



SPEECH

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President of Parliament, Prime Minister, Members of the Council of Ministers, Members of Parliament, ladies and gentlemen: Good Morning!

After having been appointed as Governor of Aruba, I returned to my native island and wanted to visit my old elementary school here in San Nicolas. To my surprise, I found the gates to be closed on a normal school day. Later I learned, that due to the change in demographics of San Nicolas, there were not enough children to keep the doors open.

The change in demographics of our Sunrise City, I believe, has been driven by the lack of economic activities over the years, with the closing of the refinery as the major catalyst. But the lack of economic activities in San Nicolas, is partly a choice.

In 2015, Tito Bolivar envisioned the creation of street art to breathe new life into San Nicolas. We know the story: now, only 4 years later, the murals of art have become a must-see attraction in Aruba. Two weeks ago, Forbes invited its readers to "*See The Street Art Capital Of The Caribbean*"! So I guess we can justly say, that 'the time is now' to execute a new economic model as well for the city.

But if we are going to focus on the development of P'ariba di Brug (being the area from Pos Chikito to San Nicolas), we should ask ourselves the question: How can we avoid making the same mistakes of the past? In the following paragraphs, I will argue that we can do so by focusing on a more holistic economic model.

In a blog post published just a year ago, Bill Gates said that the era of "*supply and demand is over. It's grown irrelevant to today's economy.*" And he felt that many countries have failed to take these economic shifts into account, as they move into the future.

What shifts, you may ask? Well, allow me to clarify this by putting forward a couple of questions. Where is the focus on the social impact of our economic activities? Or the focus on the welfare of our citizens? How about the aim for development of scientific and technological know-how among our people? And what to think of putting emphasis on our unique ecosystems that support life as we know it on our One Happy Island?

According to the World Economic Forum, two schools of thought have dominated economic debates for many decades: free-market economists, (*governments should cut taxes, reduce regulations, reform labor laws, and then get out of the way*), and Keynesian economists, (*governments should boost large-scale investment programs in order to inject liquidity directly into the economy*).

Yet, neither approach has delivered the desired results:

1. The Free-market economics led to great outcomes for the shareholders who profited of the glorious days of the refinery. However, what has been the long-term outcome for our people, for our social environment, for our health, or even for our marine and terrestrial ecosystems?
2. Yet Keynesian solutions – easy money and large budget deficits – have also fallen far short of the promised results, as we were left with improved infrastructure in a deserted area, with empty stores. We have tried stimulus spending and have spent money we don't have. Yet the short-term boost failed in two big ways. First, government's debt soared and our credit rating was put under pressure. Second, the private sector did not respond by increasing business investment.

Ladies and gentlemen, what is the way forward?

According to the World Economic Forum, the key is to reflect on six kinds of capital goods. Two of them have been on our agenda for many years: promoting business capital, and

infrastructure. When focusing on P'ariba di Brug, however, we should invest in the other four capital goods, being:

1. *Human capital*, by fostering education, skills, and health of the workforce.
2. *Intellectual capital*, by advancing our society's core scientific and technological know-how.
3. *Natural capital*, by protecting and restoring the ecosystems that support our small island nation; and
4. *Social capital*, by nurturing the communal trust that makes efficient investments possible.

These six forms of capital, work in a complementary way. Business investment without infrastructure and human capital cannot be profitable. Nor can private investment work, if social capital (trust) is depleted. Without natural capital (including a safe climate, available water, and protection against coastal erosion), the other kinds of capital are easily lost. And without universal access to public investments in human capital, our society will succumb to extreme inequalities of income and wealth.

Ladies and gentlemen, in closing I would like to say:

Investment used to be a far simpler matter. Nowadays, we need to understand much better how to find the perfect mix of the six forms of capital. If we are to succeed, the new era of development of P'ariba di Brug, should give rise to a new model of Sustainable Development. And we will know that we did it right, if we never find another school gate closed on a normal school day.