

# <18 Interview

devaluation of the rupee increases the cost of production and makes the products less affordable to consumers. Also, manipulating the value of the currency creates monetary instability and leads to economic uncertainty. A Central Bank cannot anchor inflation expectations with a policy of devaluation. People would continuously expect inflation to be higher in the future. In such an environment, the cost of production would increase and operators would be reluctant to invest. An investment is based on economic calculation over a certain period of years. Price instability makes it difficult to factor in the real costs of a project and to discount the return on investment.

■ **All this is very well, but doesn't a strong rupee favour lay-offs and unemployment?**

My submission is that the Central Bank should refrain from deliberately depreciating



the rupee. Interventions on the foreign exchange market send wrong signals as to the real value of the local currency. The Central Bank may intervene to the extent of smoothing out any excess volatility, but not to dictate to the market the level of the exchange rate of the rupee.

■ **You haven't answered my question about unemployment.**

The causes of unemployment are not monetary but structural, such as skills mismatches and

misalignment between wages and productivity. You can only resolve unemployment in the long run by structural measures, namely with regard to training, wage policy and flexibility to hire and fire. When labour costs are relatively high with respect to capital costs, firms would not recruit people or avoid lay-offs even if you devalue the rupee or reduce the interest rate. On the other hand, you can only control inflation by monetary policy, unless you have recourse on price control, which would be detrimental to enterprises!

■ **Between unemployment and inflation, you have already chosen your camp, haven't you?**

(Laughs) Unemployment does not have broad effects on everyone whereas rising inflation affects the whole population. Look at the countries where people are taking to the streets to protest. The reason behind those

demonstrations is the same everywhere: a fall in the purchasing power. Would the private sector like to have riots in Mauritius? Tourists and foreign investors would not come to a country where the risk of social unrest is high.

■ **So, what can be done to avoid these riots?**

What the Mauritian economy needs is a fiscal stimulus rather than monetary easing. It does not make sense to have even a slightly contractionary fiscal policy when private demand is quite weak. With a budget deficit relatively low, at less than 2.5% of the GDP, the government has fiscal space to boost the economy. Naturally, public funds should be spent wisely. The economy is suffocating under a lot of waste in the public sector. To make it breathe, a good start would be to follow and implement the recommendations of the National Audit Office. ■



**Aisha Allee-Mosaheb**, managing director, Blast Communications and member of *Collectif Citoyen Maurice Environnement*.

■ **There has been a big polemic around your campaign for a better environment, did you expect this?**

When one does an ad campaign, one aims at creating an impact for sure. Our brief to the advertising agency was to create a powerful impact for a change of mindset with the aim of making Mauritius a model of sustainable development in the world, which is the very philosophy of the MID. We are used to seeing road safety campaigns commissioned by government to sensitise road users on the dangers of reckless driving. With a growing alarming number of deaths

## [QUESTIONS TO...]

on our roads, the use of certain visuals on billboards has been effective in creating awareness.

■ **Some people claim that the campaign is anti-patriotic, do you agree with that?**

All I can tell you and very forcefully at that is that it is the love for our country that motivated our decision to do this campaign. It is not a campaign against anyone; it is a campaign for the environment, for our country... period.

■ **Don't you think that the campaign is rather exaggerated?**

It was meant to create an impact and it has. But the campaign is not limited to communication and is part of a whole integrated strategy. We have clean-up campaigns planned every weekend. We have experts who will explain how, through small actions, we can bring significant positive changes to the environment. From the messages we are getting on Facebook and elsewhere, we gather that Mauritians

are indeed concerned about the environment and that is fantastic. They are not waiting for what the government can do for them; they are looking at solutions themselves in their daily lives.

■ **The Association of Advertising Agencies (AAA) has also positioned itself against the campaign qualifying it as "exaggerated and unwelcome in a morose economic context. Your comments?**

We are in a country where there is freedom of speech and as such, I will always defend the right of whoever to give his/her opinion. I respect their opinion and I was touched that my good friend, Vincent Montocchio, AAA president, with whom I have collaborated on different campaigns, has 'no doubt' about our motivations.

■ **It has also been said that there are better and more creative ways of sensitising people to the needs for a cleaner environment. What are your views?**

There are always other ways to do things and we welcome other initiatives to create awareness. This is not a competition and we are not looking for any reward; what we want *in fine* is to have all Mauritians sensitised on issues about the environment. Can we afford another Black Saturday? Close members of my family were affected by cancer and I have lived their trauma. Can we objectively look at the causes of the high levels of cancer without thinking we are attacking someone or any institution? True, we have chosen to make an impact; it was done out of good will and good intent. Remember the butterfly effect; small changes can have a drastic positive impact! The campaign is meant to evolve and *Gérizon commans par tva* (healing starts with you) is what we shall focus on going forward. Let's look at ways of starting a healthy, constructive and indeed patriotic conversation where all companies and civil society can look at improving their carbon impact. At the risk of repeating myself, it is again about the change we want to see. ■