

Address at the 25th Meeting of the Association of African Central Bank Governors

16 August 2001

Governor of the South African Reserve Bank,
Chairperson of the Association of African Central Banks,
Central Bank Governors,
Senior Officials of African Governments,
Representatives of the Private Sector,
Distinguished Participants and Guests,
Representatives of the mass media,
Ladies and Gentlemen:

I would like to thank you most sincerely for inviting me to participate in this important meeting of leaders of our peoples and continent. I speak to you today cognisant of the fact that your views and activities are critical to our common venture to ensure the renaissance of Africa.

The political and economic integration of the continent is central to that renaissance. I am therefore very pleased that your symposium will address the issue of financial institutions and the African integration process.

I am happy to join the Governor of our Reserve Bank, Mr Tito Mboweni, in welcoming you to South Africa and extending to you the best wishes of our government and people for success in your work.

Perhaps unnecessarily, I would urge you to be as critical as necessary about our common African experience, to contribute to the success of the struggle for the historic renewal of our continent.

In this context, I trust that you will reflect frankly on the experience of African central banks in terms of their relations with our governments.

That experience relates directly to the issue of the successes and failures of central banks on our continent and the contingent successes and failures of economic policy in our countries.

In this context, it should no longer be the case that African gatherings such as this are distinguished by the passion with which they lament African failures and pre-occupy themselves with agendas set by others.

I am certain that like many of us, you are haunted by the cover page of an eminent financial magazine which, not so long ago, carried the words -'Africa: the hopeless continent.' Undoubtedly, you know this as well as I do that there are many, both on our continent and elsewhere in the world, who wait to celebrate the failure of the two critically important initiatives our continent has taken recently.

These are the African Union, the AU, and the Millennium Partnership for the African Recovery Programme, MAP, more recently described as the New African Initiative.

I am told that responding to the hope evoked by the AU and MAP, those who are skeptical of our capacity as Africans to overcome our problems of many centuries, are already busy at work preparing their triumphant treatises that will be published and loudly trumpeted 'when the bubble bursts'.

The boldest among these souls have already argued the point that there cannot be an African Renaissance because there was never an African Naissance. They say that there cannot be a rebirth because there was never a birth.

In other words, Africa and Africans are forever condemned to be the hopeless continent and people. In this context, some will regress to the offensive biblical discussion about the children of Ham, Shem and Japhet.

In the Book of Genesis, Chapter 9, Verses 24 to 26, it is written:

"And Noah awoke from his wine and knew what his younger son had done unto him.

"And he said, cursed be Canaan. A servant of servants shall he be unto his brethren.

"And he said blessed be the Lord God of Shem, and Canaan shall be his servant."

And then in Joshua, Chapter 9, Verse 23, the Bible says:

"Now therefore, ye are accursed and there shall none of you be freed from being bondmen and hewers of wood and drawers of water for the house of my God."

Of course you know that Canaan was a son of Ham.

I raise these questions because, as I have said, there are some who are convinced that ours is cursed to remain permanently a hopeless continent.

I mention them also because I assume that before you became central bank governors, you were Africans, whom some claim to be descendants of Ham. I also assume that despite the fact that you are central bank governors, you remain, still, African.

I trust that in your daily activities as these Africans, and not some neutered and ethereal central bankers, you remain focused on the critical challenge to defeat the poverty and underdevelopment that continue to characterise our continent and condemn us to marginalisation among the world community of nations.

The topic and substance of your Symposium gives assurance that you are, indeed, African.

Where it describes the powers and functions of our own central bank, our constitution contains the following interesting definition:

"The powers and functions of the South African Reserve Bank are those customarily exercised and performed by central banks..."

According to this definition, which I am sure we hailed as an original intellectual construct as we adopted our constitution in 1996, you must therefore behave as in the manner in which central bank governors customarily exercise their powers and perform their functions everywhere on our common globe.

In terms of this approach, your Africanness is irrelevant to your powers and functions as central bankers. I presume that this means that you are an eminent component part of the global labour market, according to which you can lead any central bank in the world, to exercise the powers and functions that are customarily exercised and performed by central banks.

But, as I have said, your presence here correctly questions the legitimacy of our constitutional prescript.

When we speak of an African Renaissance, we speak of ending poverty and underdevelopment on our continent and, therefore, the building of a better life for the ordinary people of Africa, especially the poor, and the assertion of our pride as human beings, with a culture and identity that define our personality.

We speak too of our determination to ensure that no other book is published with the title - A False Start in Africa. We have neither the time nor the space to make false starts.

Mistakes we will make. But let these be mistakes that we make because we dare to act to realise a brighter future for ourselves, and not because all we did was to submit to the seduction of a beautiful but unrealisable dream.

As Africans, we have no choice but to design and implement programmes that impact positively on poverty eradication on the continent and the attainment of sustainable development.

I am convinced that the all-Africa agreements on the AU and MAP constitute an historic landmark in the evolution of our continent. They affirm and confirm a thesis that has characterised African thought for centuries, both on our continent and the African diaspora, that as Africans we share a common destiny.

They are also important because they are the product of independent African thought, a true expression of the sentiments of the peoples of our continent. They do not represent perspectives elaborated by consultants from the developed world, paid for with overseas development assistance extended to us by the countries of the North.

Of importance in this regard is the obligation that we, the African mothers and fathers of both the AU and MAP carry, to ensure that we do what we have committed ourselves to do with regard both to the AU and MAP. As Africa's political representatives, we were very pleased that at the G8 Summit Meeting in Genoa, the political leaders of the developed world accepted MAP and committed themselves and their governments to act together with our continent to achieve the objectives spelt out in MAP.

This must be the very first time in half-a-millennium that countries historically responsible for African slavery and colonialism agreed to define their cooperation with Africa on the basis of what Africans themselves think about themselves and about their future.

It would be churlish of us not to pay tribute to the G8 political leaders and others who participated in the Genoa Summit, for the far-sighted and qualitatively new position they adopted to affirm our right as Africans to determine our future.

It would also be to insult these leaders if we failed to acclaim their decision to participate as partners with us in the effort to realise the brighter future for ourselves that we seek, through the implementation of the objectives detailed in the AU and MAP.

That future means that we must eradicate poverty on our continent and bend every effort to build a democratic, peaceful and prosperous continent. We must also achieve the historic result of the restoration of Africa to her rightful place as an equal player with other continents in the determination of the future of the common humanity.

I believe that you have a crucial role to play in ensuring that we achieve these objectives and therefore transform the dreams of the rebirth of the African continent into reality.

As bankers, and in the context of the pursuit of the objectives of the African Renaissance, you will know that Africa's sustained and sustainable economic recovery stands at the centre of the strategic matters we must address.

Accordingly, such economic categories as growth, development and equity, domestic and foreign investment, savings, trade, credit, interest and exchange rates, macro-economic balances, labour and capital markets, unemployment, poverty, corruption, technology transfers and globalisation will not be foreign concepts to you.

Because you are African central bank governors, you will also know how to relate these categories both to the African past and our continent's future.

Accordingly, it is neither my task nor my intention to lecture you about your work. It is an accepted colloquialism that it is not necessary to teach one's grandmother how to suck eggs.

I am not suggesting that you are toothless grandmothers. What I am saying is that you know better than I do what you have to do as central bankers do.

Accordingly, you know the place and role of money and finance in the functioning of modern economies and the critical importance of the appropriate financial architecture in the struggle to achieve Africa's renewal.

You will therefore understand why MAP requires that a collective of African Ministers of Finance must report within six months on the most appropriate collective African economic governance standards in fiscal policy, public expenditure management, debt management, monetary policy, banking regulation and data dissemination.

It has been agreed that participating African countries will then commit themselves to observe these standards and draw up programmes of action to address any weaknesses in these areas as well as undertake periodic assessments of progress.

It has also been agreed that we have to achieve higher levels of economic growth and greater diversification and modernisation of the African economies.

Among other things, this will call for higher rates of both domestic and foreign investment, regional integration, access to the markets of the developed world, technology transfers and human resource development.

As you know, integral to the achievement of these goals are such objectives as enhancing foreign private capital flows, debt relief and the improvement of the quantity and quality of official development assistance.

In this context, we have to address the perceived high levels of risk that discourage new investment. These relate to such issues as the security of property rights, the rule of law and other regulatory and market issues.

To address these issues, MAP provides for the establishment of a Financial Markets Integration task force that will focus initially on the legislative and regulatory environment for our financial system.

Necessarily, it will also have to attend to the goals of debt relief, cross-border harmonisation and integration.

The MAP Economic Governance and Capital Flows Initiatives are therefore critical in establishing a framework for the role of central banks within the broader African Recovery Programme.

I would therefore urge that you consider all these matters so that you make the intervention without which we will fail, to ensure that we address all these matters correctly.

The section of our own constitution from which I quoted also contains the following prescriptions:

"The primary object of the South African Reserve Bank is to protect the value of the currency in the interest of balanced and sustainable growth in the Republic.

"The South African Reserve Bank, in pursuit of its primary object, must perform its functions independently and without fear, favour or prejudice, but there must be regular consultation between the Bank and the Cabinet member responsible for national financial matters."

I am certain that you will agree that this is more or less standard fare with regard to the definition of the tasks and place of a central bank.

As government, we are determined to protect and respect these constitutional provisions.

In our case, this commitment is born of the understanding that monetary policy should not be subjected to the vicissitudes that necessarily confront ruling political parties.

It also derives from the recognition that it is absolutely important that we must achieve the necessary coordination and consonance between monetary and fiscal policy.

Similarly, it is based on the notion that both the fiscal and the monetary authorities are informed by a common understanding of what constitutes the national interest.

Often, the assumption is made that ruling political parties will necessarily act in a manner that advances their partisan interests, regardless of the medium and long-term financial and economic impact on the country.

Similarly, the assumption is also made that monetary authorities will act in a manner that recognises the medium and long-term financial and economic impact of monetary policy on the country.

I would like to believe that your own experience tells you that these assumptions are not necessarily always correct.

What this emphasises is the necessity to maintain the necessary balance between the capacity of the African central banks to "perform (their) functions independently and without fear, favour or prejudice" and the need to ensure "regular consultation between the Bank and the Cabinet member responsible for national financial matters."

Surely, the achievement of this necessary balance must be one of the objectives that all Africa must realise in the context of our continental striving towards good economic governance and better standards of living for the people.

I trust that the symposium will address this matter as well.

Needless to say, in the context of the process of globalisation, this has also become a critical part of the complex of measures and practices contained within the concept of good governance.

Beyond its immediate confines, it makes the statement that all of us must rebel against the exercise of absolute and exclusive power by those who happen to occupy position of central political authority.

The thought might sit uncomfortably with you, given the rarified world in which you function, in which you are expected to behave as ethereal beings, that I, who functions within the world of ordinary mortals, should urge you always to remember that you have a right and a potential duty to rebel. But I urge this right and duty because together we have an obligation to defend democracy and the interests of the people. Together we have the task to ensure that we construct economies that ensure a better life for the millions of Africans who must be the subject of all the policies that our institutions of government formulate and implement.

Certainly, one of the things we must have learnt by now is that it is not possible for us to buy our way out of poverty on the basis of borrowed money, or ready resort to sophisticated photo-copying machines to produce bank notes, even if they carry the image or signature of the central bank governor.

The profligate edict - live now! pay later! - is a profligate edict that will, as in the case of Faust, demand that we pay a high price later.

This is particularly important in the light of the much-misunderstood process of globalisation that characterises the modern world.

Already in the 19th century, political economy recognised this process as an objective part of the development of the forces and means of production and therefore of human society.

Even then, political economy acknowledged the fact that this process would have an unequal impact on the various countries and regions of our common universe.

We, as Africans, must recognise and accept the fact that in as much as Africa has been part of the global community from the very beginning of humanity, so shall we remain an integral part of the contemporary process of globalisation.

At the same time, we must recognise the fact that the evolution of human society over many centuries during the last millennium consigned us to the position referred to in the Bible, which says that 'ye are accursed and there shall none of you be freed from being bondmen and hewers of wood and drawers of water for the house of my God.'

Perhaps as an act of sacrilege, we are determined to act now, to produce a result that will say that we are neither accursed, nor bondmen, nor hewers of wood and drawers of water.

For this to happen, among other things, we will have to achieve a resource transfer into Africa from the lands of the biblical Shem and Japhet, in the mutual interest. This is both necessary and possible.

The question that history will answer is whether today's leaders and societies have the courage to discharge this historic mission in a world that, in reality, has the resources to end poverty throughout the world.

What is clear is that you, our central bank governors, have a decisive role to play as the intellectual fountainhead, the advocates, the philosophers and theoreticians, the planners and implementers of and for a new African world of freedom, prosperity and human dignity for us, the Africans, who have known nothing but humiliation for many centuries.

There is a new dawn on the African horizon. I know this as a matter of fact that this new beginning is not a mirage. It portends a rebirth of Africa that can and must occur. It imposes an obligation on all of us to join together as midwives of Africa's Renaissance.

It demands of you, our central bankers and the private owners of capital on our continent, to be both ethereal and mundane.

It requires of you that you should be central bankers, African and proud. It requires of others, who sit in this room, that they also must be African and proud.

Together we have to say that we are blessed that we live at this time, when we can and will redefine Africanness as a representation of human hope and not the epitome of human despair.

After all none of us was born as central bank governors or owners of capital. We came into this world and will depart the living earth as Africans.

The least each one of us should say as we descant our farewells, is that we did what we could to restore dignity to ourselves as Africans.

On behalf of our government and people, we wish this Symposium of the Governors of the Association of African Central Banks success in its deliberations.

Thank you for your attention.