

THE IMPACT OF THE RUSSIAN-UKRAINIAN CONFLICT AND OF THE GLOBAL AND REGIONAL SHOCKWAVE: SOCIO-ECONOMIC CONSEQUENCES

ANA-CRISTINA BĂLGĂR

PhD., Institute for World Economy, Romanian Academy

ROMANIA

anacristinabalgarg@gmail.com

Abstract: Against the complex backdrop of heightened global geo-economic tensions and risks following the outbreak of Russian-led military aggression in Ukraine, our article aims primarily to examine and retrospectively assess the profound disruptive effects caused by the Russian-Ukrainian war, while seeking to synthesise and capture simultaneously the destabilising impact of the ongoing conflict on the rules-based international order, on the global and regional economy, and on societies, governments, communities and institutions worldwide. With this last point in mind, in a separate section of our paper we will examine the consequences of the biggest humanitarian crisis in Europe since the Second World War and the concerted financial efforts made by the world's states to respond promptly and effectively to the exodus of Ukrainian citizens fleeing the war.

Keywords: Russian-Ukrainian conflict, consequences of the conflict in Ukraine, liberal world order, global economy, socio-economic impact

JEL Classification: F02, F50, F51, N40

1. Introduction

Although more than two years have passed since the Russian Federation's military invasion of Ukraine, the ongoing war continues to exert a disruptive impact on the global geopolitical and geo-economic landscape. Since its outbreak, the Russian-Ukrainian war has shaken the entire world, unleashing a global seismic wave through three engineered shocks (i.e. geopolitical, energetic and economic) that have simultaneously destabilised the international order as well as the global and regional economies.

Given that the recent academic literature is replete with studies and assessments regarding the “high price” that the world economy has paid and continues to pay as a result of the war in Ukraine – i.e. slowing growth, high inflation, disruption of global value chains, etc. – in our article, we have chosen to focus on how the conflict has affected the global geopolitical environment and on the socio-economic consequences it generated. As such, our analysis seeks to assess the wider socio-economic impact, highlighting how the war has affected not only the belligerent countries, but also individuals, communities, governments and public institutions worldwide.

This approach will allow us to understand, on the one hand, the scale of the political decisions taken by leaders of other nations to respond promptly and effectively to the massive humanitarian emergency caused by the Russian-Ukrainian war, and, on the other hand, the considerable collective financial effort made to resolve the refugee crisis.

2. Literature review and research methodology

2.1. Brief literature review

Over the past two years, since the outbreak of large-scale military aggression launched by the Russian Federation against Ukraine, a plethora of articles, analyses and reports have been published internationally to examine in depth the geopolitical, economic, and social consequences of the biggest conflict in Europe since the end of the Second World War. As it rapidly became clear that the effects of the conflict would quickly reverberate globally, sending shockwaves through energy and food supply channels, causing humanitarian, social and economic crises, and threatening to fundamentally alter the international order, researchers around the world

focused on each of these issues while trying to provide the best possible responses to mitigate the effects of the shock.

Recognising that the geopolitical consequences of the war extend far beyond the Russian-Ukrainian border, a large number of analysts have argued extensively in their works why the onset of the war represents a transformative moment that may mark a turning point for the liberal, rule-based international order [e.g. Rohner, Weder di Mauro, & Garciano (2022); Saxer (2022); Kupchan, 2023); Terlikowski (2023)].

At the same time, recognising in full consensus that the current armed conflict, like all previous ones, has had major economic repercussions felt around the world, most studies have attempted to quantify the additional pressure that the ongoing war has put on global value chains (GVCs), which were already vulnerable after the disruptive effects of the COVID-19 pandemic. Among the authors who have analysed the changes induced in the structure of GVCs and the consequent risk of disruption or even reversal of the globalisation process are Ruta (2022), Jenkins (2023) etc. Other scholars have focused their analysis on the far-reaching effects of the progressive waves of sanctions imposed on the Russian Federation by its Western partners in response to the unjustified aggression launched against Ukraine [e.g. Guénette, Kenworthy, & Wheeler (2022)], or on those resulting from the subsequent large-scale energy shock (e.g. Pantuliano, 2022), as well as on those resulting from increased geopolitical risks and widespread uncertainty (Caldara, Conlisk, Iacovello & Pen, 2022).

With regard to the socio-economic implications of the war and of the major humanitarian crisis it has generated, a series of reports published by the OECD (2022, 2023a) and the UN High Commissioner for Refugees (2023a, 2023b) have regularly assessed the fluctuations in Ukrainian refugee flows, on the one hand, and the financial impact – i.e. of receiving, sheltering and integrating migrants etc. – on host countries, on the other.

2.2. The research methodology in a nutshell

Given the complexity and the recent nature of the issue (due to the fact that the Russian-Ukrainian conflict is still ongoing), as well as the availability of statistical data, throughout our article we have interspersed several research methods, adapted to the specificity of each section. Thus, in the first section of our research, we have used methods based on qualitative analysis of the extensive relevant scientific literature that we have reviewed, on personal interpretations and opinions. Then, in the second part, we used quantitative analysis tools – i.e. statistical data published by the above-mentioned prestigious international bodies – on the basis of which we validated our results and drew the conclusions of our research.

3. General considerations on the nature, scope and consequences of the Russian-Ukrainian conflict

The Russian Federation's military invasion of Ukraine – begun on 24 February 2022 – and the subsequent escalation of the hostilities triggered the largest conflagration taking place in Europe after the end of World War II, and generated deep geopolitical and economic reverberations, rapidly propagated beyond the epicentre of the conflict and causing ample globally-felt negative consequences.

As proven by the centuries-old history of international politics, military confrontations represent transforming forces, and the Russian Federation's military aggression is no exception. As such, the ongoing conflict represents a point of inflexion for the new world order established in the period after the end of the Cold War, as it annihilates one of the fundamental assumptions underlying the very foundation of that world order: that the Russian Federation, unlike the Soviet Union, will no longer represent a threat for Western security, but a partner in addressing the possible challenges against common interests (Terlikowski, 2023). This is why, when it occupied the sovereign territory of Ukraine, the Russian Federation not only breached the last decades' consecrated doctrine of the inviolability of state borders, but also set a dangerous precedent, with potentially severe geopolitical consequences on the long term: the departure from the liberal, rule-based international order and the shift towards a world order in which the great powers create their own spheres of influence (Rohner, Weder di Mauro, & Garciano, 2022).

In the current particularly tense and divided global geopolitical context, in which both the Russian Federation, and China are openly challenging the Pax Americana and the unipolar world orchestrated by the U.S., increasingly promoting the model of a multipolar concert, based on areas of exclusive influence divided between the great powers, a legitimate question begins to be raised regarding the outlook of the new world order, namely which of these models will prevail. Although international political analysts are currently unable to put forward a pertinent view on this matter, reality itself reveals a few certainties: a) the world order is undergoing a full process of change and realignment; b) the democratic axis, promoter of the Westphalian model, enjoys wider

international support than the “autocratic axis” (which, in its turn, is tacitly supported by several countries belonging to the Global South); c) the U.S. has not abandoned its role as “guardian of the world”, despite its increasing reluctance displayed in recent years (Saxer, 2022).

As it turns out, a *first direct consequence* of the Russian Federation’s military aggression against the international system is that it divided this system into two (militarised) blocks, a state of fact reminiscent of the Cold War era: liberal democracies – interconnected based on the U.S.-led system of alliances – on one side, and the Russian Federation and China, whose “alliance” spans geographically from Eastern Europe to the West – on the other side. Nevertheless, unlike the Cold War period, when the rivalry between the great powers extended worldwide, at present, with the intensified tension between the two main blocks of forces, a large part of the world refuses to rally with either party. This is why some geopolitical experts (Kupchan, 2023) believe that effective non-alignment will most likely be the political option of many nations, and this will sway the balance towards multipolarity.

A *second consequence* caused by the Russian-Ukrainian war is the discontinuation of the globalisation process and the fragmentation of global economy¹, particularly after the transatlantic community broke its economic ties with the Russian Federation and the U.S. and its allies make considerable efforts to reduce economic interdependency with China, while also trying to slow down the latter’s technological progress. Moreover, in the U.S., bi-partisan support for trade liberalisation considerably decreased in favour of protectionism and of the industrial policy, increasingly outlining a possible stagnation of policies that promote free trade and the deepening of global interdependence. All these circumstances will undoubtedly lead to an accelerated reconfiguration of global production and supply chains.

Given these circumstances, it must be noted that this conflict will especially reshape the global value chains built around companies that largely rely on imports from countries where the geopolitical risk increased, because this increased risk also entails the increase of the insurance premium paid by companies for coverage against a possible danger of discontinued production as a result of the sanctions imposed. However, as the combined action of several factors generates a state of inertia – e.g. the high costs caused by finding a new production location, the construction of a new infrastructure, relocation costs, etc. – the GVCs restructuring process will not cause a sudden deglobalisation (Ruta, 2022).

Triggered immediately after the deep crisis caused by the COVID-19 pandemic, the magnitude of which shook the entire world economy, the war in Ukraine with the particularly severe effects it generated internationally – i.e. the escalation of geopolitical tensions, the energy shock, the acceleration of inflation, etc. – determined not only a simple transition towards another global economic cycle, but the very beginning of a new phase that reshapes and restructures world economy. From this perspective, it could be ranking among in the series of historic events whose intensity had the capacity to unleash forces that caused true tectonic movements: a) the end of World War II (1945); b) the oil crisis (1973); and c) the collapse of the USSR (1991), each of these determining the reconfiguration of the global geopolitical and economic landscape and thus marking the start of another era (Bradley, Seong, Smit, & Woetzel, 2022) [Box 1].

Box 1: Stages in the evolution of world economy and the main determining events

1940	1950	1960	1970	1980	1990	2000	2010	2020	2030
I.		II.			III.			IV.	
I. Post-war boom stage (1945-1972)		II. Relaxation stage (1973-1990)			III. Market integration stage (1991-2019)			IV. New stage (2020/2022-....?)	
PARTICULARITIES									
⇒ Creation of a new world order; → the establishment of the UN and of the Bretton Woods		⇒ The oil shock (1973) affected industrialised economies → the affirmation of the economic position of non-			⇒ Events such as: the fall of the Berlin Wall, the dissolution of the USSR and the signing of the Maastricht Treaty led to			Possible scenario	
								⇒ Beginning of transition towards multilateralism , which could involve the	

¹ After the pandemic period highlighted the vulnerabilities of supply chains, the economic consequences caused by the Ukraine war revealed the additional risks posed by this kind of system. In the context of the new geopolitical climate, the companies’ future investment plans will take into account deeper analyses of cost savings resulting from investments against the risks deriving from the activity carried out subsequently. At the same time, on the short term, the deglobalisation process will trigger new price increases, intensifying pre-existing inflationist pressures (Jenkins, 2023).

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PARTICULARITIES									
institutions (the IMF and the World Bank); ⇒ The U.S. dollar became a global reserve currency; ⇒ The U.S. takes on the role of global hegemon; ⇒ Formation of the two competing and opposing blocks , with antagonistic political doctrines but the shared objective of annihilating each other → beginning of the Cold War ;		Western countries on the global stage; ⇒ The inflationist recession of Western powers caused the swinging of the centre of interest towards the East; ⇒ Attenuation of the Cold War tensions ; ⇒ Weakening of the U.S. power with the loss of the convertibility of the U.S. dollar into gold and the adoption of a floating exchange rate;			the acceleration of economic and political integration in Europe; ⇒ China adopted the path of economic openness and reforms; ⇒ Deepening of the globalisation process, extension of global production chains built based on the cost competitiveness of production factors and on the regulation of international economic cooperation (with the establishment of the WTO); ⇒ Transition to a unipolar world (after the dissolution of the USSR), centred on the U.S.;			grouping of countries into regionally- and ideologically-aligned blocks; ⇒ End of the moderation stage → increase of the degree of political polarisation between blocks; ⇒ Possible transition from: unipolar → multipolar; global → regional; moderate → polarised system;	

Source: Processing, synthesis and adaptation by the author based on Bradley, Seong, Smit, & Woetzel (2022).

Of the major consequences determined by the vectors referred to before as having the capacity to cause epochal changes, the global effects of the ongoing conflict in Ukraine appear to be similar to those caused by the oil shock in the early 1970s, namely: the onset of a major energy crisis, the accelerated and generalised increase of inflation, the outlining of a new monetary policy phase, a downturn in terms of demand, the affirmation of geopolitical multipolarity, an intensified competition for resources (in particular energy-related), as well as the slowdown of productivity in advanced Western economies. Like seismic movements, the aftershocks of the oil crisis occurred in successive waves, and the economic recovery of industrialised states required the adoption of exceptional intervention measures (e.g., in the case of the U.S.: the application of long-term restrictive monetary policies, including two-digit interest rates, etc.). Also, for non-OPEC countries to regain their energy independence², massive investments had to be made in the exploitation of internal crude reserves, to be able to substitute the supply from external, politically or geographically instable sources (Darmstadtler, 2014).

Despite the existing similarities between the effects of the two energy shocks, given evolution of the complexity of economic activity over time and the increase in the degree of global integration, there are several fundamental characteristics specific to the present that differentiate them: a) today's world is much more interconnected, globally, which makes the impact of commercial disputes considerable; b) the increasing correlation of financial markets increases the risk of contagion; c) the current environmental and carbon emission-related constraints limit possibilities for action. All these factors emphasize the persisting fears among governments and national/international decision-makers, fuelling the state of uncertainty worldwide.

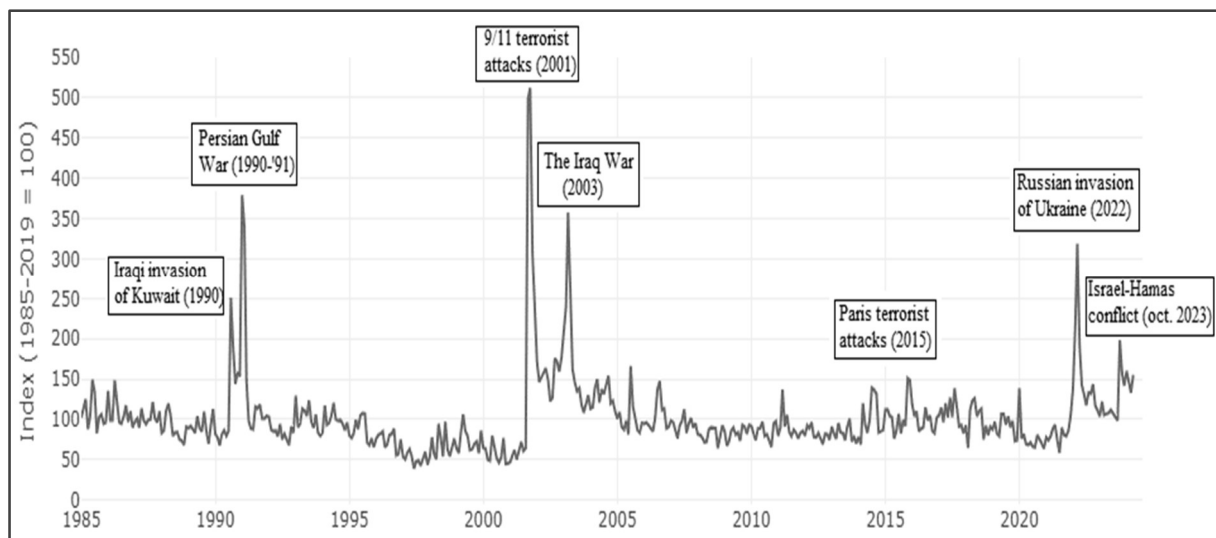
Moreover, this time, the nature of the shock is different, and the belligerent situation caused by the Russian Federation's invasion of Ukraine exacerbated the global geopolitical risk³ (Figure 1), determining not

² Although large oil reserves were discovered in the 1980s across the globe, which weakened OPEC's power in establishing global prices, the process for the regaining of energy independence lasted around two decades (Grossman, 2023).

³ Conflict periods have historically been associated with the highest geopolitical risks, generating negative effects for the world economic activity. This is because wars have destructive effects for the human and material capital, they transfer resources to less economically efficient activities, they deviate commercial and capital flows and, at the same time, they disturb global supply chains. Moreover, in an instable geopolitical climate, changes in how insecurity is perceived determine

only the increase of the prices of energy raw materials (just like in the case of the oil crisis), but also the deterioration of the sense of trust among investors and consumers.

Figure 1: Trends in the Geopolitical Risk (GPR) Index, 1985-2024*



Source: Graphic adaptation by the author based on Caldara & Iacoviello (2022) and the constructed index data, ** published at: <https://www.matteoiacoviello.com/gpr.htm>;

Notes: * For 2024, the data shown are until April**; The geopolitical risk index constructed by the two economists of the US central bank cited enables the real-time measurement of this type of risk, as it is reflected by the perception of the public opinion, of the media, of global investors and of political decision-makers⁴.

As can be seen from the data presented, after the Russian invasion of Ukraine, the global geopolitical risk index had one of its highest values in the last approximately three decades – the fourth position in descending order – reaching a “peak” comparable to the one noticed at the time the war in Iraq broke out.

The deterioration of the international geopolitical climate, amplified by the war in Ukraine, had a negative impact on the global economic activity throughout 2022 – resulting in its slowdown – and contributed to the acceleration of inflation, a circumstance that determined banks worldwide to toughen their monetary policies in order to dampen inflationist pressures.

In response to the aggression, many countries expressed their solidarity with Ukraine – by supplying military and humanitarian aid – and condemned the Russian Federation’s illegal, unprovoked and unjustified act, by imposing ample and successive packages of economic sanctions⁵. However, the application of these penalties further disturbed the already malfunctioning international supply chains⁶, particularly those in the energy sector. In the context thus created, the junction between the shock of supply and that of demand – stimulated by the expansionist fiscal and monetary policies adopted to stimulate consumption and support economic activity during the pandemic – created unprecedented inflationist pressures during the last decades (OECD, 2023b). That is why,

the postponement of company investment plans and of employment increase projects, the erosion of consumer trust and the toughening of financial conditions (Caldara, Conlisk, Iacovello, & Pen, 2022).

⁴ Given that the start date is the year 1900, *the global geopolitical risk index* is based on an analysis model developed by the authors as a result of automatic text searches in American and – during the recent years – European publications in the field. It comprises two other sub-indices: a) the geopolitical threat index, which captures the concerns related to the scope, duration and possible ramifications of geopolitical tensions and conflicts; and b) the geopolitical event index, which reflects the actual development of those events.

⁵ It must be noted that when the conflict broke out, a series of sanctions imposed by the Western states in 2014, in response to the illegal annexation of Crimea, were still in force. These included: interdictions related to the export of military or dual use assets, restrictions on the financing of companies in sensible industries, sanctions on entities and persons considered to undermine the democracy or security of Ukraine, etc. (Guénette, Kenworthy, & Wheeler, 2022).

⁶ Global supply chain dysfunctions occurred and amplified as the COVID-19 pandemic extended, entailed by the measures adopted worldwide and relying on the discontinuation of economic activity to counteract the health crisis. At the time the sanction packages against the Russian Federation were adopted, China was still applying the isolationist “zero-COVID” policy.

as we said before, in order to maintain price stability at a time when all national governments were applying expansionist fiscal measures,⁷ central banks all over the world initiated cycles of exchange rate appreciation – designed to put downward pressure on borrowing costs – until the monetary policy became sufficiently restrictive to reduce inflation.

As such, the military confrontation initiated by the Russian Federation in Ukraine at the beginning of 2022 – at a time when the world economy was still facing the severe consequences generated by the pandemic crisis – caused a triad of successive shocks (economic, energetic and geopolitical), triggering severe negative effects that were propagated both regionally and globally, through a number of transmission channels, fuelled by: a) the increase of prices for raw materials (especially energy and agri-food products) and, subsequently, the beginning of a strong upward inflation trend; b) the disturbance of trade and of supply chains, as well as a historic increase of refugee flows (mainly in the European states); c) the reduction of investor trust, against the background marked by geopolitical tensions and risks, a factor that contributed to the discouragement of new investments and forced many transnational companies to limit their activities⁸.

As shown by the above, the war waged by the Russian Federation in Ukraine – which is undoubtedly one of the most terrible events of our time – has had an ample negative impact (both directly, and indirectly) on world economy. Beyond its direct and profound socioeconomic consequences (i.e. loss of human lives and significant material damages), the Russian military attack caused shocks that generated systemic unbalances. Unlike the pandemic crisis, to counteract the effect of which countries resorted to a common set of economic policy instruments, the current crisis in Ukraine and its global reverberations affected the economies of the world in very different ways. This situation led to the emergence of tensions that were simultaneously felt both between the EU Member States, and within the bilateral relations between the alliance of western states and the Russian Federation and/or China, as well as within the relations between these power centres and the Global South (Pantuliano, 2022).

4. The socioeconomic impact of the war in Ukraine: the humanitarian crisis and the concerted response of the states of the world

From its onset, the Russian military offensive against Ukraine caused an extremely severe humanitarian crisis, with tens of thousands of civilian casualties – injuries and deaths (United Nations Human Rights Office of the High Commissioner, 2023) – and generated the largest European wave of refugees and forcefully displaced persons⁹ in the post-Second World war era. Beyond the implicit consequences on the Ukrainian economy, this population exodus¹⁰ generated a series of significant effects on the receiving states as well.

According to recent estimates drawn up and published by the Office of the United Nations High Commissioner for Refugees (United Nations High Commissioner for Refugees, 2023a), from the time of the launch of the Russian military offensive and until the end of 2023 (November), a number of around 10 million Ukrainian citizens were forced to leave their homes, and over 63% of them chose cross-border migration¹¹.

As regards the orientation of the migration flows, the largest part of the Ukrainian population affected by the war headed towards European states, in particular the EU Member States (Graph 1 and Table 1). Although in the first phase of the conflict, the majority of the citizens leaving Ukraine headed to Poland, by the end of 2023, Germany reported the highest number of refugees registered for temporary protection.

⁷ These policies continued to be applied after the pandemic crisis was overcome, in the new unfavourable context generated by the energy shock, this time with the aim of mitigating the impact caused by high inflation on consumers and national companies.

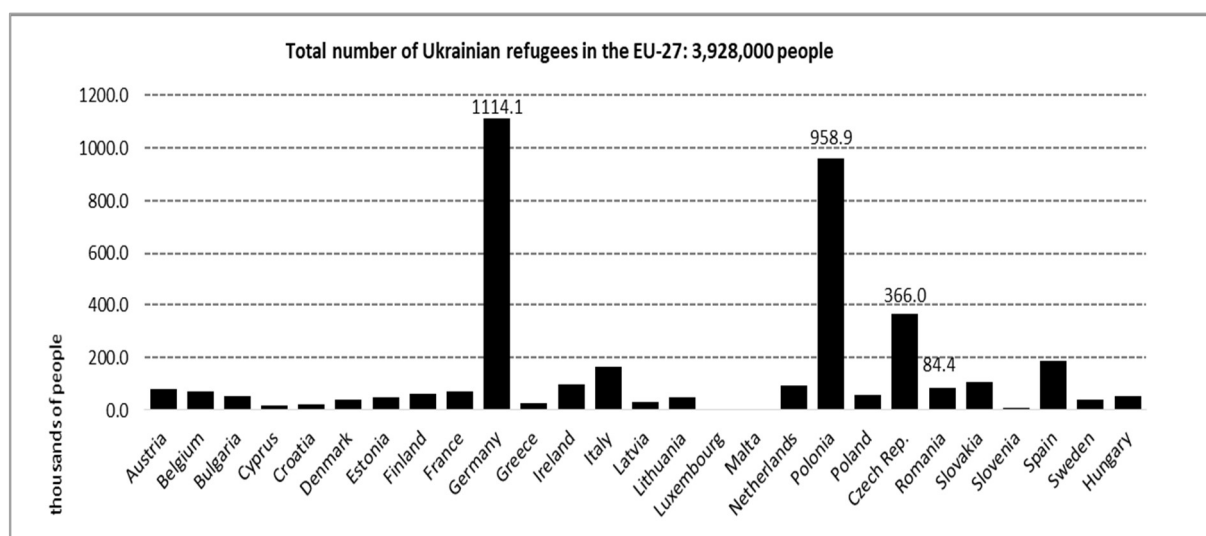
⁸ This trend was also correlated with an ample divestment process, in the conditions in which, under the impact of the sanctions imposed to the Russian Federation by the Western states, many companies suspended their operations on this market.

⁹ We refer here to the persons whose movement to find refuge and protection took place within the country's borders.

¹⁰ In this context, it must be stated that, if in the early stage of the Russian military offensive, there was a mass exodus of historic proportions – e.g., in March 2022, around 200,000 persons were crossing the Ukrainian border on a daily basis – by the end of the year, these figures gradually decreased, with the net migration from Ukraine oscillating around zero (some months, this indicator even had negative values, because the number of returns to the country increased) (OECD, 2022).

¹¹ According to the estimate calculations of the UN Refugee Agency made public in the document cited, in November 2023, the number of persons displaced internally amounted to 3,674,000.

Graph 1: Number of Ukrainian refugees received by the EU Member States, 2022-2023*



Source: Graphic representation by the author based on the data published by United Nations High Commissioner for Refugees (2023b);

Note: *Because the estimate information published by the Office of the UN High Commissioner for Refugees are updated periodically, it should be noted that the data shown refer to the period between February 2022 and November 2023.

Table 1: Number of Ukrainian refugees received by the EU Member States and by other non-European countries, 2022-2023*

Non-EU European countries				Non-European countries	
Albania	3,800	Macedonia	18,345	Canada	184,100
Azerbaijan	4,690	Norway	56,970	Israel	9,060
Belarus	32,435	Moldova Rep.	111,835	US	200,000
Russian Federation	1,275,315	Serbia	4,175		
Georgia	27,400	Switzerland	66,065		
Island	3,250	Turkey	42,875		
Montenegro	63,205	United Kingdom	211,680		
1,921,040				393,160	
TOTAL: 2,314,200					

Sources: Compilations of the author based on data provided by the United Nations High Commission for Refugees (2023b);

Note: *Because the estimate information published by the Office of the UN High Commissioner for Refugees are updated weekly, the data shown were retrieved in November 2023; therefore, they refer to the period between February 2022 and November 2023.

As shown by the data regarding geographic distribution, after Germany, the main EU destinations receiving refugees are Poland and the Czech Republic, while Romania, Slovakia and Hungary, despite their proximity to Ukraine, rank 6th, 9th and 15th, respectively.

Outside Europe, many Ukrainian citizens headed to the United States – through a private sponsorship programme (*United for Ukraine*) – Canada¹² or Mexico (there are no statistical records related to Mexico).

Immediately after the beginning of the Russian Federation’s military aggression, several OECD and EU member countries rapidly granted immigration concessions to the Ukrainian citizens entering their territory, such as: exemption from the obligation to present visas, extension of stays or the priority processing of immigration and/or asylum applications. Nevertheless, there are significant differences between the OECD countries within the EU and those outside the EU regarding the granting of the right of access on the territory and of residence permits and related rights.

¹² Based on a bilateral agreement between Canada and Ukraine, which provided for the granting of temporary visas and travel authorisations for emergency situations.

Also, in the OECD member countries, various types of support and assistance measures were granted to the Ukrainian refugees, but their scope varied between states in accordance with the type of entry/residence permit granted. In the EU, the *Temporary Protection Directive* (EU TPD, 2001)¹³ provides for a set of harmonised rights for the beneficiaries, including the right to work (although restrictions may be applied in certain cases), to accommodation, healthcare and education for children below the age of 18. Because many of the persons arriving are minors, the European Commission guidelines (2022)¹⁴ accompanying the Directive require that priority should be given to child welfare both during the initial reception phase, and afterwards.

The unprecedented scale of the crisis determined European countries to cooperate to put forward a joint response on how to manage the inflow of Ukrainian refugees. As a result, in March 2022, the European Commission (EC) set up a “solidarity platform” for the operational coordination between EU Member States: on the one hand, to collect the necessary information regarding the necessities and problems faced by host countries and, on the other hand, to coordinate operational activities.

Although all receiving countries adopted measures to mitigate the social and economic exclusion risks and to make sure the basic needs of Ukrainian refugees were met and, to this end, granted financial assistance, the levels and mechanisms of this financial assistance varied. As a result, although EU Member States, Norway, Switzerland and the United Kingdom offered subsidies that permitted Ukrainian refugees to cover their daily basic needs and to have access to decent housing, the amounts allocated for this were different: a) in Italy, the beneficiaries of temporary protection rights received the amount of EUR 300/person (plus EUR 150 for each child), for a period of three months; b) in the Netherlands, the financial allowance amounted to EUR 260/capita; c) in Spain, a maintenance allowance was granted in a first stage amounting to EUR170/month/person together with a rent allowance, followed afterwards by an allowance to cover basic needs (OECD, 2022).

Also, overall, receiving countries provided access to healthcare but, like with the financial support, the levels were different. In some countries, the support was limited to only emergency medical support, while other countries allowed a more extended access to social security systems¹⁵. Also, states such as Belgium, Portugal, Poland and the Czech Republic offered psychological counselling support either in the refugee reception centres or through specialised telephone hotlines.

As many refugees were accompanied by children, the provision of access to the public primary and secondary education system was a priority for all countries receiving Ukrainian refugees.¹⁶ However, given the magnitude of immigration flows (in particular) in the first months of the crisis, the education systems of many countries were put under considerable pressure (in Poland, for example)¹⁷.

Although given the unprecedented magnitude of such an exodus of displaced persons in Europe, it is very difficult at the moment to assess the economic consequences, a report drafted by the OECD (2022) estimates that only in the first 10 months from the onset of the conflict the costs related to the reception and support of Ukrainian refugees in the organisation’s European member countries amounted to approximately EUR 27 billion (Table 2 and Box 1).

¹³ The granting of protection is an exceptional, immediate and temporary measure in the context of a massive inflow of persons displaced from countries outside the EU who cannot return to their country of origin. Adopted as a result of the conflicts that took place in former Yugoslavia, the Directive was first activated since then by the European Council (at the request of the European Commission), in response to the Russian Federation’s invasion of Ukraine (European Commission, 2023). The rights provided for by the Temporary Protection Directive (TPD 2001/55/EC) include the granting of access to: the labour market, housing, healthcare, education and social assistance for all those who are entitled to this protection, as well as the adequate approach of the needs of vulnerable groups (in particular, children, women, the elderly and disabled persons).

¹⁴European Commission (2022), Communication from the Commission on Operational guidelines for the implementation of Council implementing Decision 2022/382.

¹⁵ For example, in Sweden, children were offered full medical services but for adults, this was limited to only medical and dental emergencies.

¹⁶ Moreover, some countries – e.g., Finland, France, Hungary and Latvia – also offered opportunities for enrolment in the public pre-school system.

¹⁷ Depending on the number of immigrants received, to facilitate the integration of children in the educational institutions and in the classroom activity, many countries resorted to Ukrainian-speaking teachers (e.g. Germany, Spain and the Czech Republic).

Table 2: Estimated expenses dedicated to the reception and integration of Ukrainian refugees in the OECD European member countries, 2022*

	Living costs	Primary education costs	Secondary education costs	Healthcare costs	Total costs	Total costs/capita
	- million Euro -					- Euro -
Austria	263	78	88	163	592	7,360
Belgium	400	51	47	91	589	12,626
Croatia	49	7	11	17	84	4,210
Denmark	86	66	23	82	257	8,288
Switzerland	394	71	73	177	715	13,452
Estonia	90	31	16	30	167	3,898
Finland	74	20	27	45	166	6,379
France	391	56	73	186	706	8,031
Germany	4,428	553	466	1,361	6,808	11,347
Greece	45	11	8	15	79	2,707
Ireland	176	29	23	69	297	10,064
Italy	418	98	80	141	737	5,710
Latvia	70	15	8	14	107	3,339
Lithuania	153	14	24	32	223	3,581
Luxembourg	24	13	10	16	63	12,487
Great Britain	96	16	31	63	206	6,073
Norway	106	43	13	73	235	12,491
Netherlands	241	62	53	132	488	8,549
Poland	6,207	1,133	356	664	8,360	5,225
Czech Rep.	1,265	144	208	341	1,958	5,028
Romania	499	149	148	207	1,003	3,012
Slovakia	411	68	68	94	641	4,217
Slovenia	41	4	3	5	53	8,978
Spain	981	115	81	181	1,358	8,009
Sweden	75	114	21	115	325	7,525
Hungary	104	84	96	87	371	1,730
TOTAL	17,182	3,069	2,072	4,432	26,756	
Average						6,173

Source: Author's compilations based on the data published by the OECD (2022);

Note: Estimate data calculated by the OECD cover the period February-December 2022.

As shown, the military hostilities conducted by the Russian Federation caused the mass displacement of the Ukrainian population from the conflict zone, generating a profound social and economic impact both for the Ukraine and for the numerous receiving countries. The refugees' long stay exercised and continues to exercise numerous challenges for the social security systems in host countries, given that these systems must accommodate a higher number of persons.

Although the refugee inflow is usually associated with an increase in public spending, as well as with an upturn in property prices and rents in the host countries, it must be said that an immigration wave of such magnitude may boost the development of national economies, thus offsetting the depopulation trend and the severe workforce deficit currently faced by many European countries (United Nations, 2023).

5. Conclusions

The launch of the Russian Federation's aggression in Ukraine opened a new vile chapter in the book of universal history, marking the renewal of armed conflicts in Europe and bringing along the major danger of the birth of a new era of confrontation between East and West, risking to endanger the international liberal order orchestrated under the leadership of the U.S. in the post-World War II era, and at the same time to put a stop to the globalisation process, determining the fragmentation of world economy. As such, the Russian-Ukrainian war unsettled the rule-based world order that had lasted for over seven decades, thus intensifying the global competition for power.

At the same time, beyond the danger of incommensurable proportions for world peace and, in particular, peace in Europe, the Russian-Ukrainian conflict sharpens a series of pre-existing negative global economic trends – e.g., accelerated inflation, extreme poverty, the increase of food insecurity, deglobalisation and the worsening of environmental degradation – and with the end of the era of peace dividends, which enabled the financing of higher social spending, the recalibration of tax priorities could become a difficult task even for advanced economies.

The changes caused by the conflict that has been continued during the last two years were truly unprecedented in the conditions in which countries with a long history of neutrality made efforts to join NATO while others, known for their non-involvement (e.g. Germany) announced foreign policy changes, delivered military equipment to the Ukraine and decided to increase national budget allocations for defence. In these conditions, the year 2022 will remain in history as a crucial moment that marked the end of one epoch and the beginning of a new historical phase.

As regards the Ukraine, the country in which the Russian military offensive caused direct devastating effects, both socially (numerous civilian victims and a true exodus of the population seeking shelter, etc.), and economically (both through the ample material destructions, and through the discontinuation of production and of the overall economic activity), some estimates show that, so far, the reconstruction costs could amount to a value twice higher than that of the national GDP in the year prior to the onset of the war¹⁸. As a result, beyond the devastating consequences and the long-term traumas caused to the numerous civil casualties, and the direct and indirect material losses caused to the Ukrainian economy, the Russian military aggression caused an ample humanitarian crisis, as millions of persons were displaced searching refuge and/or required urgent humanitarian assistance. This humanitarian crisis of unprecedented extent in the recent history required the rapid mobilisation of receiving states, of their institutions, of communities and of the national populations to grant political and public support to Ukrainian refugees.

To this end, to provide a community-wide harmonised political response, the EU Council activated the EC Temporary Protection Directive for the first time since its adoption (2001), and the (European or non-European states) members of the OECD drafted and implemented ample packages of measures seeking to facilitate the access and accommodation of Ukrainian citizens.

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¹⁸ According to the estimate data published in November 2023, the Ukraine Relief, Recovery, Reconstruction, and Reform Trust Fund (URTF) platform, managed by the World Bank, the costs required for the country's reconstruction would total approximately USD 411 billion. To compare, in 2021, Ukraine's nominal GDP amounted to around USD 199.7 billion (The World Bank, 2023).

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