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ACTIVATION OF THE MONETARY POLICY IN THE PROCESSES OF STATE REGULATING THE ECONOMY

Monetary policy under the conditions of the unfolding of financial and economic crises of various scales, causes and origin has always acted as the most important instrument of influence on the real sector of the economy through the monetary sphere, and thus served as the foundation of the entire anti-crisis architecture within the framework of the relevant state economic policy. Globalization processes, the deepening of the integration of national economies into the world economy and the international division of labor, the expansion of trade and financial ties between countries have become factors that have repeatedly intensified the negative effect of crisis in different countries on the activities of all participants of the world economy.

Investment growth in emerging market and developing economies (EMDEs) is expected to remain below its average rate of the past two decades through the medium term. [1]. Below the surface, turbulence is building, and the situation is quite fragile, as the recent bout of banking instability reminded us [2]. Therefore, the fact of the important role of monetary policy as the main lever of the state's influence on the economy remains indisputable under the conditions when prompt response to situations related to the unfolding of crisis as a result of internal or external shocks is required.

The coronavirus pandemic should be considered as such recent external shock for the global economy and national economies of various countries, the impact of which on global and domestic markets will have a long-term negative effect, influencing almost all economic and social aspects of society. For the first time, the global economic crisis in a relatively short period of time simultaneously covered almost all national economies, in the absolute majority of which there was a significant drop in GDP, bankruptcy of enterprises and an increase in the level of unemployment. In these conditions, to maintain the solvency of businesses and households, international and national aid packages of unprecedented size were proposed, the effectiveness of which was largely determined not by market mechanisms, but by the elimination of a number of restrictions, including those that operated in the financial and monetary sphere.

In these conditions, it is monetary policy as a key lever for transmitting the impulses of state influence on the real sector that should be considered as one of the most important directions for stabilizing the economic situation, stimulating economic activity and solvent demand, as well as effectively conveying relevant packages of government aid to their recipients - enterprises and households.

Crisis in the economy, having as its consequences a significant decrease in economic activity and an increase in unemployment, set before the governments of all countries the task of adequate anti-crisis regulation with the use of all available

instruments of influence, including those acting through the monetary policy. In this regard, central banks are forced to actively improve the tools of monetary policy, since the possibilities of using traditional means of monetary regulation were limited due to the low interest rate. Therefore, the tools of monetary policy of central banks have significantly changed and expanded the active use of non-traditional means, in particular such as:

1) quantitative easing, i.e. operations of the central bank to purchase long-term financial assets in the form of obligations of the government and commercial organizations on the open market, and not so much with the aim of influencing the level of interest rates as for increasing the money supply in circulation and stimulating as a result economic activity;

2) setting orientations for interest rates, which involves the central bank publicly disseminating its plans and forecasts for future interest rates and declaring an obligation to maintain interest rates at the announced level in order to make monetary policy more predictable, increase the efficiency of the transmission mechanism and, as a result, reduce overall volatility of interest rates in the market and risk premium;

3) maintaining of negative interest rates, which refer to the cash of commercial banks on accounts with the central bank, because in conditions of high uncertainty, commercial banks prefer not to increase credit investments, but to place free funds in the central bank, in connection with which the negative rate is intended to activate the transmission credit channel;

4) yield curve management, i.e. actions of the central bank to maintain at a certain level the spread between short-term and long-term interest rates in conditions when a decrease in short-term rates does not lead to an expected decrease in long-term rates, which determines the actions of the purchase of any amount of long-term bonds, while the yield they will not decrease, which should stimulate the reduction of loan rates and the growth of investments in the economy.

Thus, the experience gained over the last decade in combating the global recession allowed central banks to start implementing an anti-crisis strategy, having also a set of unconventional monetary policy tools at their disposal.

The main direction of the monetary policy of the central banks during the unfolding crisis is to support households and businesses through massive injections of liquidity through financial markets or even directly into the real sector, for which quantitative easing was activated, a number of specialized programs were introduced financing, reduced interest rates, engaged repo operations and relaxed regulatory requirements for banking institutions to facilitate the flow of money into the economy. At the same time, it is not difficult to notice the predominance of non-traditional means among the instruments of monetary regulation.

Thus, the additional purchase of government treasuries in the process of implementing quantitative easing was supplemented by the purchase of corporate bonds, and such regulatory measures as the easing of requirements for securing loans, capital buffers and liquidity in order to provide banks with additional financial resources were accompanied by programs of unprecedented scale regarding direct lending by central banks of the real sector. In a similar way, the

interest policy is being rethought, because the long-term reduction of interest rates corresponded to the conditions of price stability and a high level of utilization of production facilities, however, low rates create an objective limit to their further reduction in the event that it is necessary to resist a recession.

These circumstances determine significant shifts in the behavior of central banks, demonstrating a shift in the priorities of monetary influence on the economy from achieving certain targets of inflation dynamics to maintaining the real sector and stimulating economic growth, when strict requirements for the work of financial institutions recede into the background, giving way to the need to maintain solvency of households and businesses.

Thus, in the current situation, the stimulating monetary policy aimed at overcoming the economic consequences of the pandemic crisis through active credit support of households and businesses should be considered fully justified. It is obvious that in the conditions of a comprehensive economic recession, the stimulus measures adopted by the government and the central bank should be aimed at creating additional demand, which will ensure not only the maintenance of employment and the expansion of supply on the labor market, but also help to business entities by providing them with the necessary liquidity.

In these conditions, what should be considered important is not how significant the measures of financial support of households and businesses from the state are in terms of volume, but the very fact of the guarantee and periodicity of the provision of such assistance in the conditions of the unfolding of crisis. And this means the need for a comprehensive review of both the strategy and the set of monetary policy tools, which should not focus exclusively on one goal of achieving a certain level of inflation, ignoring the equally important tasks of overcoming the recession and stimulating employment. After all, the fall in market demand leaves room precisely for stimulating monetary policy implemented with the help of both traditional and non-traditional instruments.

References

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