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INFLATIONARY PROCESSES IN THE ECONOMY AND THEIR SOCIO-ECONOMIC CONSEQUENCES

Процессы инфляции в экономике и их социоэкономические последствия

Research Objective: To study the socio-economic consequences of different types of inflation. Inflation is the process of increasing the overall price level of goods and services in the economy over a specific period of time. Inflation can be caused by various factors such as excessive demand, rising production costs, budget deficits, or currency devaluation. Inflation can have both positive and negative consequences for the economy, depending on its speed and duration.

Positive aspects of inflation can include:

- Weeding out weak businesses from the market.
- Creating a competitive environment in the market.
- Increasing labor productivity to boost incomes.
- Encouraging producers to deliver high-quality goods and services, etc.

Negative consequences of inflation can include:

- Devaluation of citizens' and the government's savings.
- Slowing down economic growth.
- Reducing GDP.
- Increasing social tension.
- Decreasing real incomes, demand, and purchasing power.

There are different types of inflation, each of which can have its own characteristics and consequences. Single-party inflation is characterized by rising prices for a limited number of goods. Hyperinflation is an extremely high level of inflation in which prices rise in an exponential manner. With demand-side inflation, prices rise due to the redistribution of income within the economy. Structural inflation occurs due to changes in the structure of the economy or changes in exchange rates.

Inflation has significant consequences on the economy and society. The loss of purchasing power among people leads to a decrease in the standard of living. Unpredictability of price levels makes planning and decision-making difficult for businesses. A deterioration in the investment environment and a decline in investment levels may lead to a slowdown in economic growth.

Socio-economic consequences of inflation:

1. Deterioration of purchasing power: In an inflationary environment, money loses its value, negatively impacting citizens' savings and diminishing their

purchasing power, leading to a lower standard of living. However, it can also stimulate production and economic growth.

2. Increased cost of borrowing: Inflation leads to higher interest rates, making loans more expensive. This hinders access to credit for entrepreneurs, households, and organizations, leading to economic growth constraints.

3. Unfair wealth distribution: In an inflationary environment, entrepreneurs and investors may earn substantial profits while workers and retirees experience reduced income growth.

4. Uncertainty and mismatch of plans: Inflation complicates business and household budget planning due to difficulties in forecasting future prices and incomes, leading to incorrect investment decisions, production cutbacks, and higher unemployment.

5. Negative impact on financial stability: Inflation can contribute to higher debt levels, especially for government obligations and loans. High inflation can also cause financial instability, raising bank interest rates and securities market fluctuations.

Inflation poses a significant economic problem that can adversely affect society's well-being. Therefore, understanding the types of inflation and their causes plays a crucial role in developing measures to control and prevent it. The socio-economic consequences of inflation discussed here are just a part of the many potential outcomes, and further research and analysis are needed to fully understand this complex topic.

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THE MAIN TRENDS IN THE DEVELOPMENT OF THE WORLD ECONOMY IN THE ERA OF DIGITAL TRANSFORMATION

Ключевые тенденции развития мировой экономики в эпоху цифровизации

The purpose of the study is to identify the main trends of economic processes in the world in the era of digital transformation.

The current global trend in the development of financial relations in society is aimed at simplifying the process of conducting payment transactions of organizations, increasing the speed of transfers, as well as ensuring the security of funds, through the active introduction of new digital products, which can have a direct impact on the productivity of the economy and the rational use of time.