



Andisiwe Sobuza



Rhodes University



Funding: Scholarship

More about Andisiwe

Favourite subjects: Macroeconomics, Financial Markets and Derivatives, Econometrics, and Public Finance.

Interests: Reading, chess, hiking, swimming, and trivia.

Community activity: Mentoring and tutoring, and providing food each week to people experiencing homelessness.

Inspired by: My parents.

Main achievements: Being awarded the Rhodes University scholarship.

What I love/hate about South Africa: I love the country's beautiful landscapes and delicious cuisine; I dislike the levels of corruption.

In 10 years' time I see myself... engaged in work I am passionate about, particularly in public policy, banking or related fields.

ESSAY SYNOPSIS

Inflation in South Africa affects households in immediate and tangible ways: rising prices for essentials such as food, electricity and transport steadily erode purchasing power, especially in an economy marked by high inequality and unemployment, writes Andisiwe.

Structural problems – weak productivity, energy insecurity, fiscal pressures and exchange-rate vulnerability – drive much of the country's inflation. Without addressing these fundamentals, stricter inflation targets risk adding pressure without solving underlying issues. South Africa's dilemma is to balance investor expectations for low inflation with citizens' needs for jobs, stability and affordable credit.

South Africa can draw on international lessons while remaining sensitive to its unique social and economic landscape. New Zealand's rigid approach to inflation targeting succeeded in reducing inflation but at a high employment cost, prompting later adjustments that introduced more flexibility. The UK's transparent communication model, where deviations from the target require public explanation, demonstrates how accountability can bolster credibility. The USA's dual mandate highlights the value of balancing inflation control with employment. Brazil's gradual approach to lowering the target helped maintain investor confidence while allowing domestic adjustment. Turkey, where political interference led to spiralling inflation and currency collapse, illustrates the dangers of undermining central bank independence.

A viable path forward requires a careful blend of ambition and realism, Andisiwe concludes. Lowering the target should be approached as a long-term goal, implemented gradually, and aligned with supportive global and domestic conditions. Improvements in energy security, productivity and fiscal discipline are essential complements.