

during the year, the subscribed capital of the International Bank totalled, on December 31, 1958, \$9,521.5 million. Of this amount, Canada's participation was \$325 million. Only 20% of the subscribed share capital is, however, paid up; the remaining 80% can be called only if needed to enable the Bank to meet its own obligations and not for lending. Of the total paid-up capital of the Bank, equivalent to \$1,904.3 million on December 31, 1958, an amount of \$190.4 million equivalent to 2% of the subscribed capital has, in accord with the Articles of Agreement, been paid up in gold or in dollars. The remaining \$1,713.9 million (18% of the subscribed capital) has been paid up in the currencies of the member countries. These currencies can, however, be used by the Bank for its lending operations only with the approval of the members concerned. The United States, Canada, Germany, Venezuela, Costa Rica and El Salvador are the only countries that have to date released without qualification the whole of the 18% part of their original subscriptions, equivalent to \$692 million. Many other countries, however, have made conditional or partial releases or agreed to release their 18 per cent over a period. Canada's release amounting to \$58.5 million has been fully utilized by the Bank in its lending activities.

Planned Increase in the Resources of the Fund and the Bank

During 1958 action was initiated to increase substantially the resources of the Bank and the Fund in order to ensure that these institutions would have the funds necessary to continue functioning effectively in the future. At the recent high level of lending the Bank's unused borrowing capacity, which is particularly influenced by the amount of the U.S. guarantee, might have been exhausted within two or three years. Heavy borrowing by members of the Fund since 1956 had by the latter part of 1958 left this organization with only about \$1.5 billion in gold and convertible currencies uncommitted and available for lending. These considerations prompted a proposal at the 1958 Annual Meetings in New Delhi that the resources of the Fund and the Bank be materially strengthened. This proposal was adopted and the matter was referred to the Executive Boards of the two organizations who submitted specific recommendations to their Boards of Governors at the end of the year.

These recommendations, which were approved by the Governors early in 1959, involved a general increase of 50 per cent in members' quotas in the Fund and of 100 per cent in members' subscriptions to the Bank with special additional increases for Canada, the Federal Republic of Germany and Japan in view of the exceptional economic growth shown by these three countries since the Fund and Bank were established. The recommendations also provide for special increases in the quotas and subscriptions of 24 countries whose present quotas in the Fund do not exceed \$15 million.

Under these proposals, the authorized capital of the Bank will be increased from \$10 billion to \$21 billion, which will leave a margin of unsubscribed capital for admission of new members and for possible subsequent increases in individual subscriptions. Unlike the original subscriptions, of which 2 per cent had to be paid in gold and 18 per cent in interest-free notes in the member's currency, the general increase in subscriptions will be entirely in the form of guarantees and will involve no cash payments to the Bank unless called for the purpose of meeting its obligations. Of the special additional increases of \$100 million, \$390 million and \$166 million in the subscriptions of Canada, Germany and Japan respectively, one half will be payable on the basis of original subscriptions and the other half will