

**LAUNCHING OF THE BOTSWANA ECONOMICS
ASSOCIATION AND THE BOTSWANA JOURNAL OF
ECONOMICS**

by

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Your Excellency the President and Chancellor of the University

of Botswana (UB), Mr Mogae

Your Excellencies, Members of the Diplomatic Corps

Chairman of UB Council Justice Legwaila

Deputy Vice Chancellors of UB, Dr Mokopakgosi and Dr Ndzingo

Senior Government Officials, Heads of Parastatal Organisations

& Captains of Industry

Distinguished Guests, Ladies and Gentlemen

Good evening.

I am most grateful to you, the President of the Botswana Economics Association, Dr Sentsho, and through you, the entire Executive Committee of the Association for giving me the singular honour and privilege of officiating at this important occasion.

Today marks an historic moment in the economic development of Botswana, with the launch of the

Botswana Economics Association (BEA) and the Botswana Journal of Economics (BOJE). This initiative, which has been led by members of the Department of Economics at the University of Botswana provides a timely opportunity to discuss the work that economists have done in Botswana.

My remarks this evening will attempt to demonstrate why these two initiatives are very important, and I will do so by focusing on the contribution of economists to Botswana's economic development.

You might wonder whether there is much of interest to say in this respect. After all, economics is sometimes termed the "dismal science". As you know, the word "dismal" connotes gloom, misery, or melancholy. I understand that the science of economics earned this disparaging epithet of a "dismal science" in the context of the 18th Century Malthusian economics, which suggested that the outbreaks of pestilence (or fatal epidemic diseases) was nature's way of balancing the available resources (especially land) with a rapid increase in population. The English clergyman and economist of the time, Malthus, had argued that, since land could not be increased, the rise in population could only result in famine and outbreaks of diseases as nature's way of bringing the

balance between the size of population and available land. Hence his critics, especially philosophers, called his theory a “dismal science”.

Indeed time has proved the Malthus doctrine dismal, given that it has long been replaced by optimism. Economics has advanced from a science of how to use limited means for the satisfaction of unlimited wants, to a vision of the common good and common welfare through appropriate and efficient use of available resources for the attainment of a higher quality of life. This has been possible through the interplay of advances in science and technology and other disciplines. As a result, the resources are increasingly being created and expanded over the long-run. Pestilence and diseases are continuously being conquered and human welfare has increased beyond the wildest dreams of those dreadful days, even with the rise in world population.

It is in this historical context that the mix of economic ideas has been brought to bear on the contribution of economists to Botswana’s economic development, a subject to which I shall now turn, and I hope that I can convince you that the work done by economists in Botswana is both important and interesting.

For us to appreciate the contribution that economists have made, please allow me to take you back in history with respect to Botswana's economic developments.

As you know, Botswana was rated one of the poorest countries in Africa at the time of independence in 1966. In a period of three decades, the country managed to emerge as a middle income developing country, with the annual growth rate of per capita income averaging 8.4 percent in that period. Over the three decades, Botswana has been one of the fastest growing economies in the world, registering about 7 percent per annum, which is comparable only to the high performing economies of East Asia. The country has set itself a credible track record in the provision of social services such as education, health-care and public utilities, and has built both public and parastatal institutions that have driven the process of economic growth.

The country has also brought on board the private sector as a partner in economic development. There has largely been complementarity among fiscal, monetary and exchange rate policies, as a result of which the economic environment has been stable and conducive to both domestic and foreign investors. Unlike other mineral-based economies which have fallen prey to the "Dutch

disease” and the “resource curse phenomenon,” as well as the “debt trap,” Botswana has avoided these development problems. Instead the country has pursued prudent financial management, thus enabling the meeting of not only the recurrent and development expenditures, but also the accumulation of savings in the form of foreign exchange reserves, which should cushion the country against external economic shocks, and assist in a “soft landing” when the mineral boom is over.

Fortunately, the outside world has recognised Botswana’s efforts in economic development, and this has resulted in the country acquiring an international reputation for good governance, transparency and negligible corruption. Consequently, Botswana has, since 2001, attained and maintained the highest sovereign credit ratings in Africa, awarded by both Moody’s Investors Service and Standard and Poor’s. The ratings compare favourably with those of several middle-income countries elsewhere in the world. The country has also scored highly in the Global Competitiveness Report for the period 2003/04, and Transparency International has recently ranked Botswana at 30 out of 133 countries in its Corruption Perception Index. All of these scores are the highest among surveyed African countries and are higher than those of several countries in Europe, Central America and Asia.

Despite these positive developments, Botswana and, in particular, its economists, still face enormous challenges in developing policies that will contribute to the realisation of economic diversification, eradication of poverty and unemployment as too many of our people are without jobs, and the HIV/AIDS pandemic is raising many new social and economic problems.

Furthermore, economists in Botswana should be alive to regional and Pan-African economic integration issues. It is now accepted that Africa's economic well-being and prosperity will depend on regional and eventually Pan-African economic integration. There is not a lot of literature on these issues. The discussions have tended to be confined to official fora and most of the available literature and studies are not in the academic domain, let alone in professional journals; nor have they featured prominently in economic seminars and colloquia. This is a gap that needs to be filled. The research work done by consultants has dealt with issues that range from economic convergence and institution building. There is, as far as I am aware, no available coherent, theoretical and empirical research by academia and learned journals on these matters.

Distinguished Guests, Ladies and Gentlemen, despite these remaining challenges, economists have, in my view, made a significant contribution to the development of the Botswana economy. These contributions took the form of careful economic planning and implementation of development plans which, in turn, have contributed to the achievement of sustainable economic growth and have helped in making good use of available resources by avoiding wasteful projects – the so called “white elephants”.

The development of a growing dynamic private sector is being supported through the formulation and implementation of appropriate investment and trade policies, and ideas continue to be contributed and articulated to inform the formulation of both fiscal and monetary policies.

For professional economists, Botswana has been, and remains, a fascinating place to work, for a number of reasons. First, there are demanding issues with which to deal, thus providing challenging opportunities for the application of professional expertise. Second, it is an open society, in which different views can be aired and debated. Third, the policy-making process is thorough, and economic policy proposals are adopted only if they are

professionally and technically convincing. This is important for professional economists, as it means that good ideas and convincing arguments can have an influence on real policy debates, and finding that one's work has such an influence is highly rewarding. Economic advice is respected and economists would argue that this is one reason for the success of the country's economy. Others may argue that economists have too much influence, as they are sometimes seen as promoting tough policies such as less government spending or higher interest rates. Such views, however, tend to ignore the longer-term costs of irresponsible economic policies, and fortunately, policymakers in Botswana have avoided the temptation of adopting populist policies for short-term political gain, and the policy environment has remained sound and sustainable, to the country's long-term benefit.

I mentioned that Botswana provides an environment for the airing of different views. As many of you know, economists have a reputation for never agreeing on anything. The former US President Harry Truman is reputed to have asked for a one-armed economist, so that he wouldn't be constantly told "on the one hand . . . and on the other hand". The former British Prime Minister Sir Winston Churchill is reported to have said that "if you put two economists in a room, you get two opinions, unless

one of them is John Maynard Keynes, in which case you get three opinions". As you can tell, debate is important in the profession and should be encouraged.

Even though Botswana's economists, individually and collectively, have over the years made a contribution to Botswana's economic growth and development, there has never, until now, been a forum that brings them together. Some members of the profession thought that such a forum, the Botswana Economics Association, was necessary to enrich the process of economic policy formulation and implementation in the country by providing an environment for free, critical and impartial economic analysis, which is tolerant of diverse opinions and supportive of the open exchange of ideas. The forum should also enable economists to critically assess and define areas of research and policy analysis, and give each other feedback on how they can further improve their contribution.

I have no doubt that the Botswana Economics Association will be an independent non-partisan entity, which will foster open and continuous dialogue on Botswana's economic development. The Association has to grow into a leading private sector "think tank" committed to the development of a modern globally competitive economy.

It should seek to define and facilitate the implementation of economic agenda that will help create an environment conducive to good governance, responsible private sector investment and sustainable private sector driven economic growth and development. This initiative should create a beehive (or the bringing together) of a cohesive body which is committed to the furtherance of the development of a common objective in the field of economics.

To do this, the Botswana Economics Association will have to focus on three major activities: research, communication (including education) and advocacy of desirable economic and institutional reforms. Its views and positions on issues will have to be disseminated in electronic and print media, through seminars, workshops and specific high level interactive public-private sector dialogue fora.

You may already know that the Association will periodically publish a journal called, the Botswana Journal of Economics, which must, of necessity, be of international standard, in which contemporary economic and policy issues will be discussed at a level that reflects academic integrity, creative economic analysis, critical and independent thought, as well as intellectual honesty. It has to provide a forum for the exchange, interplay and

cross fertilisation of ideas. The first issue of the Botswana Journal of Economics was published in March this year, and I am sure that future issues will emulate the high standard that has been set in the first issue. The journal will also encourage research by providing an additional forum for the publication of research findings and results. It will also raise the international profile of Botswana economists, and help to develop important international linkages and collaboration.

It is encouraging that the Botswana Economics Association has been formed by a group of young (and perhaps not so young) professionals, at their own initiative. Their objectives are to develop themselves professionally and to discharge their social responsibilities by playing a more effective role in society. I am sure you will agree that these are worthy objectives and I have no doubt that you join me in wishing the Botswana Economics Association every success in its endeavours. To those who have shown such enthusiasm in getting the Association, and the accompanying Journal, off the ground, let me remind you that this is only the beginning. Needless to say, achieving your initial objectives has been hard work, and maintaining the momentum will require further effort and commitment. We trust that these

demands can be shared in a way that the initial enthusiasm is sustained.

As I conclude, Master of Ceremonies, Your Excellency the President, Distinguished Guests, Ladies and Gentlemen, I wish to take this opportunity to heartily congratulate and commend the Department of Economics of the University of Botswana, as well as the Executive Committee of the Botswana Economics Association, with Dr Sentsho and Dr Nyamadzabo at its helm, for their vision and creativity in establishing the Botswana Economics Association and its associated Botswana Journal of Economics.

I hasten to point out that the sustainability of the Association and its journal, as well as their credibility, will depend on the commitment and support of all interested parties and on adherence to high standards of service and performance. I am informed that, as it should, the membership of the Association is open to all, individually and collectively as institutions, and I can only urge potential members to join in large numbers.

With these remarks, Master of Ceremonies, Your Excellency President Mogae, Distinguished Guests, Ladies and Gentlemen, it only remains for me to wish all concerned in this important (and somewhat long overdue)

initiative success now and into the future, and to declare the Botswana Economics Association and the Botswana Journal of Economics duly launched.

I thank you for your kind attention.