We live from the end of 2019 in a time of global pandemic, where economic decisions are very fragile and to keep inflationary policies under control the main actors and factors are governments and the central bank / s. So, fiscal and monetary policies are those that directly and significantly affect the inflation of any country and economic conditions can guide us to make investment decisions. At the end of each year, policymakers approve forecasts for next year’s budget based on government budget requests and fiscal policy results for the coherent year. To maintain long-term economic stability we have the Central Bank that make good use of monetary policy and the government exerts constant influence to maintain the money supply, the exchange rate as well as interest rates.

The government has direct responsibility in transferring payments to citizens such as: social support services, health, education, national defense as well as other services and through the analysis of fiscal and monetary policies is informed about the economic activity of the country.

The government maintains accounts with the Central banks, considering its status as a last resort lender. Under these conditions to influence short-term interest rates, the bank uses drawdowns or redeposits.

In case of drawdowns we are dealing with supply from the banking system of surplus cash available, which leads to an increase in interest rates as we have less money available to lend to consumers and businesses who can not borrow due to high interest rates.

In the case of redeposit, we have an increase in deposits and reserves, which leads to an increase in the money supply and a decrease in the interest rate, in these conditions consumers and businesses are ready to borrow.

Although fiscal and monetary policies appear to be straightforward, governments may face challenges that are less effective in implementing them, such as delays, political goals, expectations for the future, and the impact of international economies, which affect the decision-making for the well-being of the economy, price increases for imported goods, thus causing inflation.

All of the above mentioned are factors that make it difficult to manage inflationary pressures, but in addition to the fact that the world is facing a pandemic situation, we must also emphasize the global commitments to reduce carbon dioxide. Having said that in the upcoming next 10 years we will have a tendency to radically change our way of living, being fully oriented towards renewable energy sources and zero carbon dioxide emissions and all this will lead to an increase in demand for certain products globally. We know that “inflation is a game where whoever spends money first - wins”. This encouragement that inflationary pressures make the public spend more, also brings a great deal of good to the economy by creating new jobs. The coming years will present us with new challenges, some of them familiar and some of which will be of a form that is emerging for the first time - that could even change the world of finance irreversibly.

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