



## PRESS RELEASE



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### **Path to Renewed Globalization Critical for New World Economic Order, Governor Carney says**

**MONTREAL, Quebec, June 11, 2009** — Countries around the world must work toward a new global economy that is open, resilient, and responsible, Bank of Canada Governor Mark Carney said today, as he laid out an agenda for the renewal of globalization. How effectively countries navigate the current interim period will be critical to the success of the international economic order in the years ahead, he cautioned.

"How we manage the rebalancing of the global economy could profoundly influence how open, equitable, and prosperous the New World Order will be," Governor Carney said in a speech delivered to the 15th Annual International Economic Forum of the Americas.

The world is now experiencing the "inevitable correction of global imbalances," and this will serve as a drag on global economic growth, Governor Carney noted. Across economies, demand must rotate from deficit to surplus countries. Internally, adjustments in inventories, labour, and capital will be required. As well, the private sector must re-assume most of the risk that the crisis has pushed onto the public sector, correcting an imbalance that impedes the return to normal market function.

"Globalization lifted hundreds of millions of people out of poverty and created the potential for hundreds of millions more to share their destiny," Governor Carney said. "Globalized product, capital, and labour markets lie at the heart of the New World Order to which we should aspire."

Governor Carney singled out four priorities for central banks in this critical interim period. Transparency should be increased so that risk can be more effectively identified. Core funding markets should be made more efficient and less susceptible to extreme price movements. Macroprudential regulations must be enacted to smooth the credit cycle. Finally, all countries must accept their responsibilities for promoting an open, flexible, and resilient international monetary system.

The Bank of Canada is working with domestic and international partners to build more resilient markets and to create an open, global financial system. In conclusion, Governor Carney said that Canada is showing leadership and should be "among the first" to implement the agenda for the renewal of a more resilient, more responsible globalization.