



### **3. Ukraine Russia Conflict: It's Social and Economic Implications**

**Dr. Girish Kumar Painoli**

*Professor and Head,  
Faculty of Management, Economics and Commerce,  
ITM Vocational University,  
Vadodra, Gujarat.*

#### **ABSTRACT**

*Russian troops entering Ukraine on February 24 provoked widespread protests across the nation. Global peace and security are threatened by the conflict in Ukraine's eastern regions. In other words, the situation in Ukraine has ramifications that are felt around the world. In addition, the social implications of Ukraine's unrest have an impact on the course of European development. Conflict between Russia and Ukraine will have a significant impact on the global economy through three primary channels: financial sanctions, commodity prices, and supply-chain disruptions. It was expected that important global macroeconomic metrics will return to normal during the 2022-23 following the COVID-19 pandemic. As a result of the conflict, Americans are becoming less reliant on Russia for their primary energy needs. Market design should be reexamined by policymakers in order to assure energy security and to implement incentives to enable a green transition that is widely supported.*

#### **KEYWORDS**

*Russia, Ukraine, Economic Impact, Social, Economic.*

#### **Introduction:**

Russia's invasion of Ukraine continues to have an impact on international markets for gasoline, food, and fertilizer. The crisis and the unexpected application of economic sanctions, trade restrictions and policy efforts have resulted in an increase in commodity prices. [1]

Commodity prices throughout the world have risen due to supply problems in Russia and Ukraine, two significant suppliers. The International Monetary Fund (IMF) has already issued a warning. The cost of food has increased due to increased exports of wheat from the Ukraine and Russia. [2] As projected by the International Monetary Fund, the global economy would grow at a slower pace and inflation will rise (IMF).

Economic authorities have huge challenges as inflation is on the increase and the post-pandemic recovery has become uneven. Banks should monitor inflation expectations to protect financial markets from collapsing under the weight of an unexpected supply shock from higher commodities prices. In order to ease the crisis's immediate effects, inflation must rise and monetary policy flexibility reduced. [4]. In order to improve energy security and competitiveness, regulatory steps to alter the market architecture may reduce some of the short- and long-term disruptions in the market.

In terms of food production, Russia and Ukraine are two of the world's top nations. As a result of their large wheat and barley production, they account for a large portion of the world's sunflower oil production as well. Crude oil and natural gas exports from Russia rank second in the world. Belarus and Russia are the world's leading exporters of fertilizer, accounting for over a fifth of all worldwide exports. [5]

Due to the current circumstances, Ukraine is experiencing a food crisis in numerous places, such as Mariupol, with limited or no ability to bring in more supplies. The invasion of Ukraine has sparked a larger economic war, which is contributing to the current food shortages. Price spikes and shortages will not be restricted to Ukraine; they will have a significant impact on the economies of other Eastern European countries, as well. [6]

Politics in Ukraine are already having an impact on international trade, and this is just the beginning. The daily uncertainty index has fallen since the start of the Covid epidemic. According to recent company surveys, there has also been an increase in inflation-related subjective uncertainty indices. 48 percent of UK businesses said this dispute was one of their "top three" concerns in March. This is lower than the percentages cited for Covid-19 and Brexit at their heights, respectively. [7] Multiple factors contribute to this unpredictability, including the use of energy, import exposure, discretionary expenditure, and ties between firm directors and regions rife with war. These are only some examples.

### **Review of Literature:**

Prior to the Ukraine crisis, Dergachev (2001) and Davis (2016) [9] addressed the influence of Ukrainian-Russian ties on European states. Our research will also examine the impact of the Ukraine war on European-Russian relations as a whole.

According to Kurowska (2014) and Shelest (2015) [11], the Russian seizure of Crimea was seen by them as part of Russian multipolarity policies and as a prelude to military conflict. In 2016, Kiryukhin researched the crisis between Russia and Ukraine. Both nations' conservative ideologies, says the expert, were responsible for the outbreak of war.

Alexandrova Arbatova (2016) [13] and Rojansky (2014) [14] have addressed Russia's conflict with Ukraine. According to the first author, Russia and the EU's divergent regional objectives are clashing for the first time in Ukraine.

### **Objectives:**

- To investigate the impact of war on global economic growth and inflation
- To understand the social and economic consequences of war

- To look at Russia and Ukraine's exports and imports.
- An analysis of the global situation before a war

### Research Methodology:

"Research Methodology" is the study of how a study's procedures were chosen and implemented. Additional information on technique selection and application may be found in the presentation's theoretical concepts. My research for this study was mostly based on information that has previously been published elsewhere. The information gathered for this research came from a variety of sources, including the Website.

### Result and Discussion:

To ensure a long-term recovery from the pandemic, effective vaccination programs and macroeconomic policies needed to be adopted. The International Monetary Fund (IMF) expects global GDP to rise by 4.5% in 2022 and 3.2% in 2023. (IMF). Starting with this image, we have Figure 3.1. [15] Early 2022 data from the national accounts and other high-frequency indicators mostly supported this conclusion. A small hiccup occurred when the Omicron version was made available (Figure 3.1, Panel B).

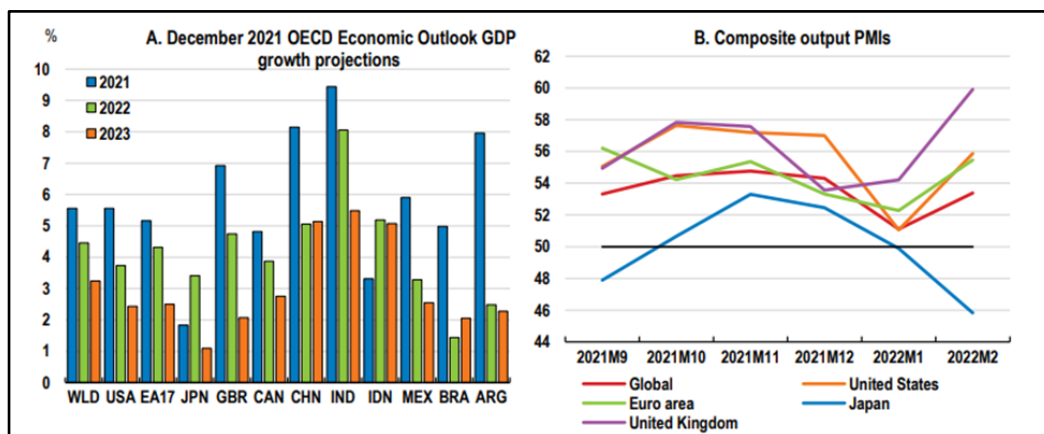
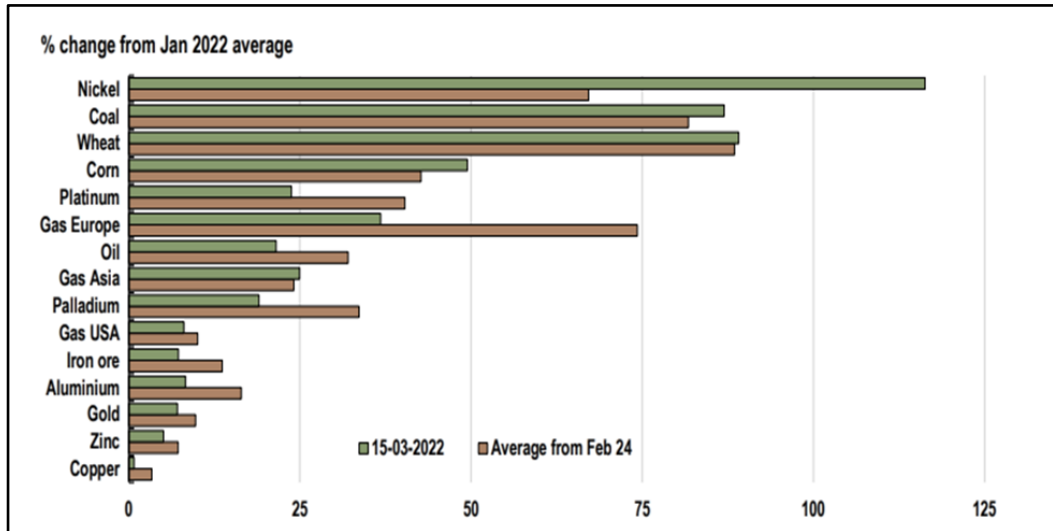


Figure 3.1: Prior To The War, A Global Recovery Was Underway.

In comparison to the worldwide exports of oil, grain, corn, mineral fertilizers and natural gas make up around 30 percent of Russia and Ukraine's total exports. In addition, metal exports from Russia and Ukraine are heavily dependent on international supply chains.

Nickel, a critical component in steel and battery production, is also in Russian hands in large quantities. Aside from semiconductors and titanium sponge for aircraft, both nations are major manufacturers of argon and neon. [16] Uranium is abundant in each of these countries. Despite the fact that production and exports have been unaffected, the prices of several of these items have climbed dramatically since the start of the conflict (Figure 3.2).



**Figure 3.2: Shows That The Prices Of Russia And Ukraine's Primary Export Goods Have Risen Sharply.**

With a few notable exceptions, the economies of Russia and Ukraine are modest players in the global economy. Exports to the rest of the world made up 2.2% of Russia's total GDP in 2021, while GDP made up just 1.7%. [17] Ukraine contributed 0.2% of global GDP and 0.3% of global exports in 2012. Trade between the United States and the rest of the world, particularly with Europe and Asia, is extremely common. (See Figure 3.3 and 3.4).



**Figure 3.3: Ukraine and Russia's Merchandise Exports and Imports, Broken Down By Region, For the Year 2021.**

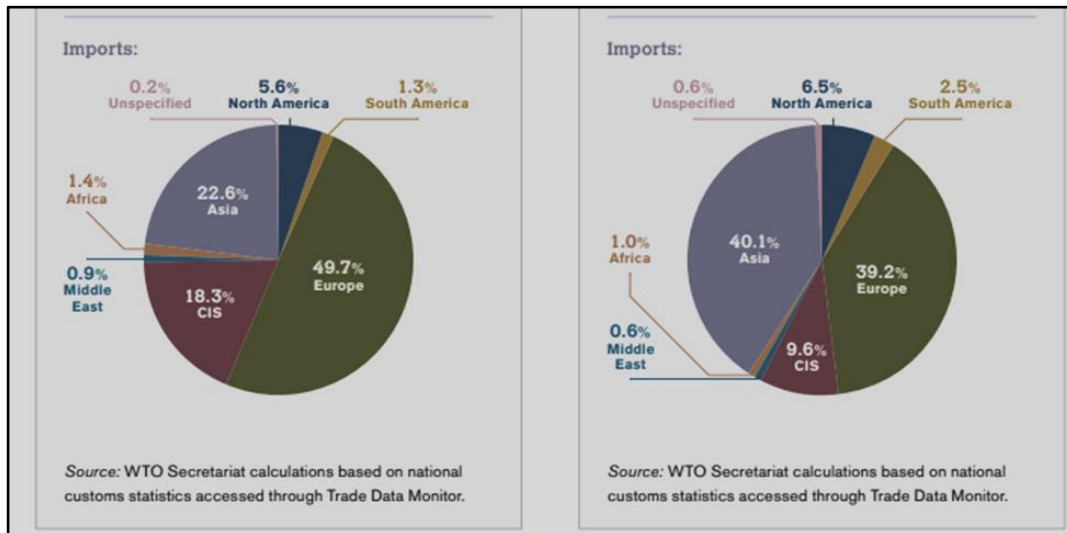


Figure 3.4: Exports of Goods from Ukraine and Russia by Area, 2021.

It is imperative that Ukraine's social and economic concerns are fixed in the most innovative way possible. Ukrainian resources and European skills can only be properly exploited when they are combined. Proposals to solve Ukraine's social and economic issues have thus been made. [18]

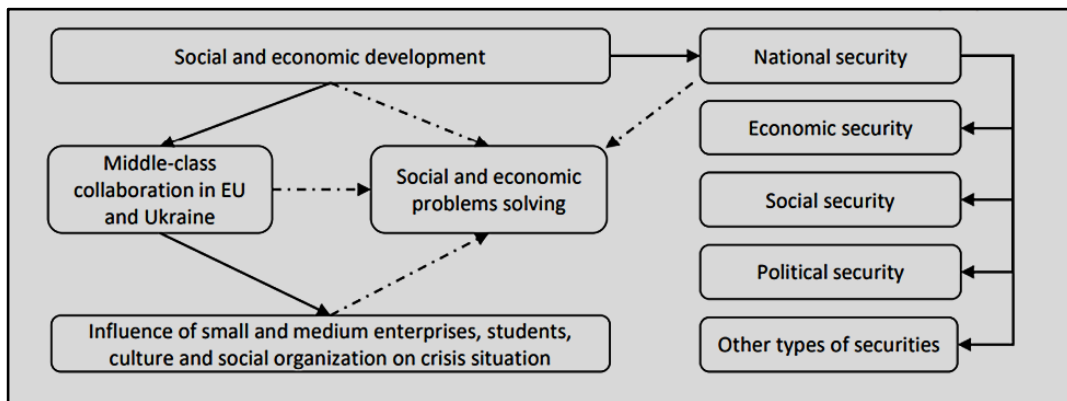
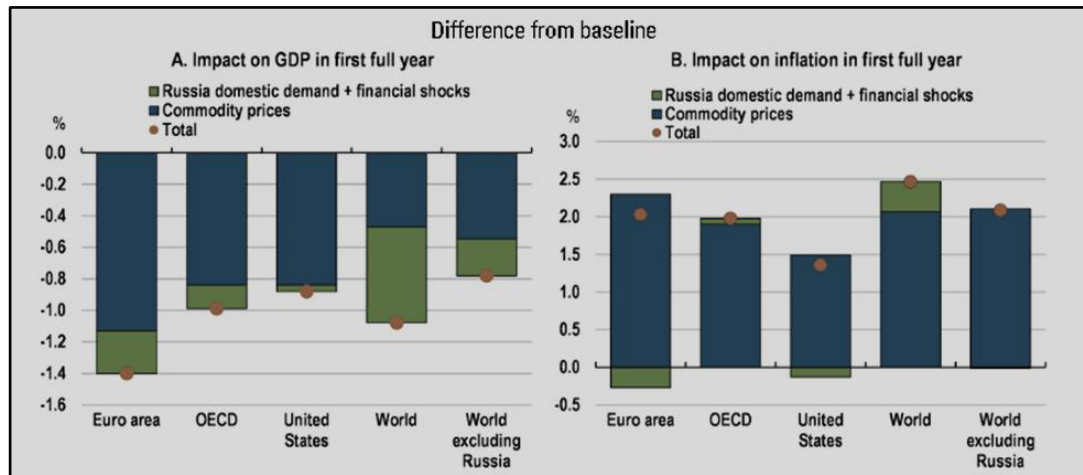


Figure 3.5: Problem-Solving Mechanisms in Ukraine's War-Torn Society and Economy.

There is a lot of uncertainty about the economic impact of the conflict, which will be partly determined by how long it lasts and what policies are implemented. Economic development will be slowed and inflation will rise if war breaks out in the near future. [19] In its first full year following the conflict's commencement, an illustrated model suggests that global growth might be cut by more than 1% and worldwide inflation could rise by about 2%. After the first two weeks, Russia's inflation rate is expected to rise by about a quarter of a percentage point. [20]



**Figure 3.6: The Conflict Implies A Substantial Hit To Global Growth And Stronger Inflation.**

### **Conclusion:**

According to new research, the crisis in Ukraine has exacerbated mortality and migration rates, crime and unemployment, all of which have already been on the rise. To keep Europe and the rest of the globe safe, we must adopt a more positive and realistic approach. It is our belief that economic pillars should be used as a basis for policy, which should lead to negotiations, secure a pause of hostilities in Eastern Ukraine, and set the groundwork for long-term cooperation. Both natural resource conservation and the promotion of non-political cooperation should be the focus of this program. Cooperation between the middle and upper classes is one approach, as is scientific cooperation (universities, academics, student mobility, cultural/environmental cooperation and collaboration between small and medium enterprises) (SME).

### **References:**

1. Amann, C. and Carey, N. (2022), "Ukraine invasion hampers wire harness supplies for carmakers" (Reuters, 2 March 2022).
2. Bekkers, E. and Teh, R. (2019), "Potential Economic Effects of a Global Trade Conflict: Projecting the Medium-run Effects with the WTO Global Trade Model", Staff Working Paper ERSD-2019-04, Geneva: WTO.
3. Eddy, N. (2022), "Leoni boosts Ukraine wire harness output amid risk of Russian rocket attacks" (Automotive News Europe, 23 March 2022).
4. Food and Agriculture Organization of the United Nations (FAO) (2022), "The Importance of Ukraine and the Russian Federation for Global Agricultural Markets and the Risks Associated with the Current Conflict", Information Note, Rome: FAO
5. Altig, D E, S Baker, J M Barrero, N Bloom, P Bunn, S Chen, S Davis, J Leather, B Meyer, E Mihaylov, P Mizen, N Parker, T Renault, P Smietanka and G Thwaites (2020), "Economic uncertainty in the wake of the Covid-19 pandemic", VoxEU.org, 24 July.

6. Bachmann, R, D Baqaee, C Bayer, M Kuhn, A Löschel, B Moll, A Peichl, K Pittel and M Schularick (2022), “What if Germany is cut off from Russian energy”, VoxEU.org, 25 March.
7. Berner, R, S Cecchetti and K Schoenholtz (2022), “Russian sanctions: Some questions and answers”, VoxEU.org, 21 March.
8. Dergachev, A. (2001). Ukrainian-Russian relations – European and Eurasian contexts. *Russian Politics & Law*, 39(6), 57-63.
9. Davis, C. M. (2016). The Ukraine conflict, economic–military power balances and economic sanctions. *Post-Communist Economies*, 28(2), 167-198.  
<https://doi.org/10.1080/14631377.2016.1139301>
10. Kurowska, X. (2014). Multipolarity as resistance to liberal norms: Russia’s position on responsibility to protect. *Conflict, Security & Development*, 14(4), 498-508.  
<https://doi.org/10.1080/14678802.2014.930589>
11. Shelest, H. (2015). After the Ukrainian crisis: is there place for Russia? *Southeast European and Black Sea Studies*, 15(2), 191-201.  
<https://doi.org/10.1080/14683857.2015.1060019>
12. Kiryukhin, D. (2016). Russia and Ukraine: the clash of conservative projects. *European Politics and Society*, 17(4), 438-452. <https://doi.org/10.1080/23745118.2016.1154130>
13. Alexandrova-Arbarova, N. (2016). Geopolitical challenges for the post-bipolar Europe. *Eastern Journal of European studies*, 7(2), 31-46.
14. Rojansky, M. (2014). The Geopolitics of European Security and Cooperation. *Security and Human Rights*, 25, 169-179. <https://doi.org/10.1163/18750230-02502006>
15. Bloom, N, S Chen and P Mizen (2018), “Rising Brexit uncertainty has reduced investment and employment”, VoxEU.org, 16 November.
16. Bloom, N, P Bunn, S Chen, P Mizen and P Smietanka (2020), “Brexit uncertainty has fallen since the UK general election”, VoxEU.org, 25 February.
17. Bunn, P, D E Altig, L Anayi, J M Barrero, N Bloom, S Davis, B Meyer, E Mihaylov, P Mizen and G Thwaites (2021), “Covid-19 uncertainty: A tale of two tails”, VoxEU.org, 16 November.
18. Acosta, P., J. E. Baez, G. Caruso, and C. Carcach. 2020. “The Scars of Civil War: The Long-Term Welfare Effects of the Salvadoran Armed Conflict.” Policy Research Working Paper 9430, World Bank, Washington, DC.
19. Akresh, R., G. D. Caruso, and H. Thirumurthy. 2022. “Detailed Geographic Information, Conflict Exposure, and Health Impacts.” *World Development* 155: 105890.
20. Armantier, O., L. Goldman, G. Kosar, G. Topa, W. van der Klaauw, and J. C. Williams. 2022. “What Are Consumers’ Inflation Expectations Telling Us Today?” Federal Reserve Bank of New York Liberty Street Economics, February 14.