

and know-your-customer (KYC) procedures in place. However, it's important to strike a balance between protecting investors and allowing the industry to innovate and grow.

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### GREENFLATION

Economics and ecology are often presented as opposing disciplines. But today we face the situations which prove connection between these sciences. Many economies undergo the transition to a green economy, which in turn affects not only the environment but also the economy.

The price of some commodities has soared significantly. The price of PVC (composed of 43% oil), which is widely used for plumbing, rose by 90% between May 2020 and August 2021. The reason for this is a multiple one: after Covid-19, the price of oil has risen considerably, then remained high due to the geopolitical situation, but may continue to rise in order to meet the goals of the 2015 Paris climate agreements. Other commodity prices are rising: copper, aluminum, lithium, cobalt, to name but a few, and again, the increase is linked to the green transition. In short, if commodity prices rise because of the transition to a green economy, so do the costs of all goods and services: that's inflation. Actually, it's greenflation.

The concept of greenflation can be summarised as the increase in prices of goods and services as a consequence of the transition of the current economy to a greener one. As the concept is not yet set in stone and is the subject of much debate among economists, it will be used as a broad definition [1].

Nevertheless, it is essential to point out that not all price increases are the result of greenflation. For instance, it would be absurd to think that greenflation is sufficient to explain the annual inflation rate of 10.4% in the European Union in January 2022, as there are many other reasons for the rise in prices. Yet greenflation remains necessary to explain the inflation we are experiencing. Nor is greenflation a sign of a failure of the economic system because it is characterised by *continuing* inflation: the green transition is a mammoth task which requires massive investments. Indeed, the American economist

Pr. Harold T. Shapiro thought that *continuing* inflation could not be understood in a purely economic way. According to him, “inflation relates more directly to our political system’s response to a changing social agenda than to any unresolved deficiency in our economic system” [2]. In fact, the Covid-19 crisis was the landmark for a global awareness of the social and environmental issues within our society. It has shaken up political agendas and accelerated the green transition.

First of all, greenflation is reflected in an increase in the price of some commodities. The latter should be understood as the meeting of a strong demand for metals necessary for the green transition and a supply that is unable to meet such demand. Supply is low due to massive under-investment in the mining sector, which had been already heavily impacted by Covid-19. Lastly, the decrease in productivity induced by environmentally friendly and ethical agriculture results in higher prices for agricultural materials. Moreover, greenflation is closely linked to rising energy prices. Contrary to what one might think, the cost of green energy has become cheaper than the cost of fossil energy. However, renewable energies are not sufficiently scalable and require high investment.

Another problem is that many economies still rely on burning fossil fuels to generate electricity. Yet the price of oil is rising. Undoubtedly, the geopolitical situation has contributed to the rise in energy prices, but this is not the only reason. OPEC has significantly reduced its upstream investments since 2015 and pressure from investors is forcing oil majors to reduce their investments in exploration-production and to gradually turn to renewable energy. These trends lead to higher fossil fuel prices.

At the end of the day, greenflation is the increase in prices due to environmental taxes. The latter are essential for the green transition to achieve its goal. This is because they integrate negative externalities into the price of goods and services, and in this way can influence consumer behaviour. Environmental taxes can therefore encourage consumers to consume in a more sustainable way and are a real game changer for the ecological transition.

Greenflation will have the same negative effects as inflation and may lead to numerous social conflicts within states. Inflationary phenomena increase inequality. Not only because their wages will not keep up with inflation, but also because the less well-off families hold their savings in cash, whereas the more well-off families hold real assets. As a result, their purchasing power decreases.

As for Belarus, our government develops the legislative framework, ensures the attraction of financial resources to the country and effective use of donor funds, including training and education of specialists. Annually, within the framework of international technical assistance, about \$5 million is provided to the country to solve environmental problems. As has already been mentioned, during the green transition, an important fact is the active financing of the economy to sustain it. Therefore, through active funding, Belarus has the opportunity to reduce the impact of greenflation [3].

The issue of the environmental protection is therefore a global one. To solve it, countries are implementing various policies. However, the green transition should be carried out gradually, so as not to overload the economy. Belarus was also implementing projects to protect the environment and was receiving investments that could be used both to implement projects and to curb inflation.

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## THE IMPACT OF THE MIGRATION ON THE MODERN WORLD ECONOMY

Migration is the movement of a person or people from one country, locality, place of residence, to settle in another. Migration is a feature of social and economic life across many countries, but the profile of migrant populations varies considerably. In part this is because of the variety of sources of migration. In much of Europe, for example, citizens enjoy extensive rights to free movement. In Australia, Canada and New Zealand, supervised labour migration plays an important role. Other sources include family and humanitarian migration. Whatever its source is, migration has important impacts on our societies, and these can be controversial. The economic impact of migration is no exception.

The aim of the current research is to investigate the impact of the migration on the economy, as well as to find the pros and cons of this process.

In general, immigrants contribute to the strengthening of peace and friendship in the world, international trade relations, increasing trade and exports of its country. So, Chinese immigrants in the U.S. have made the most direct investment in China's economy. As a result, China has become one of the world's most powerful economies [1].

Regardless of the reason migrants move, migration has important implications for the development of the world economy and international trade.

- the level of wages of labor migrants is higher in the new working environment than in the country of origin;

- professional migrants with gaining experience have more salary than they had in the country of origin;

- the movement of migrants from one country to another improves the political, social and cultural relations between these countries;