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## **MEDIA STATEMENT - IMMEDIATE RELEASE**

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### **'COURT DECISION TODAY ON THE CONSTITUTIONAL MANDATE OF SA RESERVE BANK MUST BE WELCOMED' SAYS NWU SCHOOL OF BUSINESS AND GOVERNANCE ECONOMIST PROF RAYMOND PARSONS**

'The Court decision today affirming the constitutional mandate of the SA Reserve Bank (SARB) to ensure price stability in the interests of balanced and sustained growth in the SA economy is welcome. Not unexpectedly, the Court found that the recommendations of the Public Protector (PP) to change the SARB mandate were unconstitutional, economically unsound, and without merit. This verdict puts beyond all doubt that the SARB enjoys a high degree of constitutional protection in furthering the national economic interest and in carrying out its legal and monetary policy obligations.

While the Court's verdict is confidence-building and removes any constitutional uncertainty about the SARB's role in the economy, it remains regrettable that this process was unleashed in the first place. The fact that the PP entered these complex constitutional and economic fields without adequate research damages the credibility of the Office of the PP. Monetary policy is an intricate and sophisticated tool of policy which has wide ramifications for financial stability. When it was first released the PP's report was a serious shock to the economy and the markets, and created uncertainty.

The PP's report and its recommendations also spurred a further unnecessary debate at this stage on the question of inflation targeting and the 'nationalization' of the SARB. Whatever the longer run technical merits of these issues, they also generate uncertainty at a time when every effort must be made to boost confidence in the economy and in institutions like the SARB. The priority in SA now is to be seen to be implementing policies and projects which will begin to turn around current negative perceptions about the economy. This includes that we reduce, rather than increase, policy uncertainty at this juncture by not fundamentally calling the SARB and its role into question.'

**Ends**