

panies Act so as to extend a similar privilege to all loan companies to whom this Act applies.

There is nothing particularly new in the bill except the provision extending this privilege to the loan companies, and that is in clause (v) of the first section, which reads:

Paragraph (a) of subsection (1) of section 61 of the Loan Companies Act, chapter 28 of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(a) the debentures, bonds, stocks or other securities (v) of or guaranteed by the International Bank for Reconstruction and Development established by the Agreement for an International Bank for Reconstruction and Development approved by the Bretton Woods Agreements Act, 1945".

If the bill is sent to committee, any detailed information that may be required as to the present status of the International Bank can be furnished there. I have a good deal of information along that line right here, and if it is thought desirable I can give it now. There is not much new in this detailed information. Particulars as to the bank's set-up and its relations with borrowing countries were placed on our *Hansard* in 1947. However, it might be interesting to point out that the bank's general standing throughout the world has risen very substantially in recent years. The purpose in founding the bank was to provide a source of funds for reconstruction to European countries which had been affected adversely during the war. In its first years of operations the bank lent some half-billion dollars to various countries of western Europe, but it was soon found that demands for funds to finance reconstruction in those countries were so heavy that the objectives of the International Bank as set forth in the Bretton Woods Agreement could not be met. Honourable members will recall that the Marshall Plan was approved in 1947 and commenced to operate in 1948. It has continued until the present time. The International Bank has devoted its efforts to the other parts of the world, and has already distributed a billion and a half by way of loans to some twenty-seven countries.

I may say that in February of this year an issue of \$15 million four per cent bonds floated by the International Bank was quickly over-subscribed in Canada. Canada, as a member of the International Bank and the International Monetary Fund, desires through her borrowing and lending institutions to take advantage of the opportunity to invest in what appears to be a secure financial organization. This bill is sponsored by the Federal Minister of Finance, and I think we need have no hesitation in approving it on second reading.

Hon. Mr. Aseltine: I should like to ask the honourable gentleman whether the Dominion of Canada guarantees the bonds to which he referred?

Hon. Mr. Lambert: The Dominion of Canada is already a member of the International Bank and has subscribed \$65 million as her share of its capital. In other words, there is a joint guarantee. The capital of the bank is very considerable, and only twenty per cent has been utilized. Twenty per cent of our total contribution is \$65 million. The operations of the bank have been sufficiently remunerative to make further payment unnecessary. The fact is that we are already a guarantor of the whole operations of the bank, and any company which chooses to invest in its bonds would automatically have the guarantee of the Dominion of Canada.

Hon. Mr. Aseltine: I was wondering what security loan companies would have, and how they could enforce payment of these bonds, for instance.

Hon. Mr. Lambert: As I have said, the bond issue of \$15 million recently floated in Canada was quickly taken up by all kinds of institutions. The loan companies and the trust companies were not authorized to invest in the bonds, but the insurance companies, for instance, bought them up with, I suppose, the same confidence as they would have in buying bonds of the government of Canada, the government of Great Britain or any other government. These bonds are backed by some fifty-five nations, each of which has contributed its share of the capital required in the setting up of the International Bank.

Hon. Mr. Euler: I assume that the responsibility for the redemption of these bonds must ultimately rest with the International Bank, and that our country would have no responsibility beyond its original contribution of \$65 million. In other words, we have no responsibility to any individual trust company. That responsibility, I would say, rests entirely upon the International Bank. Am I right in that regard?

Hon. Mr. Lambert: That is correct. The bank was incorporated after the passage of joint legislation by all the member countries, in much the same way as the United Nations was set up, and contributions for that purpose were provided for. Canada, for instance, contributes to the United Nations 3.4 per cent of the total cost. In the case of the International Bank the member countries could, if necessary, be called upon to supply the balance of the capital subscribed; however, as I have said, future prospects are so favourable