

Mpho Mataboge

HOMETOWN	Soweto, South Africa
UNIVERSITY	University of Johannesburg
FUNDING	Bursary

IN 10 YEARS' TIME...

I would like to be in a position to influence decisions on African development, whether sector specific or in a macro setting.



Essay synopsis

Mpho argues in her essay that, following the 2008/09 global financial crisis, central banks were forced to think creatively. The conventional tool used to control inflation is the interest rate but with interest rates being driven down to zero, unconventional action – quantitative easing – was required, she says. And did these measures work? With economic growth post the financial crisis almost at pre-crisis levels, a greater economic crisis was prevented in 2008/09, she asserts.

“Emerging markets such as South Africa were also hard hit during the 2008/09 crisis, but because they didn’t have the debt problem of developed markets, cutting interest rates had the desired effect.”

But is this – the relative success of central banks in pulling the global economy out of a depression – the calm before the storm? The unconventional methods did come with risks, Mpho notes, including the global equity markets having become reliant on central bank stimulus, excessive risk-taking encouraged by the

low-interest-rate environment, artificial lending rates not reflecting the true risk in the market and therefore maybe causing a bubble, and the rise of a shadow banking system.

Mpho argues that central-bank actions in the last financial crisis, while necessary, may have a role to play in the buildup to the next crisis, although steps are being taken to try to mitigate this.

Mpho notes that emerging markets such as South Africa were also hard hit during the 2008/09 crisis, but because they didn’t have the debt problem of developed markets, cutting interest rates had the desired effect.

Thus, Mpho concludes that conventional monetary policy worked in emerging markets, but that unconventional policy was necessary in developed markets.

More about Mpho

Favourite subjects:

Research Design and Minor Dissertation.

Interests:

Reading and exploring new things.

Inspired by:

Anything geared towards Africa’s potential. I am passionate about the development of our continent and working together as Africans to create our own opportunities, celebrate our diversity and take advantage of our full potential.

Main achievements:

- Being in the first group of students to be selected by the Thabo Mbeki Education Trust for tertiary funding.
- Having been a runner-up of the Nedbank and Old Mutual Budget Speech Competition.
- Delivering speeches at functions featuring Cynthia Carroll and Lesetja Kganyago.

Community activity:

- I have volunteered to be a Maths and Science teacher.
- Executive committee member of the Reikantse Boithale Foundation.
- Fundraiser for the children of Kagiso Porto FC Soccer Club’s soccer tournament.