

Brian Wynter: The International Monetary Fund's regional economic outlook

Opening remarks by Mr Brian Wynter, Governor of the Bank of Jamaica, at the launch of the International Monetary Fund's regional economic outlook, Kingston, 20 October 2010.

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Ladies and Gentlemen,

Welcome to the Bank of Jamaica.

We are especially glad to have our colleagues and partners from the International Monetary Fund – both resident, Dr Gene Leon, and itinerant, Mr Gilbert Terrier (Senior Advisor in the Western Hemisphere Department of the IMF) – and our fellow Caribbean central banker, Dr Shelton Nichols, Deputy Governor of the Central Bank of Trinidad and Tobago. I know that none of you are strangers to Jamaica, personally or professionally, and I hope that you will find this visit pleasant and fulfilling. I am also happy to recognise the Jamaican members of the panel who will speak later: the Financial Secretary, Dr Wesley Hughes, Mr Keith Collister, member of the Economic Policy Committee of the Private Sector Organisation of Jamaica and Dr Damien King, Head of the Department of Economics at the University of the West Indies Mona Campus.

Many of you in the audience are accustomed to gather in this forum for a discussion of the quarterly developments in the Jamaican economy and the role of the Bank in the way forward. There will be some of that today but the point of view will be more panoramic and will cover the whole region, including Central and South America. Sufficient account will be taken of the Jamaican situation to enable us to appreciate the context and the parallels across the region.

For most of the last two years, policymakers around the world have focused their attention on attenuating the impact of the fallout in the global economy; repairing the damage to financial infrastructure; supporting those sectors and persons that were hit hardest; and stimulating recovery as fast and as far as possible. The review of the outcomes in different countries will no doubt reveal that those with flexible or growing links to the new poles of growth fared much better than those without such links. Here in Jamaica, we did not experience the collapse of financial firms as many others did owing mainly to the reform and recapitalization of the sector that took place over the previous decade. Neither did we undergo the sharp declines in housing and other asset prices that others did. Jamaica, however, found itself in a position where it faced the prospect of a slow, uncertain path to economic recovery not only because of its own inertia and uncompetitiveness but also because its fortunes were tied to the pace of recovery in the most severely affected economies. Moreover, with the economy already hamstrung by a legacy of vast and growing public debt, there was little room for local fiscal stimulus.

Adopting a longer view of growth and development, the authorities took the opportunity of using the support on offer from the multilaterals to formulate and implement a broad slate of reforms. At the end of the process, the programme promises an even stronger financial architecture, a clear path towards fiscal and debt sustainability and, importantly, the entrenchment of macroeconomic stability as a basis for more investment and steady growth. Since February 2010, we have embarked resolutely on the reform path and have made good progress to date.

The International Monetary Fund, which has played a key role in global surveillance and advice, has a unique and privileged view of cross-country developments. It is not very often, however, that we have the opportunity to have senior officials from that institution discuss the issues and solutions that are specific to our region and for them to receive feedback on those

views from practitioners across the region. Discussions at events such as the Annual Meetings of the Fund and the World Bank need to satisfy the needs of a large number of constituents. They therefore tend to be either too “global” in their plenary discussions or too fragmented in their selection of issues related to the Caribbean for there to be meaningful regional perspectives. We therefore welcome this initiative to present the Regional Economic Outlook right here in Jamaica and the Bank of Jamaica is happy to be the appointed place for what will follow over the next two hours or so.

So, again, let me welcome you to this presentation of the Regional Economic Outlook by the IMF and the discussion to follow. We look forward to your active participation. Thank you.