



BANK OF CANADA

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Bank of Canada Governor Reviews Canadian Monetary Policy Choices

PARIS, FRANCE – In his first major speech outside North America, Bank of Canada Governor David Dodge today reviewed some of the crucial choices that Canada has made in establishing its monetary policy framework. In remarks at an event jointly sponsored by *la Chambre de Commerce France-Canada* and *Les Canadiens en Europe*, Mr. Dodge described Canada’s monetary policy experience.

In particular, the Governor discussed how the Bank of Canada aims to promote economic growth by means of a monetary policy symmetrically focused on a 2 per cent inflation target. “We pay equal attention to any significant movement away from 2 per cent—whether above or below,” Mr. Dodge said. In contrast, the European Central Bank has an inflation-control ceiling of 2 per cent, he noted.

“For Canada, our best choice is to have inflation targets as an anchor for our monetary policy, and a distinct, floating currency,” the Governor added.

With respect to the short-term economic outlook, Mr. Dodge said that recent indicators show “that the worst of the downturn is over. A recovery is underway.” There are many reasons to be optimistic about Canada’s economic prospects, but the Governor cautioned that the timing and extent of a rebound in business confidence “will have an important bearing on the strength and sustainability” of the recovery.