



AZAPO
AZANIAN PEOPLE'S ORGANISATION

TO: ALL MEDIA HOUSES FOR IMMEDIATE RELEASE

FROM: AZAPO SECRETARY FOR PUBLICITY & INFORMATION

DATE: March 28, 2024

SUBJECT: AZAPO ON THE PARALLEL UNIVERSE OF THE MONETARY POLICY COMMITTEE

AZAPO notes as usual that the Monetary Policy Committee (MPC) announcement on 27th March 2024 did not surprise at all. The focus of MPC is that inflation is high and not reducing to its expected level of 4,5 per cent.

Also, the view that reducing interest rates will precipitate large exodus of capital to countries that have higher interest rates. The repo rate remains therefore unchanged at 8,25 per cent.

The interest rates are at the highest level. From 30th October 2021, the repo rate stood at 3,5 per cent; and since then it has increased ten times to 8,25 per cent.

Combined with the cost of petrol and public transport, energy, high cost of bread means incomes continue to be eroded and worsening the cost of living of our people.

All this happening when the economy is unable to generate sufficient growth level.

As we have said consistently, as **AZAPO**, this is no consolation at all. Quite clearly, the South African Reserve Bank is living within a parallel universe. We observed that the source of inflation is related to weather and a weak exchange rate; and cannot be treated with adjusting the repo rate, now and then.

For **AZAPO** it is clear that financial institutions and financial investors are the biggest beneficiaries of conservative monetary policy stance and continue to earn supernova returns.

AZAPO's view is the painful truth that mandate of the Bank does not help improve the welfare conditions of the people, especially the historically and presently disadvantaged Black people.

AZAPO reiterates her stance that the actions of the Bank require corrective measures to be taken as a matter of urgency.

One action is to completely liquidate private shareholding of the Bank. Arguments advanced against

are that this type of shareholding is merely symbolic. If so why mount such resistance? The Bank should not be a secluded club of the privileged clique and bourgeois interests. It must be designated in the SARC Act as a public and wholly owned by the state.

AZAPO's fervent view is that the SARB's mandate is ambiguous and is susceptible to narrow and mechanical interpretation by the MPC. The mandate must be reviewed and a more radical mandate adopted that takes into account various other factors such as employment, economic growth, cost of living when monetary policy is executed.

As **AZAPO**, we believe the country needs radical changes to monetary policy to recalibrate the MPC stance that has rendered interest rates policy as a mechanical policy instrument and has inflicted more harm than good on the country, especially the Black people.

END

Issued by **AZAPO** Department of Publicity and Information (DPI).

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