



A large, stylized handwritten signature of Mark Carney in black ink.

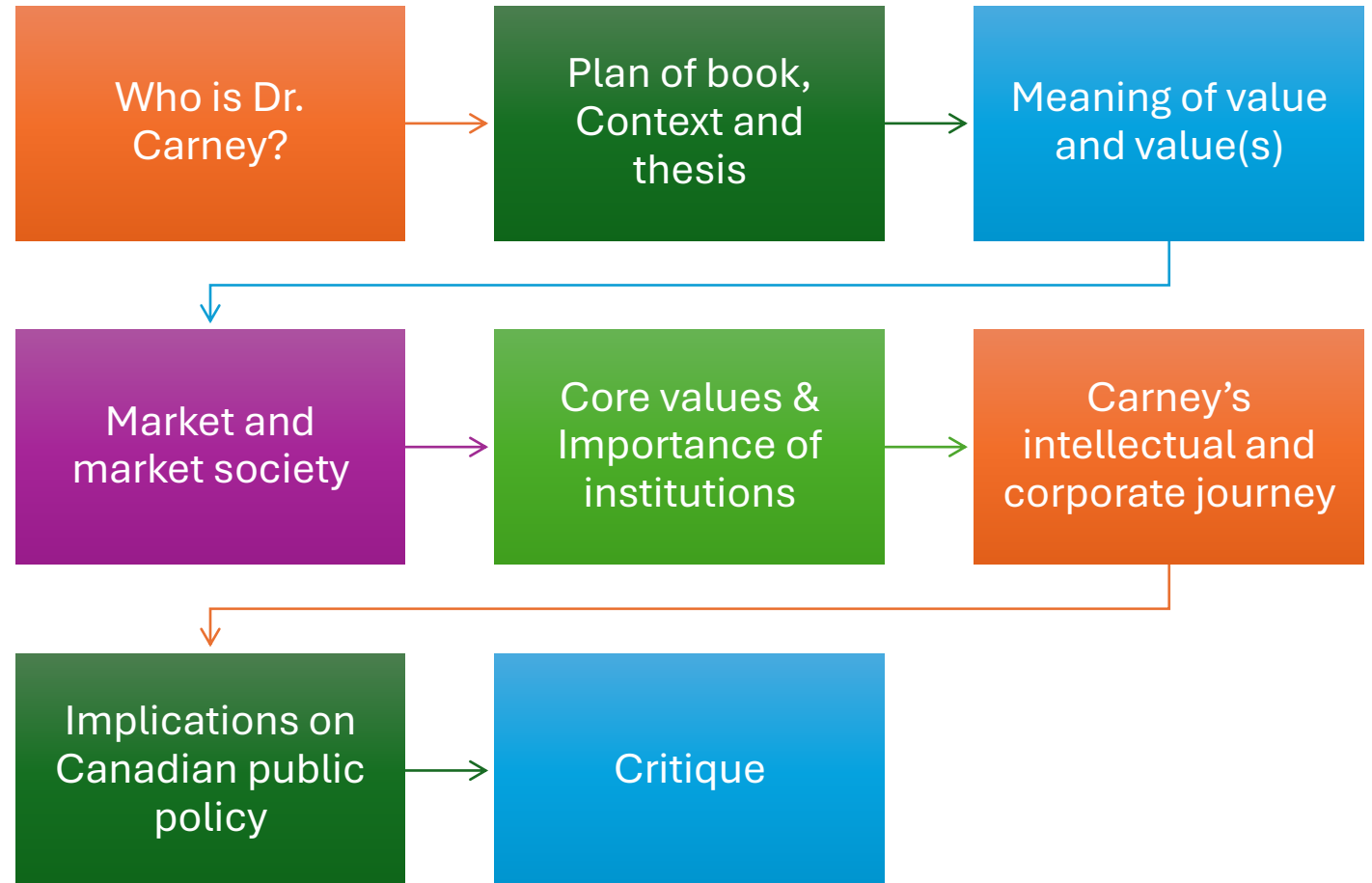
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Mark Carney- Value(s)

Building a Better World
for All

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Outline



Who is Dr. Carney?

- Everyone knows who Dr. Carney is- his career has risen inexorably from one level to the next- upper middle class upbringing- Laurier Heights- Francis Xavier, precocious student, Harvard, Goldman Sachs, *“that great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money.”* --coined by journalist Matt Taibbi in a 2009 *Rolling Stone* article.
- Oxford (D.Phil – competition policy), Goldman, Finance Canada, Bank of Canada, Bank of England, Chair of Financial Stability Board, Task Force on Financial Disclosure (Bloomberg), UN Special Envoy on Climate Change, Brookfield, Bloomberg, putative Canadian Finance Minister, LPC leader and Prime Minister
- Now on cusp of winning a majority (or minority) mandate
- hockey goalie and marathoner
- And author
- In many ways the book could be seen as his application for Canadian PM

Plan of Book

Part 1- rise of **market society**- includes discussion of value(s) and role of money

2- Three **crises of values**- global financial crisis; COVID pandemic; climate change

3 **Reclamation of values** -values-based leadership; purposeful business organizations; investing in values; how can Canada build value **for all**

Context and thesis

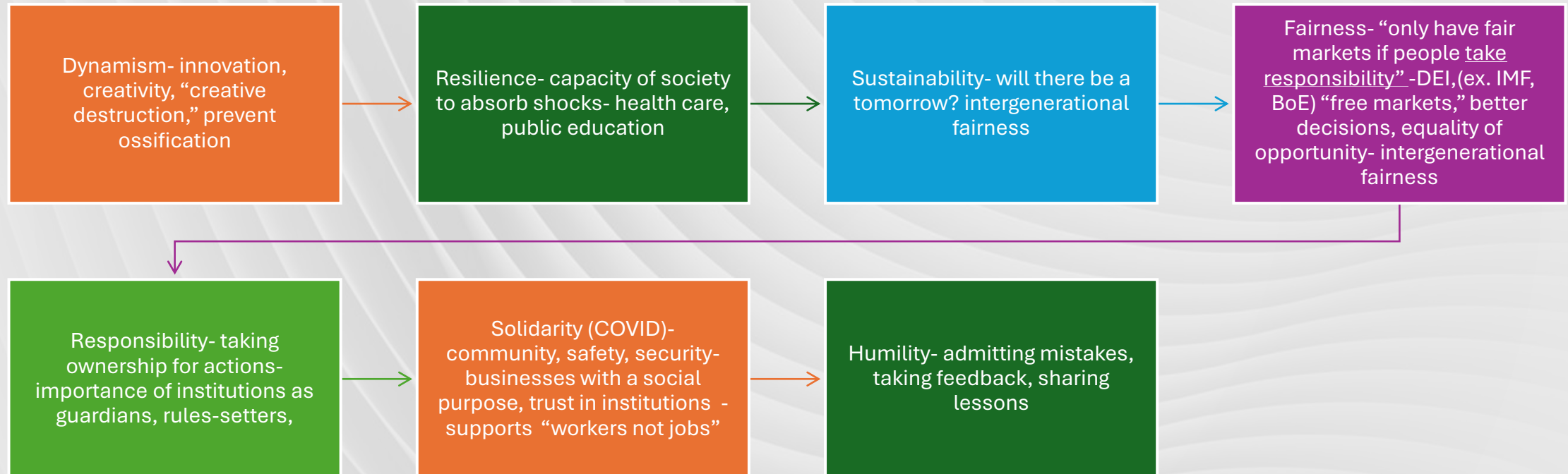
- The book was published in early 2021-
- Book is informed by COVID experience and 2 other crises- the global financial crisis and climate emergency
- His work experience underlines the important role played by institutions
- **Thesis**: to build a better world **for all** we need to rethink market-based society and replace it with a values-based society



Meaning of Value and Value(s)

- Abpolecon.ca book review gives a concise version of Carney's value discussion
- literature review with attention to Christian thought and European philosophy and political economy
- Adam Smith's **Theory of Moral Sentiments**- placing Smith in the **humanist tradition**.
- The 19th century brought Marx, Ricardo, Mill, Bentham and Alfred Marshall- **objective** value- labour theory, exchange value vs. **subjective** views- the idea of utility maximization
- The pursuit of money only is corrosive

Core Values



Market and Market Society

- Markets are “**social constructs**”-
- References Michael Sandel- What Money Can't Buy- the Moral Limits of Markets-
- money has become the sole arbiter of value and its corrosive effect on community and human connection
- Believes in efficacy of markets for their **dynamism** and capacity to **innovate**
- Hawkish on **unfair competition** / oligopolies from both a moral perspective – not fair - and economic efficiency – rent-seeking, misallocation of capital

Overview

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- It is a substantial body of work combining both academic studies with business school theory
 - The rapidity that it was put together- less than one year since he left BoE -suggests 1) a compilation of his speeches and a 2) reflection on his time in both public service and private sector
 - no radical ideas but a carefully woven garment that is heavily influenced by his experience at the pinnacle of international finance

His work is a team effort

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- benefitted enormously by leading organizations such as Finance Canada, BoC and BoE.
 - academically minded and communications staff
 - Carney excelled in these environments due to his curiosity, the ability to synthesize vast amounts of information, and his grounding in not only economics but history and politics.
 - Goldman Sachs where he trained is known for recruiting the best of the best and like the BoE is an storied institution.
 - He is someone capable of seeing the big picture- worker displacement, role of technology (IP), practice of leadership, and importance of building consensus critical to leading 2 major central banks

Both a leader and a follower

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- He is one who is influenced by a catholic humanism and an empiricist-economist
 - His remit makes him receptive to emerging ideas/trends/fads
 - For example fan of DEI- 150 PhDs from MIT (IMF) and 11 universities (BoE)
 - Environmental, Social, Governance (ESG)- transition financing
 - He is also a child of neo-liberalism- no mention!
 - Holds traditional ideas about dangers of government spending

Three crises- 1- GFC

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- Global Financial Crisis - he had front row seat discussions which could bring financial system down
 - has few positive things to say about “too big to fail” and bankers’ bonuses and lack of accountability
 - Global financial crises caused by an absence of values driving financial system- what became the driver was money (greed) and self interest
 - shocked at seeming indifference of banks to their clients- they had lost their moral compass which is to serve their clients
 - Confirmed we are a market society- we know the price of everything and the value of nothing
 - Monetize celebrity; anything can be traded

Role of values underlining service

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- Service and tradition is important to Carney and this is perhaps why he decides to focus on the importance of public institutions and why he is the Canadian PM
 - Public service means both setting the rules, the guardrails and ensuring they are enforced

Power of Institutions

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- Carney pays a lot of attention to history and the role played by institutions like the central bank, parliament devoting one chapter to the role of the Magna Carta - rights
 - Role of money and its essential character- trust, stability, exchange, store of value

Carney's intellectual and corporate journey - rapid rise- building networks

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- By the time Carney was appointed governor of the Bank of England he had achieved what few central bankers have done- to lead two G-7 central banks
 - His capacity to take on more work- Chair of Financial Stability Board (Nov. 2011)- demonstrated **trust** that other central bankers had of Carney's talents
 - He has had powerful patrons- Lagarde, Draghi, Trichet, and Bernanke
 - Since banking is all about trust- this laying on of hands by his central bank colleagues meant that global finance had confidence/trust in the man from Fort Smith

Insurance markets and Climate Change

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- In overseeing London's financial markets- the second largest after New York- one of his roles was to supervise Lloyd's of London- the venerable holding company of insurance syndicates- he became familiar with the havoc climate change was having/would have on insurance industry from a financial stability perspective
 - Carney's exposure at the pinnacle of global insurance markets allowed him to better understand the pressures financial markets would face with the climate emergency

Environment and Finance

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- Carney's September 2015 speech to Lloyd's of London "Breaking the Tragedy of the Horizon – climate change and financial stability" brought him to attention of both environmental community and government policy-makers <https://www.bankofengland.co.uk/-/media/boe/files/speech/2015/breaking-the-tragedy-of-the-horizon-climate-change-and-financial-stability.pdf>
 - Tragedy of the horizon- [unlike tragedy of commons which is "solved" by property rights and supply management]
 - Tragedy of horizon **is** climate change
 - Refers to inability to see beyond horizon in a temporal sense
 - Although the science is abundantly clear-
 - Tragedy consequence of delayed action
 - We know earlier action will result in lower costs- and yet governments and business kicking can down the road

Environmental initiatives

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- He and other climate change experts use the idea of a carbon budget to reinforce the magnitude of change necessary-
 - **The carbon budget** –
 - World has rough idea of how much fossil fuel reserves are in the ground
 - We know with some precision how much CO₂ is released by a given volume of fuel
 - We can estimate the amount of combustion permissible to keep temperature below certain thresholds
 - This all means that need to stick to a carbon budget to prevent release of more CO₂
 - We know that an tremendous amount of fossil fuels will be left in the ground if humans are to survive.
 - This means that over the next several decades the highest cost fossil fuels and highest emission fuels (e.g. oilsands) will become stranded- implications for shareholders but also financial system- pension funds, insurers and lending insti.
 - In December 2019 UN Secretary General appoints Mark Joseph Carney and Special Envoy on Climate Action and Finance
<https://press.un.org/en/2019/sga1927.doc.htm> - several months before term at BOE expired

Task Force on Climate Disclosure

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- As Chairman of Financial Stability Board he brought in Michael Bloomberg Dec 2015 (Carney was named Chair of Bloomberg LP in Aug 2023.)
 - Goal was to improve and standardize reporting of environmental impact to better inform investors about risks
 - At the end of August 2020 appointed as Vice-Chair at Brookfield and Head of ESG and Impact Fund Investing <https://bn.brookfield.com/press-releases/brookfield-announces-appointment-mark-carney-vice-chair-and-head-esg-and-impact-fund>
 - This allows him to combine financial knowledge of project finance with the ESG investing and along with contacts in govts, international agencies like the World Bank and IMF and politicians

COVID

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- Carney was on his last days at BoE when reports circulating re. COVID
 - Argues that societies that were most successful at addressing pandemic were those characterized by legitimacy and reciprocity; solidarity, fairness,- **libertarianism overruled by public health**
 - COVID confronted society with unpalatable tradeoffs between economic and social/public health goals- value of a saved life
 - As the pandemic spread the concept of **resilience** came to be heard more and more frequently
 - Best planning, preparation South Korea had best outcomes

Implications for Canadian public policy

Strengthen competition
policy

Government support for
infrastructure of digital age
(rural broadband);

Use fiscal capacity wisely-
debt service to revenue

Use timelines e.g. specific
timeline to phase out
internal combustion
engines

Central role for employers in
skills development and to
maximize employment
opportunities- productivity

Support for
commercialization-
universities and business

Climate transition-changes
must be tangible, equitable,
and predictable-carbon
abatement CCS but focus
on heavy industry- steel,
cement

Critique

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1. is he too naïve about human nature? Human relations are also driven by fear, hate, and anger and DEI has become a victim-
 2. ESG- transition investing has created high expectations but its promise has given away to cynicism and many reports/words but little concrete action- now with Trump in power ESG shelved and number of organizations Carney was instrumental in starting Net Zero Banking Alliance have become moribund in a surprisingly short time. CSA shelved plans for climate, DEI standards
 3. On climate change policy, Carney pays no attention to the demand side of the equation- he still believe that solutions within the status quo remain driven by relentless economic growth- 1) demand for transportation fuels, 2) plastics is buoying up fossil fuel and petrochemicals demand-
 4. Leadership jet-setting globalists and politicians are not setting good examples re. individuals' carbon budget
 5. Low tax and low debt mantras collide with Carney's vision of the positive state which is inspired by post-war period of Keynesianism – perhaps that's why he is turned to politics!