

That's one reason why they want to do something about it. Another reason is that they see the posture of the United States in the capital field and they have come to fear that we are not going to be willing to allow as large an annual inflow of capital into Canada as has been true in the past and that they ought to become less reliant on the United States capital market.

The only way they can become less reliant on the capital market is by increasing their net outflow of goods and services, or decreasing their net imports, and they are in the process of doing that. Some of the ways they are doing it the United States Government doesn't like very well, as you know. Indeed, behind the scenes there is a very acute disagreement. That disagreement really centers on the Canadians' concept of what they need to do to deal with the balance of payments situation, which in my view, I repeat, has not up to now been a chronic disequilibrium.

QUESTION: Doctor, you have indicated the impact of the Fund on exchange rates and par values. To what international agreements, pressures, or moral commitments would the United States be subject if they desired to devalue the dollar?

DR. SOUTHARD: Well, the United States can't change the par value of the dollar without the approval of the International Monetary Fund. If we did change it without the approval of the Monetary Fund we would be in violation of our obligation under the formal agreement that we have entered into. As far as I am aware, this is the only international