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CENTRAL BANKING IN A CHANGING WORLD

Remarks of

Henry C. Wallich
Member, Board of Governors of the Federal Reserve System
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South East Asia Central Banking Conference

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I am happy to have this opportunity to address the governors of the central banks of SEACEN area on the subject "Central Banking in a Changing World." The world in which central bankers must operate has indeed changed of late in many respects, and not all of them for the better. Inflation, the problems of oil finance, international monetary reform, and recession are among the problems confronting us today. I shall comment on each of them, giving you my personal appraisal of what I conceive to be a central bank point of view.

Summary and Conclusions

Let me state my main conclusions in advance:

(1) Inflation continues to be our main long-run problem, even though recession calls for short-run counteraction. In the industrial countries, inflation now has reached a rate which threatens the survival of the private sector. We are seeing now how inflation first drains firms of liquidity and later pushes them toward bankruptcy. The threat of insolvency leads to laying off of workers and this in turn may lead to demands for further inflationary money creation, or government

take-over of the private sector. We must put an end to this inflation syndrome.

(2) The oil problem looks more manageable now than it might have some months ago, but enormous difficulties remain and nobody can be sure of the outcome. Nevertheless I would like to point to the fact that an increase in saving is being forced upon the world through what amounts to an excise tax on oil, which properly used could lead to a healthy, non-inflationary funding of growth.

(3) International monetary reform, as it has developed thus far, has left the dollar more than ever in the role of the world's reserve currency. Thus, current international monetary arrangements pose new problems for the United States and call for better arrangements to enable the United States to achieve an appropriate value for its currency.

(4) Although the recession that confronts virtually the whole world demands short-term counter measures, these measures must be capable of being phased out long before the peak of the next cycle is reached. Further, they must be the types of anti-recession action that can be kept within limits consistent with continued action against inflation, if we are to have any hope of getting inflation under control.

The New Inflation Syndrome

I shall start on our list of common problems with the worldwide inflation that we have all been experiencing. The great rise in prices has been in part caused by events in the real sector of the world's economy. Food shortages, raw material scarcities, the coincidence of business cycles, the arbitrary quadrupling of oil prices are events that the contribution of central banking to good government -- monetary policy -- cannot reach. Nevertheless, the present inflation has its deeper roots in the mid-1960's, long prior to the real sector events I have cited. Monetary policy therefore cannot be absolved from responsibility. There are some who would assign the full responsibility to central banks. They point out that there has never been an inflation that was not accompanied by a rise in the money supply, and that the central bank had the technical means to prevent any such rise. But that is a poor reading of reality. Circumstances have often appeared in which it would not have been technically possible to limit the growth of the money supply, or when the cost of doing so would have been prohibitive.

Nevertheless, we have reason to be grateful to the monetarists for what they have done to sharpen our understanding. The 1920's, when monetary doctrime also was riding high, led to the great depression of the 1930's and made Keynesians of many economists and policy makers. Keynesian fiscal policies, or at least their abuse, led to the inflation of the 1960's and this inflation is turning many of us into monetarists. Money has replaced interest rates as the central, although not exclusive, variable by which many central banks now guide their policy when prices are rising sharply. Inflation, to be sure, has driven a wedge between real and nominal money supply as well as between real and nominal interest rates. Both nominal money and nominal interest rates have become unreliable guides to monetary policy. But the danger of serious error is less when the monetary aggregates are used as a guide. The most obvious, but not the only reason is that the real interest rate, being dependent on people's expectations of future inflation, is much harder to diagnose than the real rate of growth of money.

As a result, in the United States we have been leaning increasingly--although by no means exclusively--upon monetary aggregates as a principal guide to monetary policy. We have continued to use interest rates as a constraint on the rate of money growth, and have for brief periods allowed money to grow at a rate slightly different from what we might have preferred, in order to avoid very wide swings in interest rates.

There are good reasons for this procedure. Sharp fluctuations in interest rates may convey wrong policy signals to the market. Sharp increases may threaten the liquidity of financial and nonfinancial institutions. Sharp declines, by encouraging an outflow of capital, may depreciate the dollar and add to the forces of inflation. Nevertheless, the desire to limit interest rate fluctuations has at times caused monetary policy in the United States to be less than optimal, both in expansion and in contraction. At the Federal Reserve we are giving thought to ways of improving our procedures without falling prey to the opposite extreme of a rigid monetarist style policy.

Inflation remains the most serious long-term menace to our economy, even though the recession in which the United States now finds itself clearly calls for short-term countermeasures. Inflation is not now the minor inconvenience, or the readily affordable price of bigger government programs and higher employment, as it has been depicted in the past. Inflation now poses a deadly threat to the functioning--and even the survival--of the economies of developed countries. In this regard, developed countries have currently at least shown themselves to be more vulnerable than the developing countries, many of which, thanks to their less complex financial structure, have found it possible to live with sometimes high rates of inflation.

The much cited trade-off between unemployment and inflation has revealed itself to be of a very short-run character. Meanwhile, however, a new element has entered into that trade-off-business liquidity. Inflation drains business of liquidity, through the tax mechanism, through credit tightness and, in some countries, through price controls. Illiquidity eventually leads to insolvency. Firms first cease to be able to expand, then to be able to maintain their capital stock and inventory, and eventually perhaps to meet their payrolls. Threats of widespread bankruptcy then cause pressure for an easing of credit or relaxation of other restraints, leading to more inflation.

In any general sense, the United States is some distance away from the extreme outworkings of this syndrome, which appears to manifest itself more powerfully when the rate of inflation approaches or passes what seems to be a self-destruct trip-wire at about 20 per cent. But the <u>pattern</u> of the syndrome, involving a linked succession of economic ills including inflation, unemployment, and illiquidity, is now becoming clear from the experience of other developed countries. The pattern differs drastically from what many imagined inflation to be. Instead of widespread adjustment to inflation, with an expansion of profitable investment, and rising asset prices to protect investors, we now see declines in investment, in productivity, and in the value of assets. Furthermore, we confront mounting social tensions that ultimately may threaten the stability of social institutions.

My comments on inflation apply to developed countries. Personally, despite their simpler financial structure, I am skeptical of the advantages that a certain tolerance for inflation is supposed to have in developing countries, as a means of accelerating economic growth. I recognize that there are different views. In any event, however, I am sure there is general agreement that inflation in the developed countries is harmful to the interests of developing countries.

Central Banks and Oil Finance

Next, I would like to turn to the problems that central bankers confront in the oil situation. In recent months a feeling has gained ground, I believe, that under present conditions the problem may turn out to be manageable in a broad sense. Nobody, I believe, can be completely sure of this either way. There is no clear evidence that the problem is manageable, but neither can one assert that it is not. Everyone can think of developments that would lead to a crisis. Only time will tell how successful we can be in avoiding disaster.

At the Washington meetings in mid-January, establishment of a Solidarity Fund was agreed by the members of the Organization for Economic Cooperation and Development -- the O E C D -- which will help to reduce the danger of failure. It is designed to serve as a safety net for participating countries that, in seeking to borrow in the markets or from the oil-producing countries, would otherwise have to accept excessively burdensome conditions. The existence of this Fund should improve the availability of credit in the world's capital markets for all countries.

In addition, of course, the Oil Facility of the International Monetary Fund was renewed, and arrangements were made to reduce the cost of this facility to the most severely affected countries. Studies also were undertaken designed to lead to further financing facilities for low income countries.

Among the developed countries, the most serious problem is how to finance the needs of countries whose current account deficits are not offset by corresponding capital inflows. In the aggregate, of course, the total capital that the oil-exporting countries must invest outside their area equals their current account surplus. But these capital exports will not necessarily flow where they are needed. Thus, deficit countries must either seek financing or adjust their balance of payments. In the aggregate, the current account deficits corresponding to the surplus Organization of Petroleum Exporting Countries cannot be reduced except as that surplus is reduced. But within this aggregate individual countries can and may have to reduce their deficits.

It is not meaningful, in this context, to place a great deal of emphasis on oil deficits, and it will become increasingly less meaningful. Countries can adjust their positions by increasing their exports or reducing their non-oil and also their oil imports and thus make the rest of their deficit more readily financeable. Countries may retain bilateral deficits with the oil-exporting countries and nevertheless get into current account surplus by exporting to third countries.

Central banks will be involved in these adjustments. They may have to use credit measures in order to help bring them about. The floating rate mechanism may have a role to play. Central banks will also have to deal with large capital flows, resulting partly from investment by the oil-exporting countries, partly from the financing activities of oil-importing countries. The significance of some of these movements sometimes is misunderstood, and a couple of words may be helpful.

A great deal of concern has been expressed about where the oil-exporting countries may put their investments. Let me point out first that decisions of the oil-exporting countries to place their funds in this or that country are not decisive for the flow of funds to or from such a country. Money is fungible. If OPEC funds flow to one particular part of the world, other funds will flow away from there, pushed by the ensuing relative decline in rates of return. Interest rates and expectations of inflation, both influenced by central bank policy, will be a more important determinant of capital movements.

Nor will the flow of OPEC or other international funds interfere greatly with the central bank's monetary policy under a regime of floating rates. Under such a regime, inflows and outflows of capital do not change the money supply. They only change the ownership of monetary assets, as between foreign and domestic holders, or as between different foreign holders. A flow of foreign capital into or out of a particular currency, to be sure, does affect the exchange rate of that currency. The exchange rate, in turn, influences exports and imports and these in turn, by influencing economic activity, influence interest rates. In that round-about way flows of OPEC money may affect not only the structure, but also the level of interest rates. But that is a far cry from the massive obstruction of monetary policy that some believe to be threatened by the movement of OPEC funds.

On exchange rates the impact of such flows is more immediate, as I have already noted. People who want to move funds into or out of a currency the supply of which is limited must find a willing seller or willing buyer. They are likely to encounter him only at an exchange rate that is somewhat more attractive to the other party.

Under the financial arrangements that were moved ahead at the international monetary meetings in Washington less than two weeks ago, the renewed IMF Oil Facility will have the effect of guiding a part of OPEC investments into particular channels. Under the Solidarity Fund sponsored by the U.S. and agreed in Washington, and in all other ways, the initiative for finding investment outlets is left entirely in the hands of the OPEC. Some people see in this a danger of destabilizing international flows of funds, as these seek interest and exchange rate advantages and pursue political objectives. I would like to note that, over time, a better degree of balance and stability may be attained thanks to the accumulation by OPEC of large stocks of assets. The existence of these stocks will give the oil-exporting countries a self-interest in the stability and solvency of the host countries, and can be expected to reduce the danger of arbitrary movement in these funds.

An even greater shift in the balance of bargaining power may occur in the case of those countries that, like the United States, expect in time to make themselves independent of Arab oil imports. Long-run considerations along these lines might induce some of the Arab countries to hold down their investments in the United States. Given the fungibility of capital, as I observed earlier, the net effect on the flow of capital to or from the United States need not be large, so long as the United States remains a country attractive for international investment. This will be a matter of our policies mainly with regard to inflation, and I believe that we shall succeed in maintaining an attractive investment climate in the U.S.

The international investment position of the United States will also be a function, of course, of the openness of international capital markets. Early last year the United States took decisive action to remove controls over the outflow of capital, and it is clearly in our interest to preserve that openness and see it preserved on the part of others.

Some concern has been expressed in the United States about the possible consequences of large-scale ownership of American assets by foreigners and, particularly, by OPEC. Personally, I regard this concern as greatly overdone. As far as magnitudes are concerned, it should be noted that the formation of net physical assets in the United States exceeds $100 billion per year and that the total of funds invested annually through the financial markets by nonfinancial investors is of the order of $200 billion. These amounts accruing annually are large relative to the approximately $50 billion of OPEC funds, for 20 per cent of which OPEC soughtan outlet in the United States in 1974. This leaves out of account comparison with the existing stock of assets in the United States. Concern about the possible risks of foreign ownership of particular assets and enterprises likewise strikes me as exaggerated. The United States has large investments abroad and hopes that these investments are welcome in the host countries. It will be in our interest to reciprocate.

Rather than adopt an apprehensive attitude with respect to the flow of OPEC capital, I would like to look upon its positive side. Here is an addition to the world flow of saving, resulting from what is in effect a tax levied on oil. Ownership of the saving is vested in the OPEC countries. The investment of the OPEC current account surplus, however, necessarily must take place outside the OPEC countries since the OPEC surplus, by definition, is what is left after they pay for their imports for their domestic use. Thus, the amount of savings available for investment in the oil-importing world is significantly increased, and provides an opportunity to enlarge the capital stock and the rate of growth. A condition of this constructive employment of OPEC savings will be, of course, that we maintain investment incentives in our own countries and do not allow our own savings potential to run to waste as a result of recession and unemployment.

With GNP in the non-Communist world of about \$4 trillion and net capital formation of about \$225 billion, an addition of \$50 billion investment can make a substantial difference in the world's growth rate. At the same time, a larger capital stock in the oil-importing countries would supply a means of servicing and ultimately repaying their liabilities to OPEC.

Strengthening Financial Institutions

I would like to conclude these observations on oil finance with a comment on financial institutions that may perhaps be of particular interest to central bankers assembled here in Singapore, the heart of the thriving Asian currency market.

Approximately 38 per cent of the OPEC investments accumulated during 1974, as you know, have gone into the Eurodollar and other Eurocurrency markets. There has been concern about banks that have greatly increased their deposit liabilities, much of them very short-term, without being able to increase commensurately their capital funds. At a time of unsettlement and threatening recession, moreover, there have been concerns about the quality of assets. It should be noted in passing, however, that the principal banking difficulties observed so far have not been attributable to this build-up of deposits and loans, but to foreign exchange losses and to general management problems.

Considerable thought has been given to the evolution and handling of institutional problems in the Eurocurrency market. It is a not unreasonable expectation that banks, acting in their own interests, will protect themselves by limiting their commitments. They can do this by reducing interest rates they pay on deposits, by lengthening the term of deposits they accept, and by being more conservative in the investment of their funds. I must confess that I am disappointed by the slowness with which I see this process developing.

Central bankers have also reviewed the situation with respect to their lender-of-last-resort function. I believe that a good informal general understanding has been arrived at concerning their responsibility for providing assistance in case of liquidity problems. At the same time it is obvious that there are differences in manner and the degree by which different Euro-market institutions -- head offices, branches, subsidiaries, and consortium banks -- may be assisted, and in the kind and direction of the lines of responsibility between these institutions and various central banks. The concept of "lender of last resort" cannot be defined with precision. But it should be emphasized that it applies basically to situations of illiquidity, and that it is not a process for rescuing the insolvent. However, illiquidity may shade over into insolvency, so we are not speaking, in this context, with precision. It is clear that the multiplicity of possible situations precludes the laying down of precise rules or of trying to cover every contingency. Even the attempt to lay such a framework would be counterproductive, as it might affect the caution and prudence with which banks conscious of their risks should operate.

Nevertheless, some things can, and should be said. Central banks are aware of their obligations as lenders of last resort. They understand and in fact unfortunately have recently had occasion to engage in, the techniques of lending in last resort situations. This has renewed their familiarity with these techniques, and they will act when necessary.

The financial pressures that were in evidence last summer have meanwhile abated considerably and the attention of central bankers has shifted in another direction. Efforts are now underway to review and strengthen the regulation and supervision of banks, perhaps mainly in their home markets. Practices and laws differ enormously among countries. Some countries have detailed rules governing bank liquidity, bank capital, and foreign exchange exposure, but do relatively little in the way of bank examination. Others, including the United States, are less specific and vigorous in guiding their banks in these regards but are strong in the area of bank examination. Given this diversity, one can hardly anticipate a high degree of coordination. But it should be possible for the central banks concerned to compare practices and to learn from one another. Stronger banking systems everywhere should be the result.

International Monetary Reform

Over the last few years, central banks, together with finance ministries, have been deeply concerned with the problems of international monetary reform. The formal part of this exercise came to an end -- a temporary one, I hope -- with the report of the Committee of Twenty to the Governors of the International Monetary Fund. The evolutionary approach earlier decided upon by the Committee has now taken over. What is evolving, and in what directions?

Several of the IMF amendments proposed by the CXX were moved forward at the recent Washington meeting. Approval of floating has been agreed on in accordance with the Outline of Agreement of the CXX. A meeting of minds was approached that nevertheless leaves opinion somewhat divided as to whether gold is moving away from, or back toward, the center of the monetary system. So long as countries do have an opportunity to mobilize their gold reserves to meet payments deficits, and so long as so many other aspects of the world monetary system remain uncertain, an effective postponement of the determination of the future of gold seems appropriate in my judgment. An effort by the United States to increase the efficiency of the IMF by insuring fuller usability of its currency holdings also made some headway on this occasion.

National policies evident in the exchange markets give some further indication of the direction that evolution is taking. Floating continues. I can understand that this engenders some dissatisfaction on the part of developing countries that for institutional or policy reasons do not themselves float but instead link their currency to some other currency. I would like to observe, nevertheless, that if floating of major currencies succeeds in keeping trade flowing and capital markets open, it will also be of great benefit to developing countries, and certainly superior to an alternative system that vainly seeks to prop up untenable fixed rates by means of trade and capital controls. If such evolution proceeds, as I hope, in the direction of less inflation, it will also move in the direction of narrower exchange rate fluctuations.

The fluctuations we have experienced undoubtedly have been much wider than proponents of flexible exchange rates, of which I have not been one, would have anticipated. At the same time, the damage to trade and capital flows from these fluctuations has been less than I personally would have anticipated. The system has very largely avoided recourse to competitive depreciation and controls, which were feared as a possible consequence of unstable floating. One must hope that these constructive policies, which originated in a period of worldwide expansion, will continue to be pursued in the prevailing less expansionary climate.

Absence of competitive depreciation does not mean that countries have been without a policy in regard to their foreign exchange rates. Rather, exchange rate policy has been oriented toward maintaining at a high level the value of national currencies, principally in order to minimize inflationary pressure. Floating has not been clean, but has been marked by very large-scale intervention on the part of some of those countries which found it necessary to borrow for the purpose of paying for their oil.

Exchange rate policy, in a fundamental sense, of course, is not carried out by intervention but by domestic policies with respect to prices and interest rates. There is a real question how much can be achieved by exchange market intervention given these domestic policies and market expectations concerning them. I doubt that fundamental trends can be significantly affected by intervention, and in any event the attempt to do so ought probably to be undertaken only in special circumstances.

For the United States in my opinion, it must be a matter of concern what other countries are doing to influence the exchange value of their currencies. This is particularly so when the dollar is the principal intervention currency as is the case. The United States today still finds itself in the position in which it was before August 15, 1971. During those years the use of the dollar as an intervention currency effectively deprived the United States of control of its own exchange rate. The U.S. learned then that a world on a dollar standard, with the dollar as the principal reserve currency, can be a heavy burden. Elimination of the special role of the dollar was one of the principal points of agreement in the CXX.

Today, however, the dollar seems to be fixed more firmly than before in its role of world currency. Gold has been assigned a secondary function. The volume of SDR's is limited to about 5.5 per cent of world reserves. Oil finance is conducted largely in dollars. The "dollar overhang" has effectively disappeared because countries once more are glad to hold on to the dollar reserves they have. No other country has come forward to offer its currency for world reserve purposes. This exposes the United States to the risk of massive changes in the demand for dollars. Such changes might result from future trends in interest rates, inflation, and confidence factors. The fact that this condition once more imposes upon the United States something like a discipline of the balance of payments may be regarded by some as a kind of compensation. But the risks for the United States are obvious.

Under the circumstances, the United States must consider means of more effectively defending its own exchange rate in the market, in cooperation with other countries to which the dollar's value is also important. The United States is not well equipped to do so. Unlike most other countries, the U.S. does not carry substantial reserves of foreign currencies with which to intervene. It must borrow these currencies through the Federal Reserve swap network. Unlike other countries, whose monetary authorities seem to find it not too difficult to live with substantial fluctuations and at times significant losses in the market value of their international reserves, the Federal Reserve has not achieved such a modus vivendi with the consequence of floating rates. More effective policy instruments for American monetary authorities to influence the market value of the dollar, a more explicit U.S. policy concerning that value, and more international cooperation to achieve it would move the evolution of the international monetary system in a desirable direction.

Fight Recession without Stopping the Fight Against Inflation

Let me turn now to a subject that is of concern to central bankers in many countries today: the recessionary tendencies in the world's economy. There is a need for stimulative action, to which many central banks, including the Federal Reserve, have already responded. But there is a danger also, of doing too much and of doing it for too long. Because of the lag with which monetary policy operates, current stimulative actions are bound to create some disappointment for those who expect immediate results. That in turn may lead to pressure for more massive action than would ultimately prove desirable.

Because of this lag, moreover, there is a distinct danger that stimulative policy will be continued too long. It will be difficult to reduce stimulation and refocus on restraint when recovery may appear to be still far from complete. The rate of growth of the money supply would be seen to diminish, interest rates to rise, at a time of substantial economic slack, causing understandable protests. But unless such a policy of limited and strictly temporary stimulation is followed, any gains made against inflation will be quickly dissipated and the world will enter upon a new business cycle with the near certainty of reaching still higher rates of inflation and still higher interest rates than we experienced in the last round. Central bankers have a responsibility to see that that does not happen.

I have examined some of the problems we face from the central bank's point of view. In conclusion, I would like to say something about that point of view.

The Central Bank's Point of View

Central banks are characterized by their high degree of continuity compared to other government institutions. When George Shultz, who became the American Secretary of the Treasury in June 1972, attended his last meeting of the Committee of Twenty in January 1974, he had become the senior minister of finance among those participating from developed countries. It takes longer to become the dean of central bankers.

Continuity makes for a long-run point of view. Effective spokesmanship for this point of view has become increasingly needed in today's world. Increasingly, politicians and their constituents find themselves confronted with alternatives where choices must be made between the short run and the long run. To combat inflation is costly in the short run; the benefits appear only with lags of up to several years. A quick cure to recession is attractive. The costs appear with lags of up to years. The lags in economics seem to have become so long that they exceed most electoral periods. It is the responsibility of the central banker to look to the longer run benefits of stability while the politician is bound to focus on the short run costs of trying to maintain stability.

Continuity in central banking is enhanced by the central banker's natural preference -- some might call it an occupational bias -- for stability. Being responsible for the currency of their country, central bankers naturally like price stability. For the same reason, many central bankers have a preference for stable exchange rates. Some, I believe, even would like to see stable interest rates, although our knowledge of markets and of economic theory tells us that some prices may have to move so that others may remain constant. In today's world, stability preference makes life more difficult for the central banker. But the state of today's world also makes expression of the central banker's view more necessary than ever.

New Opportunities

This presupposes, of course, that the central bank point of view possesses influence. I am not concerned here with the particular degree of independence or dependence that characterizes the position of a central bank within its political environment. In the United States we like to say that the Federal Reserve possesses independence not from the government, but within the government. Each country handles this problem in its own manner. But even where the central bank is directly controlled by the government in power, something like a central bank point of view is sure to emerge, if not among politicians, then at least in the bureaucracy. There will then emerge, in some government departments, a faction that leans toward stability and seeks to restrain the expansionist drive of other parts of the government. The division of roles between expansionists and seekers of stability is pervasive; it exists not only within each government, but within most business firms and even families. It is the stabilizer who, by accumulating reserves, makes the expansionist possible. It is the expansionist who makes the stabilizer necessary.

I would like, then, to examine briefly what, through time, has determined the relative influence of the central bank and its point of view. Immediately after World War II, central banking had fallen to a low estate. Financial markets, domestic as well as international, were under tight controls in most countries. Monetary policy was regarded as ineffectual. Soon, however, there followed the "rediscovery of money" which restored monetary policy and with it the central bank to a position of importance in national affairs. The prevalence of fixed exchange rates and the resulting discipline of the balance of payments enhanced the influence of central banks. Politicians knew that failure to heed central bank advice carried the risk of a currency crisis.

As the 1960's wore on and we moved into the 1970's, the stability of prices and of exchange rates were increasingly undermined. Nations became increasingly tolerant of this form of instability. The result was a decline in the influence of central banks. I believe, however, that this trend may be changing. Inflation in the developed countries has reached a level where much more is at stake than the loss of a few per cent of output, however importantly this, and especially the associated unemployment, must be regarded. Unstable exchange rates meanwhile have revealed themselves to have a much bigger impact on inflation than had been thought, at least in the United States. As a result, the defenders of stability, central bankers among them, may see a new day dawning.

Floating exchange rates open up new possibilities for the exercise of monetary policy. Under the fixed rate system, monetization of balance-of-payments surpluses often generated enormous increases in the volume of money which undermined central banks' monetary control. Monetary policy became powerless under these conditions. Floating exchange rates have restored this control to the central bank, at the expense, to be sure, of loss of control over the exchange rate. Here as elsewhere there is a trade-off.

Central banks have had to demonstrate a good deal of flexibility to adapt to all these trade-offs and changes in the world in which they must operate. I believe that in general they have passed these tests well and in doing so have served their economies well. I am sure they will continue to do so in the future.

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