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Saint Mark [1]

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Canada?s motto of ?peace, order and good government? may not stir the blood as America?s ?life, liberty and the pursuit of happiness? or France?s ?liberté, égalité, fraternité? but, all things considered, the country?s not in a bad place compared with other advanced economies. The banking system is solid, government debt and borrowing manageable and growth and inflation about as good as could be expected from a major trading nation.

The UK government now hopes that Mark Carney, the current governor of the Bank of Canada, can sprinkle a bit of that Canadian angel dust over here as the next governor of the Bank of England. Mr Carney certainly fits the bill of everyone?s image of the ideal Canadian ? modest, polite, no-nonsense ? someone you can have a perfectly pleasant dinner with.

To get a sense of the man, check out two major interviews earlier this year on YouTube ? BBC?s HARDtalk [3] in August and Reuters TV [4] in January.

Saviours seldom meet mass expectations for salvation, especially when the sins have been so egregious and widespread. Mr Carney is no messiah, thankfully, but does know what the problems are, what it will take to fix them and what any central bank can actually do. That realism is what?s most needed now.

When asked his general view of the global economic situation, Mr Carney said: ?We?re going through a period of de-leveraging across the advanced economies. There has been a three-decade increase in the amount of debt of governments and households and in some cases corporations across the advanced economies, notably the US, the UK and some parts of Europe?There?s going to be a multi-year process, *really measured in decades*, of reducing that leverage.?

So, no quick fixes, Cameron & Osborne, Miliband & Balls, and don?t pretend otherwise.

What?s a central bank to do then? ?Central banks cannot solve this crisis. Central banks have to focus on, first, delivering price stability. It?s absolutely in no one?s interest to have deflation or runaway inflation?Secondly, we have to do our bit, and it?s not in its entirety, but our bit to keep the financial system functioning?Central banks can do all of that but just that?will not be sufficient to produce the growth and employment that people want. Other steps have to be taken by national governments.?

So, don?t go to your local central bank to cover the failings of your governments.

And what about Paul Krugman?s belief that central banks are too obsessed with controlling inflation and that a bit of inflation would be a good thing? ?I think we?re appropriately obsessed with price stability. The risk in the UK has been deflation. And what the BOE did ? (was provide)? additional stimulus through bond purchases - quantitative easing - in order to ensure that? there is not deflation in the UK. *That price stability goes both ways*?In order for (Krugman?s extra inflation) to make a difference ?you have to get ahead of the bond market. You have to have a very large surprise, very quickly in order for it to make a difference on the fiscal side and *it won?t work*. ?

How very Canadian ? a sympathetic understanding of quantitative easing but no illusions about fooling financial markets on the dangers of inflation. Clearly a man who understands markets.

As a fellow countryman, I wish Mr Carney all the best and look forward to seeing this cool, calm and collected Canadian cope with Britain?s jumped-up politicians, hyper-active journalists and depressive citizenry.

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