



BANK OF CANADA

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Dodge Urges Action on Improving Financial System Efficiency

TORONTO—Canada’s macroeconomic policies are second to none in supporting financial system efficiency, but work is needed to bring the country’s structural policies up to that level, Bank of Canada Governor David Dodge said today.

In a speech to the Economic Club of Toronto, Governor Dodge explored how Canada’s macroeconomic policies have helped to support efficiency. Monetary policy based on low and stable inflation helps consumers and businesses make the most efficient use of capital, and fiscal policy based on public debt reductions encourages investor confidence, which also improves efficiency. These policies are supported by the Bank’s work to promote safe and sound financial systems, the Governor said.

But Canada’s structural policies could do more to support efficiency, Governor Dodge said, referring to regulations governing financial institutions, securities markets, and pension plans, as well as efforts to strengthen enforcement. Canada is making progress in supporting efficiency in its fixed-income markets, he noted.

“Improving efficiency is everybody’s business. Once policy-makers do their job, it is up to the private sector to respond and take advantage of the opportunities to improve efficiency,” Governor Dodge said. “If we all promote efficiency, then we all can reap the benefits of a more efficient financial system and a stronger economy in the future.”