

that the twenty per cent already contributed would seem to be sufficient to meet its needs.

Hon. Mr. Roebuck: Honourable senators, with only the amendment and not the Act before me, I find it a little difficult to visualize the exact limit of authority that is being applied to this bill. The explanatory notes indicate that the amendment is aimed at insurance companies and trust companies who invest in bonds issued by the International Bank. I would point out that many trust companies and insurance companies are incorporated by provincial charter, and that the investment of money is a matter of civil rights. How then does the sponsor of the bill justify this measure, which deals with what is really a matter of provincial jurisdiction affecting the investment of moneys?

Hon. Mr. Lambert: In saying that trust companies and loan companies are not completely under the jurisdiction of the federal authorities my honourable friend has raised a point which is certainly new to me.

Hon. Mr. Roebuck: All of them are not.

Hon. Mr. Lambert: True, there may be some local loan companies which are not, but I am quite sure that all those to which this amendment is intended to apply are authorized by federal charter.

Hon. Mr. Roebuck: That may be so.

Hon. Mr. Lambert: Certainly they come within the jurisdiction of the department that would supervise this operation.

Hon. Mr. McLean: Honourable senators, I should like to ask the sponsor of the bill what is the commitment of the Dominion of Canada to the capital of this bank?

Hon. Mr. Lambert: Canada's total subscription to the capital is approximately \$360 million, of which twenty per cent, or \$65 million, has already been paid. The bill authorizing such a contribution was passed by parliament two or three years ago.

Hon. Mr. McLean: Honourable senators, I remember when the Bretton Woods agreement was made and the International Bank was organized for the purpose, as I understood, of helping down-trodden nations. I pointed out at that time that this bank was neither a bank of issue nor a bank of deposit, and that any money it lent had first to be borrowed from the member nations at, as has been said, about four per cent. That means that with the overhead costs, commissions and other expenses, the down-trodden nations will have to pay about five or six per cent for any money they get. That does not seem reasonable to me.

Hon. Mr. Lambert: I should have pointed out when introducing the bill that of the 15 million which was recently raised in Canada, a good deal is being spent here, and considerable reconstruction work is being done.

Hon. Mr. McLean: Canada has never received any loans from the bank.

Hon. Mr. Lambert: Canada is benefitting very greatly by the reconstruction work that is being done, not only under the auspices of this institution but of the Marshall plan as well. By investing our money in this kind of issue we are doing a good deal towards financing our own projects—a proceeding which has become, I suppose, an outstanding feature of our economy since the war ended.

The statement that this institution was established for the purpose of effecting reconstruction and aid to the down-trodden countries of Europe is correct, and about \$500 million was loaned for that purpose before the Marshall plan came into effect. The Marshall plan dealt with the problem on a much larger scale than was contemplated by the founders of the International Bank or through the provisions of the Bretton Woods agreement. I do not see anything unusual about the bank floating its bonds and asking member countries to invest in them. Subscribers receive a good rate of interest, between 3½ and 4 per cent. In Canada the bonds were floated on a 4 per cent basis. In the United States much larger issues have been sold on a 3½ per cent basis. So in respect of these bonds we have the advantage of an additional one-half per cent.

Hon. Mr. Euler: May I ask one other question? Before I do so I would express the opinion that this is a perfectly good security for trust companies; and if there be any such companies incorporated under provincial law—I am not sure that there are—this federal legislation would not effect any control over them. After all, this legislation is merely permissive. The responsibility of investing in any securities issued by the International Bank rests upon the directors of the individual trust companies, in the light of their duty to their shareholders.

My question is this. The sponsor of the bill has stated that Canada is committed to the International Bank in the amount of something like \$300 million, of which some sixty or sixty-five million dollars have actually been contributed.

Hon. Mr. Lambert: That is right.

Hon. Mr. Euler: Has the levy of 20 per cent been made generally on the countries which are participants in the International Bank?

Hon. Mr. Lambert: Quite.