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INCREASING ROLE OF MONETARY POLICY UNDER THE INFLUENCE OF EXTERNAL AND DOMESTIC SHOCKS

The unfolding of financial and economic crises of various scales, causes and origins always required an adequate response from the state through the implementation of appropriate government economic policy measures aimed at stabilizing the situation and overcoming the consequences of crisis phenomena. Among such measures, monetary policy has always been the most important tool for influencing the real sector of the economy through the monetary sphere. In this regard, the effective monetary regulation of the central bank for any economic crisis is a guarantee and a key condition for the successful implementation of the state's strategy to ensure sustainable, long-term economic growth, social stability and welfare of society. That is why the importance of monetary policy as the main lever of the state's influence on the economy is especially felt under conditions when the prompt response to situations related to the unfolding crisis due to internal or external shocks is required.

Under such circumstances, the monetary authority of any country always faces the problem of operative development and implementation of an adequate strategy to combat crisis in the economy, caused by the impact of various shocks, in order to minimize damage to businesses and households with the help of the financial instruments available to the central bank, so to avoid undermining the capabilities of market mechanisms for self-regulation and stimulation. At the same time, it is obvious that monetary regulation should be consistent in its goals with the government's policy of promoting the rapid recovery of business activities through credit support and preferential tax mechanisms, providing sufficient resources to households with cash payments and social guarantees, as well as ensuring the stable functioning of vital sectors of the economy.

At the same time, the possibilities of using traditional monetary policy tools by central banks have been significantly limited over the last decade by the certain imbalances in the world economy and financial system, the effect of which has only intensified as a result of the crisis of recent years. In particular, there should be pointed out such problems as: 1) the close to zero level of interest rates on the market despite large-scale infusions of liquidity into the economy, carried out by central banks through quantitative easing programs since the period of the global financial crisis; 2) the absence of a significant devaluation effect on the leading reserve currencies as a result of the growth of the money supply, which limited the opportunities to stimulate exports; 3) insufficient influence of the increase in the amount of money in circulation on the activation of production and employment; 4) significant growth of key stock indexes, even despite the low growth rates of the world economy and the tendency to accelerate the growth of unemployment.

The main among the mentioned problems should be considered the ultra-low level of interest rates on the financial market, which was determined by the desire of the monetary authorities since the global financial and economic crisis and subsequent recession to cheapen money and its active infusion into the real sector in order to stimulate economic growth. This, in turn, significantly narrowed the operational capabilities of central banks in the inter-crisis period, preventing them from fully exercising their influence on the financial market through traditional tools for managing liquidity and the price of credit resources. Therefore, the central banks of developed countries were forced to actively improve the instruments of monetary policy, since the possibilities of using traditional means of monetary regulation turned out to be extremely limited by the low effectiveness of interest rate policy.

The problem of ultra-low interest rates for the central banks of developed countries is that the economy falls into the so-called liquid trap, which does not allow the active use of interest policy as a tool to stimulate economic revival and further sustainable growth. The fact is that in conditions of

low market interest rates, the preference for liquidity by economic agents changes significantly, and the stimulating monetary policy does not lead to a further decrease in interest rates (which is impossible), or to the expansion of credit activity of commercial banks. When falling into a liquid trap, the demand for money becomes inelastic to changes in the interest rate, in connection with which economic agents prefer to keep savings in cash, and therefore the operations of the central bank in the money market cannot significantly affect the equilibrium interest rate and cannot stimulate production growth, as a result of which the central bank essentially loses the ability to influence economic activity.

These circumstances, being significant limitations in the application of traditional means of supporting the economy, essentially forced the central banks of developed countries to supplement them with the active use of new, non-traditional instruments of monetary regulation, which were accompanied by massive measures of support implemented by the governments of these countries. In general, all the main instruments of monetary regulation of central banks can be grouped to several main directions: 1) interest policy; 2) quantitative easing; 3) support of financial markets; 4) activation of bank lending; 5) direct support of the real sector.

The practical implementation of the mentioned directions included lowering the key interest rate to almost zero, activating quantitative easing with increasing the volume of government and mortgage bonds in the portfolios of central banks, supporting financial markets by using credit line mechanisms, creating an investment fund and expanding repo operations. In addition, central banks took measures to intensify bank lending to the economy by expanding discount window operations and lowering regulatory requirements for commercial banks. Especially among the non-traditional instruments, it should be noted the direct support of the central banks to the real sector of the economy, the introduction of programs for the purchase of commercial paper and lending to small and medium-sized businesses

Thus, the central banks of developed countries over the last period made an operational transition to the implementation of a wide range of measures of expansionist monetary policy aimed at the inflow of new money into the economy, which led to a significant increase in the balance sheet of central banks, and also led to an increase in the money supply in the economy. This means that since the period of the last financial crisis, central banks have been implementing a consistent policy of increasing liquidity in the economy in order to prevent the development of a large-scale economic crisis and the growth of unemployment, for which the amount of money in circulation and credit support for business has been systematically increased using various instruments.

These circumstances determined significant shifts in the behavior of regulators in developed countries, 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 maintain solvency of households and businesses due to massive infusions of funds. The practical implementation of this strategy, in fact, led to the need to revise the strategic goals of monetary policy, which became obvious to the monetary authorities of the leading countries of the world after the consequences of the financial crisis, when in the conditions of an economic shock, central banks actually began to act as market makers of last resort, taking on itself the function of redistribution of financial resources in the entire economy due to the implementation of large-scale programs of quantitative easing. At the same time, it was the monetary measures of the central banks that became the key lever for transmitting impulses of state influence on the real sector and the most important direction of stabilizing the financial markets and stimulating economic activity.