

on imports are obviously suitable if the balance-of-payments deficit is not expected to last. That is, the currency should be devalued.

Are you thinking of any particular countries with respect to this devaluation?

Mr. COOPER. No.

Senator MILLER. Do you have any examples?

Mr. COOPER. No. There are many historical examples. If a country is facing a serious balance-of-payments deficit, and if there is just nothing in the cards so far as anyone can see to reduce it in the foreseeable future, then that is a *prima facie* evidence that the country is in "structural disequilibrium" to use the term in the IMF articles of agreement. Under the IMF rules, that country ought to change the parity of its currency. That is the accepted solution for such a disequilibrium.

Senator MILLER. I am not denying the validity of your statement. But I am pointing out that it might be difficult to apply. I was wondering if you had any countries you would want to name where that point should be applied?

Mr. COOPER. I wouldn't want to name any country where it should be applied now. There are historical examples. The French franc in 1955-1957 was in fundamental disequilibrium. It was devalued in 1957 and again in 1958, but perhaps devalued too much.

Senator MILLER. It may be embarrassing for the United States or any nation to suggest to one of these other nations that they should devalue their currency because things are hopeless.

Mr. COOPER. It has been done, but not publicly. The IMF holds discreet conversations with all of its members.

Senator MILLER. Now, I would like to ask any of you gentlemen at the table if you know how important this American selling price problem is to the Common Market countries? Does anybody have a comment on that? I know that you didn't particularly cover it, but would you like to make a comment on how important to the Common Market the American selling price is?

Mr. BALDWIN. I don't know the exact trade figures, but we know, of course, that the Germans are very much interested in it. They feel that it is important for them, and that if it were removed, they would be able to increase their exports of chemical products considerably.

Senator MILLER. Is it important to France, too, do you know?

Mr. BALDWIN. I am not sure of that. I know it is the Germans who are pushing the hardest. I imagine there are some chemical products affected by ASP coming from most of the Common Market countries.

Mr. DIEBOLD. I think Switzerland and Britain have an interest in it, too.

Senator MILLER. Thank you very much.

Mr. Witt, you stated: "The commitment to supply a substantial quantity of grains and international food aid (thus subtracting), will benefit the food and feed grain producers of Canada and the United States." We had testimony from Mr. Roth, the other day, that this food aid share on the Common Market would amount to about a million tons a year.

Mr. WITT. I thought it was a total of four and a half million tons.

Senator MILLER. Well, from the Common Market it would be a million tons. Now, my concern is mainly with the Common Market. And what you in effect are saying is that the Common Market