of "surveillance over members' exchange rate policies" to its list of responsibilities, the IMF has become marginalized in terms of its influence over the major currencies.[6]

Besides changes in the exchange rate system and the role of the IMF, several new international institutions such as the G-7 and the European Union have emerged alongside the Bretton Woods institutions. In terms of exchange rate management, the G-7 (or the G-5, excluding Canada and Italy) has, at least temporarily, influenced the policies of member governments through such undertakings as the Plaza Agreement of 1985 and the Louvre Accord of 1987.[7] The EU has its own system of exchange rate management, known as the Exchange Rate Mechanism (ERM), which is part of the European Monetary System (EMS). Currency relationships are supposed to be stabilized among those EU members that participate in the ERM.[8]

There have also been several noninstitutional changes in the international economy since the delegates met in Bretton Woods in 1944. Presently, there is a much greater variety of financial services and financial instruments available, and they are provided by several different types of financial institutions whose activities often overlap. Financial markets are now more globally integrated, with large and frequent cross-border capital flows. Sophisticated computer and other communications systems allow large volumes of capital to move almost instantaneously between markets.[9] International trade in both goods and services has grown dramatically over the last fifty years and represents larger shares of national incomes. More recent developments include a substantial increase in foreign direct investment along with the increased importance of multinational corporations.

[6] See J.J. Polak, "The Role of the Fund", in *The International Monetary System: Forty Years After Bretton Woods*, Proceedings of a Conference Sponsored by the Federal Reserve Bank of Boston, May 1984, p. 246.

[7] For a detailed discussion of the Plaza Agreement and the Louvre Accord, see Y. Funabashi, *Managing the Dollar: From the Plaza to the Louvre*, Institute for International Economics, Washington DC, 1988.

[8] For a discussion on the workings of the EMS, see C.R. Henning, *Currencies and Politics in the United States, Germany and Japan*, Institute for International Economics, Washington DC, 1994, pp. 96-9.

[9] The Bank of Canada estimated that, as of April 1992, transactions in the Canadian foreign exchange market averaged about $US22 billion per day. On an annual basis, Canadian foreign exchange turnover is more than nine times the level of Canada's Gross Domestic Product. See N. Close and C. Duenwald, "Survey of Canadian Foreign Exchange Market", in *Bank of Canada Review*, Bank of Canada, Ottawa, October 1992, p. 23.