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South Africa's great reformer: A tribute to Tito Mboweni

Dr Tito Mboweni, former South African Reserve Bank Governor, Minister of Finance, and Minister of Labour was arguably one of the most consequential economic policymakers in South Africa and drove several significant economic reforms.

The Bureau for Economic Research (BER) mourns the death of Dr Tito Mboweni, who died late on 12 October 2024 after a short illness.

Born on 16 March 1959, he received a Bachelor of Arts in Economic and Political Science from the National University in Lesotho in 1985 while in exile from South Africa. In 1987, he obtained a Master of Arts in Development Economics from the University of East Anglia in England.

He began his career in government as Minister of Labour in President Nelson Mandela's 1994 administration. As the first Minister of Labour in the new democratic South Africa, he took several steps to improve the business-labour relationship. Major legislative reforms included the Basic Conditions of Employment Act, Labour Relations Act, Mines Health Safety Act and the NEDLAC Act, designed to improve cooperation between different "constituencies" – labour, business, and government.

He was appointed as the Eighth Governor of the South African Reserve Bank (SARB) in 1999, introduced inflation targeting, and presided over the first monetary policy committee meetings. This substantially modernised the Bank's approach. Reforms included introducing a monetary policy statement outlining the reasons for the Bank's decisions. These were televised, bringing new transparency to the conduct of monetary policy. Before this, the SARB targeted monetary policy aggregates, and its communications were made through long-printed documents. Monetary Policy Forums took monetary policy to many parts of the country – bringing a new openness and engagement between the Bank and ordinary South Africans. Today, his legacy lives on, with the SARB being highly regarded as one of the best in the world, with an inflation rate that is firmly within the target range and well-anchored inflation expectations.

The BER worked closely with Mboweni and the SARB to introduce a survey of inflation expectations. Today, despite nearly two decades after introducing the inflation targeting

system, inflation expectations remain comfortably within the band, and several economic shocks have been born out of the system's wisdom.

Shortly after Cyril Ramaphosa was inaugurated as President of the Republic of South Africa in 2018, Nhlanhla Nene resigned. The President appointed Dr Mboweni as Minister of Finance in October 2018.

Dr Mboweni made three consequential decisions in South Africa's economic policy trajectory.

The first was the decision to freeze government wages in 2019, which occurred in 2020. He was alarmed by the rapid and unsustainable increase in government wages. Together with slowing economic growth, this led to a fiscal position that was deteriorating at an alarming pace. The wage freeze ultimately started the slow return to the fiscal rectitude that had been the hallmark of the pre-Zuma era.

The second was the publication of a paper on economic growth, also in 2019, known officially as "Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa" and unofficially as the "Tito Paper". This set out a programme of much-needed economic reforms – including steps to lift the restrictions on private power generation. In the six years since the publication of the policy paper (and the subsequent reforms), a total of 6 GW of non-Eskom electricity has been added to the grid, saving South Africa six stages of load-shedding. Other recommendations of the paper are being followed, including those for rail, telecommunications, and ports.

The third was the introduction of a comprehensive response to the COVID-19 pandemic. This included a significant expansion of the grants system, with a Social Relief of Distress grant pegged at R350 per person per month. Research by the NIDS-CRAM initiative, led by Dr Nic Spaull of Stellenbosch University, has highlighted that this grant had a significant positive impact on the lives of millions.

It is difficult to think of an economic policymaker who has left such an enduring legacy.

Stellenbosch University awarded him an honorary doctorate in 2010 and appointed him Professor Extraordinary of Economics from 2002 to 2005. He was a frequent participant at BER conferences, where his engaging speaking style made him a popular drawcard. His love of red wine and engaging conversation made him a popular visitor to both Stellenbosch and the Bureau. In 2010, he spent time at the Stellenbosch Institute for Advanced Studies as part of a research group working on the global financial crisis and its consequences for democracy.

The BER sends its deepest condolences to Dr Mboweni's friends and family.

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