

Bretton Woods Agreements Act

which is why these agreements are known as the Bretton Woods Agreements. As I said earlier, this bill aims at increasing our monetary participation in the fund.

Your Honour has stated that the bill has been reported to the House by the standing committee. The committee has carefully studied the bill. Many questions were raised about it. What is the situation of Canada concerning countries with balance of payments problems and what is the relative position of Canada within the fund? All these questions were examined in depth and with a lot of interest.

I would like to remind the House that the aim of the International Monetary Fund is to promote and ensure stability and order in the exchange rate. I would emphasize also that it strives at developing assistance mechanisms related to the balance of payments so that the member countries can rectify any temporary problem while disturbing as little as possible the international monetary system.

We have also seen, during discussion in committee, that the total subscriptions of member states is now \$39 billion in Special Drawing Rights, and it will be remembered that the SDR is now worth \$1.50 in Canadian currency. It may also be remembered, Mr. Speaker, that from 40 at the time the International Monetary Fund was established, the number of members has grown to 138, which is due to the number of nations that gained independence over these last 20 years.

The aim of the legislation is to increase Canada's quota to the IMF. It will be remembered that regularly, over five-year periods, fund members are called upon to adjust their quota. Indeed, the quotas are an extremely important aspect of the fund, because they determine the subscriptions of member states to the fund's total financial resources. The size of an individual nation's quota also limits its borrowing capacity under the various mechanisms of the IMF. It must also be remembered that these quotas determine the size of SDR allocations when these are issued. They also are of political significance, because they determine the relative influence of a country within the fund. It will be remembered that in the course of our study in committee, Mr. Speaker, committee members reviewed a table showing the relative importance of various member states, and Canada's relative importance as compared to other nations was extremely interesting. And that increase of our quota within the IMF will indeed allow us to retain that relative position.

Special Drawing Rights are a reserve instrument evolved from a basket of national currencies, a technique that superseded the original technique, that of the mid-forties until 1968, which was based on the gold standard. And currently, the subscription or quota of an individual country to the fund is calculated in the so-called SDRs, and as I said the Special Drawing Right is now worth \$1.50 in Canadian currency.

Therefore this bill which amends the Bretton Woods Agreements Act is aimed at increasing Canada's subscription to the International Monetary Fund by replacing the amount of

\$1.357 billion SDR's by the amount of \$2.035 billion SDRs, Canada's quota. This transaction is part of our exchange operations and will have little incidence on our need for Canadian dollars. In fact, the cash payment in Canadian dollars brought about by this increase will amount to ¼ of 1 per cent of the amount, or about \$2.5 million. Twenty-five per cent of the increase will be covered by SDRs in the exchange fund; the balance, approximately \$748 million, will be covered by term obligations which do not bear interest.

I would like to point out that if all members of the fund accept their respective quotas as proposed, the subscription to the International Monetary Fund will increase, on the whole, by \$39 billion SDRs to \$59 billion SDRs. This overall increase is designed to ensure a better balance between the importance of the fund's resources and the needs of members of the fund to finance the balance of payments over the next five years.

I would also like to say that Canada's acceptance to contribute this increased quota to the International Monetary Fund had been proposed by the fund's administrators and reinforces Canada's commitment during the recent international conferences to participate and see that the International Monetary Fund plays a much greater role to help countries experiencing problems with their balance of payments or exchange rates.

● (1600)

We know that since 1973, when the oil crisis became very critical, its influence was felt on some currencies and in particular on the balance of payments of certain countries. It has become much more important to consolidate the role of the International Monetary Fund, the World Bank and even of private institutions to help countries having difficulties with their balance of payments to better their lot without creating greater imbalances.

Madam Speaker, in concluding my remarks, I wish to thank all members of the committee who took part in the work done in committee with respect to this bill. As I said at the beginning of my statement, the discussions were extremely interesting and I hope that the work done during the third reading by the House this afternoon will be as fast and efficient as that of the standing committee.

[English]

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, in joining this debate on Bill C-5 I find it strange in our deliberations that we often spend considerable time debating matters of little consequence and yet with other matters that have tremendous far-reaching consequences there is often impatience to get on and pass whatever the matter happens to be. When I say that, I do not mean that there is any sinister motive on the part of members. I think it is largely a direct result of members finding that that which appears to be confusing, ambiguous or hard to grasp is something in which automatically they have little interest and they go on to the next thing that appears to be somewhat easier to understand.