



ANTI-INFLATIONARY POLICY: PROS AND CONS

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Abstract

This article discusses the anti-inflationary policy of the state and its positive and negative aspects. As well as the theoretical views of many scientists, economists and researchers. The theoretical dogmas that still dominate the minds of the ruling elite do not allow the formation of optimal mechanisms for ensuring the sustainable functioning of the national economy. The inconsistency of the proposed, and most importantly, decisions taken by governments predetermines the need to rethink the established socio-economic stereotypes and theoretical dogmas.

Keywords: anti-inflationary policy, economic life, nature of inflation, deflation, inflation, systemic-functional method of research, stability of financial system.

Quite a lot has been said and written (including dissertation research) about inflation as an economic phenomenon (from the very high stands of prestigious international financial and business forums). Inflation as an integral phenomenon of the economic life of society forces economic entities (state, corporations, population) to take sometimes-extraordinary measures to protect their monetary assets and savings from depreciation. Inflation is an object of management, appears in the sphere of monetary policy of the monetary authorities. The Central Bank of Uzbekistan, within the framework of the implementation of a unified state monetary policy, focusing on the positive experience of a number of countries, has been trying to solve it for several years already, setting the task of transitioning to an inflation-targeting regime, but to no avail.

There are many reasons for the failures, but the main problem that the Central Bank of Uzbekistan faced at the same time is the lack of a “sustainable financial system” in the country [1]. One cannot disagree with this statement. It is the stability of the financial system that predetermines the possibility of a transition to an inflation-targeting regime. Nevertheless, the efficiency (effectiveness) of managing inflationary processes is far from limited to inflation targeting. Moreover, here we face the main question. In addition, what are the conditions for the formation of a “sustainable financial system” in Uzbekistan, including the conditions for the transition to an inflation-targeting regime?





First Deputy Chairman of the Central Bank of Uzbekistan B. Zakhidov, referring in his work to the research of experts from the International Monetary Fund (IMF) (surveys of heads of central banks in a number of countries), provides a list (presumably necessary, but, it seems to us, far from sufficient) conditions:

- “- Institutional independence (of monetary authorities);
- Highly qualified analysts and reliable statistics;
- Requirements for the structure of the economy. The successful implementation of the inflation-targeting regime requires that prices in the country be free, the economy is not heavily dependent on the prices of exported raw materials and exchange rate fluctuations, and the dollarization of the economy is minimal;
- Development of the financial system ... a stable banking system and developed financial markets” [3].

The conclusion made by the author: “In Uzbekistan, the specified conditions for the transition to inflation targeting are basically met.” If so, then why then the Central Bank of the Republic of Uzbekistan for quite a long time, having set (constantly setting) this task for itself, has not been able to solve it?

Numerous theoretical works devoted to inflation, as a rule, affect causal relationships, which are a complex hierarchical system of forces that affect prices in the economy. These forces, since they are often opposite (opposite), and sometimes contradictory, give rise to an even greater variety of forms of being, both in depth and in breadth of coverage, such a stable and “mysterious” phenomenon of the economic life of society, which is inflation. The desire to “conquer” inflation, having penetrated the secrets of its existence, makes researchers repeatedly turn to the awareness and disclosure of the essence and nature of this phenomenon. One of the best, from our point of view, modern Uzbek works, specifically devoted to the phenomenon of inflation, systematizes the prevailing ideas about this extremely important socio-economic phenomenon, helping us to lift the veil of the “secret”, all the complexity, diversity and inconsistency of the reasons that give rise to it [1]. “When creating his scientific work, the author primarily pursued the goal of giving an idea of inflation in the light of modern economic theory... The theoretical basis of the study was mainly the works of Western economists” [2].

Understanding the true nature of the “inflation” phenomenon is very important, since we are confronted with inflation everywhere; we observe and constantly “feel” the great variety of “sophisticated” forms of its existence. Inflation is the object of a special socio-economic - anti-inflationary - policy of the monetary authorities. Moreover, in search of an answer to the question about its nature, we turn to a study conducted by S. Garipov, in which the goal is specifically stated: “The goal of the





dissertation is to reveal the nature of inflation in the transit economies of the countries of Central and Eastern Europe..." [3]. It is interesting what conclusion the author comes to, having set himself such a goal: "It makes no sense to qualify inflation as an exclusively monetary phenomenon.

First. Inflation, not being the only "re-distributor" of national wealth, is perhaps the "most effective means" of implementing this process, since it allows, often through "invisible" mechanisms and instruments of monetary policy, credit, tax, budgetary policies, price policy, interest, rent, dividend policy, wage policy and other subject financial policies, various economic systems, social strata, groups to receive income that significantly exceeds their actual participation in the production of public goods. Second. Inflation is not a unidirectional process (for example, "from the poorest to the richest"). Inflation is a multi-vector process. For example, in the system of relations "creditors-debtors" thousands of various combinations are involved in the movement of credit money in the economic system (from issuer to issuer) [4]. The movement of newly produced value is carried out between all participants in economic relations. Only the actual fullness of redistribution channels (the amount of appropriation) differs significantly between the subjects of relations.

Third. Traditionally, when considering the factors that generate the inflationary process, the dominant factor is singled out - the wages of employees. A firm opinion has been established that it is in the process of distributing national income that wage growth (in excess of labor productivity growth) predetermines and stimulates the development of inflation. In the process of distribution of the national income, the newly created value, of course, other social groups also take part. Each group claims to receive its share. In addition, she (this social community) receives this share. The above statements list various social communities, but not all.

Fourth. Regarding the first of the conclusions of the serious and qualified research we have mentioned above - "the problem of inflation is becoming less and less relevant". This conclusion is poorly linked with the title (very successful from our point of view) of the work itself: "Inflation: a modern look at the eternal problem". Although, apparently, this conclusion should, as it were, logically reinforce the final, final, "strategic" conclusion of the author: "The world is faced with another impending threat - global deflation". Even if we conditionally assume that this is so, then the first conclusion (singled out by us from the totality of others) is intended to fulfill a functionally service, subordinate role, i.e. just to emphasize the main dominant of the author's "Conclusion": global deflation is a looming threat.

Traditionally, our consciousness, perceiving various socio-economic models that explain the nature, characterizing the features of the deployment of social relations,





and the theoretical dogmas that substantiate them, evaluates these models as natural, necessary, inevitable, brought into human life "from above". Following this, consciously or not, a person, a separate individual in personal or social behavior, no matter what function he performs and no matter what social status he occupies, turns these theoretical dogmas into stable stereotypes of his consciousness, and then inevitably transforms these dogmas into daily behavioral responses. This is how mass, stable social behavior arises. In such conditions and with the set of theoretical dogmas that still dominate the minds of the managerial elite, as practice shows, it is not possible to effectively solve the problems of ensuring the stability of the functioning of the national financial system. The inconsistency of the proposed, and most importantly, decisions taken by governments predetermines the need to rethink the established socio-economic stereotypes and theoretical dogmas [5].

The methodology for studying the stability of financial systems, and above all inflationary processes, and after that a new paradigm for the formation of a unified state anti-inflationary policy should be based, from our point of view, on a number of postulates.

First postulate. Understanding the unified state anti-inflationary policy as a socio-economic policy of the state, associated with ensuring the conditions for the optimal functioning of the national monetary system.

Second postulate. Understanding and following this recognition of inflation as a powerful redistributive process, the process of redistribution of national wealth between the subjects of socio-economic relations.

Third postulate. The "power" of the inflation process in a particular socio-economic system is primarily due to the specifics of national "influence" factors.

Fourth postulate. An analysis of the causes of inflation and, as a result, the determination of the dominants of this redistribution process in order to take effective measures to protect the most "vulnerable" elements of the socio-economic system should be based on the system-functional research method.

Fifth postulate. Anti-inflationary policy as a systemic phenomenon includes a complex of interdependent components - various subject policies. The list of these subject policies is determined by the nature of inflation.

Sixth postulate. The nature of inflation lies in the dysfunction of money. This postulate is fundamental for the theory of inflation and, as a result, for the anti-inflationary policy formed by the authorities.

Summarizing the results of our study and speaking about the need to revise the methodology for the formation of the state anti-inflationary policy, we note the



following. In the most advanced understanding, the essence of inflation is interpreted today as “a steady, long-term decline in the purchasing power of money.

The essence of inflation should be seen as a steady "decrease in the social value of money." Moreover, the nature of inflation lies in the dysfunction of money. The distorting effect of the "diversity" of factors on the functions performed by money (measures of value, means of circulation, means of payment, means of accumulation, world money) predetermines the need to include a set of subject-functional policies in the national anti-inflationary policy. These are, first of all, monetary, price, tariff, interest, currency, credit policies, policy in the field of formation and development of the national payment system, fiscal, rent, dividend policies, wage policy and other subject-functional policies determined by the need to fulfill (observe) a universal "social contract" regarding the sustainability and stability of a certain "social value", which today, in essence, is money. If money begins to “regularly perform” the functions prescribed to it from birth and accepted by society within the framework of this very “social contract”, if we save money from these, unfortunately, numerous, and in Uzbek conditions a number of very dangerous “diseases”, we can assume that, firstly, the national monetary system will gain stability; and desired power.

The criteria of anti-inflationary policy - "decrease in the social value of money" and "redistribution of national wealth between the subjects of socio-economic relations" - should impose significant threshold restrictions on the list and socio-economic content of measures that form the basis of these very subject-functional policies that form in their system unity strategy to ensure the stability of the national monetary system. If these criteria are recognized as systemically necessary, accepted by the authorities, primarily monetary, and are the basis for the formation of key subject-functional policies, within the framework of the national anti-inflationary strategy (policy), then their consistent implementation will ensure the unconditional fulfillment by the Central Bank of Uzbekistan of its key function, laid down in the Constitution of the Republic of Uzbekistan - protection and ensuring the stability of the national currency of the Republic of Uzbekistan.

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