Fiscal Response to Economic Shocks: An Empirical Case Study of South Africa's Policy Framework During the COVID-19 Pandemic

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Abstract. This study investigates the fiscal response mechanisms employed by South Africa in light of the economic shocks induced by the COVID-19 pandemic. Utilizing a mixed-methods approach, we analyze quantitative data on fiscal expenditures and qualitative interviews with policymakers. Our findings reveal that while the immediate fiscal interventions were substantial, long-term sustainability remains a critical concern. The nuanced interaction between rapid fiscal expansion and structural economic vulnerabilities underscores the need for a more resilient policy framework. Ultimately, this study contributes to the discourse on effective fiscal policy in crisis situations, with implications for future economic governance.

Keywords: Fiscal Policy, Economic Shocks, COVID-19 Pandemic, South Africa, Policy Framework, Public Debt, Economic Resilience

Introduction

The global economy has been profoundly reshaped by recent events, notably the COVID-19 pandemic, which has triggered unprecedented economic downturns across the globe. South Africa, characterized by its unique socio-economic challenges, serves as a pertinent case study to examine the intricacies of fiscal responses to such economic shocks. The necessity for effective fiscal intervention has been underscored by rising unemployment rates, declining GDP, and increasing public debt as the country grapples with the immediate and lingering effects of the pandemic. The relevance of this topic is magnified in the context of 2024-2026, as nations continue to navigate the complexities of post-pandemic recovery and the potential for future crises. This paper aims to delineate the fiscal policy measures implemented by South Africa during this tumultuous period, assessing their effectiveness and sustainability in the face of ongoing economic challenges. We will begin by exploring the theoretical framework surrounding fiscal policy, followed by an analysis of the methodologies utilized in this study. Subsequently, we will present our findings, which will be discussed in the context of existing literature. Finally, we will conclude with policy recommendations tailored to enhance fiscal resilience moving forward.

References

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