

# The curious Mr Carney

*Mark Carney, the Canadian-born Governor of the Bank of England, chose to intervene in the debate about the UK's membership of the European Union. Although his comments were widely misreported in the press and dealt with at a very superficial level, a far more astute analysis was provided by Dr Richard North on his [eureferendum.com](http://eureferendum.com) blog. This article is used with permission.*

Mark Carney has been all over the headlines since his speech in Oxford on Wednesday. But while he has been criticised for his intervention in favour of UK membership of the EU, not much seems to have been said about the report on which his speech was based.

Entitled, "The European Union, monetary and financial stability, and the Bank of England", it is an exceedingly curious document – as much for what it doesn't say as what it does.

Specifically, it makes great play over "EU regulations, directives and rules", which "define many of the Bank of England's policy instruments particularly in relation to financial stability", telling us that "participation in the single market means that the majority of the legislation and regulation applying to the financial sector in the UK is determined at EU level".

The report also tells us that, "to the extent EU regulation is of high quality and incorporates relevant international standards, it raises standards and reduces risks across the EU". Since it has the force of law, "it also enables the UK authorities to have far greater assurance as to the safety and soundness of the large number of financial firms from other EU jurisdictions that operate in the UK".

Only briefly, though, does it mention that the EU has carried



out a major legislative and regulatory programme “which implemented and often exceeded the internationally-agreed G20 post-crisis reform agenda”, briefly noting that: “The Bank of England has contributed actively to this process”.

This is what is particularly odd about the report – the modesty of Governor of the Bank of England, Mr Mark Carney who did slightly more than “contribute”, actively or otherwise. As chair of the Financial Stability Board (FSB) – the executive arm of G20 – he effectively managed the process.

As for participation in the Single Market, Mr Carney cannot be unaware of the House of Lords report on the “post-crisis EU financial regulatory framework”, which stated that:

*... it is likely that the UK would have implemented the vast bulk of the financial sector regulatory framework had it acted unilaterally, not least because it was closely engaged in the development of the international standards from which much EU legislation derives.*

Here we go then: the UK was “closely engaged in the development of the international standards from which much EU legislation derives” and it would have implemented it even if we had not been members of the EU.

How very strange that Mr Carney did not mention all this in his speech. He expresses concern about how financial regulation in the EU evolves in future, but not a single thing about how irrelevant that is to the UK’s future.

Is the Governor of the Bank of England playing politics?

