

Managing the Economy as if the Future Really Matters

Speech by the President of the Centrale Bank van Aruba

Business Day at the CBA

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Slide #	
3	<p>Ladies and gentlemen,</p> <p>To say that 2020 was an unprecedented year, is an understatement. Beyond the “great lockdown”, the COVID-19 pandemic left a profound mark on our lives and livelihoods. Yet, amid this mega-storm, we have not only found resilience and determination to adjust and adapt, but as a duty towards future generations, to also reform, re-invigorate, and regenerate. Indeed, we have resolved to never again – <i>nunca mas</i> – experience the precipice of acute vulnerability.</p> <p>It is no secret that our island experienced notable economic growth over the past century. What was once a small rural community, it gradually evolved into a dense and prime tourism economy in the Caribbean. However, notwithstanding this tremendous growth, we had our share of economic shocks and crises, thereby exposing many of our economic weaknesses.</p>

	<p>As outlined in our policy study “Fostering Economic Resilience (2019)”, to effectively reduce our economic vulnerabilities, we need resilience to not only bounce back from these adverse events, but more importantly, to bounce <i>forward</i> on new productive, inclusive, and prosperous pathways.</p> <p><i>Then, how do we do this?</i></p> <p><i>How do we manage our economy as if the future really matters to all of us?</i></p> <p>To start with a small brain teaser, do you know which of the following animals is not protected by the nature conservation ordinance?</p> <p>The answer is not the Toteki. All of these animals are protected by the nature conservation ordinance!</p>
4	<p>As we are gathered here today at CBA, permit me to ask the question <i>“what if..?”</i></p>
5	<p><i>What if</i> we, individually, institutionally, and collectively, decide to respect and take full responsibility for our environment and natural habitats; to restore and regenerate our natural capital; to mitigate and to adapt to the impending existential risks of climate change, environmental decay, and the resulting threats to our lives and livelihoods?</p>

6	<i>What if</i> we truly focus on minimizing our economic footprint; to shift our economic models and mindsets to sustainable development rather than more expansion and extraction?
7	<i>What if</i> we actually harvest our natural resources, by collecting, storing, and reusing the little precious rainwater we have and strengthen our water management to foster local food production, and safeguard food security?
8	<i>What if</i> thinking and designing are an integral part of our policy formulation? <i>What if</i> we unlearn our ego-centric domination over nature and move beyond 'do no harm' to regenerating and contributing in a positive impactful way?
9	<p><i>What if</i> sustainability, in its traditional definition, is <u>not</u> about meeting current needs without compromising the ability of future generations to meet their own needs, thereby pushing us to think and to act differently to <i>fulfill the needs of future generations, while adapting responsibly to current needs and conditions?</i></p> <p><i>What if</i> we truly nurture our young talents and creative capital?</p>
10	<i>What if</i> inter-generational equity, health, and wellbeing are an integral part of the future, by rethinking and redesigning today's health care and social security systems in a sustainable manner?

11	<p>We all agree that the answers to these profound questions are becoming even more important and urgent, requiring a fundamental policy shift from pushing <u>growth</u>, which is, producing more of the same, including more physical expansion, to deep <u>development</u>, diversity, and inclusion. If we are truly aligned with the Sustainable Development Goals, our economic quest should be redesigned to foster and realize impactful developments that strengthen economic and financial wellbeing of our community.</p>
12	<p>Ladies and gentlemen,</p> <p>The questions I raised do not refer to external vulnerabilities, like the financial crisis of 2008. They purely dwell on domestic structural trends and developments that we have faced for many decades. Thus, nothing new under the sun.</p> <p>Unlike Black Swans, such as the pandemic, these <u>Gray Rhinos</u>, which is a term coined by Kate Wucker – are systemic by nature and endure over time. Gray Rhinos are generally more subtle, less shocking, although not less disruptive in the long run. They define a trend or a threat that’s slow moving and seemingly obvious.</p> <p>Nonetheless, <i>Gray Rhinos</i> are oftentimes ignored and disregarded. Consequently, these inconvenient and unravelling realities remain largely</p>

	<p>unaddressed and unresolved, as the situation endures and deteriorates.</p> <p>The challenge according to Kate Wucker is thus: <i>How to recognize and timely act on the obvious dangers we ignore?</i></p>
13	<p>How do we shift our policy thinking and execution from short-term to long-term?</p> <p>How do we govern with foresight and lead with impact, not merely by output?</p>
14	<p>These are fundamental questions that we will explore this morning. And just as a small tip:</p> <p>the electric light did not invented from the refining the candle.</p>
15	<p>Ladies and gentlemen,</p> <p>To conclude, the world is becoming more volatile, uncertain, complex, and ambiguous, making our small island even smaller. These threats are oftentimes masked by beautiful costumes that cloak inconvenient realities and too often, regretfully, reinforce the status quo.</p> <p>We need to break free from these realms that trap our potentialities and limit our opportunities. Indeed, we need to muster the collective strength, integrity, and wisdom now.</p>

16	<p>We cannot and should not leave the future up to chance.</p> <p>Rather, we must make a collective and committed choice for responsible change. Not only for us, but for meeting and surpassing the dreams and aspirations of next generations. I know it is not an easy decision, but I truly believe we all want to. In fact, it is a call from the future!</p>
17	<p>We are truly happy to have you here in person. I thank you once more for your participation at this Business Day at the CBA. We look forward to insightful discussions and collaboration for a collective and positive lasting impact.</p> <p>Masha danki!</p>