History

The history of Jamaica starts from Christopher Columbus’ mission to find new parts of the world for the Europeans to extract gold and other resources. He was commissioned by the Spanish crown and sailed west, where he landed in Jamaica on May 5th, 1494. His initial goal was to get his hands on gold as he had heard the name of the island as Xaymaca, which the Cubans described as ‘the land of blessed gold’. He soon found out that there was no gold in Jamaica so he restocked his supplies and made important repairs to his ship as he claimed the island. The Spanish rule was hostile as they made the Arawaks work hard and provided little food to them. The conditions were so harsh that soon all Arawaks died out either because of the extreme work or from the diseases the Europeans brought with them. The economic conditions were also very poor as the island served mainly as a base to help the Spanish conquer mainland America. They would stock up on food, arms and men as they sailed towards the mainland in search of more resources.

The English attacked Jamaica under the leadership of Admiral William Penn on May 10, 1655. The Spaniards could not sustain the defense and soon surrendered and fled to Cuba, freeing up their slaves as they escaped. These slaves, freed by the Spanish, along with their descendants came to be called as the Maroons. Port Royal in Jamaica was a little known town before it captured the attention of buccaneers. They brought their stolen gold and other jewels to Port Royal and settled there. Within a mere fifteen years, the town became one of the wealthiest cities in the world due to the inflow of all stolen items. Henry Morgan was the best buccaneer captain as he raided and terrorized Spanish ships and settlements. This kept the Spanish busy as they could not manage to attack Jamaica again. This brought Morgan respect from the English as he was knighted and appointed Lieutenant Governor of Jamaica in 1673. Although a devastating earthquake destroyed the port city, it served as a vital naval base later on in the eighteenth century.

The colonizers had great interest in growing crops that would be retailed in England at high prices. For this purpose, they grew such crops as indigo, cocoa and especially tobacco. The sugar industry also flourished as sugar growing estates increased almost eight-fold in just half a century. The slaves imported from Africa constituted the majority of the labor as the English were particularly impressed by the strength and endurance of African slaves. The fact that they were cheaper and easier to obtain also made this business more profitable. The combined business was so lucrative that the journey from Africa to the West Indies was named ‘Middle Passage’ as the journey took the English sailor to three different destinations. He would bring English products from England to Africa, where a trade for goods with slaves was the norm. For the next part, he would bring the slaves to islands like Jamaica and get the output of the crops for the slaves, which he would then transport back to England.

The treatment of slaves, however, was another issue altogether. The harsh conditions resulted in many rebellions, some of which are famous in Jamaican history. The 1760 rebellion, known as Eater Rebellion was led by Tacky and perhaps the most famous one, Christmas Rebellion was championed by Sam Sharpe - who was later named a National Hero - in 1831. Successful rebellions resulted in slaves running away from plantations and finding refuge with Maroons who used to live in treacherous places in the mountains.

The rebellions were so successful that they became one of the major reasons for abolition in Jamaica along with humanitarian appeal as the conditions of slaves kept deteriorating. The abolition bill was passed on January 1st, 1808 and completely enforced by 1834. It still took 4 more years for all slaves to completely obtain their freedom. Although, slavery was abolished, the socio-economic conditions of the people were still poor. There was still an oligarchic system in place and the voice of the masses was deemed unimportant. Due to supplies being cut off as a result of the American Civil War, the conditions got worse and this resulted in a rebellion. The Morant Bay Rebellion, 1865 saw many white people get killed by Paul Bogle and his men in the Morant Bay Courthouse. As a result of the rebellion, 430 people were executed and many more were flogged. The Crown Colony system was reintroduced and this led to significant social and economic development. This was an important time in Jamaican history as its sovereignty was developed and a sense of nationhood established. Infrastructure was developed and education and health sectors improved significantly.

The 1930s saw a turbulent few years in Jamaican history as the people felt politically halted and under-represented. There was widespread rioting in 1938 and due to this mayhem, two main political parties came into being along with labor unions. The two monumental figures in Jamaica’s move towards self-government were Sir Alexander Bustamante and Norman Manley. Their efforts paved the way for general elections in 1944. The final step was complete independence, granted by the British in 1962 as the first Constitution of Jamaica was adopted.

Central Bank

The Bank of Jamaica came into existence on May 1st 1961, with the passage of Bank of Jamaica Law (1960). The establishment of the Bank of Jamaica ended the existing financial system known as Currency Board System which had been in place since 1939. The timing of the establishment of the bank is concurrent with the political scenario of the time as Jamaica was in its final steps in its journey to complete independence from the British. It was recognized that there was a need to accelerate the development process in Jamaica. For this purpose, it was necessary to create a robust and aptly regulated financial system.

The bank’s hierarchy consists of a Board of Directors. Brian Wynter is the Governor of the Bank of Jamaica and Chairman of the Board of Directors. The Senior Deputy Governor is John Robinson. The Board of Directors is rounded off by five more members: Darlene Morrison, Gary Hendrickson, Christine Clarke, Wayne Henry and Andrea Coy. There is a Committee of Administration that consists of nine distinguished members such as Maurene Simms, Wayne Robinson and George Roper. The Management Committee is also headed by Brian Wynter, Governor and Chairman. The Senior Deputy Chairman John Robinson is next in the hierarchy of the Management Committee.

The Bank of Jamaica Act outlines the responsibilities of the Bank of Jamaica. The first and foremost duty of the Bank of Jamaica is issuance of currency notes and coins. The Bank of Jamaica also redeems these notes and coins from the people. Another major responsibility of the Bank of Jamaica is to secure, manage and administer the reserves of the country. This primary responsibility of securing and managing reserves is of paramount importance. The Bank also effects and influences the demand and supply of money and credit in order to protect the external value of the currency and maintain financial stability in the country. The demand and supply ratio is also important as credit flow is the key determinant in promoting trade, commerce and investment. The Bank is also expected to enact policies that positively influence capital markets and the development of money in Jamaica. The Bank of Jamaica also acts as the banker to the government as it lends money and controls its flow.

Early in its history, the Bank of Jamaica was a mostly passive and reactive entity as it only reacted to the developments in the country on a national and international level. This made it less influential in the market as other market forces affected the economy more than they should have if the Central Bank was an active institution. Recently, however, the Central Bank has adopted a more proactive approach in terms of monetization policies as it seeks to create an environment well suited for investments and economic growth. For this purpose, it enacts policies and takes steps that are in line with the vision to make Jamaica an economically strong and independent country. In order to fully realize this vision, the Central Bank sought the assistance of the International Bank for Reconstruction and Development, now known as the World Bank. The alliance between the two resulted in the formation of the Financial Sector Reform Programme (FSRP), a program initiated to enact financial reform in the country. The program allows for effective intermediation, and intervention aimed at bringing about financial stability and economic growth to the country. It would also enhance the capacity of the Bank of Jamaica to enact better policies and implement them effectively to solve the economic issues and problems of the country.