



[Fiscal] responses to inflation and commodity price surges

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Baiba Brusbārde

Chief Economist of the
Macroeconomic Analysis Division

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What can fiscal policy do in response to commodity price surges?



Protect the (most) vulnerable



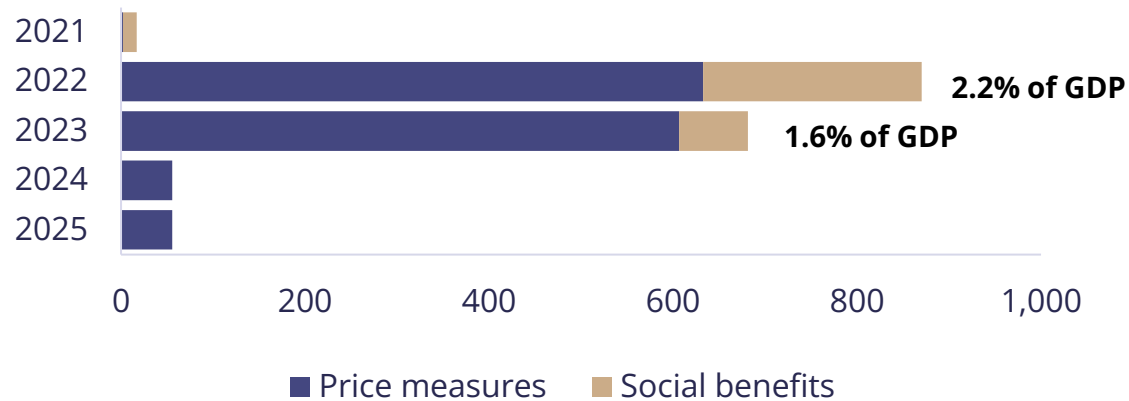
Protect against extreme price increase, but retain motivation for energy savings



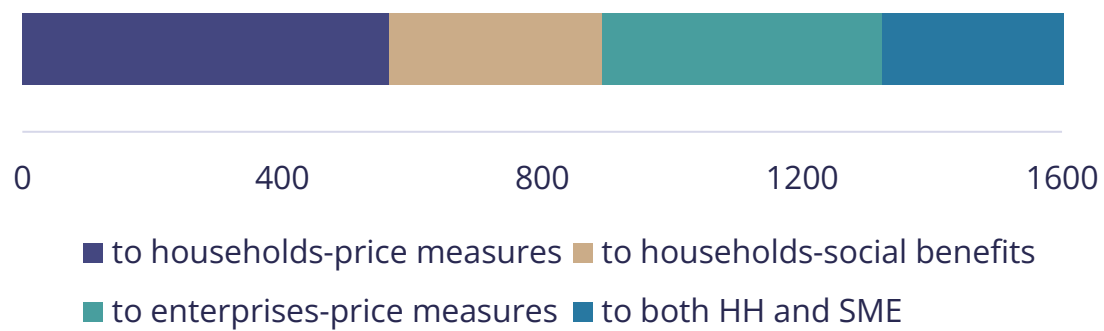
Long-term benefits of green policy

Negative impact on economy mitigated by the state support measures through the energy crises in Latvia

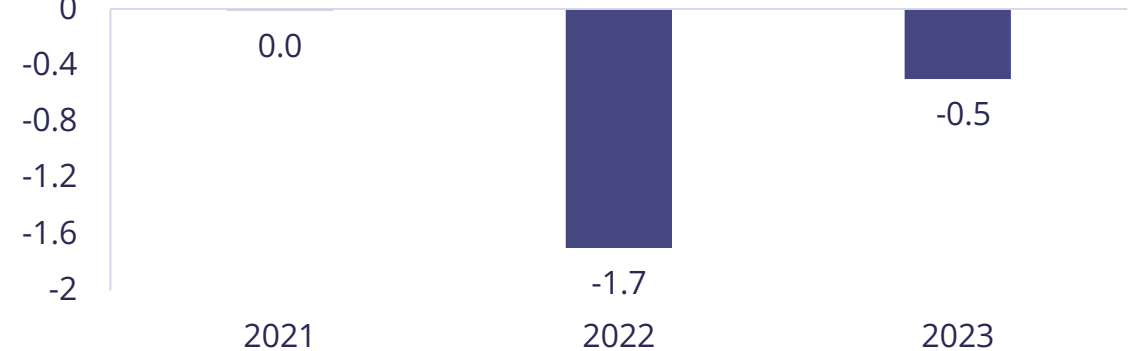
Breakdown by years (mill. EUR)



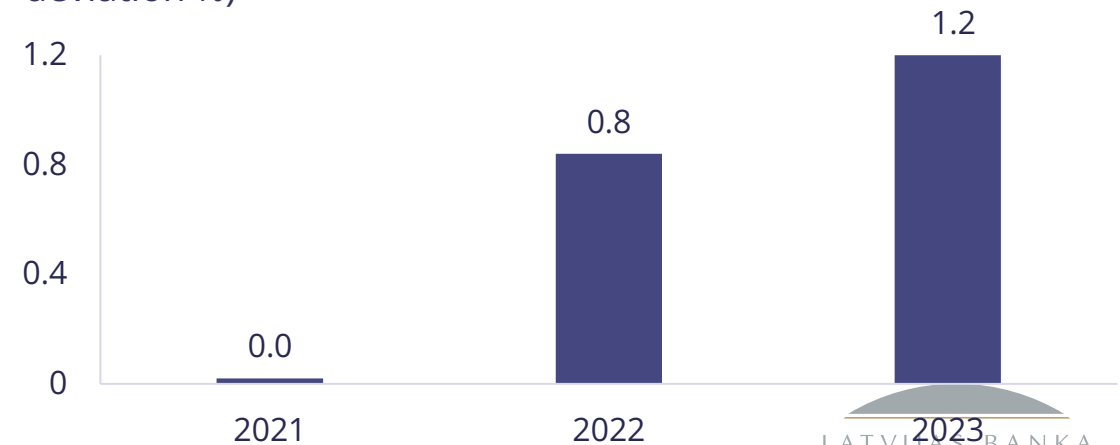
Breakdown by sectors (mill. EUR)



Impact of government energy support on Inflation (percentage points)



Impact of government energy support on GDP (cumulative; deviation %)

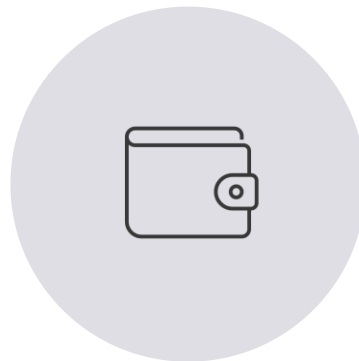


How to protect the most vulnerable people from rising prices for food and energy?



Direct & targeted benefits

Incl. housing benefits



Heating season salary premium



Inform people

How to avoid social unrest while stepping up sanctions against Russia?



Explain

Be realistic in assessing and explaining threats that Russia poses to the whole Europe



Reassure

On energy security and affordability



Without fueling inflation



How to preserve fiscal space during crisis times?

1

TTT

Targeted + Temporary + Tailored

2

NGEU (RRF)

3

... better accumulate during the good times

countercyclical = downturns

not enough countercyclicality = expansion



Our country, our bank

