

in a given year? It's a stubborn problem. It's one that at times like a few months ago, really, even at the end of the second quarter, has assumed almost crisis proportions--never quite but almost--but, nevertheless there are some signs of improvement, not only the sort of temporary sign of improvement--if it is temporary--in the third quarter which has greatly relieved the minds of the U. S. public officials and is due in part, at least, to the impact of the equalization tax proposal which has tended to discourage, for the time being, the outflow of long-term capital, but there are also some signs that Western Europe, the strong countries of Western Europe, chiefly in the Common Market, are moving into a less strongly accentuated surplus position.

For example, taking the current account balance alone, of the Common Market Countries, the Six--you'll remember it includes little Luxembourg, but otherwise it's the five larger ones--in 1958 it was the equivalent of \$2.6 billion surplus. In 1959 it was \$3 billion. In 1961--to jump over a year--it was \$2.5 billion, and in 1962 it was only \$1 billion. I should say that in 1963 it looks on the whole as if it might be rather above the \$1 billion. On the other hand there are some cases like Italy, which probably are adjusting rather quickly into a position of possibly deficit, so that it is too early to tell whether it will be greater than \$1 billion.

Let me now turn briefly to the role of the IMF and then very quickly to a few words on the whole liquidity issue. Then I trust that your questions later may develop some of these points.