

FORMATION OF MONEY TRANSMISSION MECHANISMS TO INCREASE THE EFFICIENCY OF MONETARY POLICY

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ABSTRACT: The article examines some approaches to monetary policy. Assessing the effectiveness of monetary policy, the most well-known rules of monetary policy are given.

KEYWORDS: monetary policy, macroeconomic processes, refinancing rate, potential indicator.

INTRODUCTION: As a result of measures taken by the monetary authorities, low inflation rates, moderate devaluation of the national currency, stability of the banking system were ensured. However, despite the positive results achieved, there are still problems and factors that hinder the effectiveness of monetary policy in Uzbekistan and its effective impact on economic processes. In particular, there is a need to further increase the level of non-inflationary monetization of the economy, to reduce the extra-budgetary circulation of cash. In addition, there are large differences in exchange rates, which reduce the ability of monetary authorities to influence the economy through currency regulation, making it difficult for money transfers to operate.

THE MAIN FINDINGS AND RESULTS. This situation means that it is important to determine the type and direction of interactions between macroeconomic indicators, the channels in which they operate. This allows the necessary adjustments to the policy being made in a timely and expeditious manner. The development and implementation of comprehensive measures to maintain macroeconomic stability will help to prevent negative impacts in the event of changes in external conditions and increase the effectiveness of monetary policy.

The use of the rule in the implementation of monetary policy leads to a number of positive results. It is advisable for the Central Bank to use the Taylor model in minimizing losses, as in this case the monetary authorities can use the necessary monetary instruments at will. The Taylor model assumes that monetary aggregates and exchange rate targeting are compatible. The table below lists the most well-known rules of monetary policy.

Table 1. The most well-known rules of monetary policy

Year	The name of the rule	Rule equation	Authors
1600-y..	Fixed exchange rate rule	$\Delta e_t = 0$	-
1898	Interest rate rule for the management of the "rational monetary system"	$i_t = b p_t$	K. Viksel
1920	Fisher's rule	$\Delta e_t = -\Delta p_{t-1}$	I. Fisher
1953	The rule of constant growth rate of money supply	$\Delta m_t = \text{const}$	M. Friedman
1983- 1985	Targeting rule of nominal income	$y_t = 0$	Ch. Bin, R. Hall
1992	Gulhart rule	$i_t = a + b p_t$ ($a = 0,03, b = 1,5$)	Ch. Goodhart
1993	Taylor's rule	$i_t = b p_t + c y_t$ ($b = 1,5, c = 0,125$)	Dj. Taylor
1999	Ball rule	$i_t = b p_t + c y_t + d_1 q_t + d_2 q_{t-1}$ ($b = 2,51, c = 1,93, d_1 = 0,43, d_2 = 0,3$)	L. Boll

Here, Δe_t - change in nominal short-term interest rate. p_t - t deviation of inflation from the optimal indicator over time. y_t - t deviation of GDP relative to the potential indicator at the time. Δe_t - t change in the nominal exchange rate over time. Δm_t - t the nominal rate of increase in the money supply over time. q_t - t real exchange rate at the time.

The rules of monetary policy have been given many definitions by economists. Moiseev S.R. According to him, the most accurate definition is: "The rule of monetary policy is a function of the response of the Central Bank, according to which the application of the monetary policy instrument is carried out in response to changes in important economic indicators."

For decades, Friedman has advocated the implementation of the rule of increasing the money supply set by the Federal Reserve at the rate of 3-5 percent. However, when the FZT tried to apply money-based rules in the early 1980s, the move did not yield positive results: the stability of short-term interactions between the money supply and the economy was very low, so it was clear that such rules could not be a reliable target for monetary policy. Taylor's rule appears as a simple equation. This equation was proposed by Taylor in 1992 to describe the reaction of the FZT target interest rate to inflation and economic cycles.

This equation has successfully performed both descriptive and instructional functions.

According to the equation, the FZT followed the two views from 1987 to 1992, setting the level of the instrument of its policy, the rates on federal funds.

First, how much the inflation rate in the U.S. is close to 2 percent. If inflation exceeds the 2 percent level, the FZT has raised interest rates on federal funds to curb inflation.

Second, how far the real income of the economy is from the potential indicator. If the income is lower than the potential figure, the FZT has lowered the target interest rate in order to stimulate the economy.

At present, the excess of interest rates over a proportional change in relation to inflation is called the Taylor principle.

Taylor also showed that between 1987 and 1992, the equation described the exact movement of the rate on federal funds. According to Taylor, the successful results of the monetary policy of that period, which is now recognized, were achieved due to the lack of clear adherence to such a rule.

CONCLUSION. Like the Phillips curve, the Taylor curve shows the interrelationship between inflation and unemployment. However, if the Phillips curve shows the relationship between inflation and unemployment as a postulate, Taylor has shown that policymakers work with a compromise between inflation and unemployment variability. The effective policy of the Central Bank will allow for a better compromise by reducing not only the volatility of inflation, but also the volatility of unemployment.

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