

UN warns war in Ukraine could amplify cost-of-living crisis

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The United Nations Global Crisis Response Group warned in a report Wednesday that the ripple effects of the US-NATO conflict with Russia over Ukraine could exacerbate the human suffering of millions around the globe by escalating food and energy prices amid a worsening “global cost-of-living crisis unseen in at least a generation.”

According to the report, the war has the potential to amplify the ramifications of numerous challenges nations face, such as climate change, severe inflation and the COVID-19 pandemic.

The Global Crisis Response group identified three main elements to the cost-of-living crisis: rising food prices, rising energy prices and tightening financial conditions. While each of these elements makes life harder for millions on its own, they have already begun feeding into each other in a vicious cycle. Approximately 1.6 billion people in 94 countries are exposed to at least one dimension of the crisis, with about 1.2 billion living in “perfect storm” conditions vulnerable to all three of them.

The outbreak of war in Ukraine has only inflamed a disaster that was years in the making. But the United Nations and bourgeois press have presented the crisis as a direct consequence of the Kremlin’s invasion of Ukraine.

After the report’s publication, U.N. Secretary-General Antonio Guterres issued a press release declaring Russia’s invasion is responsible for more “bloodshed and suffering.”

“Three months into the Russian invasion of Ukraine, we face a new reality. For those on the ground, every day brings new bloodshed and suffering. And for people around the world, the war, together with the other crises, is threatening to unleash an unprecedented wave of hunger and destitution, leaving social and

economic chaos in its wake,” the U.N. chief said.

In reality, the cost of living was already rising well before the conflict. The massive surge in inflation is the outcome of bipartisan monetary policies pursued by both the Democrats and Republicans, who printed trillions of dollars to prop up the stock markets and guarantee the wealth of the ultra-rich.

When the pandemic led to a severe economic downturn in 2020, the US Fed and other major central banks poured an estimated \$16 trillion into the financial markets, hoping to prevent a collapse and continue the parasitic growth of the stock market. The refusal of capitalist governments around the world to undertake public health measures to eliminate the virus because of consequences for profits produced disruptions in global supply chains and increased the cost of many commodities.

Moreover, any attempt to place Russia as the sole party responsible for the global crisis is belied by the fact that a conflict with Russia has been a central goal of US imperialist planning since at least the 2014 CIA-backed Ukrainian coup. In April, former US Army Europe Commander Ben Hodges declared that US war goals in Ukraine included “breaking the back” of Russia.

The US and its imperialist allies are just as culpable, if not more so, than the Russian oligarchs for the magnifying the impact of the war.

Notwithstanding the report’s framing, the statistics reported by the Global Crisis Response Group provide a critical insight into the growth of poverty and destitution all over the world.

The UN report noted that, more than two years into the pandemic, the ability of people to cope with the cost-of-living crisis has been severely diminished. Worldwide, about 60 percent of workers have already

lower incomes than before the pandemic, with the average household losing 1.5 percent in real income due to price increases in corn and wheat alone.

The report warns the increase in hunger since the start of the war could be higher and more widespread. In the last two years, the number of people facing food crises doubled from 135 to 276 million due to the effects of the war. This year, that number could climb to 323 million. People are already reducing their food purchases and may be reducing the number of nutritious items, skipping meals and/or eating smaller portions.

By the end of this year between 179 and 181 million people in 41 of 53 nations where data was available are forecast to face a food crisis, with 19 million more expected to face chronic undernourishment next year if limited food availability persists. Together, Russia and Ukraine produce 30 percent of the world's wheat supply, 20 percent of its maize and up to 80 percent of its sunflower seed oil.

Steep rises in the cost of living will increase poverty worldwide, after the pandemic has already caused a tremendous rise in impoverishment. According to the World Bank, the war could push up to 95 million people into extreme poverty. The report estimates that, in general, 10 million people are pushed into extreme poverty for every percentage point increase in food prices.

The rise in energy prices will have a disproportionate impact on the poorest and most vulnerable. Crude oil has reached over \$120 a barrel, and energy prices overall are expected to rise by 50 percent in 2022. In particular, the price of European natural gas has risen tenfold compared to two years ago. Almost 90 million people in Asia and Africa who had previously gained access to electricity can no longer afford to pay for their energy needs.

Critically, the combination of increased transportation and fertilizer costs spell trouble for next year's harvest. Because of the fertilizer shortage, global food production in 2023 may not be able to meet rising demand.

Current trade restrictions affect almost one-fifth of calories traded globally. But if the current course continues, rice—the world's most widely consumed staple which has remained relatively low up to now—could be significantly impacted by the loss of

fertilizer, aggravating the crisis.

The UN report called for immediate action, urging international financial institutions, especially the boards of the World Bank and the International Monetary Fund, to increase financial resources of countries in need and counseling warring nations to broker a "package deal" to allow food to be safely exported through the Black Sea.

However, these pleas will fall on deaf ears. There is no way to address the global soaring of cost of living, the pandemic or the food crisis within the framework of the capitalist system. This fight is a political struggle against the entire capitalist class, its governments and the supranational institutions they control.

In the fight for affordable food and staple necessities and an increase in wages to keep up with the rate of inflation, the working class must unite across workplaces, across industries and national borders to unite the world's productive forces under the democratic control of the working class to abolish hunger and poverty forever.



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