

Address by Rundheersing Bheenick, Governor of the Bank of Mauritius, on the occasion of the ceremony to launch a commemorative gold coin to mark the 40th Anniversary of the Independence of Mauritius, Bank of Mauritius Tower, 16 September 2008

'Going for Gold'

A very good evening to all of you, our distinguished guests, and a heartfelt thank you for honouring us with your presence on this special occasion.

If I were not the Governor of the Central Bank this evening, what I am about to do would be a serious criminal offence, carrying a penalty of up to one million rupees and penal servitude; then I would probably be liable to be dragged off in chains to a daily toil of breaking up rocks like Nelson Mandela, or sewing mail-bags like the Great train robbers, our principal companions terrorists, thieves and murderers! That is the penalty in this land for counterfeiting currency; and it's also penal servitude for those receiving counterfeit coins and notes. Beware!

Happily as the Governor – in addition to the other licenses which I have had the occasion to talk about – I also have my own license to print money and issue the official coinage for this country. And that is what we are here to do today.

But today I am issuing no ordinary coin, commemorating no ordinary day, no ordinary place, and certainly no ordinary person.

The coin is very special. It is in gold, well 92% of it, and the rest is mainly copper to give it substance. It is 25 mm in diameter, that is about the size of the present 50-cent coin, and 6.77grams in weight. That makes it about twice the weight of an average *trochetia*, our national flower which I am hoping to celebrate in our new family of bank notes next year. We have never had a coin quite like this before. Which you will agree is very fitting.

The day is very special too for today the Bank commemorates - in a way that only the Bank can - the 40th anniversary of our country's Independence. Some of you will no doubt recall that the Bank celebrated its own 40th anniversary a year ago. For those of you who don't, the logo in the backdrop is there to remind you of it! And this, of course, puts the Bank in a very special league where, like the United Nations, the daughter turns out to be older than the mother!

The place figuring on the obverse of the coin is no laggard in the "very special category" either. It is steeped in our island's history. It depicts the imposing front façade of Government House, which has been the seat of government for more than two-and-a-half centuries. This fine building was designed by the French architect Desforges Boucher, and the first two floors were opened in 1745 under Bertrand Francois Mahé de Labourdonais, then Governor of *Isle de France*, as our island was then known. The passage of time has not dimmed the prestige of that governor. His exploits in this part of the world are celebrated in place names in the length and

breadth of the Indian Ocean. Rather less is made, I am afraid, of his passage in La Bastille where he also served time. A very special person he was indeed. The final storey of the building was added by the British in the 19th century, respecting the original French design in what was surely a magnificent display of the British sense of fair play. For had they not undertaken, on taking over the island, to observe French laws, language and customs? A very special building then is what we show on the obverse of the coin which we launch on this special day.

Those most perceptive amongst you and with very good eyesight, may observe that somehow the British imperial statue in front of the imposing building with its very special connotations, has been spirited away. Queen Victoria would certainly not have been amused by this act of *lèse majesté*. We should perhaps interpret this as a tacit mark of our political and monetary independence from the colonial powers of old. In reality, as we all know, with our deep respect for history, it remains firmly in place untouched by the passage of time and completely unruffled by changing political allegiance. We are not an iconoclastic people!

You may also have noticed that in this room you are surrounded by images of our history gleaned from the archives, collected and preserved with such dedication by the Government Information Service. One press cutting on the day of Independence has what is possibly the first publication of our national anthem; but in keeping with the priorities of our people, that morning's *Express* daily newspaper records in equal prominence Tottenham Hotspurs' fourth round encounter in the English FA cup!

The design on the reverse of the new coin is special too, bearing the unforgettable profile of that extraordinary person, Dr. the Right Honourable Sir Seewoosagur Ramgoolam. Some will remember that, in 1968, he was both Prime Minister and Minister of Finance. He thus symbolised in himself the marriage between political will and financial management – which, since then, has sometimes become the political will and the monetary won't!

May I also say how pleased I am that on this day, in which we commemorate our founding father and continuing development into the second generation since his days, we are blessed with the presence among us of his children, both his son, the Prime Minister, and his daughter and their spouses.

Children are of course a blessing: I know all you who are parents know that of course. One aspect of fatherhood was neatly captured by the American humorist Ogden Nash:

*'Being a father
Is quite a bother
But, I like it rather'*

If we are to believe one member of a great US extended political family, Theodore Roosevelt, combining fatherhood with head of government has not always had the same appeal. He declared with respect to his daughter Alice:

'I can do one of two things. I can be President of the United States or I can control Alice. I cannot possibly do both.'

There is no record of Sir Seewoosagur having expressed any similar sentiment regarding the Prime Ministership and Navin.

But what Theodore Roosevelt and Sir Seewoosagur Ramgoolam do have in common is that their kin, Franklin Delano Roosevelt and Dr. Navinchandra Ramgoolam, did follow in the footsteps of their illustrious relatives and acceded to the position of President and Prime Minister respectively.

But to return to this very special coin, it is special in four respects: First, it marks a special event. Second, it depicts a special historic feature of our political landscape. Third, it commemorates a very special father. Fourth, now you must be wondering about that one as I have not told you yet. You are going to love this fourth special feature: this coin has instant scarcity value! How? Well, it is a very limited edition. We have produced just one thousand coins. They have been specially minted for us by The Monnaie de Paris. The text on the obverse of the coin gives the face value of one thousand rupees. This gold coin, with its scarcity value, and with the price of gold gyrating but generally moving north, is probably one of the best inflation-proof investments around.

So, if I can make a commercial break here for those of you who want to be first in the queue, please note we are open for sale of these coins at 0900 hrs tomorrow. They go on sale at Rs 6,000 a piece. And very cheap at the price, if you ask me! Maybe to comply with audit rules we should actually be having an auction: what am I bid?

And on this special day, let me announce we have another first. In keeping with our role not just as the Bank for the Government, but the Bank for the People – the People's Bank – we are publishing at the end of October on our website a window on Banking in Mauritius for the customers. This is a real first. The window will show for all the banks in Mauritius who charges what on loans and who pays what in interest on deposits. So you can visit <http://bom.intnet.mu> and do your own window-shopping without traipsing up and down the high street.

On a personal note I must admit I am very pleased to be involved in this event. It brings back to me a special moment in my early career in this country under the aegis of the father of the nation, SSR, who had such a delightful sense of humour. A special moment which also had to do with coins in a manner of speaking.

I think it was some time in 1975, when I had just returned from a stint in Vienna working with the United Nations agency UNIDO. In mid-1970, I had left what was the Economic Planning Unit of the Prime Minister's Office – then housed on the ground floor of the left wing of the building, which we celebrate on the coin which we launch today – and I had returned to the Ministry of Economic Planning and Development. The change was not just from EPU to MEPD, acronyms dear to the pioneers of our economic development and to those interested in our economic trajectory. As luck would have it, the newly-created MEPD moved out of Government House into premises in Anglo-Mauritius House which had been freshly vacated by the Bank of Mauritius as the latter moved into its own purpose-built Headquarters in Sir William Newton Street.

Sir Seewoosagur was chairing a series of meetings to consider the draft 1975-1980 Development Plan, which he did in the most minute detail, almost word by word. The meetings took place in his private office, around a huge polished table, large enough to sit the entire cabinet. Indeed, the meetings were billed as the Economic Committee of the Cabinet. Always the gentleman, the Prime Minister would stand by the door and welcome you as you entered his office. On this occasion, as I stepped up behind Sir Kher Jagatsingh, MEPD Minister, and France Empeigne, its first Mauritian Director, Sir Seewoosagur had an impish glint in his eye as he saw me. He held my hand in both of his and, with a mischievous laugh, said

“Eh, Bheenick! The bad coins always come back. Ha, ha!”

A devastating put-down indeed! But I took it, as it was meant, in good humour. Like some other senior officials who had the good fortune to interact with SSR, I was the butt of his anger or his humour on quite a few occasions.

So, there you are. Tonight, we have one of SSR’s bad coins – yours truly – launching a very special good one just for him!

But since those days, and inspired by the strategies and policies which SSR himself laid down to guide our development, what progress we have made! I am pleased to see that a recent IMF study confirms that our exchange rate policy, so often savaged by local commentators, is fundamentally sound, and concludes that the exchange rate was aligned with its equilibrium value⁽¹⁾.

Given that our exchange rate regime is a managed float, the study also serves to validate the Bank’s policy interventions in the foreign exchange market aimed as they are at reducing volatility, and not at affecting the trend.

The same study also finds that Mauritius fares better than comparator countries – such as high-growth Asian economies, middle-income countries, and other small island economies – in terms of structural competitiveness. The analysis suggests that the country’s competitiveness could be further improved by stimulating competition in goods markets, making labour markets more flexible, enhancing skills and further reducing the cost of doing business.

Coming hard on the heels of the IMF study, we have the much-hyped *Doing Business 2009 Report*⁽²⁾ which analyses 181 countries in the ease of doing business. We earn plaudits from the International Finance Corporation and the World Bank. Mauritius has now joined the premier league of the top 25 world-wide. Our country has climbed five notches, from 29th in *Doing Business 2008* to 24th in *Doing Business 2009*, and we are closing up on Singapore, the League champion. Needless to add that we are now also the first country in Africa for the ease of doing business.

This only serves to further confirm the findings of the IMF Study which concluded:

‘Mauritius often fares better on business climate than other small island economies and high-growth Asian economies. Nevertheless, there are areas for improvement.’

Each decade brings its own progress. SSR was celebrated in a gold coin issued to mark the 10th Anniversary of Independence in 1978. The reverse of that coin showed the New Legislative Assembly Building. So, thirty years later, SSR is going for gold again. But for the country, with our entry in the top twenty-five league table, it is the very first time that we as a nation are also going for gold.

Today may be a red letter day for us. But yesterday was Black Monday, with a vengeance, on the global macroeconomic stage. Standard & Poor's 500 index and the Dow Jones both fell by nearly 5 per cent in the wake of the collapse of Lehman Brothers, an investment bank, which filed for bankruptcy and the continuing troubles of AIG, a major financial services firm. European and Japanese markets also nosedived as a result of the repercussions of financial globalization. Another venerable financial institution bites the dust; billions get wiped off stock market values, and a lame-duck and lonely US President tries to put a tough face on it. On the Stock Exchange of Mauritius, however, financials have not changed much from last Friday's values. Mercifully, so far, our little country has been protected from these tornadoes. But we must exercise continuing vigilance and learn from the dire consequences that follow from such credit delinquency and supervisory laxity. Our banking sector is virile; let us beware the arrogant cupidity that precedes a fall. Let the Bank of Mauritius get on with the job.

I can assure the banking and business communities and the Government that we at the Central Bank are determined to do all we can to stay on top to arrest any drift in monetary matters; sound money is the only real guarantee of sustainable development and the best way to combat poverty.

As our economy matures and we log on more years and move on with more anniversaries, I am reminded of that quip by Bob Hope on the unstable cost functions of production:

"You certainly know when you are getting older, when the candles cost more than the cake!"

This gathering tonight, I have emphasized, is rich with many symbols of our development. But let me add one more: the marriage between the Bank and the State. Not always an easy one and sometimes seemingly heading straight for the rocks. Like all married couples we have our differing views and opinions on the contribution each party is making to the stability and fruitfulness of the partnership.

So I was struck - and much comforted too, I must add - by a recent article in the *Economist* magazine, reporting the results of a longitudinal study of unstable marriages⁽³⁾. In a 5-year follow-up of the divorced and the un-divorced couples in the sample, the study found that those who stay together become rather happier with the arrangement, than those who split up.

So there is hope for us all, yet !

As a parting thought, I note there are few platinum coins in the numismatics world. As history merges into legend, is there a better way to pay tribute to our founding father than a '*Father of the Nation*' commemorative coin series? This could include a

platinum coin which we believe would be a richer memorial to this great leader and patriot. But that is in the future and requires some more work.

- (1) Patrick Imam and Camelia Minoiu, Mauritius: A Competitiveness Assessment
IMF Working Paper (WP/08/212) *9 September 2008*
- (2) Doing Business 2009, International Finance Corporation and the World Bank, *10 September 2008*
- (3) The Economist, *30 August 2008*