

INTERNATIONAL RULES FOR BANKS

It was announced recently by Mr. E.J. Benson, Minister of Finance and President of the Treasury Board, that, as the result of discussions between Canada's chartered banks and the Bank of Canada, following an exchange of letters dated March 7 between the United States Secretary of the Treasury and the Canadian Minister of Finance, the banks were conducting their operations in foreign currencies in accordance with the understandings reached in that exchange.

It will be recalled that, some time previously, Canada had been granted exemption from balance-of-payments measures adopted by the United States to control capital "outflows". In a letter to Mr. Henry Fowler, the U.S. Secretary of the Treasury, Mr. Mitchell Sharp, at that time Minister of Finance, had provided assurance that the exemption would not result in the use of Canada as a "pass-through" by which the purpose of the U.S. balance-of-payments programme could be thwarted.

The understanding with the chartered banks is embodied in the following three guide-lines:

(a) The total of a bank's foreign-currency claims on residents of countries other than Canada and the

United States should not rise above the level of the end of February 1968, unless the increase is accompanied by an equal increase in its total foreign-currency liabilities to residents of countries other than Canada and the United States.

(b) If there should be a decline in the total of a bank's foreign-currency liabilities to residents of countries other than Canada and the United States from the level at the end of February 1968, the bank should achieve an equal reduction in its total foreign-currency claims on residents of countries other than Canada and the United States as quickly as the liquidity of such assets will permit.

(c) Each bank should allow an increase in its U.S. dollar liabilities to residents of the United States from the level at the end of February 1968 only to the extent that the increase is fully matched by the sum of (i) the increase from that date in the bank's U.S. dollar claims on residents of Canada, (ii) the decrease from that date in the bank's U.S. dollar liabilities to residents of Canada, and (iii) the decrease from that date in the bank's own spot position in U.S. dollars.

SCIENTIST THRICE HONOURED

Dr. Gerhard Herzberg, Director of the Division of Pure Physics, National Research Council, has been elected an honorary member of the Optical Society of America in recognition of his "pre-eminent service in the advancement of optics". He is the first Canadian to receive this honour. There are only six honorary members of the Society.

Dr. Herzberg also has been awarded the degree of Doctor of Science by the University of Gottingen in Germany, and has been elected an honorary fellow of the Chemical Society of London in England. The only other Canadian who was honoured by the Chemical Society of London was the late Dr. E.W.R. Steacie, who was the President of the National Research Council from 1952 to 1962.

PRESS COUNSELLOR TO PARIS

Mr. Mitchell Sharp, the Secretary of State for External Affairs, has announced the appointment of Mr. Paul Boudreau as Press Counsellor at the Canadian Embassy in Paris. He will join the Department on June 1 and take up his posting on July 1 after briefing in Ottawa.

Mr. Boudreau who was born in Quebec City in 1920, joined the Canadian Press after the Second World War, becoming its Parliamentary correspondent in 1947. In 1961, he was appointed managing editor of Montreal's *Le Nouveau Journal*. He became Asso-

ciate Director of the International Centre of Graduate Journalism at the University of Strasbourg in France in 1964, and returned to Canada in 1966 as Vice-President and General Manager of the Canadian Advertising Agency in Montreal.

Mr. Boudreau is a past-president of the Canadian Union of French-Language Journalists and a founding member of the International Association of French-Language Journalists.

INCREASE IN CAPITAL SPENDING

Private and Public Investment in Canada, Outlook 1968, a report released recently by the Department of Trade and Commerce, states that capital spending in all sectors of the Canadian economy is expected to reach \$15,802 million in 1968, 4 percent above actual outlays of \$15,174 million in 1967. The 1968 programme indicates a moderate upturn in this important area of demand following a year in which capital spending had all but levelled off.

This year, outlays for new construction are expected to rise by 7 per cent, to \$10,179 million, while those for machinery and equipment will total \$5,623 million, a little less than the \$5,688 million of last year.

Within the business sectors, capital outlays of \$9,212 million are indicated for 1968, down slightly from the \$9,339 million spent in 1967. Substantial reductions are planned in certain resource-based in-