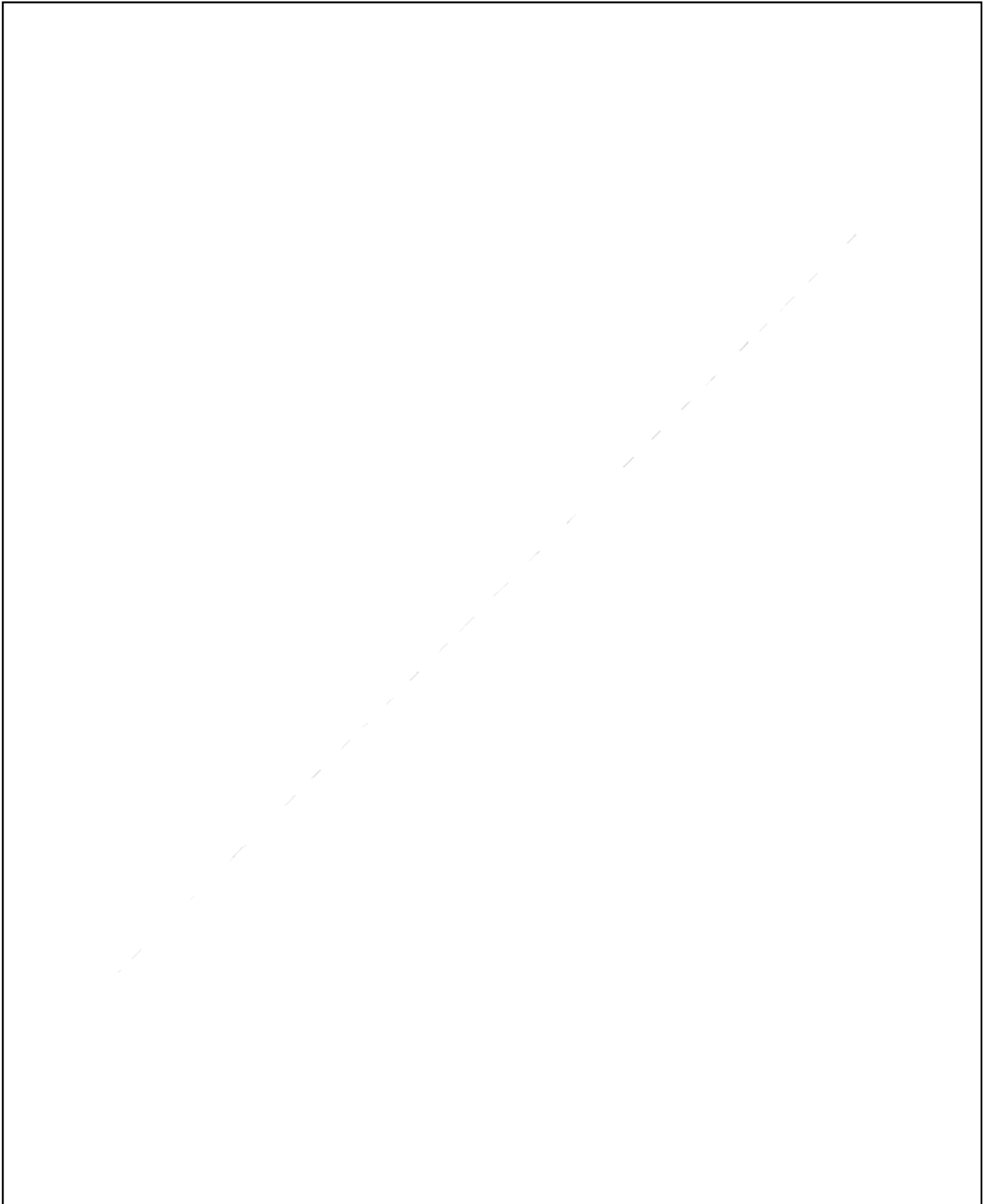
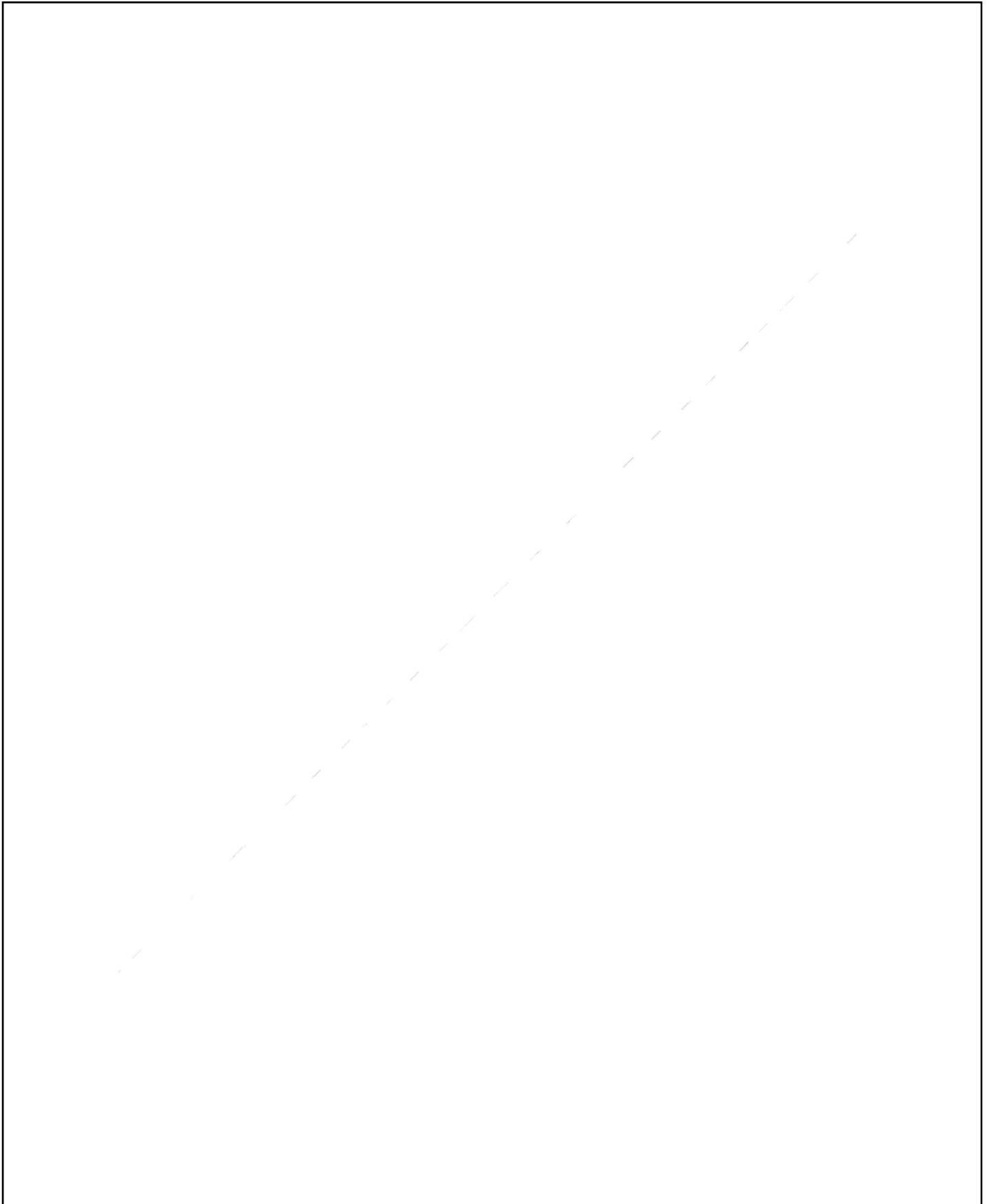


1. Given the strong correlation between the value of the Canadian dollar and the price of oil, it is argued that Canada should adopt a fixed-exchange rate regime to avoid the so-called Dutch disease. Some supporters of this view go even further and suggest that Canada should adopt the U.S. dollar as its currency.



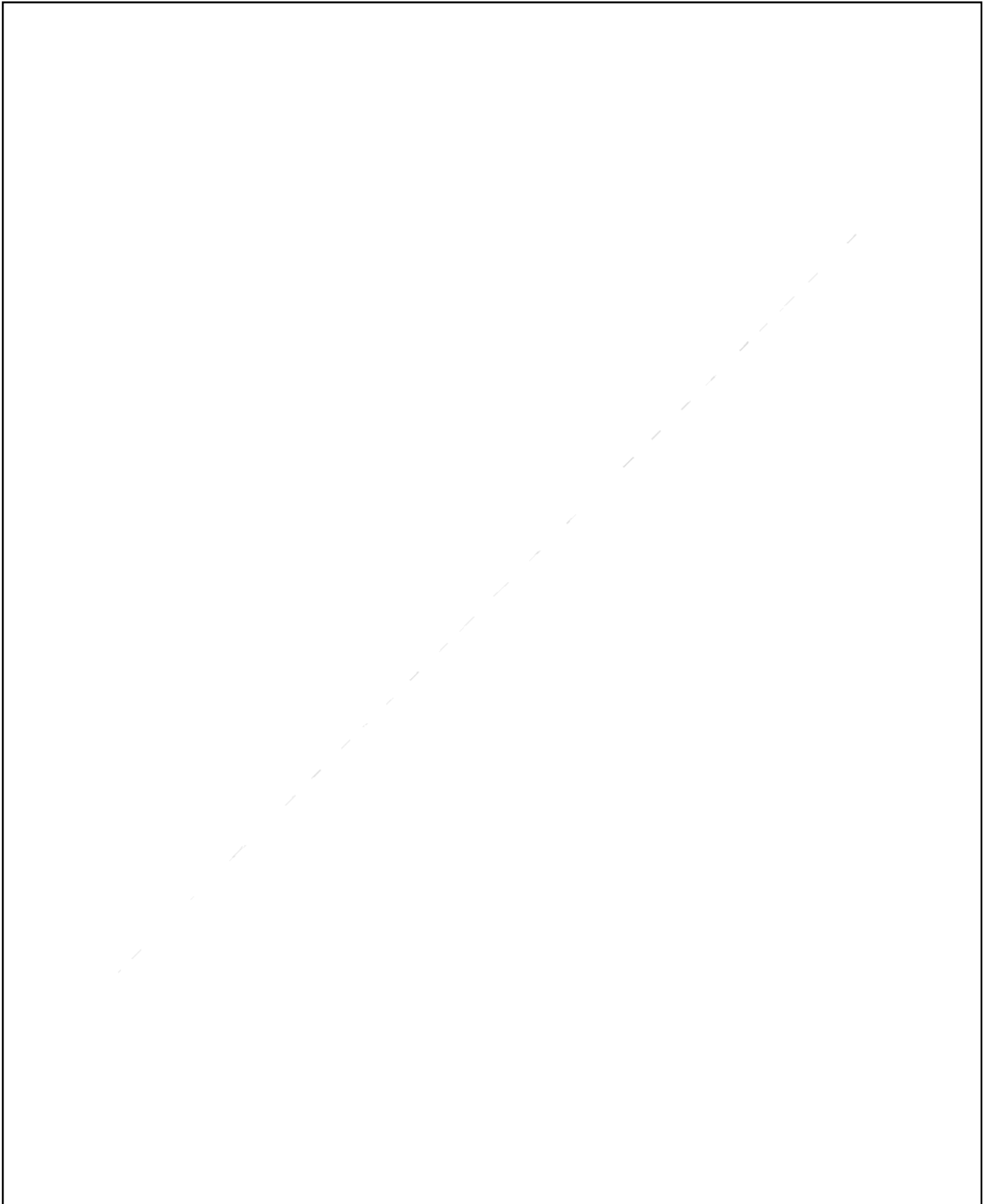


2. In periods of economic boom, it is argued that unrestricted cross-border capital movements contribute to exchange rate appreciation, current account deficits, and/or excessive accumulation of foreign exchange reserves. Therefore, it appears that capital account regulations might be somehow justified.

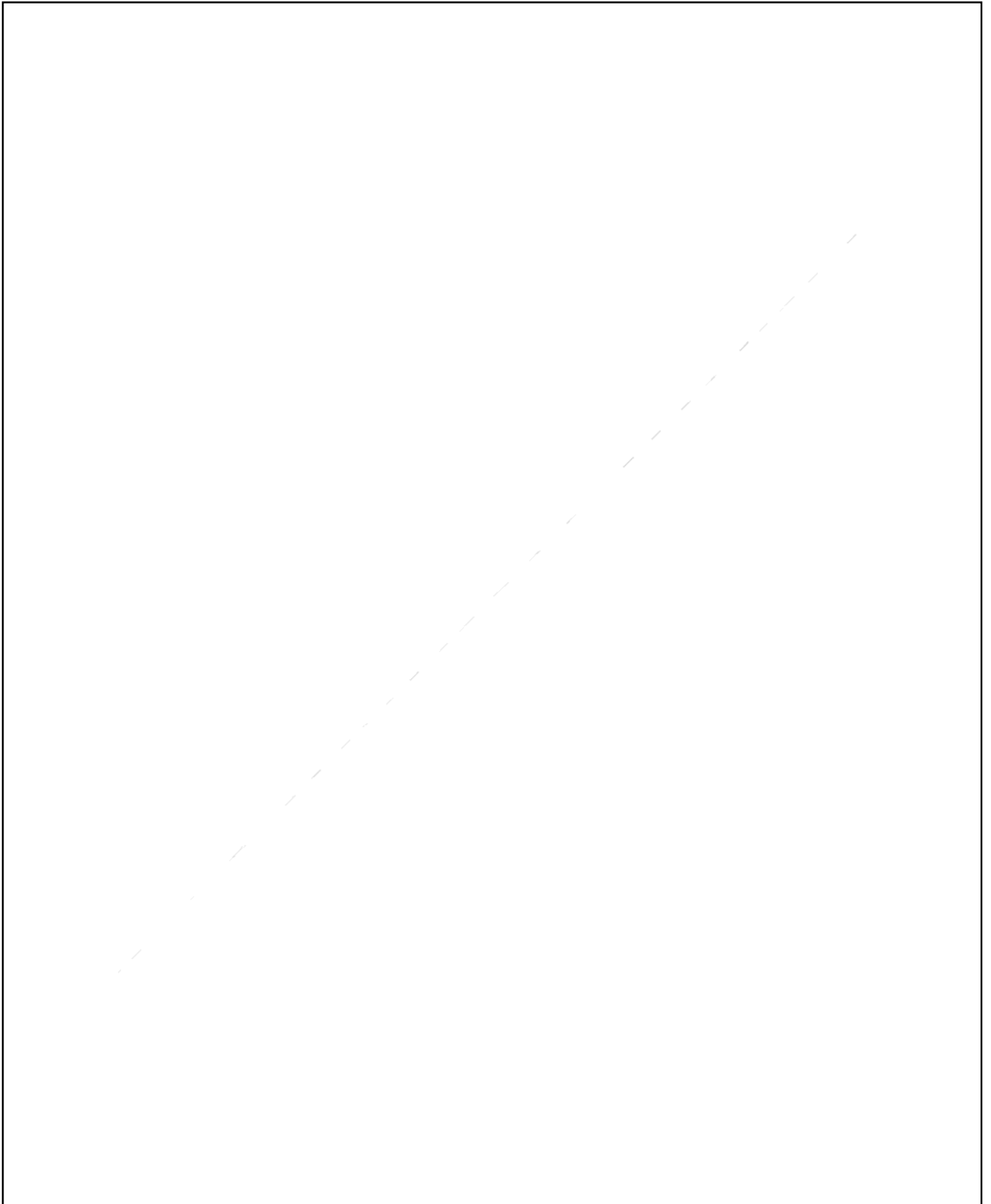


3. Inflation is not due to too much money being created. Therefore, money is not the real problem. The real problem is whether there are enough resources in existence to support all the purchases the extra cash will demand.

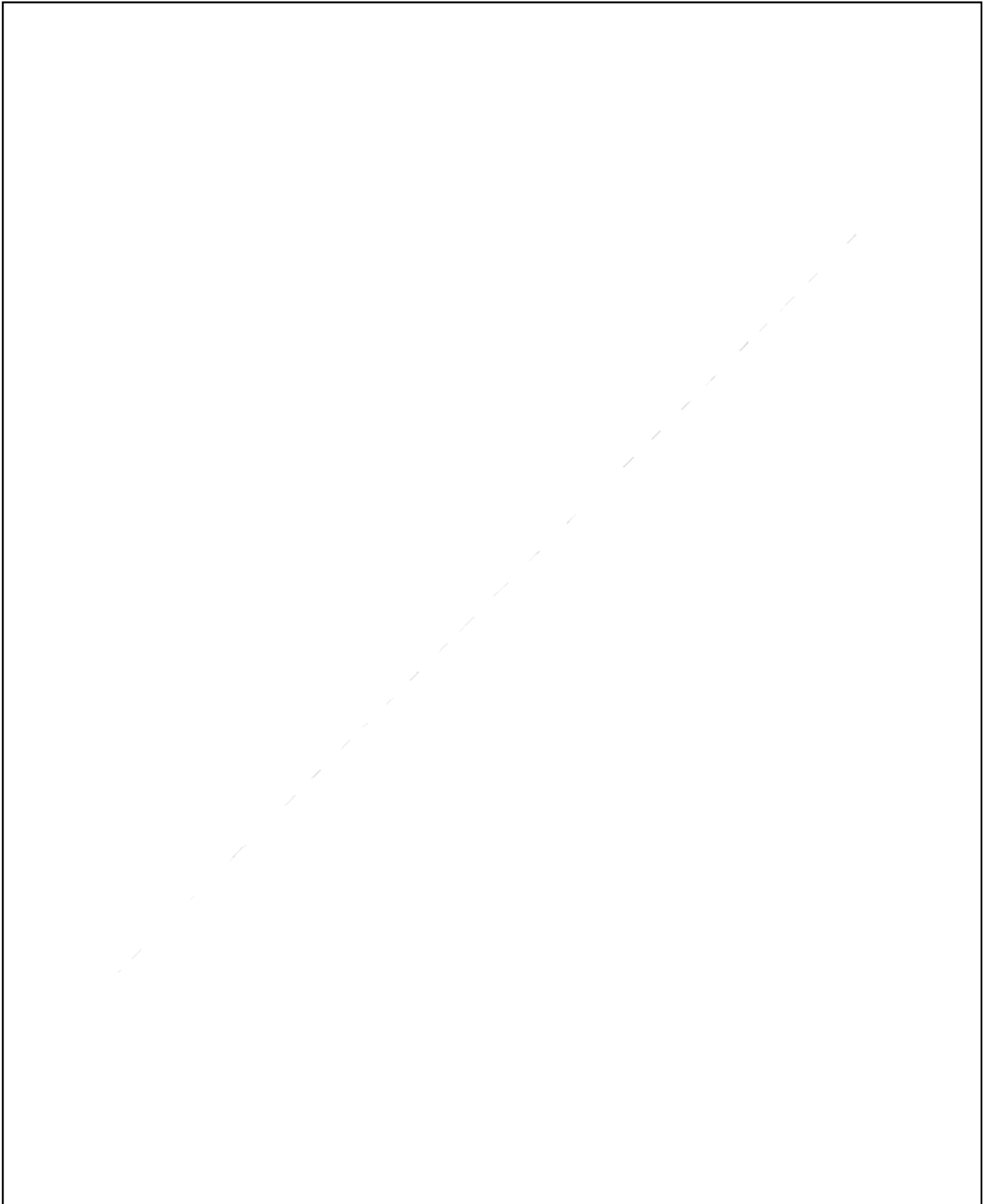




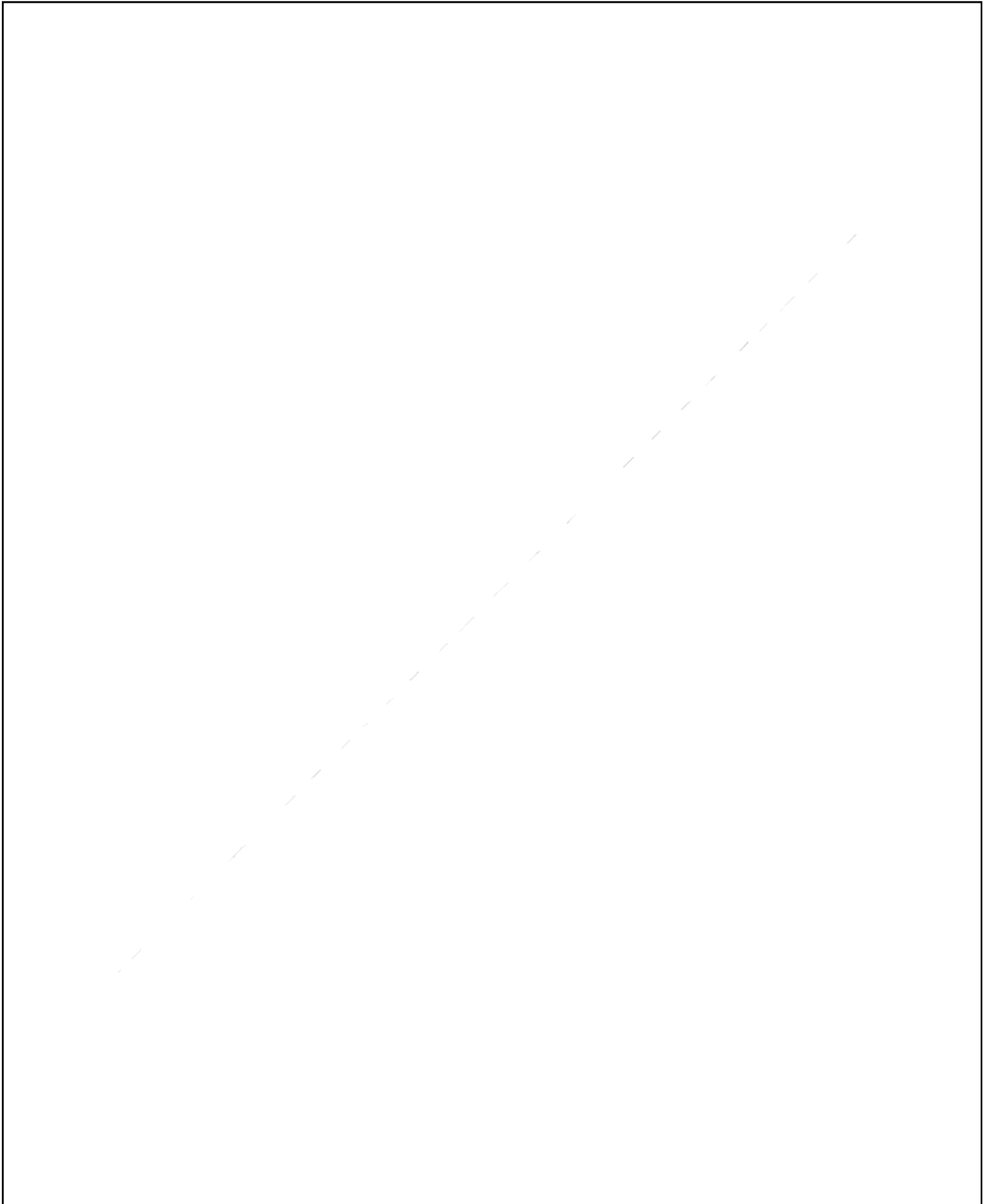
4. The argument for an independent central bank is basically an elitist argument. It really boils down to the idea that monetary policy is too important for the 'uneducated' masses to have an influence over it.



5. In Canada and many other developed countries, the risk is not of higher wages rising unemployment; it is rather of stagnating wages causing household demand to remain depressed, thereby deterring businesses from investing.



6. When the private sector fails to provide full employment, the government could become the employer of last resort and provide jobs to anyone who wants or needs one. Spending on such a program — financed through the 'printing' of money — would come to an end when the economy reaches full employment.



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