

Eli M Remolona: Emerging trends in central bank policies and operations

Speech by Mr Eli M Remolona, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the 4th International Research Fair, Manila, 30 July 2024.

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Introduction

That was a very thought-provoking presentation, Refet [Gürkaynak]. Refet is an old friend from the Fed (Federal Reserve). But my role now is to welcome you all, to do a proper welcome for you all. So, Professor Refet Gürkaynak, presenters, discussants, and participants-from both the Philippines and abroad-and BSP (Bangko Sentral ng Pilipinas) colleagues, including my colleagues in the Monetary Board, good afternoon and thank you for joining us over the next two days.

This is the fourth annual Bangko Sentral ng Pilipinas International Research Fair. The fair started in 2021 and it has become one of my favorite events. So, thank you former Governor Ben Diokno, who gave the opening remarks today. Thank you, former Governor Felipe Medalla, and thank you to the BSP Research Academy (BRAC) for all that you have done to set up this fair and to sustain it.

As we all know, central banking is a nerdy business. That means research is central to what we do. This reminds me of an episode in Douglas Adams' wonderful novel, *A Hitchhiker's Guide to the Galaxy*. In the novel, a supercomputer called Deep Thought was asked the question, "What is the answer to life?" After extensive computation, Deep Thought replied that the answer to life is the number 42. When doubts were raised about the strange answer, Deep Thought replied, "That is definitely the answer. I think the problem is that you have never actually known what the right question is."

Right questions

Indeed, research is largely about asking the right questions. Often the answer to the right questions would need good data.

About data, the mathematician and physicist Henri Poincaré has said, "Science is built up with facts, as a house is with stones; but a collection of facts is no more a science than a heap of stones is a house." As the world changes, our questions change, our data change, and our analyses change.

When I look at the program for today and tomorrow, I am intimidated by the new questions that are being asked and how they are being answered. That is the sign of a good conference. The theme of this year's Research Fair, Emerging Trends Shaping Central Bank Policy and Operations, is fitting. There are enticing and complementary papers on the CBDC (central bank digital currency) and monetary policy, the macroeconomics of temperature shocks, the pecking order of monetary policy, the macroeconomics of policy uncertainty, policy uncertainty and cross-border flows, policy

uncertainty and the real exchange rate, cross-border evidence on a decomposition of inflation, supply shocks with a flat Phillips curve, and asymmetric expectations of monetary policy.

What a feast of papers. These are exciting times for researchers. As someone who enjoyed doing my share of research, I am jealous of the work you are doing and will be doing. But I am also grateful to be able to count on it.

Future trends

Before I end, let me mention three of the trends we could work on for future conferences: economic fragmentation, sustainability, and digitalization. These trends are of real concern to us. More specifically, we could look at such questions as: geopolitical conflict and economic fragmentation including supply chain and protectionist trade disruptions; how an emerging market, like the Philippines-whatever Refet means by emerging market-how an emerging market should deal with climate change in a way that it can afford. Following Refet, maybe a Gompertz function will help us see the macroeconomics of artificial intelligence for an emerging market, including the risks it could bring. Even including the risk that it could kill us all.

I had to mention artificial intelligence because of a personal experience I had a few weeks ago. On social media, there was a video featuring a deepfake image of me. I was portrayed ostensibly recommending investments in what could only be a financial scam. One complaint I do have is that as long as they were doing a deepfake of me, I wish it had made me better looking.

So, to close, I would like to welcome and thank everyone who came here today, especially those who traveled far to join us. Thanks again to BRAC and other BSP colleagues who helped organize this important discussion.

These emerging trends-economic fragmentation, digitalization, and climate change-raise profound policy questions for central banks. As with all new or fast-changing developments, we need to understand them as best and as quickly as we can so we can address them as well, if not better, than those we have faced in the past.

Thank you very much. *Maraming salamat.*