INFLATION REGULATION IN RUSSIAN ECONOMY

Annotation: the article examines the main theoretical approaches to inflation regulation in Russia. Influence of prices and tariffs of natural monopolies on the dynamics of inflation is shown. It is emphasized that one of the measures of anti-inflationary policy should be the expansion of the investment process in the country. It is noted that the inflation targeting strategy, under appropriate conditions, has helped countries with market economies to achieve significant success in regulating inflation and stimulating economic growth.
The fight against inflation in Russia in the current situation by monetary methods alone seems unproductive. Other methods are required that imply an increase in efficiency in all sectors of the economy due to large-scale and high-tech innovations.

To implement an effective anti-inflationary policy, we must abandon the notion that inflation is a purely monetary result of the development of the economy, and it is necessary to consider it as a multifactorial economic phenomenon. In order to reduce inflation, it is necessary to eliminate imbalances in reproduction and achieve a balanced economy.

The indexation of tariffs in the natural monopoly sectors of the economy, although prolonged for the whole year, places a heavy burden on the real sector of the economy, creating additional inflationary pressures, and has negative consequences for the social sphere. First of all, the groups of people with low incomes are affected. The growth of tariffs of natural monopolies is the most powerful factor of inflation. The state, instead of engaging in social planning, redistribution of income, is trying in this way to reduce the budget deficit. The growth of tariffs of natural monopolies is explained by the need to implement investment programs of companies. But as a result, we have a new round of inflation, which completely "eats" the increase in salaries and pensions. [1].

One of the main measures of anti-inflationary policy should be the expansion of the investment process in the country. At present, there is no effective replacement of the state source of investments in Russia, so it is necessary to increase, rather than reduce, investments from the state budget. It should also
create conditions for the private sector to gradually increase its investment in the national economy.

The mechanisms of built-in stabilizers have great potential and prospects for implementation, but without certain state interference in the situation and further regulation of the economy, it is impossible to do. Self-regulation takes place, but it becomes extremely small during crisis situations in the economy sector. [2].

The main tools of discretionary financial policy in the sphere of public expenditure are: public projects and other activities related to expenditures from the budget; projects in the social sphere; state procurements; public investment. [3].

The main instrument through which the impact of financial spending on increasing economic growth is realized is government activity in the field of investment and procurement. The increase in government purchases and active investment activities increase the development of material production and services, which directly affects GDP growth and other macroeconomic indicators.

It should be noted that discretionary financial policy, like financial regulation due to the tools of built-in stabilizers, also has some drawbacks. A long discussion of the state budget for the next year and the adoption of laws on changes in tax rates, disagreement with a temporary tax slide aimed at combating the decline in production. It should be said that democracy greatly hinders the increase in the tax rate after the end of the economic recession.

The main mechanism for anti-crisis implementation of the credit policy is to reduce the discount rate, that is, the interest that central banks take to further provide loans. The lowering of the discount rate helps to reduce the interest on all types of lending and thus affects the growth of investment performance and increased credit sales, which serves as an important stimulant for productive growth.

The next instrument for implementing the credit policy in order to combat the crisis is to lower the norm of monetary reserves established by legislation,
which banks should always possess. Reducing the standard of required bank reserves makes it possible to increase lending.

The main distinguishing feature of the current economic cycle is the increased influence of the financial capital market on it. In the money market, the offer is represented by savings, demand - investment (investment), price - the rate of interest. The organized activity of consumers and suppliers is realized with the help of financial intermediaries: commercial banks, investment companies, pension funds, insurance organizations. Their goal is to accumulate the free funds of market agents and place them among consumers of capital.

It is worth noting that in the modern world, practice demonstrates the following - the funds of consumers and suppliers in large quantities are used not to improve the real economy, but are spent on financial speculation.

High inflation is a sharply negative process, depriving the economy of stability and creating risks for business, which in this situation is not ready for long-term investments. Without stability, innovative development can not be ensured, so inflation management becomes the new priority of monetary policy, and inflation targeting is the number one priority.

Today, the policy of inflation targeting is recognized by experts as more flexible, as it responds to a wider range of parameters of the national economy. This type of anti-inflationary policy was developed in the early 1990s. [2].

The central bank predicts the forthcoming dynamics of inflation; the forecast is compared with the target inflation values that are desirable to achieve; the difference between the forecast and the target indicates the necessary scale of adjustment of monetary policy. Thus, the monetary authorities set a planned level of inflation and use all means to achieve it. [4].

As international experience shows, the strategy of inflation targeting, under appropriate conditions, has helped countries with a market economy to achieve considerable success in controlling inflation and promoting economic growth. However, none of the countries that implemented this strategy, did not abandon it.
The experience of introducing and implementing inflation targeting in developed countries allows us to identify several common characteristics.

The first feature inherent in developed countries that have made attempts to transition to the regime of inflation targeting is the existence of a floating exchange rate. In fact, in most countries, inflation targeting has replaced the failed regime of exchange rate targeting. The second feature that unites a group of developed countries is the high degree of independence of the central bank. In addition, in all developed countries, the inflation target system was based on forecast inflation levels. The latter was explained by the attempt of the monetary authorities to assess the most likely shocks, their impact on the future level of inflation and be able to take timely measures. [5].

International practice shows that targeting can reduce the real level of inflation. However, the impact of the policy on other macroeconomic variables is ambiguous. The central bank of the Russian Federation has already moved to inflation targeting, which gave positive results - inflation in 2017 was less than 3%.

References:


