

Maastricht University School of Business and Economics

Problem Based Learning (PBL) Case for Economics and Business

Economics

Wider impact of the war in Ukraine

The war in Ukraine of course first of all has a huge impact on the lives of the people directly affected. However, such a big geopolitical event also has a much wider impact. Part of this impact is disrupting some of the most important international markets, which is of course where the expertise of economists comes in. In this Case we will take that economic perspective to try and understand how people across the world have been affected by the war in Ukraine.

We will think primarily about prices and how we can explain changes in prices, but that does not mean that economist only care about prices or money. Prices affect how people (can) live their lives and they affect different people differently. That is why we also study the effects of changes in prices.

Consider the two graphs below. The first shows the development of the price of (crude) oil, the second the price of wheat, over the past six months. For both of these products there appears to be a substantial increase in prices around the time of the start of the Russian invasion of Ukraine. Economists use a supply and demand framework to explain these changes and to think about the wider impact. This framework assumes a supply curve and a demand curve which together determine an equilibrium price. Changes in these curves can therefore explain changes in the price.



