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IMPACT OF THE WAR ON THE LEVEL OF INCOME AND EMPLOYMENT OF THE POPULATION IN UKRAINE

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The military aggression of the Russian Federation had a devastating effect on the development of the social sphere, the destruction of a huge number of social infrastructure objects took place, which makes it necessary and expedient to use the levers of state regulation to ensure the functioning of an important component of ensuring the vital activities of society, which contributes to human development and the reproduction of human capital, the formation of a certain standard of living in society.

In 2022, in Ukraine, in connection with the military aggression of the Russian Federation, the situation in the field of employment of the population worsened significantly - a large number of people were forced to change their place of residence and move abroad or to more peaceful regions of the country, all of which led to significant disparities in the labor market. On May 7, 2022, the Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Functioning of Employment and Mandatory State Social Insurance in Case of Unemployment During Martial Law" [1] entered into force, according to which, during martial law and within 180 calendar days after its termination or cancellation:

the procedure for registering the unemployed is simplified;

the issue of granting unemployment status to IDPs whose employment relationship with the employer has not been terminated has been settled;

the maximum amount of unemployment benefit is UAH 9,750;

unemployment benefits are paid without the unemployed personally visiting employment centers;

the mechanism of issuing and extending the validity of the permit for the employment of foreigners and stateless persons in wartime conditions has been streamlined;

expanded opportunities to provide insured persons with partial unemployment benefits in case they lose part of their wages (income) due to the stop (reduction) of production (works, services);

additional types of state support for IDPs, the unemployed and employers were introduced.

Due to the difficult situation that has developed in the employment sphere of Ukraine and the significant outflow of the able-bodied population from the labor market, in particular to the ranks of the Armed Forces of Ukraine, territorial defense forces, volunteer organizations, there is a growing need for the maximally rational use of the workforce and ensuring a favorable level of adaptability of the able-bodied population to changes in the labor market, and this requires balanced state decisions.

To support Ukrainian business and the working population during the war, the state took important measures, in particular, the following were adopted: Law of Ukraine "On the Organization of Labor Relations in Martial Law" dated March 15, 2022 No. 2136-IX; Resolution of the Cabinet of Ministers of Ukraine "Some issues of remuneration of employees of state bodies, local self-government bodies, enterprises, institutions and organizations financed or subsidized from the budget, in conditions of martial law" dated 07.03.2022 No. 221, "Some issues of registration, re-registration unemployed and keeping records of persons looking for work, calculation and payment of unemployment benefits for the period of martial law" dated 19.03.2022 No. 334. It is important to adopt the Resolution of the Cabinet of Ministers of Ukraine "On approval of the Procedure for providing the employer with compensation for labor costs for employment of internally displaced persons as a result of hostilities during martial law in Ukraine" dated March 20, 2022, No. 331, which contributes to the provision of work to the maximum number of citizens in regions where there are no active hostilities, the creation of new sectoral and geographical vectors of employment in Ukraine.

The level of wages in Ukraine is one of the lowest among European countries. In addition, there were significant changes in the wages of workers of various categories during the war. The average salary of new employees decreased by 10% compared to the indicators for the first half of February 2022, that is, to the indicators of the pre-war period. The average salary in April 2022 for all open vacancies is UAH 18.7 thousand [2].

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Kyiv, which lost its leadership in terms of wages in March, is gradually regaining its position. In January, an average of 31,000 UAH was offered in the capital, in the first half of February – 30,200 UAH, in March – 25,000 UAH, and in April they offered an average of 26,000 UAH [2].

Among the regions with high average wages in April are Dnipropetrovsk region (25.6 thousand UAH), Lviv region (24.8 thousand UAH), Poltava region (23.4 thousand UAH) and Odesa region (23 thousand UAH). The lowest wages are offered in Khmelnytskyi region (on average in April 14.5 thousand UAH), Chernivtsi region (14 thousand UAH), Ivano-Frankivsk region (13.6 thousand UAH), Ternopil region (13.5 thousand UAH). Kharkiv region joined the regions with the lowest average salary in April with an indicator of UAH 11.5 thousand [2].

In fig. 1.3 presents the dynamics of the average salary in Ukraine for the period 2010-2022.

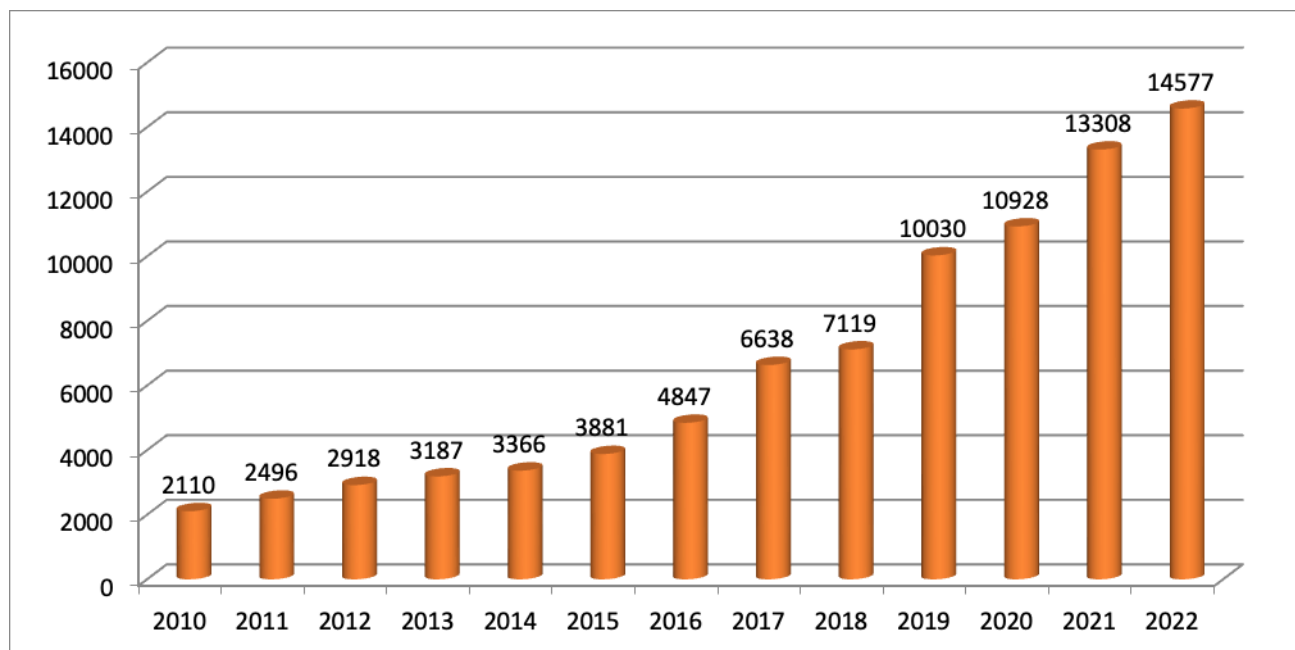


Figure 1. Dynamics of the average salary in Ukraine for the period 2010-2022.

As can be clearly seen from the figure, the dynamics of the average salary in Ukraine has a steady upward trend during the studied period. However, despite the growth of nominal household incomes, the level of real incomes of the population of Ukraine has significantly decreased in recent years. This can be seen in fig. 1.4, which shows the dynamics of the real wage index, which characterizes the change in the purchasing power of the nominal wage.

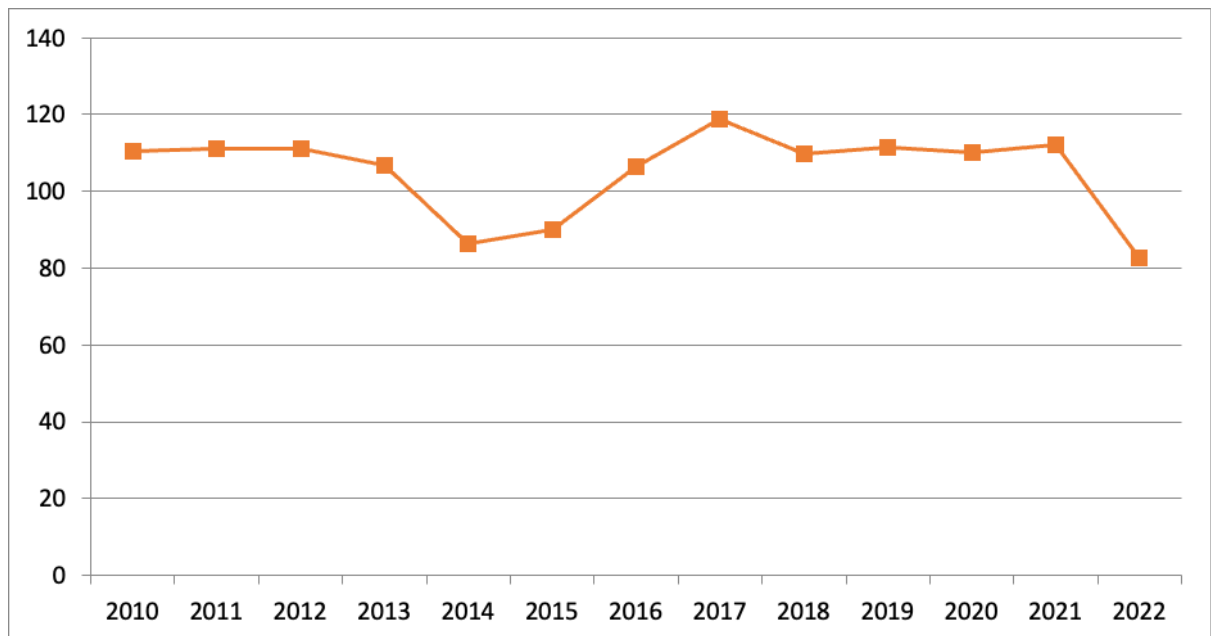


Figure 2. Dynamics of the real wage index in Ukraine in 2010-2022.

According to the given statistical data, the real decrease in the income of the population took place in the period of 2014-2015, as well as in 2022. The decrease in the income of the country's population in 2022 is primarily due to the military aggression of the Russian Federation and the increase in the number of internally displaced persons and migrants, the fall in GDP due to the stoppage of production, business relocation, blackout; rising inflation, rising unemployment, destruction of social infrastructure, housing. All outlined trends led to a sharp drop in the level and quality of life of the population of Ukraine in 2022 [3].

The main problem of recent years in Ukraine has been the growing differentiation of the population's incomes, which has led to the existence of two clearly defined classes: the rich and the poor, while the main stratum of the development of the market economy, the middle class, is almost absent. Ukraine is almost the only country in Europe where there is such a phenomenon as the "working poor" - people who have income, but still live below the poverty line. In a well-developed society, the availability of work makes such a situation impossible. In Ukraine, workers in the sphere of education, health care, and state authorities fell into the outlined category, since they cannot satisfy their primary needs with the help of income from their official place of employment. All this leads to the development of the

shadow sector of the economy, the growth of crime, corruption and other negative consequences [95].

According to experts' estimates, the incomes of the richest 10% of Ukrainians, including shadow incomes, are more than 40 times higher than the incomes of the poorest 10% of the population. World Bank experts explain this situation by the ineffectiveness of reforms, the presence of a high level of corruption in Ukraine, and lobbying by representatives of power structures of their own interests for personal enrichment. All this led to the deepening of the systemic crisis, caused the emergence of "sudden poverty", the emergence of new restrictions and risks in the process of household income formation in Ukraine [3].

In the conditions of war, all the trends outlined above are strengthened - a huge number of people have lost their jobs and have no opportunity for employment, those who have jobs have experienced a reduction in income due to inflation, and so on. The government has taken powerful actions to maintain the level of income of the population: payments to employees of the budget sphere, pensions are supported, payments to persons who have been forced to lose their jobs have been implemented, payments to the military have been significantly increased, etc.

According to experts [4], for the optimal functioning of the money and financial market in wartime, it is necessary:

- remove all prohibitions on the use of foreign currency in external and internal calculations of economic entities of Ukraine;

- cancel the rules of currency regulation, prohibitions, control over the movement of currency, rules of use and accounting;

- cancel "manual" pricing of all goods and services, except for services of monopoly producers (housing, communal services, public transport, etc.);

- allow the use of electronic payment instruments in internal and external settlements;

- cancel all restrictions on the use of cash in all payment transactions;

- introduce a simplified procedure of the notified principle of registration of a financial intermediary (bank, financial company, fund) for the provision of financial and payment services to economic entities;

- use foreign exchange earnings (charity, support of the country's defense potential, investments) to achieve the goals of macroeconomic stability;

- cancel blocking and bans on all payment cards issued by banks of Ukraine.

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