

Yasmin Meerholz

The functions and ownership of the South African Reserve Bank are dictated by legislation, with its primary mandate being to achieve price stability in order to achieve economic growth, and to do so independently. Looking at the addition of a mandate that promotes employment could conflict with the bank achieving its objective of price stability.

The South African Reserve Bank Act of 1998 put in place strict safeguards of the independence of the bank, for example, its role is one that must be pursued only for the good of the public. These strict regulations mean that, unlike most independent central banks, the South African Reserve Bank does not act in a profit-maximising way, which eliminates one of the key factors that would support its nationalisation. There are also the obvious dangers of nationalisation, including increased inflation and the potential abuse of power for government bailouts.

There is an overlap of ownership and mandate, as the ownership of a central bank often plays a part in informing its mandate. Thus, a low-degree independence would be most appropriate: it would maintain central bank independence but allow collaborative work to be done between the Reserve Bank and the government to help decrease public debt, with an addition of a joint goal of reducing unemployment. This would preserve the important aspect of an independent central bank, while allowing the Reserve Bank to more actively better the South African community.

BIO

University: University of the Witwatersrand

Funding: Self

More about Yasmin

Favourite subjects: Macroeconomics and Developmental Economics.

Interests: Anthropology, behavioural psychology, reading, research, art and dogs.

Inspired by: Finding an understanding for the economic discrepancy between developed and developing countries.

Main achievements: Submitting my honours research project.

Community activity: Tutoring.

In 10 years' time ... I'll have submitted a doctoral thesis, have a published paper, and have experience working at a central bank or international financial institution.