

Choice of monetary regime in the economic and social realities of Ukraine

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One of the main preconditions for the effective functioning of the economy is the stable and low inflation ensuring. The achievement of the inflation target possible, primarily, due to the choice of the optimal monetary policy of the Central Bank. Given the socio-economic realities of Ukraine, the most expedient thing is the implementation of the inflation targeting regime.

Inflation targeting should be viewed as a monetary system, which is characterized by a public proclamation of official quantitative inflation target in the medium term and a clear understanding and confidence that low and stable inflation is the primary goal of monetary policy in the long run. Also an important condition for the implementation of this monetary regime is that it will stimulate positive changes concerning the implementation of monetary policy, strengthening

the use of its main tools effectiveness to increase the National Bank independence in terms of accountability and transparency and will contribute to the development of the system analysis and forecasting of the inflation target in the country.

There are following ways to improve the monetary control in conditions of the inflation targeting regime implementation: enhancing the role of interest rates in the inflation management through the compliance of basic rules of interest policies; strengthening the capacity of the NBU to develop its own forecasts of macroeconomic indicators, which will be the basis for making monetary decisions and will enhance the independence of the regulator; providing of a better monetary and fiscal policies coordination to achieve the inflation target and keeping it at a low level for a long time.