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SOCIO-ECONOMIC CONSEQUENCES OF INFLATION IN UKRAINE

Inflation is a difficult, multivariable, and sometimes contradictory economic phenomenon. Inflation reflects the process of increase of general standards of pricing. On the modern stage of development of market economy in Ukraine inflation became a constantly present factor which must be taken into account at the economic decisions-making.

Inflation becomes dangerous, when it crosses set borders. After this it has heavy socio-economic consequences. Often the state acts as a generator of inflation by the increasing the budgetary deficit or covering the budgetary charges.

Such countries with the transitional period of economy as Ukraine are unable to overcome inflationary processes. Growth of debts between the subjects of management, on all types of social payments and on budgets testifies transformation of inflation into a payment crisis. A solution of the problem of budgetary deficit through the increase of national debt caused worsening of the economy and approached a country directly to bankruptcy.

In our country in the last decades economic instability passed to the stage of stagflation, i.e. simultaneous downstream and increase of inflation.

Stagflation arises as a result of increase of expenses and reduction of production volumes, which is a change of curve of aggregate supply to the left. As a result takes place a simultaneous growth of unemployment and prices.

Stagflation, foremost, hits working population of the country, causing the decline of purchasing power of salaries, pensions and assistances, increase of unemployment, increasing prices of livelihood, i.e. carries in itself the socio-economic consequences of inflation. At high inflation rates, the growth of intensity of labor gets behind the growth of money depreciation. The work-load diminishes, there is not enough work, and accordingly the labor productivity goes down.

The height of socio-economic consequences of inflation increases on this background, i.e. production declines. As a result, economy in employment begins, which draws falling of profits of population, which in turn results in a decline in a production and demand. The protracted slump of few indexes at once results in the fall-off of standard of living, and, as a rule, it is impossible to equalize the situation using social levers – the state does not have time. A result is a social explosion.