

Emmanuel Tumusiime-Mutebile: Partnering with the media for effective communication and quality reporting

Speech by Prof Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at the 1st Bank of Uganda/Media Top executives' dialogue, Kampala, 6 November 2009.

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The Chief Executive Officers, Editors-in-Chief and Senior Management of the Media Houses represented here today
Colleagues from Bank of Uganda
Distinguished Participants
Ladies and gentlemen,

Let me take this opportunity to welcome you all to this, first ever, dialogue between Bank of Uganda and top executives of various media houses. The theme for today's discourse is "*Partnering with the media for effective communication and quality reporting*".

We have organised this dialogue because we believe that there will be mutual benefits for the Bank and the media if we can build and sustain a relationship which is based on a shared understanding of each others' goals and mutual trust.

Like any central bank, the Bank of Uganda depends for the success of its policies on being able to communicate effectively with the general public. This is because public perceptions and expectations affect their economic decisions. Those perceptions and expectations are clearly influenced by the actions of the central bank. Hence it is imperative that the public fully understands what the central bank is trying to do and what the implications of its actions for the future course of the economy are.

Let me give you an example. The rate of inflation is a key variable in the economy. The public's expectations of future inflation affect their economic decisions made today, in terms of businesses setting the prices of their products, workers' wage demands and the rate of interest required by investors. If expectations of future inflation are misconceived, decisions made today could have harmful consequences; businesses which set their prices too high might find themselves priced out of markets, for example. Hence one of the most important tasks of the central bank is to ensure that the private sector can make informed economic decisions based on accurate data and a proper understanding of economic policy, including the goals of policy and the measures which are being taken to achieve those goals.

The Constitution grants to the Bank of Uganda operational independence to implement its policies. The Bank shares this operational independence with many other central banks around the world and this is now well understood to be essential for effective macroeconomic management. But independence requires accountability if it is to be politically sustainable in a democracy and accountability, in turn, requires transparency. We are under no illusions that unless we can convince the public that we are competent to carry out our mandate of maintaining macroeconomic and financial stability, public and political support for central bank independence will be undermined. Only by being open and transparent about our policies and operations will we be able to maintain public support.

It is sometimes claimed that public agencies like the Bank of Uganda present a Panglossian picture of the economy, emphasizing the good news and ignoring the bad. That is not a strategy we aim to follow in the Bank of Uganda, for one simple reason. Our credibility with the public is crucial to our ability to achieve our economic goals. If we were to present a distorted picture of the economy, or make overly optimistic claims about the future course of the economy, our credibility would be eroded, because the reality would eventually become known. Good macroeconomic management has nothing to gain, in the long term, from inaccurate public information or the hiding of "bad news".

Hence our communications strategy at the Bank of Uganda focuses on providing accurate data on the economy, drawn from reliable data sources, such as the Uganda Bureau of Statistics, and communicating our policy actions and goals through our regular publications and press briefings. The Bank has over the years, reduced the bureaucracy of accessing information in many ways. First, through improving the media's access to the senior officials of the Bank for explanations and discussions of topical issues; second, by revamping our website and the establishment of an online statistical database; third, through the dissemination of numerous survey results like the Business Confidence Index and bank lending surveys that seek the views of the private sector on financial sector and overall economic performance. Fourthly, the publication of key information through the various reports, media briefs and releases has been stepped up.

As I have already noted, effective communication with the public is essential to our work in managing the macroeconomy and regulating the financial system. But effective communication requires a partnership with the media. I think it goes without saying that, in the long run, a more open relationship between the Bank and the media, involving regular press briefings, interviews, press conferences, etc, will be more conducive to the Bank being able to communicate effectively with the public.

Working effectively with the media certainly does not mean that we believe that the media should simply be the mouthpiece of the central bank, reporting uncritically on how we manage the economy. That would clearly be counterproductive, because the public would lose faith in the media as a source of objective and independent information and analysis. An objective and professional media which has credibility with the public is of much more value to the central bank than an uncritical media which no one takes very seriously.

The interests of the media and those of the Bank of Uganda are not identical but that does not mean that we cannot work together in a harmonious manner. To do this we must create a relationship which is based on openness and trust. Trust is critical and it works both ways. From the media's standpoint, reporters and editors must be confident that they are not being deliberately misled with false information that they receive from the bank. From the Bank's standpoint, we must be confident that the media will not deliberately distort or misrepresent information given to them by ourselves.

We should also strive to improve professionalism in economic and financial journalism. The information that the media makes available to the public matters for the financial markets and influences the decisions made in these markets. Accuracy is, therefore, essential. To help strengthen standards of reporting, the Bank has provided training to local journalists on financial and economic issues at seminars over the past four years, and we intend to provide more of these training sessions in the future.

I want to finish with quote from Mr. Larry Summers, currently Chairman of the Presidents Economic Council of Advisors in the United States;

"In this age of electronic money, investors are no longer seduced by a „financial dance of a thousand veils.“ Only hard and accurate information on reserves, current accounts, monetary and fiscal conditions will keep capital from fleeing precipitously at the first sign of trouble."

Memo from CEO to Manager:

Today at 11 o'clock, there will be a total eclipse of the sun. This is when the sun disappears behind the moon for two minutes. As this is something that cannot be seen every day, time will be allowed for employees to view the eclipse in the parking lot. Staff should meet in the lot at ten to eleven, when I will deliver a short speech introducing the eclipse, and giving some background information. Safety goggles will be made available at a small cost.

Memo from Manager to Department Head:

Today at ten to eleven, all staff should meet in the car park. This will be followed by a total eclipse of the sun, which will appear for two minutes. For a moderate cost, this will be made safe with goggles. The CEO will deliver a short speech beforehand to give us all some information. This is not something that can be seen every day.

Memo from Department Head to Floor Manager:

The CEO will today deliver a short speech to make the sun disappear for two minutes in the form of an eclipse. This is something that cannot be seen every day, so staff will meet in the car park at ten or eleven. This will be safe, if you pay a moderate cost.

Memo From Floor Manager to Supervisor:

Ten or eleven staff are to go to the car park, where the CEO will eclipse the sun for two minutes. This doesn't happen every day. It will be safe, and as usual it will cost you.

Memo from Supervisor to staff:

Some staff will go to the car park today to see the CEO disappear. It is a pity this doesn't happen everyday.