



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

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MEDIA RELEASE

EXPRESS EDITORIAL ON CENTRAL BANK GROSSLY INACCURATE

The Minister of Finance, the Hon. Colm Imbert, M.P., has taken note of an editorial in Daily Express of Wednesday December 16, 2020, which defied logic.

In this editorial the Express said that under existing law, the appointment of the next Governor of the Central Bank, IF the present Government runs a full year under the existing law, the term of the next governor who will succeed the present Governor would have naturally ended after the next general election, assuming the current Government runs its full five-year constitutional term. According to the Express, this would give a new administration the option of allowing the successor to the present Governor to complete his/her full term four or so months into its term before making an appointment of its own, either to give the incumbent Governor a second term or to appoint someone else. Again, according to the Express, this would be a “seamless” transition.

The Express went on to assert that the latest amendment to the Central Bank Act, which has changed the term of office of the Governor of the Central bank from a fixed 5-year term to a minimum of 3 years and a maximum of 5 years, disrupts this process by allowing the incumbent to impose its choice of an incoming government in the event it loses the next election.

This editorial is misleading in the extreme. It follows a pattern of misleading commentary by self-proclaimed “experts” who have falsely alleged that amendments to the Central Bank Act are unprecedented and unwise.

This commentary ignores and avoids the fact that in 1994, the Central Bank Act was comprehensively amended, with a bill which became Act No. 23 of 1994, which amended, inserted or deleted **ONE HUNDRED AND NINETY-FIVE (195) PROVISIONS** in the Central Bank Act and made fundamental changes to the Act in numerous areas, including the powers of the Bank, the powers of the Minister, among others.

The editorial also ignores the following history:

1. The first Governor of the Central Bank, John Pierce, **served for 2 years**
2. The second Governor, Alexander McLeod **served for 3 years**
3. The third Governor, Victor Bruce, **served for 15 years**, all under one political party in Government (PNM)
4. The fourth Governor, Euric Boob, **served for 4 years**, including over **one year into the term** of a new Government under a different political party (PNM into NAR)
5. The fifth Governor, William Demas, also **served for 4 years** (NAR to PNM)
6. The sixth Governor, Ainsworth Harewood, **served almost 2 years into the term** of a new Government under a different political party (PNM to UNC)
7. The seventh Governor, Winston Dookeran, **served 7 months into the term** of a new Government under a different political party (UNC to PNM)
8. The eight Governor, Ewart Williams, **served for 10 years**, including over **2 years into the term** of a new Government under a different political party (PNM to UNC)
9. The ninth Governor, Jwala Rambarran, if not terminated, would have served almost **2 years into the term** of a new Government under a different political party (UNC to PNM)

The analysis in the editorial is thus entirely fallacious, unfounded and irrational. **In only one instance** over the last 56 years, therefore, has a Governor of the Central Bank, William Demas, served a few months into the term of a new Government, to allow what the Express has inaccurately alleged would be a “seamless” transition. And in that case, if he had served a full 5-year term, he would have been Governor **for over one year into the term** of a different Government (NAR to PNM).

Further, to further demonstrate that the arguments in the editorial are nonsensical in the extreme, it is matter of public record that since 1966, 54 years ago, there have been numerous instances where Governments have not served a 5-year parliamentary term, namely:

- 1966-1971 (4 years, 6 months)
- 1971-1976 (5 years, 4 months)
- 1991-1995 (3 years, 11 months)
- 2000-2001 (1 year)
- 2001-2002 (11 months)
- 2007-2010 (3 years, 6 months)
- 2010-2015 (5 years, 3 months)

In fact, if the former UNC Government in 2015, which went 3 months over normal time, had had the opportunity to appoint a Governor upon the expiry of a 5-year period, the incoming PNM Government would have had to contend with a UNC-appointed Governor for almost 5 years.

The mathematics in the Editorial is thus entirely unsound. It ignores reality. It is based on the unrealistic and fallacious assumption that every Government would have a full term of 5 years, and by happenstance, the term of every Governor of the Central Bank would begin a few months into the life of a Government and run for a full 5 years . This coincidence has only happened **ONCE** in 56 years, and coincidentally happens to be the current instance

The editorial also completely ignores the need for succession planning, since Governors of the Bank are usually appointed later in life, rather than at a young age, for good reason, and if one wishes to renew the appointment of an older incumbent under the existing law, the Government is tied to a second fixed term of 5 years, making a total of 10 years in office, rather than 8 or 9 years, as the case may be. This makes succession planning cumbersome. Changing the term to 3-5 years thus allows for succession planning and a “seamless” transition, and good corporate governance.

Finally, contrary to false assertions made by Senator Wade Mark, and reported by the Express, the Cabinet agreed yesterday to reappoint Dr. Alvin Hilaire as the Governor of the Central Bank for a further period of three (3) years, as well as Dr. Dorian Noel, a distinguished former UWI lecturer in Finance, as a Deputy Governor, also for three (3) years.

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Minister of Finance

December 18, 2020