

naming, when two brothers get almost equal share of wealth after the demise of their rich parent, one becomes bankrupt, other becomes the richest in the country, so wealthy individuals possess skills worthy to have the major chunk, incentives for sacrifice and risk and development and thus stigmatization of wealth creators is not deserved and it is one of the reasons why often HNI, the wealth creators of Developing countries leave their homeland, often dis-balancing Kuznets' theory.

Our concern is not why the rich got richer, but on how we can make the lives of the bottom layer of this spectrum, even better, and take the countries to the extreme positive X-axis of Kuznets' curve and not halt at the maxima.

Since the earliest findings of human civilization, existence of inequalities has been evident. If we move to our 1800s, i.e. from when formally recorded studies of economics start, we observe, that the percentage of human population living below their means has reduced drastically, over the last two centuries, which implies that as the rich got richer, the poor too, but at different rates, and that has led to an ever-widening gap of income inequality.

Let's straight jump into Covid-19 pandemic's contribution in this regard. With the strict health guidelines imposed, almost entire world went into a lockdown, and the known economics of human changed in a brief period. When the world economy started to recover back, the scenario had changed, inequality was at peak, with ever high inflation rates and global economic leaders crashing. Before recommending or finding remedies, we shall take a look at what caused this!

There are various causes for this devastating state of the economy, and one of the main contributors can be regarded to the fact that with the onset of Covid-19, employment of skilled and unskilled people were hit differently. People with low-levels of skills or unskilled labours, such as janitors, waiters, etc., whose main roles involved very little

intellectual involvement, and more of physical involvement, who in turn had one of the lowest paid, almost instantaneously got affected as they lost jobs, and being in unorganized sectors mainly, very few social and job security measures were available to them. Thus to smoothen consumption, they even used up all their meagre lifetime savings too and were left to suffer. But on the other hand, the skilled employed people, who shifted to WFH, mainly intellectual class of job-holders, even with lower salaries, managed lower living expenses, used a portion of savings initially, and later some increased savings, through pandemic and didn't spend and were on savings spree, bringing down economy, but to spend later after lifting of restrictions, causing inflation. So, one had no income and zero savings, other had increase in savings, with decrease in demand. This was one cause of the widening divide.

Secondly, business owners, in general, a few did extremely well, rest suffered. Not all business were pandemic proof, and we saw that, as most business shut down, with zero to negative profits arising due to certain fixed costs and compensations. But on the other hand, those in the Pharmaceutical sector, Energy sector, Food sector, Connectivity sector, Real estate sector flourished massively and their wealth grew with their ever increasing stock price, as investors started to shift to pandemic-proof stocks for smoother and higher returns for unforeseen times. These sectors created new fortunate. These visionaries, whose prior prediction of future's need saved many jobs as they could work from home, got vaccine, thus got heavily rewarded, others suffered. And this too led to widening the gap.

Now the main issue of inflation like situation, almost all the Government's politically motivated solution to any economic issue, Printing Money. Just like always, to maintain stability and favour amongst people, generous welfare schemes were arranged for by the government, often by injecting the economy with newly printed money. Even experienced countries like USA, UK, and Germany went the same way. Friedman's

studies on relation of printing money and associated inflation was paid no heed to and post-pandemic, we get what was well-deserved, a huge slap of inflation. The money provided to the poor, spent it on the essentials, thus again the money flow towards the rich, and they got even richer. Short term worries, could have saved long-term woes, but no care to Sir Friedman's studies.

Also in addition were the improper timings of implementation and retrieval of the Demand generating policies. During pandemic, tax was lowered, so that disposable income rises, also interest rates were low

t due to wrong timing, the economy got over-boasted. Salaried people, with higher savings and massive loans at cheap rates, went out of big ticket purchases post-pandemic, and all at a time, thus demand much greater than supply, shooting up the prices. And supply? Why they couldn't recover, partly due to heavier taxes imposed on business during Covid-19, Russia-Ukraine war, Sanctions, Brexit, all affecting the supply chain and rising production cost and very little fund available to invest with rise in contractionary measures. Also shift in consumer preferences were observed pre and post pandemic and they require time to adjust, and in this battle, prices went sky up and production dropping simultaneously, leading to stagflation like scenario globally. Meaning the bottom half people, with no job, and thus no incentive of loans, fell even backwards pushing the gap even wider.

All of these aforementioned factors, hand-in-hand, together brought forth this worst case scenario, of crashed economies with high inflation and rising inequality. Economies where comparatively,

Governments went for very tight welfare scheme by printing lesser money, have been doing much better compared to other countries. And a problem, which has arose mainly due to human mismanagement, shall be solved by us too. So what shall be possible remedies?

One, we can increase the Interest rates, but being enough careful, that this shall not further contract production, i.e. the supply side, and we must properly arrange for incentivizing them from Government Spending, not printed money. Higher interest rate shall bring down demand, thus cool down the economy, also this shall boost increased investment from households, which could be used for creating supplies for the changed demand pattern.

Secondly, Central banks, shall issue bonds, and reduce the liquidity of money in the market, and thus by reducing the supply of money in the market, inflation shall get cooled, although growth may further get impended, and that too shall be counter-incentivized by issuing schemes that favours more and more investment from the large financial institutions, which folded back their operations during pandemic and invested in specific sectors to profit off more.

And thirdly, and this is the most important, the Government of countries must arrange for free online courses, MOOCs, training workshops etc. to re-skill the under-skilled workers. Post the pandemic, the workplace has changed. Many have shifted to work from home. Consumer's preference patterns have changed. Some prefer to have restaurant food delivered to home, thus waiters need to re-skill to delivery guys. Similarly, certain jobs are being seen as just simply not needed, and certain departments are seeing shortage of labour, and this gap must be fulfilled by these people, just by properly re-skilling. The pandemic has shown a path to the economy of the future, and as per my understanding of economics, bringing back the economy on its normal track, shall re-enforce its journey along Kuznets' curve and these grave but temporary problems shall get resolved in very near future.

# Impact of Russia-Ukraine War on the United Kingdom Economy

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## **Introduction:-**

Russia is the world's third-largest oil producer, the second-largest natural gas producer and among the top five global producers of steel, Nickel and aluminium, so any significant reduction in energy supplies and metal shipments is highly likely to lead to soaring global prices for these commodities. For this day, on the day of invasion, the global financial market fell sharply, and the prices of above-mentioned commodities, especially grains surged. As a services economy, the UK imports few raw materials but a higher number of manufactured goods from them which have become more expensive due to the increased cost of primary inputs. The Russia- Ukraine conflict has triggered disturbances in the financial market and drastically increased uncertainty about the recovery of the global economy. This war has caused major disruptions in global supply chains and economic activity. The World Bank has estimated that the war will cause global income to drop by 0.7%, hitting low-income countries hard in particular. Despite the UK's relative strength in terms of energy and food security and also limited links to supply chain involving Ukraine, global inflationary pressure due to war will contribute to substantial rise in domestic prices. This upward pressure will only add to the existing effects of both Brexit( which has caused reduction in overall UK trade by increasing cross- border supply frictions and labor shortages) and the Covid-19 pandemic on the UK economy. Despite having little apparent strength, the war could have significant effects on UK trade like rising prices that exacerbate the cost of living crisis, the effects of UK and international sanctions against Russia, the impact of war on Europe on the UK's Indo-Pacific tilt on its wider foreign policy. UK imports comparatively little energy, food and raw materials