

GLOBAL INEQUALITY: CONSEQUENCES OF WAR

The impact of the war in Ukraine on global economic inequality is a multifaceted issue, encompassing several dimensions including geopolitical shifts, supply chain disruptions, energy prices, and agricultural outputs and others. Prior to the conflict, many EU countries were heavily reliant on Russian energy imports, particularly natural gas. This dependence varied across the bloc, with Eastern European countries generally more reliant than their Western counterparts.

The war and ensuing sanctions against Russia disrupted these energy supplies, leading to soaring energy prices. The impact is twofold:

National Level: Countries more dependent on Russian energy, like Germany and Italy, faced greater economic strain, potentially widening economic disparities within the EU.

Increased energy costs disproportionately affect lower-income households, which spend a larger share of their income on utilities, exacerbating income inequality within individual member states.

Also agricultural issues were influenced by war. Ukraine is a major exporter of agricultural products, notably grains and vegetable oils, to many EU countries. The war's disruption of Ukrainian exports led to increased food prices. This again has a disproportionate effect on lower-income households, aggravating income inequality both within and across EU member states. Countries with less diversified food import sources or weaker economic resilience are more severely affected.

The conflict has caused a significant influx of Ukrainian refugees into the EU. While the EU has shown solidarity in welcoming refugees, this sudden increase in population can have short- and long-term economic impacts.

The integration of refugees into labor markets presents both challenges and opportunities. While it can lead to increased labor competition in certain sectors, potentially affecting low-wage workers, the proper integration can also contribute positively to economies.

The EU has responded with various fiscal measures to mitigate the economic impact of the war, including support packages for energy and food security.

The efficiency of these measures can vary across member states, depending on their fiscal capacity and the severity of the impact they face. This could lead to diverging economic recoveries within the EU, potentially widening economic disparities.

In conclusion, the war in Ukraine presents significant challenges to economic equality within the European Union. Its impacts are varied and complex, affecting member states and their populations in differing degrees. Addressing these challenges requires a nuanced understanding of the diverse economic landscapes within the EU and a coordinated, inclusive policy response.

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FINANSIAL STABILITY AND ITS ROLE IN ENSURING ECONOMIC GROWTH

The purpose of the article is to study the concept of financial stability, its importance for economic growth, and to identify the key factors that contribute to its achievement. The article also aims to analyze the challenges faced by financial sector regulators in maintaining financial stability and to propose possible solutions to overcome them.

Financial stability is the state of the financial system in which it is able to properly perform its main functions, such as financial intermediation and making payments, as well as withstand crisis phenomena. A stable financial system guarantees the uninterrupted operation of financial institutions, markets and infrastructure, which are vital for supporting investment, lending, international trade and overall economic development.

One of the key factors of financial stability is a healthy banking system. Banks play a central role in financial intermediation, distributing savings from lenders to borrowers. Problems in the banking sector, such as poor asset quality, capitalization or illiquidity, can have serious consequences for the economy. Therefore, financial regulators should carefully monitor the performance of banks and take timely measures to maintain the stability of banks.