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THE ECONOMIC AND POLITICAL CONSEQUENCES OF THE RUSSIAN-UKRAINIAN WAR

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Abstract

The war between Russia and Ukraine had far-reaching consequences, particularly in the realms of politics and economics, on a worldwide scale. It caused prices to skyrocket in the financial sector, particularly in the energy markets. Military buildups on the Russian-Ukrainian border have exacerbated tensions, leading to increased costs. Before the military operation broke out, Russia cut off European gas supplies. In response, the Western bloc imposed severe economic sanctions on Russia, affecting most of its industries; it is crucial for European countries and hurt the world due to high inflation rates. The high prices and higher demand result from the low supply and associated lack of risk. One significant question that arises from studying the current state of the global economy is whether or not these high inflation rates will be a permanent problem. Quick economic remedies, including eliminating taxes and fees on production inputs and local industries, along with assistance for these sectors and the agricultural and commercial ones, are the key to answering this question. Because the issue of high inflation rates most impacts developing nations, these suggestions work better there. Sanctions against Russia have an economic component in the realm of politics. But politics is at the heart of it all, as any action that swerves the economic wheel has political underpinnings. Some choices that cause problems in international politics may be reversed due to political pressures caused by worsening relations with countries. To illustrate this point, consider the following table, which details the sanctions several nations have levied against Russia.

Keywords Economic, Political, Russian-Ukrainian.**INTRODUCTION**

With the incursion of Russian tanks into Ukraine on February 24, 2022, world peace and security have deteriorated, and ties between Russia and the West have grown increasingly tense. Russia (and, of course, Ukraine) aren't the only countries feeling the effects of the conflict; African economies are also in danger. The war's effects are seen through the surges in food and energy costs caused by disruptions in the supply chain and trade that are directly linked to the conflict. Despite numerous attempts by the international community to de-escalate and terminate the war, the Russia-Ukraine conflict continues. War rages on as leaders from Russia and Ukraine engage in a series of ongoing

negotiations, and the West's harsh sanctions are meant to send a subtle message to Moscow that they must end the conflict (Duho et al., 2022).

Worldwide, people were outraged when Russia invaded the Crimean peninsula of Ukraine, claiming to be defending ethnic Russians and Russian-speaking Ukrainians. Conflict broke out in eastern Ukraine when Russia supported separatists in the Donetsk and Luhansk areas. At least 14,000 people have lost their lives in the fifteen years since the two countries' declarations of independence broke the impasse that had been building for some time. He made the dire prediction that Ukraine posed an ongoing threat to Russia in a

pre-dawn television address he gave on February 24 (The & Of, 2011).

However, the conflict between Russia and Ukraine did not affect all countries equally. For example, India reaped benefits from the conflict by increasing its imports of Russian crude oil, refined into diesel and jet fuel, before selling to Europe and other countries. India is also a possible source of fertilizers, food grains, and wheat since it is the world's second-largest wheat grower. India has the potential to take advantage of the current global economic climate even though supplies of certain goods are decreasing. The international community is still reeling from the extensive Russian invasion of Ukraine, which has had far-reaching consequences in the fields of economics, geopolitics, and military affairs. Unprecedented economic restrictions covering the import and export of goods and services have already been imposed on the Russian Federation. Sanctions and the freezing or seizure of assets belong to hundreds of incredibly rich individuals who are alleged to have links to the Russian government. Despite the lack of sanctions, importers face growing challenges when buying wheat from Russia. This is mainly because of problems with the supply chain, money transfers to Russian enterprises, and ship insurance (Zaid & Farooque Khan, 2023).

The deployment of force by Russia in eastern Ukraine has the potential to destabilize the international order and endanger the security of Europe. Time has proven that Russia does not uphold its obligations under the Minsk Peace Agreement despite European leaders' attempts to resolve the crisis through political discourse. Russia committed to removing its forces and heavy weaponry from Ukraine and freeing all political prisoners and hostages as part of the Minsk Peace Agreement. U.S. Ambassador to Ukraine Geoffrey Piatt claims that Russia has countered this by providing pro-Russian separatists with additional tanks and weaponry. A potential rogue state in Russia is now a threat to the entire world. Like other renegade states, Russia disobeys international law and treaty obligations (Mehmet SAYIN & Modebadze, 2015).

Russia and Ukraine went to war so that Russia

could protect its borders and maintain its influence in Eastern Europe. The dispute between Russia and Ukraine began when Russia rejected Ukraine's 2008 announcement that it would join NATO, marking the beginning of the country's withdrawal from the alliance. In 2014, not long after, Russia invaded Crimea. Consequently, on February 24, 2022, there was a Russian invasion of Ukrainian territory due to the rebellion in Donbas and severe fighting along the Russian-Ukrainian border. The Russian-Ukraine war has significantly impacted the world economy, according to early economic indicators. However, the full extent of this impact may not be known until the crisis is passed. According to Al-Saadi (2023), the primary objective of this piece is to offer a synopsis of the most crucial forecasts provided by specialists, politicians, and international economic groups.

Despite its military failures, Russia has been attempting to position itself as a potential leader of the future international order by prolonging the war. Tensions between potential future world order hegemonies, such as the United States and China, China and India, NATO and Russia, and Europe and Russia, may be temporarily masked by this battle. Other countries began to align themselves with the United States, China, or Russia due to this war and the unrest it caused. A multipolar ideology revolving around the West and the East may emerge as a product of this emerging international system. Although this paper acknowledges that the new Cold War is not clearly defined and may involve multiple sides and actors (e.g., the United States versus China, the United States versus Russia, or the East versus the West), it uses these terms to describe the ongoing conflicts, wars, and tensions as the emerging second Cold War and new global order (Karabag & Imre, 2022).

Part of Russia's troubled history with the international community includes tense relations between Moscow and Ukraine, which have persisted since the two nations' 1991 Soviet Union dissolution. Opinion of Vladimir Putin After two separate republics, Russia unleashed a full-scale war on Ukraine in February 2022 and hasn't stopped since. During this conflict, Russia showed the world how ideological and cultural factors can

be used for geopolitical expansion in the modern era. This kind of war, known as a hybrid war, is a mixed-type conflict. Politically asymmetrical, one side uses every tool at its disposal to achieve its aims while the other is left bewildered and ill-prepared to react or interfere (Singh et al., 2022).

LITERATURE REVIEW

Wars all severely compromise the social, economic, and political domains in today's increasingly interdependent and integrated world. The Russian-Ukrainian war is a prime example of the many studies that show how wars impact nations all across the globe, not just the ones actively engaged. For instance, the objective was to assess how the world economy has been affected by the Russian-Ukrainian conflict of 2022, particularly regarding the economies of nations like the EU, the US, the UK, and Canada that have sanctioned Russia. According to the study, most global economies, including Russia's, are severely impacted. High inflation, rising prices of strategic commodities like energy, food, and mining commodities, interruptions in global supply chains, high levels of risk and uncertainty, low levels of investment, and a decrease in economic growth are the main economic consequences of the Russian-Ukrainian war that the study mentioned. In his 2022 article, Iliya covered world events and the conflict between Russia and Ukraine. The research found that the world oil market took a hit when Russia invaded Ukraine. According to Zaid and Farooque Khan (2023), Russia's invasion of Ukraine devastated sunflower and wheat exports.

Previous studies have shown that armed warfare has significant monetary consequences. Some scholars argue that there are two camps regarding the effects of war. Consistent with Keynesian economic theory, the "war renewal" school of thought argues that war can have positive benefits by reducing the power of influential special interests, encouraging innovation, expanding human capital, and enhancing economic efficiency. On the other hand, the "ruins of war" school of thinking considers war to be an economically beneficial disaster. Some academics have noted that civil wars are more common in developing nations and that this is particularly true when

those nations are experiencing adverse income shocks. (Darshan et al., 20% 2022).

As the conflict between Russia and Ukraine continues to escalate, its effects extend beyond the geopolitical situations of the two nations to touch both the core and periphery of global power dynamics. Ukraine is receiving weaponry and military equipment from the United States and NATO as Russia increases its military momentum in the country. Nevertheless, to find a middle ground in their ties with Moscow—whose political and economic confidence is driving it to reassume its leadership position on the international stage—the European nations are again threatening tough economic sanctions. According to Hopkins and Duffy (2009)

After the start of 2016, Russia has supported counter-sanctions on Ukraine after the country joined Western sanctions against Russia, according to Russian Prime Minister Dmitry Medvedev. Ukraine and the European Commission agreed on the Deep and Comprehensive Free Trade Area (DCFTA) in October 2011. The Association Agreement with DCFTA was ratified on September 16, 2014, by the European Parliament and the newly formed Ukrainian parliament, which was presided over by pro-Western politicians following the disgraceful rejection of the agreement by then-president Viktor Yanukovich (Furgacz, 2015).

If the West had frozen Russian offshore accounts during earlier sanctions, the currency would have been far more severely damaged. Also, we do not want people to freak out because of the impending high inflation rate in the country. To appease the local populace and lessen the impact of the rouble's sharp depreciation on global markets, the Russian government took several steps against domestic banks. Among the monetary policies put in place were the following:

- A six-month moratorium on selling foreign currency to the general public.
- There will be a prohibition on exchanging more than \$10,000 worth of foreign currency and an increase to the twelve percent tax on such purchases.
- Export restrictions.

- A policy of exchanging bank deposits denominated in foreign currencies for US dollars.
- A policy of raising the key interest rate to twenty percent.

In addition to stabilizing the foreign exchange market and reducing the effects of the rouble's external depreciation, the steps above were implemented to gradually isolate the rouble from the global market (Li, 2023).

It is well-established from prior research that military conflict has substantial monetary effects. Various researchers have identified two competing theoretical frameworks on war's aftereffects. In contrast to the "ruins of war" school of thinking, which views war as a catastrophic event with no economic benefit, the "war renewal" school maintains that war can have positive effects, such as reducing the power of extraordinary interests, bringing innovation, and improving economic efficiency through increasing human capital, in line with Keynesian economic theory. Civil wars are more common in developing nations, according to some researchers (Balbaa et al., 2022), and this is particularly true when those nations are experiencing adverse income shocks.

The Impact of the Russia-Ukraine Conflict on the global economy

Because of the digital revolution, international economies are now highly dependent on one another, a fact of modern international economic relations. No matter how minor, any disagreement in such a highly linked system will inevitably cause ripple effects throughout the whole. Thus, the economic impact of Russia's attack on Ukraine is felt all around the world, even though it happens thousands of kilometers away. Claims that millions of American families will feel the effects because of how intertwined the world's economies and financial markets are. One possible outcome of the crisis between Russia and Ukraine is a spike in global food and oil prices, which could lead to higher inflation and more uncertainty at home as ordinary Americans pay the price for Vladimir Putin's invasion of Ukraine. They contend that even though the US imports negligible amounts of wheat

from Russia—the biggest wheat exporter in the world—a conflict-induced commodities shortage could lead to a temporary increase in the price of both raw materials and finished goods, especially considering the current global trend of rapid inflation, which includes the US. To rephrase, although the US imports relatively little oil from Russia compared to Europe, the energy commodities market is worldwide. Thus, any change in oil prices elsewhere would inevitably impact US prices as well. According to ESEOGENE EFEBEH and UWUSEBA (2023), the Federal Reserve's attempts to raise interest rates could be thwarted if Americans cut back on spending and other economic activity due to worldwide instability.

Employment and Unemployment Rate

While Europe's job market recovers from the COVID-19 pandemic, the fallout from Russia's war in Ukraine might make things more complex and delay the process. A slowing economy and, for some nations, large migratory movements will both harm the labor market's ability to rebound. European companies should expect a drop in employment due to economic sanctions, which will disrupt supply chains and resource flows and lead to inflation. An economist from the Central Bank of Ireland found that the number of job ads across all 21 European countries decreased following the outbreak of Russia's war in Ukraine. Countries relying heavily on Russian imports and energy-intensive industries, such as transportation and manufacturing, felt the effects of the sanctions on the job market the greatest. If rising inflation keeps affecting consumer spending, the effects could spread to other areas (Prohorovs, 2022).

METHODOLOGY

Since this study aims to describe and accurately upload data and information about the Russian war against Ukraine, the descriptive analytical method will be employed. This method is most suited to accomplishing the research objectives.

CONCLUSION

Considering the above, the researcher has concluded that the ongoing conflict between Russia and Ukraine has had far-reaching effects on the

global economy, triggering a number of global crises that the world could face in the not-too-distant future. These crises are particularly acute in energy and food security, which are under the jurisdiction of Russia and Ukraine (the two nations export over one-third of the world's grain production). Energy imports, exports, and production are all in short supply.

Ukrainian territorial sovereignty, foreign policy self-determination, and domestic social and political order are at the center of the ongoing conflict, and looking at past events does not bode well for a swift resolution. There are four prerequisites to a lasting peace in Ukraine:

1. The disarmament of the frontline, overseen by the United Nations
2. a deal on what happens to Crimea and the Donbas between Russia and Ukraine
3. A deal on Ukraine's military neutrality between Russia and Ukraine, with security assurances from governments that are allied with Ukraine.

It is crucial to recognize that Ukraine holds the power to define the conditions of a truce. One of the key prerequisites for establishing regions with stable economies is the genuine threat of a persistent 'failed state' in an extremely volatile region.

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