

Lehlohonolo Domela

The ANC National Conference in 2017 resolved that the South African Reserve Bank should be '100% owned by the state', notes Lehlohonolo Domela.

Escalating unemployment, frequent economic recessions and inequality led some proponents to consider not only the nationalisation of the Reserve Bank but also the amendment of its mandate (of protecting the value of the currency) as a solution to these problems. However, evidence from economies that nationalised their central banks reveals that government takeover on its own does not guarantee the revival of a country's macroeconomic variables.

Even though the nationalisation of the South African Reserve Bank would supposedly not compromise the bank's independence, as government ownership does not automatically imply government control, considering the poor performance of South African state-owned enterprises, which are affiliated with politicians and corruption controversies, it is important to ask ourselves whether full state ownership would really enable the preservation of the independence of the Reserve Bank.

The Reserve Bank has done much good for the South African economy, especially in maintaining low levels of inflation, but the structural economic problems that pervade the country are beyond the control of the bank's mandate, and the last thing needed in this fragile economy is rumblings of a Reserve Bank takeover. The conclusion to be drawn is that the nationalisation of the central bank would be a costly and incompetent strategy with very few societal and economic benefits.

BIO

University: Nelson Mandela University

Funding: Nelson Mandela University Post Graduate Scholarship

More about Lehlohonolo

Favourite subjects: Econometrics.

Interests: Academic research, entrepreneurship, sports, and international economics and political affairs.

Inspired by: Professor of law and international speaker Patrick Loch Lumumba.

Main achievements: Establishment of a charcoal and briquettes company, based in Lesotho.

Community activity: Through my company, provision of employment for five different unskilled people each month; also frequently engaged in monthly community cleaning campaigns.

In 10 years' time ... I see myself as a successful entrepreneur focusing on the supply of agricultural products and charcoal/briquettes. I will have completed a doctorate and achieved CFA certification.