V. Suvorova (PSACEA, Dnipro)
Scientific supervisor: A. Gluschenko, Assistant
Language consultant: K. Shabanova, English lecturer

THE IMPACT OF INFLATION ON THE WELFARE OF THE POPULATION

Inflation is one of the most important economic concepts that affects the life of each person and the economic processes as a whole. It is defined as the increase in the general level of prices for goods and services in a certain period of time. This phenomenon can have a significant impact on the purchasing power of money, incomes of citizens, investment decisions and macroeconomic stability of the country. Variations in inflation can have different causes and consequences, and understanding its mechanisms is key to shaping effective economic policy and financial planning. In turn, inflation is divided into groups: by causes of occurrence, by size, by area of distribution, by temporal nature. The main negative consequences of inflation are falling living standards. The groups with fixed income suffer the most - for example, persons receiving wages or social assistance from the state. There is also a deterioration of expectations regarding the macroeconomic situation in the future, which leads, in particular, to a decrease in business activity (due to the investment component). The most severe inflation in terms of its distribution is hyperinflation.

"Hyperinflation is a type of inflation that is characterized by consumer price growth rates exceeding 50% per month. G. Arises from: significant. overflow of money, signs of channels of money, circulation and leads to a general. unbalancing the economy. Money becomes unsuitable for performing the function of a measure of value, since this measure changes monthly by more than half. They also lose the function of a means of accumulation. Business entities try to get rid of money that depreciates as quickly as possible, as a result of which the speed of their circulation increases, which in turn causes an increase in prices'. [1]

The largest hyperinflation in the world was recorded in Hungary in 1945-1946. During this period, prices rose 41.9 quintillion times. This means that for 1 pengyo in 1944 at the end of 1946, only 1/41.9 quintillion of goods could be bought.

Hungary emerged from hyperinflation thanks to a series of economic reforms introduced in the country after the crisis. One of the most important was the currency reform of 1946, which led to the replacement of the Hungarian pence (an administrative currency that lost its value due to hyperinflation) with a new stable currency - the Hungarian forint. This reform helped restore confidence in the country's monetary system and stop the mess in the economy. In parallel with the currency reform, Hungary introduced large-scale economic measures aimed at stabilizing the financial situation and reducing inflation. These measures included fiscal discipline, fiscal reform, control of the money supply, and other monetary measures. This comprehensive approach allowed Hungary to emerge from hyperinflation and begin the process of economic recovery.

At the beginning of its existence, Ukraine also faced hyperinflation in 1993. The economy then fell by more than 14%, and prices rose by 10,155%. However, so far nothing indicates that the history of 30 years ago can be repeated. Despite the martial law, the NBU predicts that in 2023-2024, domestic GDP will grow within 5-6% per year. The World Bank is more restrained in its forecasts - we are convinced that Ukraine's GDP will grow by 3.3% next year, and by 4.1% in 2024. But at the beginning of a full-scale invasion, Ukraine did not have such positive indicators: "At the beginning of a full-scale war, the consumer price index increased monthly by 3–4%, but over the past 12 months it grew by an average of 1% monthly. This was due to the limited purchasing power of consumers and a stable hryvnia exchange rate, which restrained the growth of import prices and contributed to lowering inflation expectations'. [2] Ukraine managed to get out of inflation at the beginning of a full-scale stabilization process thanks to a set of economic measures aimed at controlling inflation and restoring stability in the economy. Currently, the National Bank has provided information on inflation forecasts: "The further reduction of inflation in 2025 will primarily contribute to the reduction of security risks allowed in the forecast, the National Bank notes. In his opinion, this will provide an overall improvement in expectations, as well as allow to establish logistics and production processes. Significant factors in reducing price pressure will remain the NBU's interest rate and currency policy measures. At the same time, if the war continues in 2025, the National Bank admits the deterioration of the inflation forecast. The press release states that the forecast for core inflation for 2024 has been improved to 6.4% from 8.6% compared to 4.9% in 2023. Core inflation is projected to be 3.1% in 2025'. [3]

Inflation is a complex economic phenomenon that affects the lives of citizens, the activities of enterprises and the general state of the country's economy. There are several types of inflation, depending on the temporal nature, causes, size and area of distribution. Ukraine and other countries successfully got out of inflation thanks to a comprehensive approach to economic reforms, which included tight monetary policy, fiscal discipline, currency stabilization, structural reforms and international support. These measures helped to reduce inflation, restore confidence in the monetary system and ensure the stability of the economy. However, it is necessary to constantly improve economic policies and monitor inflation trends to ensure sustainable development of the country.

REFFERENCES

1.Encyclopedia Of Modern Ukraine URL: https://esu.com.ua/article-30190

2.New Voice URL: https://biz.nv.ua/ukr/economics/inflyaciya-v-ukrajini-spovilnilasya-do-naynizhchogo-pokaznika-z-pochatku-povnomasshtabnoji-viyni-50340765.html

3.INTERFAX [Electronic source] URL: https://interfax.com.ua/news/economic/962811.html

O. Usenko (PSACEA, Dnipro)
Scientific supervisor: A. Gluschenko, Assistant
Language consultant: K. Shabanova, English lecturer

INTERNATIONAL TRADE ROLE IN STIMULATING ECONOMIC DEVELOPMENT

International trade performs an important role in stimulating economic development. It helps to increase production, attract foreign investment, expand markets, and improve a country's competitiveness. Consider in more detail:

Increasing production volumes: International trade allows countries to focus on producing those goods and services in which they have a competitive advantage. This leads to increased output and higher productivity.

Expanding markets: International trade provides an opportunity for businesses to increase their markets outside their own country. This allows them to attract more customers and increase their profits.

Attracting foreign investment: International trade helps attract foreign investment into a country's economy. Foreign companies that trade with a given country often invest in production and infrastructure, which contributes to the development of the economy. [1]

Technology and knowledge transfer: International trade facilitates the transfer of technology and knowledge between countries. Companies that trade with other countries can gain access to new technologies and innovations, which can increase production efficiency. [2]

Increasing incomes and improving the lives of the population: International trade can lead to higher incomes and better living standards. Through access to a variety of goods and services, people can meet their needs and improve their living conditions.

International trade has a significant impact on the economic development of countries. It helps to increase production, expand sales markets, attract foreign investment, transfer technology and knowledge, and improve the lives of the population. [2]