



PRESS RELEASE



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Focus the Debate on International Monetary System Reform, says Bank of Canada Governor Mark Carney

OTTAWA, Ontario, November 19, 2009 — Countries around the world have a responsibility to promote an open, flexible, and resilient international monetary system, Bank of Canada Governor Mark Carney said today, calling for more focused debate on reform of the basic framework that underpins global commerce.

A well-functioning international monetary system is required to promote economic growth and prosperity, Governor Carney said, as he reviewed the evolution of the international monetary system. "The common lesson of the gold standard, the Bretton Woods system, and the current hybrid system is that it is the adjustment mechanism, not the choice of reserve asset, that ultimately matters," he said.

In the run-up to the recent financial crisis, frequently expressed concerns over global current account imbalances were unheeded and the international monetary system "failed to promote the actions needed to address the problem," Governor Carney said in a speech delivered in New York to the Foreign Policy Association. "The net result could be a suboptimal global recovery."

The G-20 commitment to promote strong, sustainable, and balanced growth in global demand is an important step in the right direction, Governor Carney said. Canada will bring to these discussions one of the soundest financial systems in the world and a macroeconomic strategy that contributes to sustainable and balanced global economic growth. "In a world of global capital, all systemically important countries and common economic areas should move towards market-based exchange rates," the Governor said.

One proposal under discussion is greater use of the International Monetary Fund's Special Drawing Rights, which Governor Carney said might be best suited to encouraging a transition to an international monetary system characterized by more flexible exchange rates for all systemic countries.