Surging global food and fuel prices add further hardships for workers

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Global food prices increased for the 10th consecutive month in March, reaching levels not seen since 2014, according to a Food and Agriculture Organization (FAO) assessment released Thursday. The surge in food prices, since May of last year, joins a larger trend of global inflation and scarcities in key commodities that have dug into the livelihoods of the working class at an already exceptionally difficult time.

The FAO's Food Price Index increased by 2.4 points in February, up from 92 points in May of 2020. This level has not been seen since June 2014. Two key staples of consumption—cooking oil and grains—have led the surge, but the price of dairy, sugar, and meat has also risen.

The rise in food prices forms part of what economists are calling the 'K-shaped' recovery from the economic downturn caused by COVID-19. While prices for staple goods like food, fuel and household supplies have substantially increased since last year, this increase disproportionately impacts the broad mass of working people, leaving the rich less affected. An analysis from Bloomberg found that the top 10 percent of American households experienced almost half the level of inflation that the median household did in February 2021, a rough trend seen since July of last year.

The divergent impact of inflation can be seen globally, especially in some of the world's poorest countries. For example, in Pakistan, a country of 216 million people, the population spent more than 40 percent of its income on food, according to 2015 data from the World Economic Forum. The same went for the Philippines (41.9 percent) with a population of 108 million, Algeria (42.5 percent) with 43 million people, and Nigeria (56.4 percent) with 201 million people. In the U.S., the bottom quintile of the population spent 36 percent of their income on food in 2019.

In March, when the UN issued a warning of a food crisis," identifying Afghanistan, Burkina Faso, the Central African Republic, DR Congo, Ethiopia, Haiti, Honduras, Nigeria, Sudan, South Sudan, Syria, Yemen and Zimbabwe as being at extreme risk. In the West African and Sahel region, for example, 27 million people, or 10 percent of this region's population, needs immediate food aid relief, with the severity of the crisis expected to worsen through the summer.

In the United States, the US Bureau of Labor Statistics estimated that grocery prices had increased by an average of 3.5 percent compared to a year ago, resulting in an average increase of more than $500 per year. Some of the leading price increases were in meats, poultry, fish and eggs, a 5.2 percent increase, citrus fruits, 9.5 percent increase, canned vegetables, 6 percent, and carbonated drinks 6 percent.

On Tuesday, the US Department of Labor released data that showed that in March US consumer prices increased by the largest amount in eight and a half years. Increases in gasoline and food prices led the way.

The surging cost of food for the broad mass of workers and peasants, around the world has been compounded by the global pandemic, which has officially killed almost 3 million people. The global downturn in the economy has sharply exacerbated the pre-existing gulf in livelihoods between the rich and the poor in every country. To the extent that lockdown measures have been imposed in most countries, they have been done so with little to no economic relief, care or support for the population which must forgo income.

Meanwhile, the concentration of the poorest sections of the working class in jobs like retail, restaurants, tourism, hospitality and other hard-hit in-person services has led to a more permanent downturn in

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employment. A study from the Harvard affiliated Opportunity Insights research group found in October of last year that lower-income Americans, making less than $27,000 a year, remained stuck at a 20 percent lower employment rate than prior to the pandemic. Higher paid workers, above $60,000 a year, had just begun to return to pre-pandemic levels. These official employment statistics, however, do not consider those who have altogether given up looking for work, estimated at above 4 million people in the United States.

Globally, Bloomberg estimates that 150 million people who had, in the previous decade, joined the global "middle class," a term which refers to workers making between $10 and $20 a day, had been pushed back into a lower pay bracket by the pandemic.

Workers around the world are therefore being hit by two forces: rising prices *and* lowered wages. This combination is a recipe for misery and social explosion.

However, while the broad mass of the world's population is caught between these forces, those who rule society, in whichever country they call home, are being launched to new heights. The collective wealth of the world's billionaires increased by more than 60 percent last year, from $8 trillion to $13.1 trillion. While the bottom half of Americans, some 164 million people, captured just 4 percent of the wealth made in 2020, the wealthiest 10 percent captured 70 percent of it, according to the US Federal Reserve.

There are several reasons behind the rise in food prices, but above all it is the unplanned, anarchic, and nationalist character of the profit system which drives it.

Agriculture, globally, is dependent on a highly exploited group of migrant farmworkers who frequently cross multiple national boundaries to harvest crops. Because there has been no scientifically guided, internationally planned response to the COVID-19 pandemic, countries have imposed extended border shut-downs that prevent the flow of migrant labor. Extreme weather events, associated with climate change, are also thought to have caused some on-farm damage this winter, further disrupting supply chains.

The price of oil likewise plays an important factor in food costs, both because of farm inputs and transportation costs. While the price of oil has not surged as much as food prices, it has returned to pre-pandemic levels between $60 and $70 a barrel for Brent crude (a global benchmark for oil prices) driven by rising demand and prior cuts to production in response to the pandemic. The price of food, traded on global commodity spot markets, can be immediately impacted by these day-to-day shifts in oil prices. The AAA predicts fuel prices to increase through the summer, especially as many Americans make plans to travel. The price of gasoline at the pump has increased by 93 cents in the United States since one year ago, generally increasing the cost of living by broadly increasing all prices.

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