



BANK OF CANADA

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Bank of Canada Governor speaks at *La Conférence de Montréal*

In a speech delivered today to delegates to *La Conférence de Montréal*, Bank of Canada Governor Gordon Thiessen examined the impact of financial market globalization on the world economy.

Mr. Thiessen noted that financial globalization has facilitated access to a bigger pool of global savings and has led to enhanced investment opportunities worldwide.

He underlined how, in a globalized financial environment, a floating exchange rate system allows countries such as Canada to continue to pursue an independent monetary policy.

Stability in global financial markets, Mr. Thiessen noted, will not be helped by taxing foreign currency transactions. Such a tax would not only likely increase exchange rate volatility, but would also reduce market liquidity and raise the cost of capital.

“The best way to maximize the benefits of financial globalization and reduce the risks of disruptions to national macroeconomic policies is to ensure that these policies are sound and sustainable,” the Governor said. “In addition, financial systems need to be prudently managed and supervised -- both nationally and internationally.”

Mr. Thiessen said that, as well as pursuing sound domestic policies, Canada is “strongly supporting and contributing to global initiatives designed to promote financial market stability worldwide.”