

Social And Economic Impact Due To The Russo-Ukrainian Crisis

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Abstract - The following research paper consists of a detailed analysis on the social and economic impact due to the recent Ukrainian crisis. There is a detailed explanation of the impact of the crisis on Ukraine and Russia, as well as a few detailed examples of the effect of this crisis on a global level. In the section on the impact of the crisis on Ukraine and Russia, there are detailed subsections discussing the impact on children and how their childhood has been snatched away from them, the impact on students pursuing their higher education in one of these countries and how they were left stranded amidst the crisis, the impact on refugees and how they faced multiple challenges settling in new places, and the impact on businesses and how unstable they became as they were recovering their losses from the COVID times. I also discussed the European energy crisis, wheat price inflation, and the impact of the war on African countries, as well as a possible future impact on both countries after the war.

keywords - effect on children, businesses, students, refugees, effect on russia, effect on ukraine, european energy crisis, wheat price inflation, impact on african countries, future impact.

I. SUMMARY OF THE CRISIS

The Russian invasion of Ukraine has been an infamous topic of discussion these past few months. [2] The Russo-Ukrainian war has been going on since 2014, but on February 24, 2022, this war aggravated when Russian President Vladimir Putin announced a military operation for the "demilitarization and denazification" of Ukraine. Putin claimed that Ukraine was governed by neo-Nazis who were persecuting the ethnic Russian minority, which was a false accusation. Soon after, airstrikes hit across Ukraine along with ground invasions from different directions, and this is how the war started. The war affected not only Russia and Ukraine but also the entire world. Whether it was economic or humanitarian, every section of the world was affected by this war.

II. IMPACT OF WAR ON UKRAINE

Children

According to UNICEF, the greatest burden of the economic crisis is borne by children living in Ukraine. These kids make up 25% of the population and almost 40% of the additional 10.4 million people living in poverty. The issues facing a child living in poverty aren't just restricted to the financial sector. The rapid increase in this can result in approximately 4,500 children dying before their first birthday and approximately 117,000 kids dropping out of school.

When a family enters the sector below the poverty line, most of their income goes into necessities like food, fuel, etc. Due to this, the family is unable to focus on other important aspects, such as education and health care. This makes the children victims of child marriage, exploitation, abuse, and violence.

Refugees

The Operational Data Portal from UNHCR states that 7,832,493 refugees from Ukraine were recorded across Europe. Most refugees were relocated to prosperous European countries such as Poland, which hosted 1,422,482 refugees; Germany, which hosted 997,895; Italy, which hosted 170,646; and the United Kingdom, which hosted 134,200. But approximately 2.85 million refugees shifted to Russia either forcefully or willingly and had to go through an elaborate screening process conducted by Russian authorities.

[8,9] Ukrainians who sought refuge in Russia were subjected to extensive questioning, including being stripped naked and having their belongings searched. Some were placed in guarded camps, and others were forced to stay in Russia. This was especially seen in the city of Mariupol. According to refugee groups, volunteer organizations, and government officials, people who were thought to have support for the Ukrainian military were being detained and tortured. Questions like "Who do you support, Russia or Ukraine?" were asked a lot. But the Russian Foreign Ministry had denied allegations that it forcibly displaced people from the war zone, stating that they do not obstruct civilians leaving the active hostility zones and only conduct thorough inspections to detain fascists and criminals. People who opted for temporary residence in Russia had to give their passports to the government.

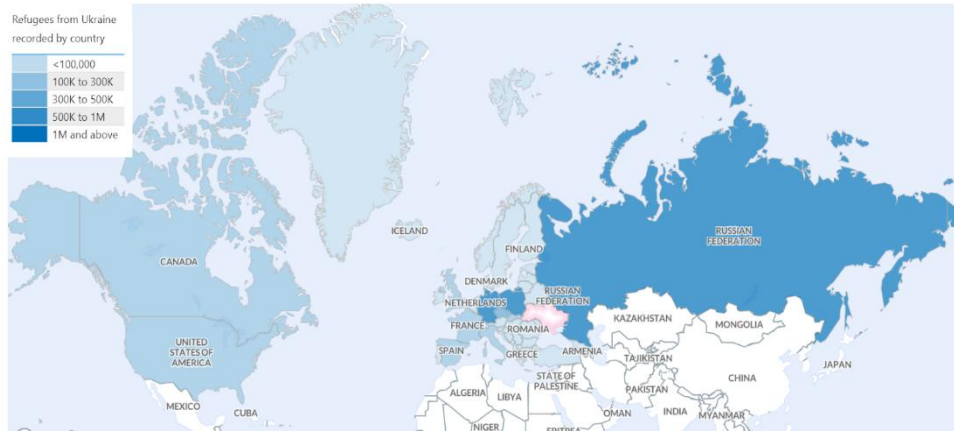


Figure 1.1 Refugees from Ukraine [8]

Students

The World Bank reported that 16% of the total enrolled students and 6% of the total educators fled to neighboring countries to seek refuge. This has caused many schools and universities to resume classes through online means, but this is ineffective for students below the age of 5. Universities have better coverage in terms of syllabus gaps, followed by schools (grades 5-11) with access to the All-Ukrainian Online School e-platform for distance and blended learning. However, the online platform is static, and many teachers do not regularly use it as it offers little opportunity for direct student-teacher interaction. The pandemic-related closures and war in Ukraine have resulted in significant learning losses for many Ukrainian children, resulting in over one year of learning losses. This prolonged closure of schools will make Ukraine one of the lowest-performing countries in Europe, according to HLO. This effect could be substantial, with future earnings losses of more than 10% per year per student.

International students, on the other hand, have a whole set of different problems. Thousands of foreign students, mostly from South Asia and Africa, come to Ukraine to study medicine, among other courses. Ever since the war started, students have struggled to find shelter or evacuate safely and have made desperate calls for assistance. [7] Some international governments made arrangements to bring their students home. Unfortunately, students who were studying there have lost their momentum and the continuous flow of education they needed, which has left them stranded with their futures threatened. An offer from the Russian government, stating that they could finish their education in Russia since the syllabus and language spoken are the same, gives the students a chance to finish their course. Although this offer does provide support to the students, this war has had an impact on their education, which will affect them in the future.

Businesses

The economic and business sectors in Ukraine are severely affected, adding to the challenges companies were facing in the aftermath of COVID. Forced to cope with rising inflation, supply chain pressures, skills shortages, and shifts in consumer behavior, business leaders are now dealing with the unmatched scale and impact of the crisis brought about by the war.

[4] There were over 5,000 IT companies in Ukraine. Many were forced to flee, particularly those from the country's east, where the majority of the attacks took place. The IT sector is trying to minimize the impact, while Ukrainian entrepreneurs are making the war their business. Yuriy Zakharchuk's company made costumes for thousands of Ukrainian soldiers, while others are making vests to fit body armor, installing armor in vehicles, and providing ammunition. Most of these businesses work on a charitable basis to support Ukraine and end up generating less profits, but they can provide people with a source of income while helping their country out. The ability to adapt to a situation and make the best of it is truly commendable.

III. IMPACT OF WAR ON RUSSIA

Children

The Russian Federation saw the most drastic increase in the number of children living in poverty, with an additional 2.8 million children now living in households below the poverty line. This represents almost three-quarters of the total increase across the region. It is important to note that this is a conservative estimate that uses a 10 percent drop in GDP.

[5] The Education Minister of Russia had stated that a course on 'weapon assembly' will be added to the school curricula across the nation, which includes how to assemble and disassemble weapons, along with basic first aid. Many parents are unhappy with this situation, believing that the children should be taught how to maintain a peaceful and happy life while keeping the idea of 'war' at bay. Russia has also been accused of 'adopting' Ukrainian children and giving them Russian citizenship. This should be considered genocide, as the very identity of the foe is erased, and even if the child victims require protection, the housing and care should be provided by Ukraine, not Russia.

Refugees

The impact of the Ukraine war on Russian refugees has been significant and multifaceted. Legal, economic, psychological, social, and political challenges make it difficult for them to rebuild their lives in a new country, and the trauma of war and displacement can have long-lasting effects on their mental and physical health.

Economic challenges: Many Russian refugees have had to leave their homes and livelihoods behind, leading to significant economic challenges. They may struggle to find work or housing in their new location, particularly if they are not fluent in the local language or lack local contacts. This can make it difficult to rebuild their lives and provide for their families.

Psychological impact: The trauma of war and displacement can have a significant psychological impact on refugees. Many Russian refugees have experienced loss, trauma, and uncertainty, which can lead to depression, anxiety, and other mental health issues. They may also struggle with feelings of dislocation and a sense of being disconnected from their home and culture.

Social challenges: Refugees may face discrimination and stigmatization in their new communities, particularly if there is a significant cultural or language barrier. They may struggle to make friends or build social networks, leading to social isolation and a lack of support.

Political tensions: The Ukraine conflict is deeply politicized, and Russian refugees may be caught in the middle of political tensions between Russia and Ukraine. They may face hostility or suspicion from local authorities or other members of the community, which can make it difficult for them to feel safe and secure in their new location.

Students

The students of Russia are struggling to maintain the continuous flow of education that they should be receiving. Unfortunately, due to the crisis, the students are going through the following challenges:

Economic challenges: Due to economic instability and a decline in living standards in Russia, it is difficult for some students to afford tuition, textbooks, and other educational expenses. This creates barriers to educational access and limits opportunities for upward mobility.

Academic isolation: Russian students are dealing with a sense of academic isolation. Some academic institutions in Ukraine have stopped accepting Russian students, and some Russian universities have stopped collaborating with Ukrainian institutions. This can limit opportunities for cross-cultural exchange and collaborative research. Due to a rise in nationalist sentiment in both Russia and Ukraine, tension, and prejudice towards students from the opposing country is created. This creates a hostile environment and makes it difficult for Russian students to feel welcome in Ukraine or other countries.

Psychological impact: The trauma of war and displacement can have a significant psychological impact on refugees, leading to depression, anxiety, and other mental health issues. They may also struggle with feelings of dislocation and being disconnected from their home and culture.

Businesses

In 2020, Russia was the world's sixth-largest economy, but ever since the invasion of Ukraine struck, the Russian economy has completely shuddered. Inflation is at an all-time high in Russia, with an average of 13.9% in 2022, and continues to fluctuate. Due to a sense of political instability and uncertainty, businesses are affected in terms of confidence and investment. The ongoing conflict and tensions between Russia and Ukraine make it difficult for businesses to plan and make long-term investments. The following points elaborate more on the same.

Economic sanctions: Following the annexation of Crimea in 2014, the EU and US imposed economic sanctions on Russia, targeting key sectors such as finance, energy, and defense. These sanctions have restricted access to finance, technology, and international markets for Russian businesses, leading to a decline in trade and investment, due to which Russia has experienced the worst decline in GDP, as much as 15% in 2022, destroying the economic gains made in the last 15 years.

Disruption of supply chains: The conflict has disrupted supply chains between Russia and Ukraine, affecting industries such as agriculture and manufacturing. This has led to shortages of goods and increased costs for businesses. This is forcing people to quit their jobs and, in turn, affecting the market on a global scale.

Currency fluctuations: Currently the ruble is at 0.0128 USD and keeps fluctuating, as seen in the graph below. This affects businesses that rely on international trade and finance, and it creates uncertainty and risk for businesses that operate across borders.



Figure 1.2 Ruble fluctuation in terms of U.S Dollar [1]

IV. ENERGY CRISIS IN EUROPE

In Europe, fossil fuels account for around 70% of final energy consumption, and electricity, which accounts for around 22% of energy consumption, is also largely produced from fossil fuels, mainly gas and coal.

In recent years, there has been an increase in gas consumption since gas was seen as an energy transition and was considered cleaner than oil and coal. This was more acceptable to the population than other energy sources, such as nuclear. Europe is vastly dependent on other countries for their sources of energy. About 90% of Europe’s energy is imported, where Russia provides about 41% of natural gas, 21% of oil, and 46% of coal to Europe. This makes Russia a major source of energy for Europe.

When economic sanctions were imposed on Russia by the West, there was negligible impact on the US economy since the US is an exporter of fossil fuels. Whereas Europe's dependency on Russia for energy forced the continent into an energy crisis. This increased market instability is further fueling volatility and prices, which certainly indicates that energy prices will remain higher than the recent average for some time to come. [3] Each country in Europe is trying hard to protect its citizens from the extreme inflation of energy prices. For example, Italy is providing an aid package of *14 billion euros* to help families and firms with the surging prices, and they have also decided to tax firms profiting from the surge to subdue the inflation.

Producer and consumer energy prices in the EU

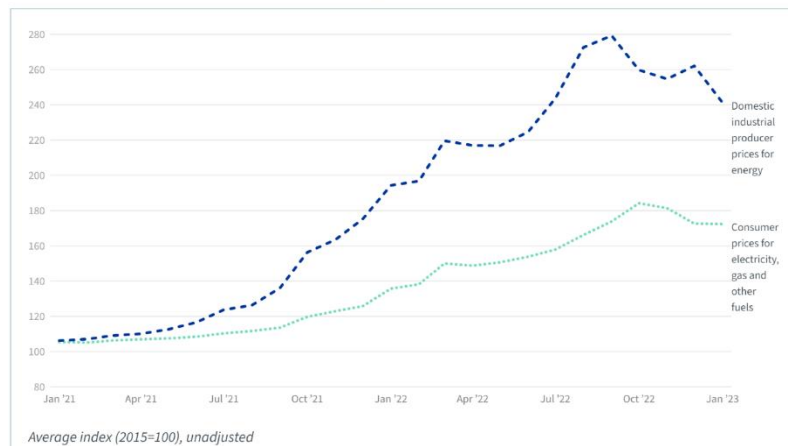


Figure1.3 Energy price inflation in Europe

V. WHEAT PRICES INFLATION

The Ukraine crisis had a significant impact on wheat prices, as Ukraine is one of the world's major wheat exporters. The country is a significant producer of high-quality wheat, and its exports make up a large share of the global wheat market. The conflict disrupted Ukraine's agricultural sector and supply chains, which led to a decline in wheat exports and an increase in global wheat prices.

One of the key ways the Ukraine crisis impacted wheat prices was through supply disruptions. The conflict led to disruptions in Ukraine's agricultural sector, including damage to crops and infrastructure and restrictions on exports. These disruptions led to a decline in Ukraine's wheat exports, which reduced global supply and increased wheat prices. The Ukraine crisis also had an impact on global wheat demand. Some countries that traditionally import wheat from Ukraine sought alternative suppliers, which increased demand for wheat from other countries and contributed to price increases.

The exact percentage of inflation varied depending on the location and market conditions, but some estimates suggest that the price of wheat increased by as much as 30–40% in some regions.



Figure1.4 Wheat price inflation during The Ukraine crisis. [6]

VI. EFFECT ON AFRICAN COUNTRIES

The impact of the Ukraine crisis on African countries has been relatively limited, but there have been some indirect effects. Some of the impacts include:

Geopolitical tensions: The conflict between Russia and Ukraine has created geopolitical tensions, with many countries taking sides or being forced to navigate the political fallout. This can affect the ability of African countries to engage with Russia and Ukraine on issues such as trade, investment, and diplomatic relations.

Arms sales: The conflict has led to an increase in arms sales between Russia and African countries, particularly those with close ties to Russia. This can fuel regional conflicts and exacerbate political tensions in the region.

International relations: The crisis has led to a shift in international relations, with some African countries aligning themselves with either Russia or Ukraine. This can affect diplomatic relations and lead to political tensions between African countries.

VII. FUTURE IMPACT

This war has been a tremendous political achievement for Ukraine, even though it has been extraordinarily costly in terms of lives lost, assets damaged, and towns destroyed.

Ukraine has received recognition as a country on the worldwide stage. Most nations are cast at war, and Ukraine has turned this terrible assault to its long-term benefit by introducing itself to the world as an effective country. It has validated itself as a democracy and a European nation, possessed of a powerful civic nationalism that transcends the Ukrainian-Russian language divide to embody an intensive diversity of ethnic identities: Polish, Jewish, Armenian, and Greek. With its famous president, Volodymyr Zelenskyy, Ukraine has left an indelible mark on the global stage. After a few years of skepticism from core EU states, Ukraine may have proved itself to be part of Europe, of European values, and therefore a potential future member of the bloc. This will permanently alter Ukrainian politics.

Ukraine will become a more confident country, orienting its authorities towards western integration and making use of EU membership. Zelensky has set a decisive course for Ukrainian politics to combine with the West to gain protection and economic advancement. This will help Ukraine become a more confident country.

Russia, on the other hand, might suffer heavily even postwar. Every time Russia lost a war in the past, the state collapsed. For example, the Livonian War in 1558, the Russo-Japanese War in 1905, and the Cold War in 1991. Unless the current president, Vladimir Putin, can manage the collapsing state effectively, the probability of it collapsing is extremely high. Russia's most constructive path conceivable would be to elect a new leader and adopt a non-violent and positive method to solve the above-mentioned problem, which would include easing sanctions and a market-based total reentry into the worldwide economy. Yet even with such rosy conditions, the harm carried out is so profound that it'll take an extensive amount of time for Russia to be viewed as a seemingly normal country. Meanwhile, the grim situation listed above will continue to be a viable outcome, in my opinion.

VIII. ACKNOWLEDGMENT

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