

**The University of the West Indies  
Cave Hill Campus**

**UWI-BCCI Economic Symposium**

***The Global Financial Crisis - Ten Years Later: Implications for Barbados  
and the Wider Caribbean***

**October 08, 2018**

PROTOCOL. A pleasant good evening and very warm welcome to The University of the West Indies, Cave Hill Campus

A few weeks ago, managing Director and Chairwoman of the IMF Madame Christine Lagarde made a statement which caught my attention. She said - and I quote - **if it were Lehman Sisters rather than Lehman Brothers the world might well look a lot different today.**

Madame Lagarde was referring to what she saw as male domination of the international banking industry, noting that in the case of Britain the chief executives and chairs of the country's four largest banks were all male, while the proportion of female board directors at across the wider FTSE 100 ranking of major British firms is in decline. I like the statement because I thought after a full Monday of

work, it would surely wake you up, and I like the statement because I fully support gender diversity in the Board room and the CEO chair.

**I have also taken note, that over the past few days, California became the first state in the US, to stipulate that all publicly traded companies must have at least one woman on their board of directors by the end of 2019; and this number should increase to three on any board with six or more directors by the end of 2021.**

**Her comment was a direct reference to the male dominated US banking leadership that plunged the world into its worst global financial crisis since the 1930s. Years after Lehman Brothers filed for bankruptcy on September 15, 2008, it remains debatable whether greater gender diversity in the Lehman Boardrooms could have averted, the company's collapse. Madame Lagarde thinks so. She states, "First, greater diversity always sharpens thinking, reducing the potential for groupthink," she said. "Second, this diversity also leads to more prudence, with less of the reckless decision-making that provoked the crisis" However, there is no doubt**

**whatsoever that Lehman's sudden demise triggered catastrophic consequences for many across the globe.**

When the Campus decided as an academic community to examine the aftermath of the Global Crisis, we immediately thought of the Barbados Chamber of Commerce and Industry as an ideal partner for this undertaking. The business community has borne a significant share of the country's economic slide as economic downturns and uncertainty encircled the business environment. The hard evidence of the effect of the global recession on your businesses would complement our research and analytical perspectives. Of course, a renewed Memorandum of Understanding between the Chamber and the University, which calls for the staging of a joint annual policy forum by our two parties provide an additional incentive for this evening's collaboration since it advances our goal of advancing strategic alignments with key partners.

We were hoping to host this event closer to the anniversary date of the origins of the crisis. However, a few more weeks have elapsed since mid-September during which time we now have a clearer picture of what lies ahead for Barbados, since in the interval between

September 15<sup>th</sup> and now, Barbados has become the latest in a number of countries in this region to resort to the IMF and its extended fund facility towards revitalizing its economy. Details released to date of the Barbados-IMF arrangements should inform our discussions as we attempt to chart a viable course of action.

Ten years have now passed since the start of the 2008 global crisis. It is a remarkable irony that the US economy, whose financial system precipitated that crisis, has since rebounded and by some measurements, is on course to achieve full employment. Other countries which have stared into pension blackholes - where millions lost jobs and homes, and where shares prices and housing prices have plummeted – (those countries) have seen their markets rebound to surpass pre-crisis levels and a return to economic prosperity accompanied by low unemployment.

But in other places where the US banking crisis had rippled outwards causing economic tsunamis, recovery remains elusive. The impact of this financial crisis, from the core to the periphery, was uneven but global in scope. At one level, it shook the financial systems of the world's most advanced economies. In some quarters, nations were

thrown into economic turmoil. In the Caribbean today, growth, where evident, with very few exceptions, remains mostly anaemic or tepid. If ever we needed a grim reminder that there will always be losers in a globalized economy, America's Wall Street showed us one such way. The philosophy that "Greed is Good" is a perennial threat to the vulnerable, and lure to the powerful. The first major, economic crisis of the 21<sup>st</sup> century exposed the vulnerable underbelly of many nations and created economic quagmires in many regions.

Indeed, some local commentators refer to the past ten years as a **lost decade** for Barbados during which economic performance and growth remained static. But if we are to understand the implications of the past ten years, we must place a probing, analytical lens on the period and, more particularly, apply our collective financial skills and energies to mobilise those factors that will stimulate regional economic growth.

This symposium brings together policy makers, business leaders, economists, academics, financial planners and those with a vested interest in the economy to examine lessons learned from the last major recession, and formulate measures for the region to mitigate

against future economic crises. The University of the West Indies ideally equipped to do this.

This exercise falls within The University of the West Indies' core mandate to **Revitalize Caribbean Development** and fits our enduring mission “**to advance learning, create knowledge and foster innovation for the positive transformation of the Caribbean and the wider world**”.

I expect that this examination of the Global Crisis from the distance of a decade will enable us collectively to achieve more than simply deepening our understanding of how power and money operate. We should use this perspective to design economic strategies that offer greater resilience against external shocks for our regional economies.

We have to ensure that this much talked about economic transformation becomes more of a reality and less of a satisfying circular discussion. Our economic recovery must be firmly rooted in the yet untapped potential of the Green Economy, the nascent Blue Economy and the emergent Orange Economy, the latter which offers much hope to the established and budding creative talent in our midst. These new or emerging economic sectors must seize whatever

opportunities that are available through the revolution in Blockchain technologies, artificial intelligence and other IT platforms. The Cave Hill Campus has a vested interest in the adoption and adaptation of these technologies in its teaching, research and outreach.

We are well aware that getting to that promised land of economic recovery will call for sacrifice. Some say significant sacrifice. In Cave Hill's case we have already been on that alter, or perhaps still crossing the desert, looking forward to our Promise Land. The past decade has been a decade of austerity for the Campus. While we have maintained the quality of our degree programmes and research output, as evidenced in satisfying all professional and institutional accreditation requirements, we have not been able to undertake the necessary capital works upgrades. We have not been able to initiate the required infrastructural renewal in critical areas befitting a global, 21<sup>st</sup> century university, rooted in and dedicated to revitalizing Barbados and Caribbean development. The University of the West Indies continuously adds to the prestige of Barbados and the region. I am very proud to state that in the Times Higher Education Survey of the World University Rankings, the UWI not only entered the ranks

for the first time, but was ranked in the top 501-600 band, placing us among the top 5% of the top universities globally. Imagine where we would be placed if we had the resources to pursue the new paths for educational transformation. We note that the Government has proposed forgiving itself of a significant portion of the debt that it owes to The UWI. While we have indicated our acceptance of the Government's debt restructuring offer by the deadline, we have also indicated we will engage in further discussions on this matter.

Ladies and gentlemen, the IMF has counted almost 130 systemic banking meltdowns between 1970 and 2007. Not all have ended in a major catastrophe and it is reasonable to assume that there will be others again. It is not beyond our collective wisdom and skills set to advance strategies on how to prevent future crises from having such a deleterious impact on our economies and how to overcome them when they occur.

That global banking crisis has shown us within the academy that universities themselves must adapt and innovate. That we must go beyond our traditional disciplinary boundaries in order to acquire the

kind of intellectual fusion that fosters and cultivates academic enterprise and knowledge entrepreneurship.

Ladies and gentlemen, I look forward eagerly to this evening's presentations and the general discussion as we seek to grapple with finding ways of placing our economies on more stable and sustainable footing.

I take this opportunity to give you advance notice that this symposium comes as we prepare to host early in the new year, another public forum – this time on China's Belt and Road Initiative, that country's ambitious foreign policy strategy with a critical geopolitical and economic agenda. In due course Dr. Don Marshal and his team at SALISES, working in conjunction with the Shridath Ramphal Trade Centre and the Confucius Institute will provide you with more information on this major forum.

Thank you for attending this symposium and I wish you an enjoyable and enlightening evening.

Professor V. Eudine Barriteau

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