



**OPENING REMARKS BY
GOVERNOR, EASTERN CARIBBEAN CENTRAL BANK
TIMOTHY N. J. ANTOINE**

The 51st Annual Monetary Studies Conference
*Conference Theme: “Socioeconomic Transformation in the Caribbean: Policy
Implications of the 4th Industrial Revolution”*

ECCB Headquarters, St Kitts and Nevis
19 November 2019

Salutations:

Governors

(special welcome to Governor Richard Byles, Bank of Jamaica, who is attending his first meeting)

Deputy Governors

Dr DeLisle Worrell, Former Governor of the Central Bank of Barbados and my
Special Guest

Ms Louise Levonian, Executive Director for Canada, Ireland and the Caribbean,
International Monetary Fund

Dr Wendell Samuel, Programme Coordinator, CARTAC

Mr Alexandre Tombini, Chief Representative, Office of the Americas, Bank for
International Settlements

Ms Anne Baum, Senior Vice President and Head of Central Bank and
International Account Services from the Federal Reserve Bank of New York and
Team

Management and Staff of the Eastern Caribbean Central Bank

Conference Attendees

Students

Good morning.

1.0 Introduction

I am delighted to welcome each of you to the Eastern Caribbean Central Bank (ECCB) and to the 51st Annual Monetary Studies Conference.



Is anyone visiting the ECCB for the first time? I bid you special welcome. To citizens of the Eastern Caribbean Currency Union (ECCU), I say welcome to your central bank; we work for you. And we are happy to serve you.

The Annual Monetary Studies Conference is the premier regional conference for our central banks, economists and researchers in our Caribbean Community (CARICOM).

The roll call of illustrious scholars who have participated in this Conference over the years is extensive and impressive. It includes Norman Girvan, C.Y. Thomas, Alister McIntyre, Terrence Farrell, Andrew Downes, Marion Williams, Claremont Kirton, Adlith Browne (whom we honour with the Memorial Lecture), our very own Sir K Dwight Venner (whose name the building across the fountain bears) and DeLisle Worrell (my special guest this year and one of the Conference's most prolific contributors). Of more recent vintage are persons like Dr Alvin Hilaire, Dr Gobind Ganga and Dr Wendell Samuel, all former Directors of Research of Central Banks in the Caribbean.

2.0 A Half Century of Undeniable Progress

A walk down memory lane unearths some interesting developments since the first Monetary Studies Conference. The 1969 conference featured such luminaries as the esteemed Lloyd Best and Wendell McClean - the first dean of the Faculty of Social Sciences at the University of the West Indies, Cave Hill. In fact, Wendell McClean's conference paper was on the ECCB's predecessor - the East Caribbean Currency Authority or ECCA. The paper was titled "*Problems in the Development of the ECCA*".¹ In the study, McClean argued that the Authority was ill-equipped to effectively carry out its functions of safeguarding monetary and financial sector stability. He was right: ECCA was somewhat limited.

¹ McClean, W. (1969). Problems in the development of the ECCA. 1969 Regional Monetary Studies Conference. Trinidad. Retrieved from <http://www.ccmfuwi.org/files/publications/conference/133.pdf>



The retrospective view of the work of Wendell McClean and the others is poignant and reminds us of an important truth about the value of what we do at these conferences. You see, we leave an intellectual legacy through our work.

Fast forward, 51 years after McClean's paper, we can attest to the progress we have made in promoting monetary and financial stability:

- First, we successfully transformed from the limiting status of “Currency Authority” to “Central Bank” in 1983. With our expanded powers, we have managed to promote monetary stability by successfully upholding the exchange rate parity of EC\$2.70 to US\$1.00 for the 43 years it has existed. As of last Friday, 15 November 2019, our backing for the currency stood at 98.2 per cent.
- Second, in respect of our mandate to ensure financial sector stability and development, we have faced several challenges but they have not bested us. When needed, we have acted decisively to protect the financial lives of the people of the Eastern Caribbean Currency Union (ECCU). The ECCB has managed to successfully navigate the turbulent waters churned by the Global Financial Crisis and the Great Recession. Moreover, we have shored up the regulatory and supervisory framework with enhanced risk-based supervision and strengthened Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) supervision.

Here at the ECCB, we are **not** merely content to maintain the status quo. The ECCB Strategic Plan 2017 – 2021, styled “*Transforming the Eastern Caribbean Currency Union Together*,”² articulates some of the innovations we have been pursuing recently in our quest for socio-economic transformation and shared prosperity.

² ECCB. (2017). *Eastern Caribbean Central Bank Strategic Plan 2017 – 2021: Transforming the Eastern Caribbean Currency Union Together*. Retrieved from https://www.eccb-centralbank.org/files/documents/Strategic_Plan/ECCB_Strategic_Plan_2017P2.compressed.pdf



3.0 Embracing the Possibilities of the Fourth Industrial Revolution

I was not around when Wendell McClean presented his in-depth study of the ECCA arrangement in 1969. However, thanks to technology, I can conveniently go back in time and read a copy of the typewritten conference paper on the Internet, easily accessible on the smartphone in my pocket. I can do so from almost anywhere and anytime of my choosing. This has been made possible by the phenomenal advancements in science and technology that are transforming our lives and our world in unprecedented ways and at an unprecedented pace.

As Canadian Prime Minister, Justin Trudeau, put it in Davos last year, “*the pace of change has never been this fast, yet it will never be this slow again*”.³

Consider this: the time between the start of the First Industrial Revolution that transformed Britain from a largely agrarian economy to a manufacturing juggernaut, through mechanical innovations such as the steam engine; and the start of the Second Industrial Revolution that catapulted the world economy forward through mass production facilitated by electricity, was about 100 years. Consider again that the time between the beginning of the second wave and the third wave - with its hallmark of computerisation - was about another hundred years. Now, consider that the timespan between the start of the third wave (which was the age in which the Monetary Studies Conference began) and our current rapidly expanding fourth wave, is only about half the span of the previous revolutions – 50 years.

According to the World Economic Forum, the Fourth Industrial Revolution “*is characterized by a range of new technologies that are fusing the physical, digital and biological worlds, impacting all disciplines, economies and industries*”.⁴ It encompasses cyber-physical systems, the Internet of Things, artificial intelligence and predictive analytics, among other emerging

³ Trudeau, J. (2018). Justin Trudeau’s Davos address in full. *World Economic Forum Annual Meeting*. Retrieved from <https://www.weforum.org/agenda/2018/01/pm-keynote-remarks-for-world-economic-forum-2018/>

⁴ World Economic Forum. (n.d.). *The Fourth Industrial Revolution*, by Klaus Schwab. Retrieved from <https://www.weforum.org/about/the-fourth-industrial-revolution-by-klaus-schwab>



technologies. These technologies are powered by a new source of fuel: data, which has been dubbed “*the new oil*”.⁵

This fourth wave of industrialisation is simultaneously exciting and unsettling. We cannot stop this wave of disruption, innovation and change. And *why should we?* We must embrace the change. We must be agile and adapt.

As former CEO of General Electric, Jack Welch, put it, “*If the rate of change on the outside exceeds the rate of change on the inside, the end is near.*”

Unlike typical businesses, central banks (and universities for that matter) are unlikely to formally go out of business, but they can easily lose their relevance and influence. As a consequence, central banks have a duty of care and an obligation to respond to the big challenges of our time.

Coincidentally, today happens to be the birthday of Jack Welch, along with two other notable innovative thinkers⁶: famed management theorist Peter Drucker;⁷ and media mogul Ted Turner.⁸ Is anyone else celebrating a birthday today?

For far too long our economies have merely trudged along or muddled through. Consequently, there is an urgent need to elevate the growth trajectory, build resilient economies and achieve sustainable development.

In the ECCU, we recorded real economic growth of 3.8 per cent for 2018. World Bank data show that the broader Caribbean Small States group fared even worse at 1.6 per cent.⁹ The ECCU performance was, ironically, bolstered by reconstruction activity following the devastation caused by Hurricanes Irma and Maria in 2017, which resulted in a dismal growth performance of 0.9 per cent in

⁵ The quote “Data is the new oil” is attributed to Mathematician Clive Humby.

⁶ Francis, R.L. (2006). *This day in business history*. New York, NY: McGraw-Hill.

⁷ He revolutionised how institutions organise themselves to be successful. He also predicted the rise of the information age and its requirement for continuous learning. Source: https://en.wikipedia.org/wiki/Peter_Drucker

⁸ Ted Turner revolutionised the world of news media with the launch of CNN.

⁹ The Caribbean Small States group consists of the 6 independent ECCU countries, and The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago. Source: World Bank World Development Indicators Databank. Retrieved from <https://databank.worldbank.org/source/world-development-indicators>



that year. These category 5 hurricanes, as well as Hurricane Dorian, which impacted our brothers and sisters in The Bahamas just two months ago, bring into sharp relief the stark reality of our vulnerabilities as small economies and the existential threat that is climate change.

Of necessity, we must build fiscal and financial resilience. I applaud Jamaica, Grenada, Barbados and The Bahamas for their enactment of fiscal resilience legislation and encourage others to do likewise.

On the financial resilience, we must, inter alia, increase our use of insurance as a risk transfer mechanism. By the way, for those who are wondering, our solar carports are a key element of the ECCB Campus Greening Project.¹⁰

As with the three previous epochs of the industrial revolution, this new phase holds much promise and offers boundless opportunities to meet the needs of our economies. Failure to adequately prepare to avail ourselves of the opportunities being swept in by the winds of this change would be a tragedy of Greek proportions. We may never be able to catch up again.

How can we revamp our education systems and address labour market rigidities that keep our unemployment rates unacceptably high (in double digits), particularly among our youth? Coding academies, for example, will help. We need to channel the energy and creativity of our digital natives into productive activities and relatively high paying jobs. For example, a person can earn about US\$3,000 per month with less than one year of training in coding.

We must find a way to develop our potential human capital through rigorous Science, Technology, Engineering and Mathematics (STEM) curricula and training programmes that create a workforce equipped to function and be

¹⁰ The ECCB has embarked on a solar carports project that is geared towards shifting its energy consumption away from electricity produced from fossil fuels towards electricity generated by a renewable source: solar. The goal is to have the solar carports generate up to 60 per cent of the ECCB Campus's electricity needs by 2022 as a way to reduce to the Bank's carbon footprint and contribute to environmental sustainability. More information on the project may be found on the Bank's YouTube Channel, ECCB Connects: <https://www.youtube.com/watch?v=9gWmEZPxelc>



productive in this new era. In this regard, the ECCB will continue to provide scholarships to two students each year under the Caribbean Science Programme called Student Programme for Innovation in Science and Engineering (SPISE) .

In its 2018 “The Future of Jobs Report”, the World Economic Forum identified some emerging roles, including robotics specialists, innovation professionals, digital transformation specialists, AI and machine learning specialists, and ecommerce and social media specialists.¹¹ Even as we embrace the changes, I admonish us not to be just passive consumers and adopters of the products of the revolution. We should also seek to be producers.

In the areas of monetary policy, financial inclusion and competitiveness, and financial sector stability and development, The Bahamas and the ECCB are pressing ahead with digital currency pilots. The evidence is clear. To facilitate innovation, regulators must be proactive.

These pilots aim to address frictions in our payments system, including the issues of cost and access to financial services. After all, payments are the lifeblood of an economy. Consequently, the innovation in payments is a key component in a comprehensive strategy to develop a digital economy in the region.

On the matter of the digital economy - the ECCU is collaborating with The World Bank on a *Digital Transformation Program*.

And what of new areas such as the blue economy? How can we combine emerging technologies with techniques such as marine spatial planning to explore and sustainably extract value from the vast, untapped resources submerged in our largest natural resource – the ocean? As with any pioneering work conducted in an environment of uncertainty, there are risks. Policy-makers would need to be forward-looking to consider regulation to govern data issues and to protect our privacy. We must also manage the potential social dislocation, which may be

¹¹ World Economic Forum. (2018). *The Future of Jobs Report 2018*. Retrieved from http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf



caused by disruptive technologies that make certain jobs obsolete. One such example is the need for fewer security guards as we move to minimise the use of cash as a means of payment.

We must contend with new and emerging risks such as cyber-crimes, and develop strategies to mitigate them. But fear should not keep us locked into a state of inaction. For history confirms that “*fortune favours the brave*”.

4.0 Conclusion

In conclusion, as we prepare to participate in the sessions at this conference, I challenge each of us to think outside the metaphorical box.

When our region commemorates the centenary of the Monetary Studies Conference, what nuggets of wisdom would future conference participants and generations glean from our presentations and work here this week and in our time?

Let us elevate the discourse about our challenges above the orthodox. Let us dare to tread where we have never ventured before. My hope is that our discussions this week will spark ideas about ways in which the Caribbean could tap into the powerful force that is the Fourth Industrial Revolution, even as we strengthen our bonds of cooperation and collaboration. Future generations will benefit even if they do not thank us for our efforts.

And, finally, do have some fun - it is necessary and encouraged.

I thank you.



Paying Homage and Special Presentation to Dr DeLisle Worrell

From our investigation, Dr DeLisle Worrell made his first appearance on the Monetary Studies Conference scene at its fifth sitting in 1973, with a paper titled *“A Theory of Foreign Exchange Reserves Using the Jamaican Experience”*.

The 1973 appearance would be the first of many for DeLisle – at least 25 by our count – in the conference’s 51-year history. The topics of his papers run the gamut of his expertise and interests. They range from exchange rates, economic growth and development, banking, fiscal sustainability, financial integration and such topical issues as de-risking.

Dr Worrell has served not only as a presenter or co-author of numerous conference papers, but also as a chairperson for conference sessions, as he is slated to do again this week.

DeLisle, we thank you for your sterling contributions to and support for the Monetary Studies Conference over the years.

In recognition of your enormous contribution to this Conference, I now invite you to step forward and receive this token.