

Of the increase that is envisaged for the Fund, we will be paying, if Parliament approves, \$62.5 million in gold and \$187.5 million in non-interest bearing notes, the total adding up to \$250 million, U.S. dollars. So, our subscription to the Fund breaks down into one-quarter of the total in gold and three-quarters of the total in non-interest bearing notes.

As far as the Bank is concerned, the increase in our subscription totals \$425 million. Of that we will pay \$1 million in gold, and we will be putting up as non-interest bearing notes, but in the form of capital which the Bank might well ask us for if they could use, an amount of \$9 million. This is in Canadian non-interest bearing notes, and it is not unlikely to be requested for release at some time over the years immediately ahead. The remainder, \$415 million, is simply a guarantee. As I said some time ago, the various governments are guarantors of the loans that are made, and some 80 per cent of the total capital of the Bank is not called up, but exists simply as guarantees in case of loss.

I mentioned that there have been no losses so far. So the Bank, as one sees it, is in a very strong position. A very large proportion of our additional subscription to the Bank—\$415 million out of \$425 million—is simply in case of loss.

Senator BEAUBIEN: Of course the Bank can call on these loans at any time they need to?

Mr. PLUMPTRE: If I may go through the three items one by one, senator: we must pay up the \$1 million in gold. As far as the \$9 million non-interest bearing note is concerned, the bank can ask, but we can refuse; the final decision is on our side, not on the Bank's side, as to release. As to the \$415 million guarantee, we would be obligated to pay it on a pro rata basis in case of loss.

Senator BRADETTE: Mr. Plumptre, you do not need to answer this question if you do not choose to. I have read on several occasions, and no doubt other senators have, some accusations of conservatism, as far as the Bank is concerned with respect to the lending of money and so on. Some of the criticism has been very sharp. Do you care to make a brief comment on that?

Mr. PLUMPTRE: Yes, I can try. I think it is generally true that no Bank is universally beloved by those who would like to borrow from it; and it would have been past belief if the World Bank were universally beloved and applauded, not only by those countries who have succeeded in getting loans, but also by those who have not received what they would like to have received.

The criticisms of the bank have, I am sure, diminished with the passage of time. The Bank, wisely, in my opinion, began slowly and conservatively, but it has been making loans much more rapidly and liberally in recent years. It is now running at a rate of some three-quarters of a billion dollars a year, which is a substantial sum of money to loan out safely, and the curve still goes upwards.

The criticisms of the Bank have not only included suggestions that there are times when the Bank ought to have lent more than it did, but also that it should have lent at a lower interest rate. In particular, for instance, the criticism has been made that the special reserve fund to which I have already referred, should not accumulate on the basis of a charge of 1 per cent, which is the present rate of every loan, but might perhaps accumulate on the basis of three-quarters of 1 per cent or one-half of 1 per cent, so that the aggregate charge of the Bank to the borrowing country would be a half or a quarter of 1 per cent less.