

Acceptance Speech
Governor Rameswurlall Basant Roi G.C.S.K.
2017 Central Bank Governor of the Year Award for Africa

April 7, 2017

Bank of Mauritius, Sir William Newton Street, Port Louis, Mauritius

Excellencies, Members of the Diplomatic Corps

Mr James King, Africa and Middles East Editor for “The Banker”

Fellow Bankers

Distinguished guests

Ladies and gentlemen

Good afternoon

It’s an exceptional honour to have been selected for the 2017 Central Bank Governor of the Year Award for Africa by “The Banker” magazine. I am humbled to have received the award this afternoon.

I thank “The Banker” for giving recognition to the work of the Bank of Mauritius. This accolade comes as a pleasant assurance that we have not been erring in terms of decisions and actions. It also reflects the high central banking standard that the Bank is striving to maintain. This afternoon’s event is also, in some sense, a magnificent celebration of the progress made by our jurisdiction.

I am summoned to briefly reflect on myself in the central banking profession. I wish not to be presumptuous and I ask for your forbearance.

It’s just that I am a central banker who has spent his life doing his job with an elevated sense of duty and devotion. I have been in the central banking arena for about 40 years. And 40 years of central banking – an honourable profession that imposes rigours and military-like discipline on the person holding the office - have moulded me into what I stand for today. It has been and continues to be a weary long march from dripping dusk to drizzling dawn and to dripping dusk again.

Barely a few months after I had joined the Bank of Mauritius in 1976, I had a very brief encounter with the then Governor of the Bank. That memorable encounter had instantly made me, as someone neither uber-ambitious nor loquacious as many of today’s young professionals, realize that the road to success is always under construction. I was made to understand that education does not always lead to more success in the real world. The better you perform in the world of academia, the worse you may turn out to be at solving real world’s problems. In

academia, problem solving involves only a part of the brain – the rational part that reads and writes, retains information and connects the dots. This is the kind of skills that are tested in examinations. They are, as we must all be knowing, tests of scholastic aptitude. If you succeed in playing the tricks the tests require, you end up having distinction at schools.

Over time, I found that life throws out volleys of tests on your paths. Unlike the tests set at schools, life's tests involve many more variables. In fact, we get overwhelmed by so many variables popping up about us. Take, for instance, the human face. It's capable of so many different expressions, often beaming in custom-built face for every occasion, open to so many interpretations. In schools, tests are anticipated. In life outside the schools, we don't know when we will be tested and what we will be tested on. But once we are at the workplace, we are faced with an entirely different set of tests. We might happen to be in the midst of a test and still be unaware that we are being tested.

Many years later in my career, I realized that I have been tested again and again and again. The tests have at times been stressful, so unbearably stressful that I had once decided to quit. But a quitter can never be a winner. And I had swallowed my bitterness and decided not to quit. I was reminded of Friedrich Nietzsche's "That which doesn't kill us makes us stronger." I told to myself that as long as the Almighty wakes me up in the morning, it can't be over. It's never over as long as we have the unerring faith and willingness to give the best of ourselves. This is a game in which you don't compete with others; you compete with yourself and try to outdo your own previous performance, more so when the lie of the land is a sleeping beauty waiting for the kiss of change.

Just for a moment, imagine a mathematical meteorologist. He has come up with a set of wonderful equations for an ideal atmospheric state. No rain. No troublesome snowfall. No fog. No dark clouds. No high velocity wind. Nothing annoying. It's just beautiful, pleasant and peaceful sunshine out there. In theory, such an atmospheric state might exist, but it's far from reality. The meteorologist's job is to study the chaos in the atmosphere, to forecast and to announce to the public the atmospheric state and weather conditions. He cannot change the weather. He cannot prevent turbulences. He cannot prevent hurricanes, floods, draughts or earthquakes. Financial markets are like the atmosphere. There is a meaningful similitude between the two. Interacting forces in the markets, as in the atmosphere, are abundant. Like the meteorologist, the central banker has to come up with equally wonderful equations for forecasting purposes and sustaining a stable financial market. No wonder astro-physicists and other engineers turn out to be the professionals with the right skills for financial markets. But unlike the meteorologist, the central banker's job is to prevent turbulences and earthquakes in the financial markets. He is constantly tested by conditions in the financial markets. Make a mistake. You get soon penalized by the market. But make no mistake. The job is not at all about tucking files from one table to the other.

Central bankers are often viewed as a ruthless class of people. They are often misunderstood. Any central banker, made of a solid central banking timber, is religiously guided by the unwritten principles of having to conduct the business of central banking in ways that best serve the interests of the economy and the society at large, regardless of the aspersions, often very caustic, cast at him. The humility of central bankers has seldom been an occasional act; it's more of a constant attitude. But it's cast off and dismissed lightly. The central banker is instead labelled as arrogant. It's an optical illusion. Quite often, this perception, as amply discussed in central banking literature, leads to clashes with the elected representatives of the people. Whereas the central banker, by the very nature of his responsibilities, takes a long term

view of the economy, the elected representatives of the people take a short term view, shaped and limited by the length of their tenure of office. This is quite understandable for they don't get elected on the basis of their beautiful political philosophies. However, it does not go to say that central bankers always have a highly polished Cartesian rationalism with an impeccably faultless idea of reality. Although I have had years of experiential learning in the art of central banking, I, like a couple of my predecessors, have not been exempt from such clashes. One of the virtues of independent central banks is that, unlike politicians, they do not have to pay attention to opinion polls. Perhaps, that's why elected representatives of the people are not charged with the task of conducting monetary policy, for monetary policy, if systematically misused, could overreact, and overreact disastrously.

In the process, I have learned two invaluable lessons as a central banker: first, I resolved quite a few crises from forex market crises to bank failures. I learned what a responsible Governor must religiously refrain from doing failing which Government would feel the compulsion to have recourse to taxpayers' wallets later. Second, in situations that demand the central banker's independent advice and honest actions, a responsible Governor must never nod to the masters like the cuckoo in a cuckoo clock. Otherwise, the Governor himself ends up holding the paper bag full of water. When it starts leaking society inevitably pays the price for the leakage. Domestic violence cannot be argued to mean love story. Those are the moments when the central banker's integrity is tested. The central banker is, plot-wise, not like the Roman playwrights who had recourse to the dramatic device, *deus ex machina*, in which one of the gods was hoisted over the stage and dropped in to resolve an inchoate drama. In financial markets, particularly in an evolving jurisdiction facing numerous challenges in uncertain times, the central banker is expected to embody credibility - credibility *par excellence*.

A memorable 1963 event in the UK, even when the concept of independent central banks was unknown, crystallizes the point I am making. That was the year when banks in London were treated to a display of the Bank of England's political muscle. The Bank's governor Lord Cromer had decisively forced Britain's new Prime Minister Harold Wilson to throw away half of his election promises and slash government spending. This bold attempt of the Governor had prompted Prime Minister Wilson to shout in one debate, "Who is Prime Minister of this country, Mr. Governor, you or me?" This question gives a full scope and measure of the real world's direct as well as infinitely nuanced challenges that Governors of central banks have to regularly deal with.

Most of us here will recall the decades of political upheavals in Italy that had brought the country to the edge of a failed state in the no so distant past. Two very influential and powerful institutions are said to have saved Italy: the Vatican and the central bank of Italy led by intellectual giants as honourable Governors.

If you plan for one year, you better plant sugar cane. If you plan for 10 years, you better plant trees. And if you plan for more than 10 years, you better think and do like responsible and visionary central bankers. I believe this best summarizes the long range vision of policy makers in central banks.

Unhappily, I neither possess the poetry of imagination, nor the brilliance of metaphors for expressing all the ups and downs, the successes and failures and the pleasures and pains of a long standing central banker. Standing here, I seem to be like a lonesome traveller looking back at his footprints the tone and tint of which vanish with the passage of time. The footprints have taught me to be unbending in honest failure, but tenderly in success; not to look for the

path of comfort, but to boldly face the challenges; to stand up firmly in stormy situations but to always have compassion on those unable to cope with; to have a heart that is indeed clean and a goal that is right and high; to look through into the future but never ever to ignore the past; to be modest so that I never lose sight of the simplicity of true greatness, true strength and true wisdom. Those are footprints that have given me a temperamental predominance of courage over timidity that was my childhood characteristic. They have taught me to have the right relationship with money. They have taught me to be an honest central banker and, as far as possible, a gentle central banker.

If my contributions as a central banker have ultimately made people's lives better, the Prime Ministers of the Republic of Mauritius who made the decision for me to get appointed Governor of the Bank are the ones who first deserve the congratulations. This award, first and foremost, honours my wife and my two daughters who have stood by me in very testing times. Years ago my elder daughter then about 12 years old used to tease me in a cryptic style of her own: "Dad, you are a great leader. But you have a big problem; you have no followers." I do, however, have an amazing staff and a cast of highly capable and engaging people at the Bank today. This accolade goes to them as well. On their behalf and on behalf of the Board of Directors of the Bank, and on my own behalf, I once again thank "The Banker" magazine for the award.

Thank you very much.