

EFFECT OF MONETARY STABILITY ON THE ECONOMY

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Abstract. This article examines the impact of monetary stability on economic growth, the financial depth of the economy and the improvement of the transmission control mechanism of monetary policy channels.

Key words: money circulation, economic growth, monetization of the economy, financial depth of the economy, channels of the monetary policy transmission mechanism, inflation.

ВЛИЯНИЕ МОНЕТАРНОЙ СТАБИЛЬНОСТИ НА ЭКОНОМИКУ

Аннотация. В данной статье рассматривается влияние денежно-кредитной стабильности на экономический рост, финансовую глубину экономики и совершенствование трансмиссионного механизма управления каналами денежно-кредитной политики.

Ключевые слова: денежное обращение, экономический рост, монетизация экономики, финансовая глубина экономики, каналы трансмиссионного механизма денежно-кредитной политики, инфляция.

In the modern conditions of economic development, the study of the mechanisms of the influence of money circulation on the support and stimulation of economic growth is of great practical importance, because the continuity and stability of money circulation determines both the state of the money market and the nature of the reproduction processes in the economy. defines [1]. Today, the main problems that stop the stimulating effect of money circulation on economic growth are as follows:

- imbalance of financial markets and their low liquidity;
- composition and uneven development of the financial sector;
- imperfection of working mechanisms and low efficiency of using transmission mechanism channels;
- decrease in credit activity of commercial banks.

The analysis of monetary policy tools allows us to determine that money transfers play a key role in the mechanism of influencing economic growth, which is the effect of changes in the

methods and tools of the central bank's monetary policy on the state of the money market, then and it is understood by changing its conjuncture.

Changes in the methods and tools of monetary policy lead to changes in the size and structure of monetary aggregates, interest rates, exchange rates, credit conditions, asset prices, as well as the expected results of market subjects, and therefore affect the activity of the money market. . Then, changes in the volume of savings, investments, consumption, exports and imports in the money market directly or indirectly affect the real sector, resulting in changes in the volume of production, employment and price dynamics. makes a secret.

According to modern approaches, money, credit, interest and currency (exchange rate) channels in the money transfer mechanism are directly influenced or controlled by central banks, as well as waiting for changes in asset prices, which are practically not controlled by central banks. channel is separated. From the point of view of evaluating the impact of money circulation on economic growth, the most important are money, credit, interest and currency channels. However, the role and level of use of these channels may differ significantly in different periods of the country's economic development. In the pre-crisis period, the main role in the transmission mechanism was played by the currency and credit channels, as well as the asset price channel. Today, the greatest impact on the real sector of the economy is provided through money-credit channels.

Long-term research by researchers has shown that money circulation mainly affects the stimulation of economic growth based on the regulation of money supply and demand, interest rates and exchange rates. In addition, the main method of this influence is to increase the financial depth of the economy, and the main tool is to control the channels of the transmission mechanism.

The concept of the financial depth of the economy is relatively new for the local scientific circulation. Often, this term refers to the degree of monetization of the economy, the ratio of the volume of securities in circulation to GDP (the volume of capitalization of the stock market) and other indicators [2]. The most accurate definition of this concept, Ya.M. According to Mirkin, the financial depth of the "Economy" is the penetration of financial relations, the saturation of money, financial instruments and institutions, the size of the financial sector compared to the production base. The more developed and rapidly developing the country is, the greater the financial depth. In turn, the more it is, the more important the ability of the financial sector to redistribute funds for investment purposes, and the higher and more stable the rate of economic growth will be. Indicators of financial depth are money / GDP, financial assets / GDP, capitalization of the stock market / GDP, etc.»

Thus, the financial depth of the economy should be considered as a comprehensive assessment of the money saturation of the economy, which describes the level of development of the money market, the financial sector, and the involvement of various institutions, financial intermediaries, and economic entities in the monetary system. In accordance with the concept of "financial depth of the economy", the more the economy is saturated with financial and monetary resources and the more diversified the structure of the financial and credit system is, the more stable the rate of economic growth will be. The concept of financial depth was originally developed by R. Goldsmith, who established a direct connection between the level of economic and financial development, and also that the growth rate of the financial sector in certain periods is real found that the growth rates of the sector can be significantly exceeded. Later, this regularity was called the theory of "rapid growth" of the financial sector. According to this theory, which fully meets the requirements of modern monetarism, the financial sector is the basis of economic development, therefore, the increase in the volume of financial markets and the increase in the financial depth of the economy contribute to economic growth.

Thus, during the global financial crisis, based on these recommendations, central banks and governments of most countries tried to support financial institutions and financial markets. In the USA and Germany, these measures included measures to stimulate demand, protect against unemployment, and provide social support, while in Canada, Japan, and China, they were mainly aimed at stimulating the economy and reducing taxes.

However, it should be noted that in the modern world economic system, the financial sector has already become its independent element. The role and importance of the financial sector, which is related to the object of our research, is that due to the development and complexity of its institutional and functional structures, the channels of transmission of the mechanism of monetary impulses to the economy through the system of financial markets and institutions are expanding, which is necessary for the development of other sectors of the economy. creates additional motivational factors.

The conducted research made it possible to determine that the financial depth of the economy is constantly growing, but the indicators of economic efficiency, calculated on the basis of the profitability of financial sector assets and monetary indicators, have unstable dynamics. Thus, in 2018, compared to 2010, the ratio of financial sector assets to GDP increased from 62.4% to 85.2%, and the ratio to money supply increased from 1,226 to 1,541. At the same time, the profitability of investments increased by 32.9%, the profitability of financial sector assets decreased by 36.2%. In our opinion, this is explained by the fact that there is a tendency for the

financial sector to develop rapidly compared to real development, as well as the insufficient development of the financial sector itself and, above all, the lack of improvement of its structure. In addition, the calculation results allow us to conclude that the rapid growth of loans had a negative impact on the development of the financial sector compared to the growth rates of deposits and investments in fixed capital. This situation can be explained by the imperfect structure of bank loans, in particular, the expansion of the volume of consumer loans in 2010-2018 and the insufficient volume of long-term investments in the real sector of the economy.

So, according to the results of calculations, the main monetary factors affecting economic growth are the degree of monetization of the economy, the structure of the money supply, the assets and liabilities of banks, as well as indicators of investment activity. Therefore, increasing the financial depth of the economy by improving the composition of the financial sector and increasing the use of channels of the transmission mechanism controlled by the central bank is an important direction of the stimulating effect of money circulation on economic growth.

Thus, in order to ensure the successful regulation and stability of monetary circulation, the transmission controlled by the central bank in order to increase the financial depth of the economy, stimulate economic growth and create suitable monetary conditions to ensure the low level of inflation and the stability of the banking system. it is necessary to improve the efficiency of using the mechanism.

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