

of this sort. There might be a further evolution of the swap arrangement between central banks that have rather dramatically increased and reached almost \$2 billion in total in the last two years. There are all kinds of these possibilities which in the next 12 months will be subjected to very earnest study.

Thank you.

DR. BARRETT: Dr. Southard is ready for your questions, gentlemen.

QUESTION: Doctor, is Canada in a state of chronic disequilibrium in regard to her balance of payments? If so, is the International Monetary Fund doing anything to help her?

DR. SOUTHARD: I would say Canada is not in a state of chronic disequilibrium. This shows just how hard it is to set up a single test by which to test equilibrium which will work as a rule of thumb without the most careful examination of the facts. Now, it is true that over the period of, say, the last 10 years Canada has had a tremendous visible deficit, that is, a deficit on trade. Canada is importing a great deal more than she is exporting, of goods and goods-related services.

From that point of view one could say, "Well, it is obvious that there is tremendous chronic disequilibrium." But, of course, this was being offset by a very large, reliable, continuous inflow of capital, most of it from the United States, most of it going into Canadian industry for expansion of the Canadian economy, some of it going in in short-term form, into already existing securities.