need for a new (or renewed) international institution to monitor or manage such coordination is still not clear. The Bretton Woods Commission itself points out that the international monetary system consists of three major currencies -- the dollar, the yen and the deutschmark (or its successor European currency). That implies that volatility and/or misalignments of peripheral currencies, including the Canadian dollar, are simply not as great a threat to the overall stability of the international monetary system. The involvement of an institution such as the IMF, which would likely promote policy coordination across all of its members, might not be necessary when there are really only three currencies that matter.

Central Bankers and the G-7 Process

Despite desires to streamline the G-7 Summit process, it could be extended to include central bankers when discussions involve exchange rate misalignments and the possible reform of international institutions to oversee and perhaps coordinate macroeconomic policies.[29] Although central bank authorities are the principal agents in implementing countries' exchange rate policies, it is not certain whether they would welcome the opportunity to participate in the Summit's highly politicized economic diplomacy. As noted above, credibility is coveted by domestic economic policy makers, and especially by central bankers. It might be more appropriate from the central banks' perspective to become involved in the Summit only at arms length, and thus maintain their ability to distance themselves, if necessary, from any international commitments that they view as inconsistent with their own domestic policy priorities.

The Upshot: Will We Be Reviewing Bretton Woods at Sixty?

In 1984 and 1994, it was, after forty and fifty years respectively, a convenient and sensible time to review the workings of the Bretton Woods institutions, especially since the international economy had changed so much since their inception. Many of the reforms suggested in 1984 have resurfaced in the present debate with few changes. Without belittling legitimate concerns over international financial stability, or discounting the macroeconomic policy challenges that accompany increased international economic integration, there is some evidence to suggest that certain problems, such as those associated with exchange rate volatility, are neither as new, nor likely as imminent, as some analysts would lead us to believe. Indeed, some

[29] See K.M. Dominguez and J.A. Frankel, *op. cit.,* p. 52; and W. Dobson, *Economic Policy Coordination: Requiem or Prologue?*, Policy Analyses in International Economics No. 30, Institute for International Economics, Washington DC, April 1991, pp. 137-41.