

So, today it is of urgent importance for Ukraine the issue of developing effective fiscal rules that would enable the government to pursue an active fiscal policy and restrain excessive government spending caused by political aspects. At the same time, the most necessary is to deepen the unification of the national tax system with the tax systems of the EU Member States in terms of composition, structure, and mechanism of basic taxation. This approach will lead to the approximation of the legislation of Ukraine to the legislation of the leading countries of the world, which will expand the borders and desire for the cooperation of foreign partners with the national producer.

Thus, it can be said that there is an urgent need to move to an expansionary model of the fiscal policy of the state, which envisages broadening the range of government-funded programs, carrying out large-scale tax reform aimed at liberalizing taxation and eliminating corruption mechanisms that are “protected” by the “right” acts regulating the process of taxation and tax control.

We believe that it is impossible and inexpedient to completely change the country's tax system. You also do not need to take in other countries' tax systems, as all countries and populations are different, and borrowing systems are likely to be less effective. So we decided that the best thing was to gradually change our system, which had been in operation for many years, based on the experience of foreign colleagues and taking into account domestic realities. For example, the program of reforming public finances in Ukraine is being implemented today, which is formed taking into account the experience of the EU member states. The program is aimed at ensuring the sustainability of the public finances of Ukraine. The main direction of these changes is to carry out fiscal consolidation, which aims at reducing the deficit of the public finance sector and reducing the growth rate of public debt [3].

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### **THE IMPORTANCE OF ESTABLISHING AN "OPEN DIALOGUE" BETWEEN ECONOMIC INSTITUTIONS AND POPULATION IN THE CONDITIONS OF MACROECONOMIC INSTABILITY**

In the last two decades most of central banks and other economic institutions started to communicate a lot. These organizations started to talk about their objectives, procedures, rationales, models, and data, etc. This mostly started after Global financial crisis and was caused by few reasons.

Firstly, standard monetary policy instruments have lost their effectiveness, since a drastic reduction in key rates, or even setting them at a negative level, did not help stimulate economic growth. This made central banks use communications as a separate powerful monetary policy tool.

Secondly, the use of non-standard tools to overcome the tough financial crisis (negative key rate, quantitative easing programs) have created many questions for the activities of central banks.

For example, who is to blame for the fact that interest rates on deposits fell to almost zero, and in some countries even became negative? Why do central banks and governments save banks whose risky activities have led to the global financial crisis? Does the purchase of Distressed securities by central banks make economic sense?

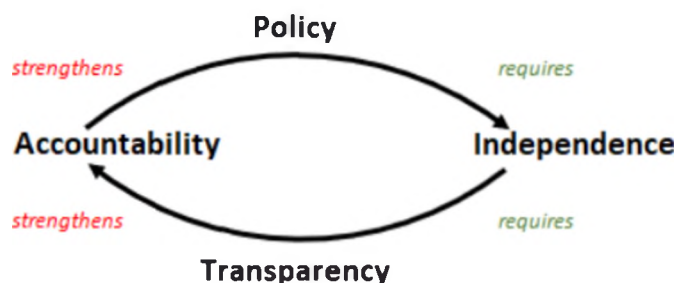
Academic studies also demonstrate the need for changes in the communications of central economic institutions. For example, in the case of central banks, such communications prove that inflationary expectations of the population and entrepreneurs react very weakly to standard communications aimed at professional participants in financial markets. In addition, an experimental analysis of Bank of England specialists indicates that people without an economic education are much more likely to perceive communication on monetary policy if it is stated in plain language or visually.

Another reason is uncountable number of news sources, fake, substandard or subjective news, which can cause misconduct of economic agents. So, central bank, ministry of finance, ministry of economy and other economic institutions should communicate and explain their aims, goals and how they are planning to reach it.

Information about the bank that appears in the media plays a crucial role. A dramatic example of this is the story of a one-day bank crash. This type of message, as a rule, is a signal of bank instability for its clientele. One careless word in the media can cause significant damage to the bank. Experience shows that, especially during periods of crisis, normal relations with the media should be established, so that competitors, rumors, etc. could not damage the bank. For example, the Bank of Ukraine experienced certain difficulties in its activities, and information began to leak into some media that the bank was terminally ill. The whole situation threatened with a crisis if it had not been for a decision to actively work with the press in order to neutralize rumors and maximize reassurance to the public. For this, the whole range of tools was used: press conferences, interviews, and speeches of the bank's top officials. In a literal sense, the bank did not refuse to provide information to anyone, except for confidential, of course. But the greatest effect was produced by the bank's audit report on the results of the audit of the financial activities of Bank Ukraine from the world-famous firm Arthur Andersen. As a result, the bank was able to survive.

On graph 1 highlighted the important connections among the key concepts that make up central bank governance. Bridging independence and accountability is the notion of transparency, and a vital component of allowing independent central banks to test their effectiveness and public accountability [1].

Independence requires transparency and provides the basis for sound monetary policy.



Sources: IMF, 2019, Staff Proposal to Update the Monetary and Financial Policies Transparency Code. IMF Policy Paper, May 2019. Washington, D.C.; International Monetary Fund.

***Graph 1. Reinforced connections [1]***

Independence and accountability are also necessary to ensure good governance and prevent long-term decline in institutions. Poor governance and corruption not only harm the economy through short-term disruptions, but also have a detrimental effect on institutions, weakening their effectiveness. Central banks are not insured.

Thus, over the past few decades, central banks have overcome the path at first from almost complete mystery to understanding that it is necessary to communicate with the market, but in such a way that market participants cannot foresee the actions of the central bank, and ultimately to complete transparency and awareness that Monetary policy communications are themselves an instrument of this policy. As a result, central bank external communications today increase the effectiveness of a regulator's policy by explaining the logic behind decision-making, their causes and consequences, and helping the public, business, banks, and other clients and partners of the central bank make informed decisions, provide a clear picture of policy orientations and directions in the medium term.

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## **WAYS OF CONVERSION OF MILITARY PRODUCTION**

The Defense-Industrial Complex is a major component of the functioning of the armed organization of the state and part of the complex military-economic mechanism of the Armed Forces of Ukraine. It is a complex structure consisting of sets of research, testing organizations and manufacturing enterprises. These enterprises develop, manufacture and supply military and special equipment, ammunition, equipment for the Armed Forces of Ukraine and are a source of financial resources to the state from the sale of high-tech products on the world market. A large number of enterprises and a significant concentration of resources in the defense industry have put conversion into a number of priority areas of industrial policy.

Conversion of military production is the state-regulated process of structural reform of the defense industry, which provides the reorientation of defense enterprises, the SRI (Science and Research Institute) release of civilian products on the basis of complete or partial withdrawal of military orders and implementation of a set of socio-economic, scientific and technical measures to redefine the defense complex.

In terms of economics, the defense industry's conversion is a redistribution of resources released to enterprises as a result of the reduction of state defense spending, and therefore represents a kind of adaptation process of enterprises to external conditions. Conversion should not endanger the country's defense and national security or to lead to the destruction of the defense industry, so this process must be regulated by the state. Main areas of conversion for defense industry are: