



## PRESS RELEASE



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### **Sound Policy Measures will Rebuild Confidence, Guide Economies Through Challenging Times, says Governor Carney**

**YELLOWKNIFE, Northwest Territories, April 01, 2009** — Although the global and Canadian economies are in recessions triggered by the most severe financial meltdown since the 1930s, Canadians can have confidence that unprecedented policy measures will restore growth, Bank of Canada Governor Mark Carney said today.

"There is a plan to restore confidence and growth, we are implementing it, and it will work," Governor Carney said in a speech to a joint meeting of the Northwest Territories and Yellowknife Chambers of Commerce.

Since the necessary triggers for recovery must occur beyond our borders, Canadian authorities are working intensively with international colleagues to re-establish trust in the global financial system. The domestic priority is to cushion the effects of the global recession. "Canadians can have confidence that the right policies are being put in place," Governor Carney said. "They can manage their affairs in expectation – rather than hope – of a recovery."

The Governor remarked that the current crisis is more challenging than previous downturns because it represents more than a cyclical shock. It also marks the advent of three major secular shifts: the correction of large current account imbalances in several major economies; significant adjustments in the design and use of financial services; and the beginning of a period of lower global potential growth.

These shifts, coupled with a global downturn and declining demand for Canada's exports, make this a very difficult year for the domestic economy, said Governor Carney. The Bank will publish its updated economic projection in its *Monetary Policy Report* on 23 April.

Stabilization of the global financial system remains a precondition for economic recovery, Governor Carney said. In this regard, implementation of recently announced plans to address toxic assets in banking systems outside Canada will be critical.

In the meantime, the freefall in domestic demand and an atmosphere of exceptional uncertainty has created an intense need for massive, credible policy action. "This need is being met – there has been an unprecedented monetary and fiscal response," the Governor concluded. "The effects of these policies will build over time and will be felt with full force next year."