

Mr. COLDWELL: That is down in darkest Africa.

The WITNESS: You ask whether if Timbuctoo arranges for a loan through the issue of debentures pursuant to this provision of the bank the proceeds will be used in Canada if the loan is floated in Canada?

Mr. IRVINE: Will the amount of money represented by these debentures be spent in the United States?

The WITNESS: It is a condition of the issue of the debentures that no restrictions must be placed on the country in which the moneys are spent.

Mr. IRVINE: I understand that; but supposing that certain goods were required from Canada, would the money raised in Canada by these debentures go to pay for those goods in Canada?

The WITNESS: I am awfully sorry, I do not understand your question. Will you mind repeating it.

Mr. IRVINE: I am not sure that I can make it any plainer.

The WITNESS: Perhaps you could state in some different way.

Mr. IRVINE: I understand that there is no restriction on the investment of that fund, it may be invested I presume in any part of the world. But the investment of the fund does not mean much; it means that you will probably be purchasing all of your capital goods in some other country. I want to know whether if the debentures, the money from the debentures sold in Canada, will be expended in capital goods shipped from Canada to the country where the investment is being made.

Dr. MACKINTOSH: If I might, Mr. Chairman, I would try to answer that. I think what Mr. Rasminsky said was that there was no restriction placed, he did not mean on the investment. The situation is that if the bank wishes to issue debentures and sell them to Canadians in Canada it must have the consent of the Canadian government. The Canadian government having given its consent to debentures being issued, no restriction can be placed on where the money is spent with respect to that type of loan.

By Mr. Fraser:

Q. There is one more question I was going to ask; it is not contemplated, I assume, that very much of the 20 per cent will be used to make loans, rather this bank will operate in the other manner, that of guaranteeing and negotiating with governments and so on for permission to issue debentures; because 20 per cent on \$9,100,000,000 is in world economy a relatively small amount. So I presume that normally this bank is expected to guarantee loans rather than actually to expend out of capital, from its capital make loans to countries; would consist of guaranteeing, and also making loans of funds raised through the issue of its own debentures. Those two methods are the two untied of is that right?—A. It is certainly the case that the bulk of the bank operations transactions.

Q. I was going to ask you this next; will the bank exercise any influence in regard to the places where loans are made? What I have in mind is this, that I think everybody agrees that one of the problems that faces the world in order to get rid of the high production that we are now able to undertake we need as rapidly as possible to raise the standards of living in the more backward countries. And now, is there anything that would enable this bank to advise the making of capital expenditures in backward areas in order to raise the standard of life there so that we may sell our goods and receive goods in exchange or raise the general standards of living through the world?—A. If you will look more closely at the article on purposes, you will find that among the purposes of the bank is "to assist in the reconstruction and development of