

agreement should also be regarded as a set of directions from national governments to this institution. This code is applied by the Fund through the device of consultation, through frequent meetings both at the level of officials from countries and at the level of ministers from countries.

Perhaps I might give examples of instances when the Fund has intervened in international economic affairs, which might be taken as evidence of the importance of the institution in our international economic policy. May I refer to one of the most important international events, the fact that a number of western European countries have taken steps towards making their currency fully convertible. I think it is accepted that those steps would not have been possible if the Fund had not come into the operation on a number of occasions and given very strong support, and helped mobilized support, for western European currencies. In particular, it came to the rescue of sterling at a very critical period in 1956; similarly, it came to the rescue of the franc in 1957. I do not think the events that we saw at the turn of the year when major Western European currencies became partially convertible would have been possible without the Fund's intervention at these earlier periods to give these currencies the necessary strength.

I might cite a more precise example: the North Atlantic Alliance would have been critically weakened had the Fund on occasion not come to the support of the currency of some of its members; I have in mind particularly the operation that has gone on over the past year to assist the Turkish Government to rationalize its foreign exchange system and to give it such support as is necessary. This sort of example could be multiplied many times, but I think those three examples I have given will show in what important ways the Fund is an instrument of the international economic policies of Canada and the countries with which it is associated: the support of the pound in 1956, the franc in 1958 and the comprehensive support to the Turkish authorities over the past year. The Fund has been the mechanism under which national agreements have got together to achieve these common purposes. I doubt if it would have been possible to reach such a degree of success in these particularly complicated operations without a very highly-developed international institution. There is a limit as to what can be done by *ad hoc* conferences and by bilateral discussions and unilateral decisions. The problems in these international fields are complex ones which require highly-developed instrumentalities to deal with.

If I might turn to the Bank, sir, the Bank's task might properly be defined as one of assisting the less well-developed countries to develop their own economies, so that their people will have some positive hope of receiving higher incomes in the future. Of course, this is not the only mechanism in this international field but it is one of the important ones. Other mechanisms which are part of the whole armoury of weapons used for carrying out this task include the Colombo Plan and the United Nations Technical Assistance Program, and the Special Fund. All these play an important part in the elaborate operation of mobilizing the resources of the more well-developed and wealthier countries to assist countries that are not so well developed.

I think you already have on record a fairly comprehensive discussion of how the Bank operates. I might merely comment on some of the particular ways the Bank has intervened as a mechanism of our international economic relations, and as an instrument of our economic policy. One example which is of the most pressing importance at the moment is the Bank's intervention in the Indus waters dispute. No doubt your committee has followed the dispute between India and Pakistan about the use of certain waters of the Indus Basin.