

Many countries still make use of exchange restrictions and discrimination, particularly against the dollar. Members that continue exchange restrictions and discrimination have an obligation to consult with the Fund and since 1952 the Fund has been almost constantly engaged in such consultations. These consultations are held primarily to ascertain whether the balance of payments position and prospects of these countries is such as to justify the continued maintenance of exchange restrictions. The consultations also provide opportunities for discussion of the economic and financial problems which have given rise to restrictive and discriminatory practices (including bilateral arrangements), and of the possibilities for the elimination or reduction of these practices. Of the 68 members of the Fund, 57 operate under the "transitional period" arrangements and have an obligation to consult under Article XIV. The Fund is continuing its endeavours to help in the elimination of restrictions and much of its effort has been spent on advice and assistance to members that are trying to move toward the re-establishment of a multilateral system of payments.

Towards the close of 1958, a number of European countries, including the United Kingdom, declared non-resident earnings of their currencies to be convertible into any other currency including the dollar. However, the currencies in question have not as yet been declared legally convertible in the sense of Article VIII of the Fund Agreement, and the obligation of these countries to consult with the Fund under Article XIV continues. Nevertheless this move, which was undoubtedly encouraged by the prospect of a substantial increase during 1959 in the Fund's resources, constitutes an important advance toward the objectives of the Fund.

During 1958, 8 countries consulted the Fund about exchange modifications other than changes covered by the Articles XIV consultations. In addition Canada consulted the Fund with regard to the extension of the provisions of its Emergency Gold Mining Assistance through 1959 and 1960, and a 25 per cent increase in the amount of assistance for the years 1958, 1959 and 1960. The Fund continued to give substantial technical assistance to its members during the year, particularly under its Training Programme.

Operations of the Bank

The activity of the Bank may be considered under three headings: the making of loans to meet the foreign exchange cost of reconstruction and development in member countries; the marketing of its own bonds and other obligations in the private capital market on which it relies for the major part of the money which it lends; and technical assistance in the preparation, completion and operation of projects and programmes for reconstruction and development.

In recent years emphasis has shifted from post-war European reconstruction to development loans in many areas of the world, mainly in the under-developed countries. Included in programmes and projects financed by the Bank are general reconstruction and development, electric power, transportation, agriculture, irrigation and flood control and communications. From its inception to December 31, 1958 the Bank has made 219 loans in 49 countries in the aggregate of \$4,250.2 million of which \$3,087.9 million has been disbursed. During the twelve-month period