



## PRESS RELEASE



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### **Governor Dodge Discusses Monetary Policy in an Evolving World Economy**

**CALGARY, Alberta, September 20, 2004** — Bank of Canada Governor David Dodge today reviewed Canada's economic outlook and prospects for monetary policy in the context of the evolving world economy.

In a speech to the Canadian Chamber of Commerce, Governor Dodge spoke about the implications for Canada of world economic trends, particularly the rise to prominence of China and India. "This evolution will lead to challenges that we must face, but it will also lead to opportunities that we must seize."

The Governor said that for Canada to grow and prosper in the long run, both governments and businesses would have to make the right adjustments to the changing world economy. He added that Canadians have been able to do so in the past, and he told the audience, "I am confident that you will continue to do so in the future."

The Bank of Canada's role in facilitating these adjustments will continue to be to keep inflation low, stable, and predictable, Mr. Dodge said.

Governor Dodge also noted that the Bank judges that the economy is now operating close to its production capacity. With economic growth expected to be equal to, or slightly above, the growth of capacity over the next 12 months, "we will need to continue to reduce monetary stimulus to avoid a buildup of inflationary pressures and to contribute to sustainable, solid economic growth," he said. However, he pointed out that the pace of monetary policy action will depend on the Bank's assessment of the evolving prospects for pressures on capacity and inflation.

See also: [Remarks by David Dodge, Governor of the Bank of Canada](#)

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