar amounts mentioned in this section are quoted in pre-Smithsonian values.