The Independence of the South African Reserve Bank: Coming full circle in 25 years?

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Abstract

This paper assesses the role of politics from late apartheid South Africa to the ratification of the Constitution of democratic South Africa in 1996 as the country moved in step with global developments to secure the autonomy and independence of the SA Reserve Bank. While the nature of the negotiations over a political settlement appeared well organised with all major parties being well prepared, this was not the case in respect of negotiations over economic issues, which were marginalised and occurred in the periphery of formal talks. The rather messy discussions between the major political protagonists in respect of the economics of the transition is most clearly evident in the debate about central bank independence which saw the market-oriented view of the late apartheid government prevail over the initial dirigiste policy stance of the African National Congress (ANC) which favoured greater autonomy for the central bank but not full constitutional independence. As negotiations progressed the two policy positions converged and central bank independence with a price stability mandate was enshrined in the interim and final constitution. However, some 25 years later certain political manoeuvres within the ruling party again potentially threaten the independence of the SARB.

This research paper reports, among other issues, on an interview on this matter with former President FW de Klerk and with former central bank governor Dr Chris Stals on the subject of how the South African goverment moved towards granting the Bank its independence during the transition to democracy in South Africa.

After 25 years, central bank independence might have come full circle, with the current ANC government's stated objective as agreed at its National Conference in December 2018 to "nationalise" the SA Reserve Bank. While it is not clear what the real motives for this change may be (as the debate is clouded in political double speak) there is a danger, likely to be seized up by credit rating agencies and potential foreign investors that this is possibly the first step in taking the South African Reserve Bank under executive control again, as was the case in the 1980s.

1 Introduction

Monetary policy implementation and the conduct of the SA Reserve Bank in the 1980s were subjects of considerable controversy at that time and are still treated as such in policy assessments. These assessments show that the autonomy and independence of the central bank were eroded in the 1980s (Rossouw, 2018). This paper goes beyond those criticisms of the central bank by focusing attention on the restoration of its autonomy and independence in the 1990s.

Despite any legal requirements or prescripts, it is necessary to make the point at the outset that there is no such thing in practice as total central bank independence. Nominally, independent central banks in modern economies have to operate and interact in complex ways with a variety of stakeholders, including business, government, trade unions and the public at large. This interaction creates both invisible and overt relationships of some sort with sectoral, regional, political or ethnic agents over concerns that cannot be fully suppressed when operational decisions over monetary policy are exercised. Such concerns hum away constantly in the background.

That has certainly been the case in the close on 100 years of the existence of the SA Reserve Bank. A whole variety of institutions and characters were in fact involved in the debate about whether or not the [then] Union of South Africa should establish a central bank. These included the Bank of England, as South Africa was still an integral part of the British Empire, local political parties and political movements such as the Afrikaner Bond, private commercial banks, which had been issuers of their own bank notes, and sectoral constituencies such as local businesses and farmers (see Rossouw, 2011).

It is both useful to our narrative and to a proper appreciation of the import of the issues raised here to situate our new evidence in the context of the power relations in the lead up to and in the negotiations itself. The story of the economics of the transition, as it were, is fully explored in a book co-authored by one of the authors of this paper, and which is currently in press (see Padayachee and van Niekerk, 2019, forthcoming). Here in summary is the state of what political scientists refer to as the 'balance of capabilities' among the key actors in the negotiations as argued by Padayachee and van Niekerk. These 'balance of capabilities' shaped the nature and character of the outcomes of the negotiations process.

The balance of capabilities differed in the economics front compared to the political front. In the end, most commentators on the South African transition would agree that the ANC prevailed in most areas of the political settlement and delivered South Africa's celebrated democracy partly because the organisation was the bearer of the democratic dream and through the "Madiba factor".i

While the nature of the negotiations over a political settlement appeared well organised with all major parties being well prepared, this was not the case in respect of negotiations over economic issues, which were marginlised and occurred in the periphery. Dr Chris Stals, Governor of the SA Reserve Bank during the transition period, makes the very valid observation that far more direct attention should have been placed on the economics of the transition by both major sides (Stals, telephone conversation with Padayachee, 23

November 2017). Debate continues to this day about the need for an ‘economics’ CODESAii, suggesting clearly that this was a missing element in the transition.

In repect of the few economic policy debates that did occur (such as the debate over central bank independence), Padayachee and van Niekerk show that both inside and outside formal negotiating forums the National Party was able to turn to well- resourced economic institutions and experienced individuals who had decades of experience in economics, and who had since the day of former President P.W. Botha been at the forefront of the development of market-friendly economic policy reforms. This paper in fact begins precisely then, in the last few years of the Botha administration and in the ascendancy to power of former President FW de Klerk, who succeeded Mr Botha. In particular, we examine the way in which these two leaders viewed the role, power and autonomy of the South African Reserve Bank and how this all impacted on the constitutional debates that followed from 1992.

This paper is organised as follows: By means of an eclectic literature review, Section 2 elucidates the erosion of the central bank’s autonomy and independence in the 1980s. Section 3 highlights critical elements of the subsequent restoration of this autonomy and independence from a political perspective. Section 4 sets out the impact of these developments on ANC thinking in respect of central bank independence. The assessment and conclusions follow in section 5.

2 Eclectic literature review

The major pieces of enabling legislation governing the SA Reserve Bank since its inception in 1921 include the Currency and Banking Act, No 31 of 1920; the South African Reserve Bank Act, No 29 of 1944; the South African Reserve Bank Act, No 90 of 1989; and the constitutional clauses dealing with the central bank (Sections 222 to 225 of the 1996 Constitution of South Africa). Apart from the last mentioned relevant Sections of the Constitution, all these pieces of enabling legislation were amended many times through their existence.

Like most other central banks formed in the inter-war years, the SA Reserve Bank was established with private shareholders. Ownership structures of central banks with private shareholders started changing after the Great Depression, with the nationalisation of the Danish and New Zealand central banks introducing this trend. Most recently, the Austrian central bank was nationalised in 2010. The SA Reserve Bank is indeed an exception and it remains one of eight central banks having private shareholders and is fully owned by these private shareholders (see Rossouw and Breytenbach 2011 on the matter of central banks with private shareholders).

The question of the *autonomy* and/or *independence* of the SA Reserve Bank, like most other central banks, hardly ever arose for most of the 20th century. Central banks operated with varying degrees of practical autonomy within the ambit of the state, with their executives being ‘sub-ordinate’ in one way or the other to the government of the day, reporting to government via the Minister responsible for financial matters (the Minister of Finance).

At a theoretical level, rapidly followed by practice, central bank independence became a matter of debate in the context of the demise of Keynesianism, and the sidelining of old style monetarism and the rise to dominance of the new neoclassical school of economics under leading US academics such as Robert Lucas Jr, Edward Prescott, Robert Barro and Thomas Sergant, among others. Using the notion of ‘dynamic time inconsistency’ built around the fear of government interference in central bank decision-making for populist or electoral reasons, these academics pushed the debate onto the practical policy level, after the election of conservatives such as Mr Ronald Reagan in the US, Ms Margaret Thatcher in the UK and Mr Helmut Kohl in West Germany around 1980. Their impact was to prove irresistible, and during the course of the 1980s and 1990s, many central banks acquired one or other form of *independence*, at least at an operational level (instrumental independence).

The SA Reserve Bank followed different monetary policy approaches in the 1980s, but there was no clear notion of *autonomy* or *independence* in South Africa as it is understood today, despite the international environment after 1980. After the abolition of credit ceilings and credit control in September 1980 (De Jongh, 1980) and the concomitant movement from direct controls to a market-oriented monetary policy, no policy anchor or policy target was initially used (Nel 1993: 120). Although this has been described as a period of market-oriented conservative Keynesian demand management policies and monetarism, the important point is that policy was set in a discretionary fashion without any nominal anchor (Gidlow 1995: 4).

Even in terms of goals, the SA Reserve Bank in the 1980s under Governor Gerhard de Kock did not follow a 'monetary rule'. Rather as Goedhuys points out 'the Bank followed a more discretionary path and allowed the primary objective of price stability to be modified or even overridden temporarily by exchange rate and economic growth objectives' (1994: 153)

Later this was followed by the use of a money supply target as an anchor for monetary policy. The use of a monetary policy anchor was announced by the (then) Minister of Finance in the Budget speech of 17 March 1986 (Du Plessis 1986). The operationalisation of the moneraty policy anchor was explained in a statement issued by Dr de Kock as Governor of the central bank (De Kock 1986).

M3 money supply targeting was neither well understood, nor well communicated. In the annual explanation of the achievement (or otherwise) of the M3 target for a particular period of time, considerable focus was placed on the velocity of circulation of money (V), with MV-growth, rather than M3-growth, used as a motivation that the target was achieved (see for instance De Kock 1987: 5). The implication is that money supply adjusted for velocity of circulation (i.e., nominal gross domestic product growth, or GDP growth) became the effective monetary policy target (see also De Kock 1988 and De Kock 1989 on this matter).

In practice the SA Reserve Bank nominally followed an M3 money supply growth target, but paid considerable attention to the growth rate in money supply adjusted for velocity of circulation, which is effectively a target for GDP growth, without announcing estimates of potential, nominal and real GDP growth (see Bernanke et al. 1999: 306 on this matter). The SA Reserve Bank simply equated a growth target announced for M3 to MV and used growth in MV to justify achievement of the target. As growth in M3 and growth in MV cannot be equated to one-another, the rationale for interest rate adjustments was not well understood by businesses and the general public. This contributed to the criticism of monetary policy implementation in the 1980s.

This lack of general understanding of the monetary policy framework and the rationale for interest rate decisions was exacerbated by a lack of autonomy and independence in monetary policy application in the 1980s. At the same time, the highest annual average rate of inflation in South Africa was recorded in the 1980s. The annual average rate of inflation amounted to 14.7% between 1980 and 1990. The ability of the SA Reserve Bank to contain inflation was impeded by its inability to adjust or retain rates without political interference.

The best-known example of political interference in monetary policy occurred in November 1984, when the SA Reserve Bank dropped interest rates ten days before a by-election in the the Primrose constituency. This drop in interest rates, subsequently known as the Primrose Prime incident, alleviated pressure on the Government and the governing party at the time (the National Party) in an attempt to increase electoral support (see for instance *Finweek* 2006: 8, or Goedhuys 1994: 155). The *Financial Mail* stated at the time that

> … there is no escaping the fact that … (the) … cut in prime interest rates was most likely the opportunity cost of the National Party winning the Primrose by-election. Despite Reserve Bank Governor Gerhard de Kock’s firm denial, this obvious political manoeuvre has all the signs of a quick fix … (*Financial Mail* 1984: 35)

Goedhuys (1994: 155) refers to the dropping of interest rates before the Primrose by-election as one of “…two instances of political pressure on the Bank stand(ing) out from the record”. Its worth quoting Goedhuys on this, noting in particular his usage of the term ‘induced’ to refer to the political pressure faced by the Governor.

> In February 1983iii, when the ruling National Party faced a serious challenge from the Conservative Party in the by-election in the Primrose district of Germistoniv, the Bank was <u>induced to lower its discount rate from 12.81 to 10.06 per cent. The following month it raised the rate again to 12.04 percent. This temporarily low discount rate, reflected also in the prime rate, came to be known as the "Primrose prime", and it helped to retain the Primrose seat for the National Party. (1994: 155) (Our emphasis)</u>

This statement of Goedhuys is of particular historic importance, as Goedhuys served as an Advisor of the Governor of the SA Reserve Bank at the time of the Primrose Prime interest rate decision.

The reduction in rates before the by-election was followed by a quick succession of rate increases, bringing rates to the previous level by 8 January 1985 (SA Reserve Bank 1985: 16). Any doubt about possible economic justification for the reduction in rates before the by-election is indeed eradicated by the subsequent increase in rates to their previous level.

In an assessment of the autonomy and independence of the SA Reserve Bank in the 1980s, a much more serious incident occurred in 1988. Gidlow, who also served as an Advisor to the Governor in the 1980s, states that the SA Reserve Bank was unable to raise interest rates in 1988 despite the fact that market-oriented monetary policy

> … kan op die mees doeltreffende wyse toegepas word in 'n milieu waar die sentrale bank volkome onafhanklik is. Dit was in 1988 byvoorbeeld nie die geval nie toe die owerhede moeilikheid ondervind het om rentekoerse hoër op te stoot op 'n tydstip toe die betalingsbalansposisie en inflasionistiese druk versleg het [… can be applied most effectively if the central bank has complete autonomy. This was for instance not the case in 1988 when the authorities experienced difficulty to increase interest rates at a time when the balance-of-payments position deteriorated and inflationary pressures increased] (Gidlow 1995: 9)

Goedhuys (1994: 155) is much more critical of the events of 1988, stating that

> (a) notable clash over interest policy occurred early in 1988. During the preceding two years the Reserve Bank had advisedly adopted a low interest policy, because under the foreign financial and trade sanctions business was so depressed that the risk of overstimulating the economy was remote. By 1988, however, continued inflation, some business revival, and the low foreign reserves urgently demanded higher interest rates, but the State President absolutely forbade it.

The autonomy and independence of the SA Reserve Bank in the conduct of monetary policy was indeed in a precarious position by the the end of the 1980s, as is evident, *inter alia*, from the examples above. Padayachee (2001: 753) refers to the fact that the SA Reserve Bank had no real autonomy before 1989 and also states that the central bank " … was largely subservient to political agendas … " (Padayachee, 2000: 500). A different approach to monetary policy was indeed necessary, as South Africa's inflation rate in the 1980s remained stubbornly high.

In 1989 the Governor Stalsv stated shortly after his appointment to the position that

> [a]t a time when most of the industrial countries of the world pursued strong anti-inflationary policies, South Africa was pre-occupied with short-term economic problems … [and] … [i]nflation was at that stage not regarded as South Africa's main economic problem … [but] … the main emphasis of monetary policy has … [now] … been switched to the curtailment of inflation … In the circumstances it can no longer be regarded as appropriate to continue to accommodate price increases through large increases in SA Reserve Bank credit and in the monetary policy (Stals 1989: 10):

The firm belief held by Stals in the responsibility of the central bank to protect the value of the currency was confirmed in a Mission Statement issued by the Bank in 1990:

> The South African Reserve Bank is the central bank of South Africa. It regards as its primary goal in the South African economic system the protection of the domestic and external value of the rand. In the pursuit of its mission, the Reserve Bank believes it is essential that South Africa has a vigorous economy based on the principles of a free market system, private iniative and effective competition. It recognises, in the performance of its duties, the need to pursue balanced economic growth.

This mission statement was later revised to “the protection of the value of the rand” and the mission statement alos fomr sthe bais of the subsequent wording used in the Constitution for the autonomy and independence of the central bank.

Naturally, a renewed focus on containing inflation in a market-oriented monetary policy requires what Gidlow (1995: 9) describes as a framework of complete central bank autonomy. The SA Reserve Bank indeed managed to restore its autonomy and independence in the conduct of monetary policy after 1989, as is shown by the analysis in the next section.

3 Critical political elements of the restoration of central bank autonomy and independence in South Africa

The announcement in 1989 of a renewed commitment to contain inflation caused a time inconsistency problem in South Africa. After nearly two decades of double-digit inflation commencing in 1974 and numerous abortive commitments to contain inflation, the public simply did not believe the Governor’s announcement.

As a result, the central bank had two challenges on its hands. On the one hand, autonomy and independence had to be restored to support a policy of containing inflation, while on the other hand, the public had to be conviced of the central bank’s commitment to contain inflation. This policy approach started bearing fruit with the rate of inflation declining to single digits in 1992.

Although an M3 money supply growth target lost some usefulness as a money policy anchor by the end of the 1980s (Casteleijn 2001: 6; see also Rossouw, 2005), it was still used for some time by the SA Reserve Bank. It was replaced by money supply growth guidelines in the early 1990s and by eclectic monetary policy in 1996. The important points, however, are that (i) monetary policy achieved its objective, namely low inflation and (ii) the autonomy and independence of the SA Reserve Bank were restored. This paper focuses on this latter aspect.

When Dr Stals assumed the position of Governor of the SA Reserve Bank, he inherited a system of historic liaison between the State President and the Governor (respectively, Mr PW Botha and Dr G P C de Kock), somewhat to the exclusion of the Minister of Finance.

However, Dr Stals' appointment was followed by political change, with Botha being replaced by Mr de Klerk as President on 14 August 1989. Dr Stals therefore had to manoeuvre a new political environment. From the outset, he guarded against the exclusion of the Minster of Finance in any interaction with the executive.

Dr Stals inherited a tradition of the Governor addressing the Cabinet on monetary policy and interest rate decisions. At least two such meetings occurred each year according to Dr Jannie Roux, the Chief of Staff in the Office of President PW Botha, who also served as Cabinet Secretary under Mr Botha (Personal interview, 18 February 2019). On monetary policy in general the Cabinet had to agree to the annual setting of the M3 money supply growth target, while Cabinet ministers were seemingly under the impression that they had a right of veto over interest rate decisions.

This practice was changed in phases with the support of Mr de Klerk whose overall approach was that the state should not interfere in monetary policy matters (Personal interview with Mr de Klerk, 28 January 2019). In a first step, Dr Stals and Mr de Klerk agreed that it would no longer be required from the Governor to submit the annual M3 money supply growth target (later the growth guideline) to Cabinet or to Mr de Klerk personally for approval.

More dramatically, however, was a particular presentation to the Cabinet, on which occasion Dr Stals made it clear that interest rates had to increase. He was attacked on this matter by several Cabinet Ministers who vehemently opposed such an increase. The matter was brought to finality by Mr de Klerk, who closed the discussion by informing the Governor that " … Cabinet members will read with interest in the newspapers the decision of the Governor on interest rates … " The accuracy of this statement was confirmed in separate personal interviews held by the authors with Mr de Klerk (Personal interview, 28 January 2019) and Dr Stals (Personal interview, 18 February 2019). Indeed this remark set the record straight: The Governor had the final say in interest rate decisions, thus confirming the effective autonomy and independence of the SA Reserve Bank in conducting monetary policy.

This remark also confirms the important role of Mr de Klerk in the restoration of central bank independence in South Africa. With this single remark, Mr de Klerk removed monetary policy from the (political) realm of the Cabinet to the control of the central bank. His role in central bank autonomy and independence in South Africa has previously been unrecorded and unreported.

His remark also set the South African Reserve Bank on a trajectory of autonomy and independence which culminated in the constitutional provisions of 1996. The Constitution (1996) requires the SA Reserve Bank to act 'independently', subject only to the requirement of regular consultation between the central bank and the Minister responsible for financial matters (Sections 222-225). The restoration of the central bank's autonomy and independency made it possible to include this aspect in The Constitution.

The global financial crisis of 2008 (continuing) threw a massive shadow over central bank operations and independence, as the crisis demonstrated painfully that traditional instruments of central bank practice such as manipulation of short-term interest rates, were simply useless in the face of the severity, depth and length of the crisis. As argued by Padayachee (2014), the SA Reserve Bank did fairly well in this cauldron of global chaos and uncertainty. But all over the world, including in the US, UK and Europe, the old certainties, rules and traditions established with such mathematical nicety and precision in the 1980s and 1990s, disappeared out of the windows. Syll (2013) invoking William Buiter (https://voxeu.org/article/macroeconomics-crisis-irrelevance) has argued that:

> I believe that the Bank [of England] has by now shed the conventional wisdom of the typical macroeconomics training of the past few decades. In its place is an intellectual potpourri of factoids, partial theories, empirical regularities without firm theoretical foundations, hunches, intuitions and half-developed insights. It is not much, but knowing that you know nothing is the beginning of wisdom

Much has recently been written about the debate over central bank independence in South Africa (see for instance Padayachee, 2015; Padayachee and van Niekerk, 2019, forthcoming; Hickel, 2016) In this paper and based on some recent new evidence arising out of discussions with former President de Klek, former Governor Stals and former Cabinet Secretary Roux, it is necessary to revisit the nature of this debate in the period running up to democratic elections in 1994 and ending with the adoption of the new democratic constitution in 1996..

4. Impact on ANC thinking on central bank independence and later developments

It is useful at the outset to make the point that the independence or non-independence of the South African Reserve Bank was located by both the the outgoing NP and the incoming ANC in a wider policy agenda aimed either at supporting the market driven *status quo* in the case of the former or (at least notionally) supporting a re-distributive imperative that addressed the apartheid era’s devastating economic and social legacy on blacks in the case of the latter. Independence of the South African Reserve Bank was not a debate in and for itself.

Jason Hickel has argued that:

> Knowing that the ANC were going to assume political power, the National Party wished to insulate economic policy as much as possible from their control….An independent Reserve Bank with a low inflation mandate was central to this strategy. The National Party had presided over a state-controlled central bank for decades and knew how powerful it could be: they did not trust the ANC to wield this power, probably fearing that the latter would engage in "loose" monetary policy for populist ends which would undermine creditors, people with accumulated wealth and businesses seeking foreign finance – all of which were disproportionately represented in the white community whose interests the National Party sought to secure. This move to tie the hands of its successor government is recognised in the literature as a classic motive for enshrining central bank independence (Hickel, 2016: 4/5).

As noted in his biography, Mr De Klerk was clear that he wished to influence ANC thinking on economic policy, including on central bank independence, so as to wean the ANC under the leadership of Mr Nelson Mandela away from what he considered its socialist leanings (also confirmed in the personal interview of 28 January 2019). At the dawn of the negotiations between the apartheid state and the ANC, the latter did not stand for central bank independence. The ANC's Macroeconomic Research Group (MERG) called for greater autonomy for the central bank (compared to the situation in the 1980s), but not for full constitutional independence. Leading figures in the ANC's Department of Economic Policy gradually changed their view in the light of interactions with western governments (notably Germany), international financial institutions and local capital.

This culminated in an agreement on the inclusion of the independence of the SA Reserve Bank in the Constition of South Africa adopted in 1996, with Sections 223 to 225 dealing with this independence. The wording of the independence clause was based on the existing Mission Statement of the Reserve Bank already issued in 1990. This *status quo* still prevails, despite voices challenging from time to time the mandate of the SA Reserve Bank, namely containing inflation.

At the Constituent Assembly (CA) after 1994 set up to approve the Interim Constitution, the matter of SARB independence came up again for final ratification. Mr Jeremy Cronin, then a member of the Central Committee of the SACP and a member of the ANC's NEC, informed Padayachee and van Niekerk (2019) that Dr Rob Davies, also then a senior Party member, argued that the SARB should only be granted operational independence and not full independence (Cronin, interview, 25 July 2017). He lost that argument, of course. (Padayachee et al, 2019)

The role, institutional structure, mandate and independence of the SA Reserve Bank are again the topic of renewed debate in South Africa 25 years after the democratic elections of 1994, as the ANC has adopted a resolution for the nationalisation of the central bank at its National Confernece on 19 December 2017 (Hunter 2018). Central banks with private shareholders are indeed an exception, with only eight such instances. The nationalisation of the central bank will thus not be out of order, with the nationalisation of the Austrian central bank in 2010 as the most-recent example of nationalisation (see for instance Rossouw & Rossouw, 2010).

The real issue is the matter of the autonomy and independence of the central bank, not its nationalisation, as the shareholders of the SA Reserve Bank have limited powers in any case (see for instance Rossouw and Breytenbach 2011). After 25 years, central bank independence might have come full circle, with the current ANC government's stated objective as agreed at its National Conference in December 2018 to "nationalise" the SA Reserve Bank. It is not clear whether this is merely an amendment to an institutional structure to bring it into line with global trends, or indeed whether it is an insidious move to interfere with the operations of the Bank, possibly the first step in taking the South African Reserve Bank under executive control again, as was the case in the 1980s.

5 Assessment and conclusions

The assessment in this paper highlights some of the problems experienced with sustained high inflation and challenges to the autonomy and independence of the SA Reserve Bank in the 1980s. This lack of autonomy and independence is evidenced by the Primrose prime incident and the State President forbading an interest rate increase in 1988.

Given the subsequent level of understanding central bank independence today, the notion of a central bank “asking permission”, “not being granted permission” or being “induced” by the government of the day on the matter of monetary policy and interest rate decisions is indeed a strange one. In the 1980s, however, the notion of an independent central bank was not as pronounced as it is today.

The subsequent restoration of autonomy and independence of the SA Reserve Bank is indeed of particular importance, as this autonomy and independence contributed to lower inflation in South Africa. In this restoration of the autonomy and independence of the SA Reserve Bank, the role of the State President at the time, Mr de Klerk, is not recorded. Mr de Klerk was indeed a joint facilitator of this restoration with Dr Stals.

The restoration of central bank independence under the joint leadership of Mr de Klerk and Dr Stals changed thinking on this topic among the ANC leadershhip. This change culminated in the provision for the independence of the SA Reserve Bank in the Constitution of South Africa.

After 25 years, central bank independence might have come full circle, with the current ANC government’s stated objective as agreed at its National Conference in December 2017 to “nationalise” the SA Reserve Bank. It is not clear whether this is merely an amendment to an institutional structure to bring it into line with global trends, or indeed whether it is an insidious move to interfere with the operations of the Bank, possibly the first step in taking the South African Reserve Bank under executive control again, as was the case in the 1980s.

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Personal interview with Dr Jannie Roux, former Chief of Staff in the Office of former President PW Botha and Cabinet Secretary under Botha. Pretoria. (with Jannie Rossouw and Vishnu Padayachee).

ENDNOTES

i The first President of democratic South Africa, Mr Nelson Mandela, is often referred to *Madiba*, the clan or family (tribal) name representing a person's ancestry, in this instance the Mandela family.

ii The Convention for a Democratic South Africa (CODESA) is the common name given to the negotiations about South Africa's democratic transition.

iii The reference to February 1983 is incorrect. The Primrose prime incident occurred in November 1984.

iv The voting district constituted mainly white industrial workers many of whom held current mortgage bonds.

v Dr C L Stals was appointed as Governor of the SA Reserve Bank on 8 August 1989.