

Citation Speech of Mr Brian Caplen, Editor, *The Banker Magazine*, on the occasion of the presentation of the *Central Banker of the Year 2012, Africa Award* from *The Banker Magazine*, to Mr Rundheersing Bheenick, Governor, Bank of Mauritius, 25 February 2012, London

Good evening and welcome to tonight's ceremony to celebrate *The Banker Magazine's* award to Mr Bheenick as our Central Bank Governor of the Year, Africa 2012.

It's a great honour to be making this award, and both myself and *The Banker's* Africa editor Paul Wallace, who is here tonight, are flattered to have such a high level representation from Mauritius. What I would like to do now is three things – first, to tell you a little bit about the history of *The Banker* so that you know that our credentials in making the award are good, second, to tell you about why and how we do our awards for central bank governors and finance ministers ...and third, to explain why we bestowed this award on Mr Bheenick.

History of *The Banker*

The first thing you should know is that *The Banker* has a long and illustrious history. In January this year we celebrated 86 years of continuous publishing which has spanned such momentous events as:

the Depression years of the 1930s;
the Second World War;
the Cold War; and, of course
the financial crash of 2008-2009.

Global Financial Intelligence since 1926

Throughout all this history *The Banker's* editors and journalists have had one mission to report accurately and impartially on developments in banking and finance as they occur in all parts of the world.

Brendan Bracken

The Banker's founder was a man called Brendan Bracken whose bust appears on the trophy I am going to present to Mr Bheenick in just a few minutes. Brendan Bracken is someone who could rightly be described as an eccentric with outspoken views and unconventional manners who nevertheless rose in position to become Winston Churchill's Minister of Information during the Second World War. This is even more surprising when you consider that Brendan Bracken was not English but Irish and more than that, came from a family with Republican or anti-British roots. Apparently, he managed to pass himself off to Churchill and others as Australian.

Bracken as publisher

After founding *The Banker*, Brendan Bracken went on to help create a publishing group that included the Financial Times and the Economist. In politics he became an MP, First Lord of the Admiralty and finally Viscount Bracken.

***The Banker* contributors**

Over the years, a huge number of eminent persons have contributed to *The Banker*. In the 1930s, the economist John Maynard Keynes wrote for us, as did Harold Macmillan before he became UK Prime Minister; so did the author H G Wells and more recently Bill Gates, Milton Friedman and Kofi Annan as well many others too numerous to mention.

So those are our credentials which, I hope you will agree are rather unique.

Central Bank Governor Awards

So now let me turn to our Central Bank Governor and Finance Minister Awards and why we started doing them. We began these awards in 2003 because we wanted to recognise the difficult decisions taken by central bank governors and finance ministers in the long term interests of a country but often at the risk of short term unpopularity to themselves. For example, when a finance minister cuts public spending to reduce the deficit or a central bank governor raises interest rates to cool down inflationary pressures, they often get criticism from all sides – from the public, the media, the business community, the trade unions and other politicians. But over the longer term, a balanced budget and a steadier growth cycle will be in everyone's interests. Our Central Bank Governor and Finance Minister Awards recognise those with the courage to take unpopular or difficult decisions in the face of strong opposition, or for being far sighted in terms of getting a decision right at a time when the outcome was unclear. These are the factors that our Committee of Editors look at before reaching a decision and all the while taking soundings from economists and analysts in the region. Now let me turn to the award for Mr Bheenick.

Mr Bheenick's Award

As you all know, Mauritius is a small and open economy, vulnerable to external forces, and therefore difficult to manage. Over the past few years, the challenge has been to deal with slowdowns to keep the economy motoring and then almost immediately afterwards deal with the challenge of overheating. I think the image of a rollercoaster ride is a particularly apt metaphor for Mauritius. But clearly someone needs to be in charge of the rollercoaster to make sure it doesn't crash. And as we all know – if a rollercoaster ride is in prospect -- it's best to be well prepared for the thrills and spills ahead. Being well-prepared is one of Mr Bheenick's great strengths.

Within two months of taking over the role of central bank governor in February 2007, and without knowing the kind of economic challenges Mauritius was going to face,

Mr Bheenick put in place a Monetary Policy Committee (MPC) so that interest rate decisions would be taken more openly by committee rather than opaquely by the governor. This obviously gives them more legitimacy.

The new MPC has since proved its worth by, among other things, reacting quickly with rate cuts to a slowdown in 2009, then from late 2010 onwards, moving the other way in reaction to inflationary pressures. This has kept inflation to a peak of 6.9 per cent in the second quarter last year and mostly the level has been within the bank's comfort zone of 4 per cent to 6 per cent.

In the current volatile environment, keeping the economy on track and inflation under control would be achievements enough ...but in fact Mr Bheenick and the central bank have done much more than that. While raising banks' reserve requirements in April 2011 to slow things down, he also very cleverly introduced a 15 per cent investment cap on Treasury Bills holdings to ensure that credit growth was channelled to the real economy and was not just used to prop up banks' balance sheets. This meant that credit growth was a healthy 12 per cent by the end of 2011. Overall growth is around 4 per cent.

But as I said to you earlier, being a good central bank governor and taking the correct decisions doesn't always make you popular. In fact it can make you very unpopular. For example Mr Bheenick doesn't have many fans amongst Mauritian exporters who would like a cheaper currency, and never mind about inflation.

This is what Mr Bheenick said to *The Banker* on this issue: "We do not believe we can gain competitiveness by depreciating the currency. That was the quick fix our exporters were asking for. They had got used to it and were very surprised I didn't want to deliver on it."

Mr Bheenick for standing firm on this and other issues and for having the vision to steer Mauritius through some very choppy waters, indeed we at *The Banker* are delighted to award you as our Central Bank Governor of the year for Africa for 2012.