

Jens Weidmann: Welcome remarks – forging ties – profile of Mark Carney

Speech by Dr Jens Weidmann, President of the Deutsche Bundesbank and Chairman of the Board of Directors of the Bank for International Settlements, at the XXIV. Arthur Burns Memorial Lecture, Berlin, 22 September 2016.

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Chairman Friedrich Merz,
Governor Mark Carney,
Ladies and gentlemen,

I am delighted to welcome you to the twenty-fourth Arthur F. Burns memorial lecture.

The Bundesbank has a tradition of hosting this lecture. The close collaboration between the Bundesbank and the Atlantik Brücke goes back to one of my predecessors, Karl Klasen, who was chairman of the Atlantik Brücke from 1978 to 1984. This involvement has continued to this day and Bundesbank Executive Board member Andreas Dombret is the current treasurer of the Atlantik Brücke. As for myself, having participated in its German-American Young Leaders Program many years ago, I have remained in touch with the association since that time.

The Atlantik Brücke was founded in 1952 with the aim of forging closer links between the United States and Germany. Its purpose was to foster better mutual understanding and keep the transatlantic dialogue alive for future generations.

At a time when economic integration and migration are being seen by some people as an economic threat and in view of the often more inward-looking style of politics currently perceptible on both sides of the Atlantic, it is important to set a counterpoint and to put the case for open markets and international co-operation. Institutions such as the Atlantik Brücke can make an important contribution in this regard.

Ladies and gentlemen, it gives me great pleasure today to welcome Mark Carney, Governor of the Bank of England and Chairman of the Financial Stability Board.

Our speaker today is a perfect role model for North American and European partnership. A Canadian citizen, he was appointed Governor of the Bank of England in 2013, making him the first non-Briton to hold this position in the institution's 320-year history.

Mark's arrival in London in 2013 attracted the kind of attention in the British media only usually seen when another famous Canadian visits the country: Justin Bieber. And like Justin Bieber, he already had an established fan base when he took over the reins at Threadneedle Street. One of them was the former finance minister George Osborne, who praised Mark in front of Parliament as "the outstanding central banker of his generation".

Indeed, even at his young age, Mark had carved out a reputation in the world of finance and central banking, having filled an impressive range of posts in both the private and public sector.

Born in Canada, Mark earned a scholarship to Harvard University at the age of 18. He studied economics and went on to receive his PhD from Oxford University in 1995.

Over a period of 10 years, he held various positions at Goldman Sachs in different cities around the world, including Tokyo and London. During this time, he became familiar with how the financial markets work; knowledge that would prove extremely valuable in his later positions.

However, rather unusually, Mark's long-term plan was to eventually work in the public sector. He once said: "Some people feel an obligation to public service, and if they do, then they

should pursue it.” In 2003, Mark followed his own advice and joined the Bank of Canada as deputy governor.

After a brief secondment to the Federal Department of Finance, he was appointed Governor of the Bank of Canada in February 2008, making him the youngest central bank governor among the G7 countries – at least until he gave me the baton in 2011. Today, Mark and I are the longest serving governors of the G7 countries. In contrast to public perception, the world of central banking can sometimes be fast-paced...

Mark had not been in his new position for long when the financial crisis erupted with full force. However, unlike other major economies, Canada avoided a deep recession and handled the crisis rather well. Just one month after his appointment, Mark cut interest rates to record lows and accompanied this measure by clear forward guidance. In short, Mark demonstrated leadership during the financial crisis.

And it was precisely this talent for leadership that gained him the Reader’s Digest title of the Most Trusted Canadian in 2011. In the same year, he was appointed Chairman of the FSB, where he is currently serving his second term.

On the 1st of July 2013 Mark took the helm at the Bank of England, one of the most respected central banks in the world. In the light of Britain’s decision to leave the European Union, his job has its own specific challenges. Again, this is a situation that requires strong leadership.

Dear Mark, during your time at Oxford University, you were a successful hockey player, acting as goal-keeper and co-captain of the Oxford Blues. Wayne Gretzky, a living hockey legend who also played for your favorite team, the Edmonton Oilers, once said: “A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be.” This holds for us central bankers, too. While we certainly shouldn’t take our eye off where the puck is at present, we still need to look far enough ahead to anticipate where it is heading in the long run.

And this is exactly what you are doing. It is largely thanks to you that the FSB analyses the long-term economic consequences of climate change. While this issue might not be as imminent as the Brexit vote, the longer-term economic implications are more far-reaching.

The FSB has established a private-sector-led task force, developing proposals for voluntary, consistent and comparable corporate disclosure of climate-related financial risks. Furthermore, at the COP21 in Paris last year, the leaders of the G20 considered how to harness the capacity of financial markets to effectively finance the transition to a low-carbon economy.

In your widely regarded speech “Breaking the tragedy of the horizons” in October 2015, you reminded politicians and members of the financial and insurance sector of the risks arising from climate change itself and the transition to a greener economy.

And so I am delighted that you will address this topic again today. Before we go into overtime, I will hand over to you: Mark, the floor is yours.