



# **Economic Strategies in a Post-COVID Environment**

Remarks by **Governor Cleviston Haynes**

at the Central Bank of Barbados' 40<sup>th</sup> Annual Review Seminar:

***"Navigating the COVID-19 Crisis in the Caribbean:***

***Reshaping, Rebuilding, and Resetting Opportunities for Prosperity Post-Crisis"***

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## **Economic Strategies in a Post-COVID Environment**

I wish to begin my remarks this morning with a tribute, on behalf of the Board of Directors, Management and staff of the Central Bank of Barbados, to the memory of our former Prime Minister, Professor the Right Honourable Owen Arthur.

An economist by training, Mr. Arthur had a long association with the Bank. Between 1983 and 1984, he served as a member of the Bank's Board of Directors. His tenure was relatively short because of his successful transition to elective politics, but his erudite contributions to economic and Bank-related policy left a mark on our institution.

Mr. Arthur oversaw the operations of the Bank between 1994 and 2008, when he served as Minister of Finance. Again, he brought to bear his sharp intellect to matters of public policy. He was determined to overhaul the Barbados economy so that it "fired on all cylinders" and to create a thriving Caribbean Single Market and Economy, an initiative that he spearheaded with courage and conviction.

In recent weeks, it was fascinating to watch his passionate participation in the deliberations of the Prime Minister's Jobs and Investment Council. His knowledge and experience were always at the centre of his interventions. He willingly shared his insights and was ever ready to engage in intellectual battles on matters such as Barbados' future exchange rate strategy, the role of international reserves in stressful economic conditions, and approaches to creating an environment to revitalise the manufacturing sector. I sensed that he was enjoying his role as elder statesman.

He proved himself adept at politics, but foremost Barbados and the region have lost a scholar who applied his scholarship to improve the lives in our region. His legacy will live on. To his wife and children, I offer my deepest condolences.

**I now invite you to pause for a minute's silence in his memory.**

A warm welcome to you on the occasion of the Central Bank of Barbados' Annual Review Seminar (ARS) for 2020.

This year's event is momentous, historic, and fortuitous.

It is momentous because this year we celebrate the 40<sup>th</sup> edition of this seminar. I wish to acknowledge the foresight of our then Research Director and later Governor, Dr. DeLisle Worrell, who conceptualised the seminar as a means for the Bank's young economists to subject their research to the scrutiny of their peers. None of us imagined at the time that this would become an annual event and that, from its humble beginnings, we would be celebrating this milestone.

With the support of successive governors, we have been able to build a robust research programme that has helped to nurture our young economists, the interns in our annual internship programme as well as many others across the region.

Over the years, we have been blessed with the participation of research economists across Barbados, particularly those at the UWI (University of the West Indies) and the CDB (Caribbean Development Bank), and I believe that I can say without fear of contradiction that all of our locally based economists who are engaged in research have passed through this programme, whether as a presenter or as a discussant. We owe a debt of gratitude to all those persons who have helped to forge the development of the technical and analytical skills of our research economists.

This 2020 seminar is historic because, faced with an existential phenomenon of a health pandemic, we are conducting the entire seminar virtually. I suspect that in the future many of our conferences will be held virtually. Those of you who are still in the vineyard 40 years from now can share with upcoming generations that you participated in the first virtual ARS.

And it is fortuitous because the economic times in which we live provide us economists and policymakers in these small states with the opportunity and the obligation to rethink our perspectives on economic policies and strategies for development. It is fortuitous too because, as we celebrate the life of former Prime Minister Arthur, we can build on one of his legacies which encourages us to think of the continued relevance of existing policies and to think of new creative solutions to address our economic challenges.

From a policy perspective, the past two years have been a period of challenge for the nation and we have witnessed far reaching changes in economic policies. After several years of macroeconomic instability, we have embraced a programme of economic adjustment and transformation with the support of the International Monetary Fund and the international financial institutions. We have taken the unprecedented step to restructure our domestic and external debt, so as to place the debt on a sustainable trajectory. We have reformed parts of our tax system, including a major reform of our corporate tax framework in response to a challenge to our international financial services sector by the OECD. We have initiated structural reforms designed to enhance efficiency and competitiveness.

These initiatives contributed to a stabilisation of the economy, but now we face a health pandemic that threatens to debilitate our economic fortunes. In less than three months, this pandemic has undermined our tourism sector, an industry that has served as the bedrock of our economy, and we face this year the prospect of a double-digit reduction in economic activity, with loss of jobs and incomes.

To safeguard the economic health of corporates, individuals and the nation alike, we have had to introduce counter cyclical economic policies. This approach deviates from what our traditional policies have been in times of stress in the past and reflects not only the severity of the problem but also our capacity to respond. We cannot therefore emphasise enough the importance of building and maintaining economic buffers that allow for flexibility in economic management on occasions such as this. This is especially important given the risks we face from climatic events, volatile commodity prices, blacklisting by foreign countries or groups of countries, etc.

It is imperative therefore that we consider strategies that will be appropriate in a post COVID environment to ensure that regional economies are more resilient and that we are better able to adapt to unfavourable changes in the economic environment. It is for this reason that, for this four-day seminar, we have selected the theme **“Navigating the COVID-19 Crisis in the Caribbean: Reshaping, Rebuilding, and Resetting Opportunities for Prosperity Post-Crisis.”**

Our research must be designed to answer real world questions. How can we diversify our economies to enhance our competitiveness and promote sustainable growth and jobs? How can we transform our economies through innovation and new technologies? How can our financial systems be adapted to accelerate economic growth? These are but three of the questions which our research must address for it to maintain relevance for the challenges ahead.

When I addressed you last year, I referred to our government’s digital transformation efforts to shape a new economy. The ICT strategy promotes knowledge-intensity, technology, innovation, creativity and the involvement of all stakeholders- the public and private sectors, academia and civil society.

COVID 19 has accelerated the process of digitisation locally and globally and these gains will not be easily reversed. We have seen first-hand how we should conduct business and transactions in the future. Telemedicine, e-commerce, e-payments, e-government, and e-learning are but some of the areas in which technology will be applied as we go forward. This new norm is more efficient and cost-effective and it promotes innovation and strengthens our competitiveness. Countries, firms, and individuals that are able to adapt quickly are likely to grow the fastest.

Navigating the post COVID-19 crisis will require new skills and talents. As we promote the use of technology and as we navigate the new norm, we must remain conscious of the risk of exacerbating the digital divide. Our research must be focused to ensure that no one is left behind.

To realise the theme of this year's conference, our challenge will be to:

- Expand our imagination and rethink our world anew
- Embrace continuous learning
- Align our research with the needs of society
- Study the new technologies so we better understand how we can employ to diversify our economy and increase our competitiveness; and
- Collaborate and cooperate more with regional and international peers to enhance our research efforts.

Let us raise our sails and begin to chart a new course.

I thank you and I look forward to the discussions. Have a successful seminar.