

Q 1-

How much inflation is rose in the world? What are causes of it? Critically evaluate your answer.

Ans:

1-

Introduction

"There is no need to rise price; there is need to change policy."

The world is facing global inflation. There are also rich-developed countries who face top in the list, such as the UK, USA, Indo-Pacific and ASEAN countries. There are certain solid reasons behind it, main among is recent Russian-Ukraine Crisis (War). However, it can be tackled by following positive role.

2.

Inflation: a global problem

"Humanitarian loss is increasing due to human activities."

Humankind is also in danger due to gradually increase

of international price of commodities. Following is the top to bottom listed countries in the world.

a) The first top in the list ~ UK

Europe is also in inflation cycle for the last 4 decades. The UK is top in the list - Other countries include Germany and France in 45 years.

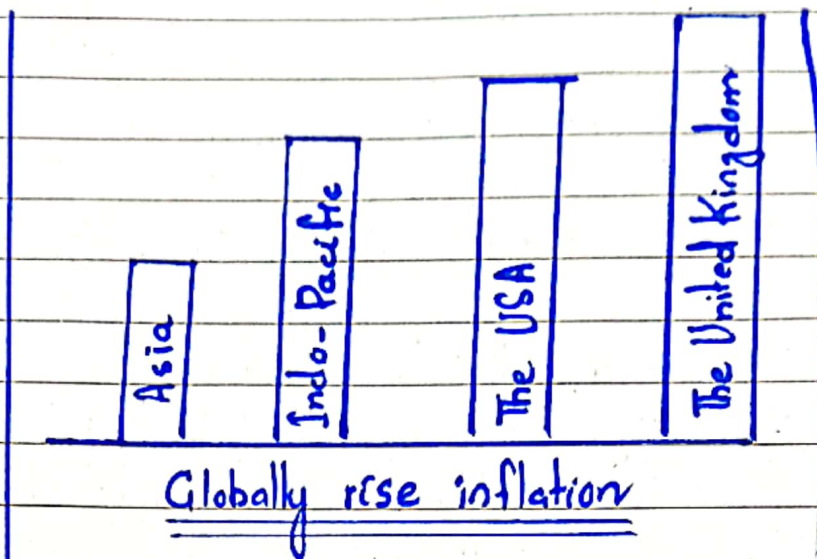
b) The USA ~ inflation cycle

The USA is also caught in a vicious cycle of inflation in 39 years. Canada since 3 decades and Mexico, 4 decades. Hence, USA is also caught in inflation.

c) Pacific-Indo Countries and Asia

Indo-Pacific countries are also not escaped from inflation. Top among are Australia and New Zealand. Moreover, ASEAN and South Asian countries are also in such a circle.

Other examples include Korea, Malaysia, and Japan. Vertical bar of diagram represents above data as follows:



3-

Causes of inflation:

Nature ~ Human

Following are main reasons of global inflation:

a) Post-COVID-19: Resumption of Markets and resulting price hike internationally

During COVID-19, the world was facing a pandemic situation. This led markets closed, hence prices got down. In 2020, the highest price declined in the last 2 decades. e.g \$23 per barrel was fuel price. Even, price decreased as negative. Post-Covid-19,

In 2021, resumption of markets and transport resulted price hike. e.g. price of fuel rose from \$23 per barrel to \$78 per barrel. Due to more demand and less supply phenomenon.

“The world works on phenomenon of Action-Reaction so, Demand-Supply.”

Russia-Ukraine War

Commodity Supercycle

Another main reason of international inflation is Russia-Ukraine conflict. Russia is the first largest gas supply and the second largest oil exporter, mainly to Europe, China, and India.

West and Europe sanction on Russia

The largest importer of Russia, Europe refused to import from Russia. Iran and Venezuela were already

in sanction. The only Middle East could not meet the demand. The USA's 75pc demand, hence requested the KSA to increase oil production. But unfortunately offer was rejected, resulted price in hike.

c) The world's total agriculture in danger

Again, Russia the second largest grain producer and the Ukraine, 4th largest producer. Due to Russian-Ukraine war, the almost demand of grain increased in international market.

Ukraine's 70pc agriculture was devastated and there is sanction on Russia. Thus, inflation reaches at the highest peak.



∴ Recent Conflict Territory

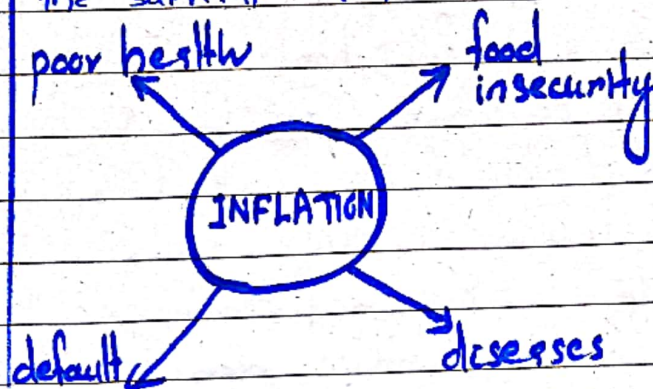
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Implications of Inflation

~ A real threat to the survival of the world

"Inflation is not only prediction, but it is happening."

There is severe impact of inflation across the world. It raises fear of food insecurity, loss of health, and several diseases. But, main risk to countries is of default. e.g Sri Lanka is already defaulted, Pakistan is on verge of default, Egypt is under default and even the USA has threat to default. Hence, this is such a big threat to the survival of the world.



5-

How to tackle / address such a global problem

Following is possible and the most appropriate solution of this problem:

a) China's role as a global leader

China, after the Middle East, is trying to maintain peace between Russia and the West world. e.g. China's 12 Agenda often is presented before Putin on a recent visit. Following are main points of this agenda:

- i) respect sovereignty
- ii) end sentiment of Cold War
- iii) Negotiate on one table
- iv) Avoid nuclear war

If China's role will be successful, hence sanctions will be removed from Russia and this further will bring stability in the Ukraine. Thus, price of commodities will be possibly decreased.

6-

Conclusion

“Negotiation among super powers will be responsible for peace in the world.”

Inflation as a global problem can be tackled down. It became due to some natural as well as human phenomenon. As a result, world suffers badly economic crisis that impacts life on the Earth. However, recent Chinese president, Xi Jinping took a step to bring peace in the world by visiting Russia. This would be beneficial for the world in future.