

Why is the Cost of Living rising Worldwide?

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Currently, there are 189 active armed conflicts around the world. These conflicts have costed astonishing US\$ 19.1 trillion to the global economy. For the comparison, developing countries have average Gross Domestic Product (hereafter gdp) of US\$ 400 billion. Reported by Uppsala university in Sweden. This is the root cause cost of rising prices of basic living standards. Who is going to pay this cost? Rising conflicts is not ~~the~~ only factor responsible for rising living cost. Pandemics have significantly contributed towards rising prices of basic goods and services. Moreover, global conflicts

and pandemics have disrupted the supply chain which added extra weight in rising living costs. Furthermore, change in economic policies globally have significantly impacted the cost of living. In addition, changes in the nature of basic necessity goods and services have also become a cause in rising cost of living. These factors have severely impacted the lives of people around the world. In terms of inflation, unemployment, poverty and lower human development expenditures. However, rising cost of living has to be curbed by national and international assistance.

The cost of living standards is on rampant rise which is contributed by various factors and having severe impacts on people's lives; however, these rising costs can be curbed by implementing few solutions.

Cost of living refers to amount of money needed to maintain basic standard of living. Living standards is a multidimensional factor which encompasses, shelter, Food, education, healthcare and other element necessary for maintaining a basic life. For example, when a person is able to buy three times meal, having a house to live in and proper access to basic necessities is said to be having basic living standards. Amount of money one pays to access these basic facilities is said cost of living. Maintaining and earning cost of living have socioeconomic impact on global economy and society. It creates economic cycle, where household pays money to business for rendering goods and services. That business pays the amount to purchase raw material. Again, business

pays back to household in terms of salaries and wages. This keeps economic activities running and cost of living is maintained through the economic cycle.

Cost of living is consistently on rise since few years now. Economists around the world have identified some causes which are bed rocks for upsurging living cost.

Rising global conflicts are seen one of the prominent cause for soaring cost of living. The money spent on managing, preventing and dealing with aftermath of conflicts is equivalent to 12.9% of the world's gdp which is 6.6% increase from previous year reported by Uppsala university. This shows that global conflicts expense nations a huge chunk of their earning which leaves very little amount for meeting

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the expenses of basic necessities. Moreover, conflicts also diminish the productivity of the nation which again cost as higher demands. Due to lower productivity companies lay off its staff which increases the unemployment. Hence, the rise in global conflicts have brought the surge in the living cost.

Similarly, pandemics have restricted economic activities which in turn have increased cost of living standards. Recent example of this is Covid'19, after that world was put in lockdown, the economic activities decreased significantly which resulted in redundancies of employees, along with sharp decline in the global demand. On the one side, people were laid off and on the other side, business were closing their operation. This left a very few amount of money

on people's hand along with restricted supply due to closure of business. People were having less to pay for products having surge in their price due to limited supply. This economic phenomenon proves that pandemics have severely hurted the cost of living worldwide.

Moreover, the disruption of supply chain also contributed towards hiking cost of living. Disruptions have impacted the supply of goods in the markets hence very few ^{goods} reach to the market which increases the prices of goods. Increase in the prices of goods lowers the spending power of the individual. For example one earns hundred rupees and spent seventy rupees on basic necessity goods. Due to supply chain disruption few goods made to the market. This rose price of

goods by ten rupees. One having the same income of hundred rupees pays ten rupees more now 80 rupees leaving less for saving or leisure spending. This shows recent supply chain disruption witnessed by world have surged cost of living.

Privitization of basic necessities i-e healthcare and education have increased the cost of living. Basic necessities goods and services provided by government come at minimal cost as government pays in terms of subsidies. Health and education have become the part of private sector in the most parts of the world. These two cost individuals 25 percent to 35 percent of household's income. One stark example which depicts how lifting government subsidies can have a impact on cost of living is privitization of

Karachi electric supply company.
According to Pakistan Bureau of statistics the city of Karachi have significantly reported ^{rise} in the cost of living when government of Pakistan: ~~is~~ lifted subsidies.

In the wake of privatization whole of electricity ^{bill} is to be paid by household which added in the total cost of living. This depicts privatization of basic necessity goods and services put economic pressure on individual's income which raises the cost of living.

Protectionist policies by government impose higher taxes on imported goods which end up increasing cost of living. Imposing higher taxes adds to the final price of the product. That hiked price due to taxes is paid by individual. One classic example of this is Trump's

imports tariffs. The Economist reported that Trump's policies for imports can significantly raise the prices of imported goods in the country which in turn will raise the inflation. Same can be analysed by reviewing the reserve bank's slash in interest rates for the coming period. State bank pushing household for more spending depicts the strategy for lowering inflation. This concludes that protectionist policies can influence the rise in cost of living.

Rising demand due to rise in population is also surging the cost of goods and services which raise the cost of living. Unprecedented rise in population in various parts of the world have increased the demand for goods and services which in term have raised prices. As

demand theory suggests, whenever the supply restricts or genuine demand increases the prices for same will increase. Global population survey 2024, reported countries with lower human development have higher population growth rate. That suggests that lower resources are produced than its consumption which raises the demand and price of product. Conclusively, rise in demand and prices contribute to rising cost of living.

Change and addition in the goods and services of basic necessity have fluctuated the overall cost of living. For instance, access to the internet have become the element of standard living. Clean water and environment is also a basic right and necessity of the humans. • Inclusion

of these element have widened the scope of living cost hence it has increased in recent times.

The cost of keeping environment safe and clean ^{is} new kind of cost which have stressed total living cost. For instance, Now companies are by law binding to treat their waste in accordance with climate. Moreover, Companies have to prepare corporate social responsibility report along with financial statements. Cost of waste management and other environmental cost are added as environment cost in the final price of the product. Ultimately, these cost are paid by the consumers. In addition, huge chunk of environmental waste is of agriculture which is major element of cost of living falling in the food category.

Rising cost of living have various implications on the lives of people around the world.

One of major implications of uproaring cost of living is rise in inflation. From the economic point of view, cost of living is the direct contributed of inflation. For instance, increase in the agriculture producers prices will directly increase the cost of food in the basket of consumer price index. Similarly, rise in the doctor's fees will increase the healthcare expenditures of household. This relationship between inflation and cost of living proved rise in one leads to rise in other.

Rise in unemployment-rate is an indirect impact of cost of living. In the economic environment where governments and companies spend most of the amount

in maintaining the existing expenditure operations. That leaves tiny amount for developmental expenses. This phenomenon lessen the employment opportunities, hence burgeoning population pile up on the unemployed side.

Poverty has become enduring menace in the wake of rising cost of living. World bank in association with oxford university has issued multidimensional poverty index (MPI)⁽²⁰²⁴⁾, which reported 1.1 billion people are living under poverty line around the world. Moreover, 46.9 percent of total belong to the regions having highest cost of living and lowest human development. This report is an stark example that cost of living pushes the population under poverty line.

Cost of living takes the major portion of household's income

as well as government's budget-expense off major portion of income to maintain the basic life standards. That leaves less than nominal amount for investing in human development.

Moreover, the investment and development expenditure also gets hit by increase in cost of living. For instance, a person earns 100 rupees after paying for expenses saves 10 rupees for ~~saving~~ investment in fixed deposit. In the coming year rent increases, food prices increases, transportation ~~fare~~ cost and resultantly person saves only 2 rupees. ~~His~~

Income stream of person remained same the hit of rising prices were sustained by amount for investments. Same thing can be analysed in global perspective. Where rise in cost of living impact the savings and investment.

first than any amount for leisure spending.

However, the implications of rising cost of living and the havoc wracked by rising cost of implementation can be curbed by implementing some solutions.

United Nations (UN) has to intervene for solving some issues. Such as, maritime route can be given under UN peacekeeping mission to provide safety and security to the region. Moreover, UN is a neutral force it will protect the rights, safety and security of all countries regardless of their socio-economic status.

Basic necessity items takes the majority of individual's income. The operation of providing basic necessities should lie under

ambit of state. Moreover, by doing this government can achieve economies of scale where per unit cost of product can be lowered. Bulk buying capacity will provide edge to government for better negotiations and lower prices for goods & services.

Monopoly of markets have raised the prices significantly. The practice of free market will provide multiple buying options to individual. The prevalence of substitutes will force the competitor to lower and match prices with market.

Single framework of policies will eradicate the extensive measures. Such as, the policies of protectionism ultimately addresses the threat of trade wars. Moreover, concurrent pathway of policies provides the global economic standards.

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which help stabilizing the global economy. For instance, European Union is one of the prominent case study for elaborating this. Unity in economic policies within union have helped developing European countries to flourish along with developing countries getting enhanced benefits.

More of innovation and technology is needed for meeting unprecedented demand. Technology empowers business with improved data which in turn help in accurate decision making. On the other side, innovations helps to execute the decision without any restriction or throttling of resources.

In conclusion, rising inflation proves to be most-daunting issue of the current times. Impacts the

world in various manners. These are induced by persistent conditions of various nature. Immense socioeconomic causes raises the cost of living some highlighted are global conflicts, pandemics, supply chain disruption, protection policies and rising demand. Coupled with other factors influence the cost of living which in turn deteriorate the living standards of households. The impacts of rising cost is wide spread and hurt the economic condition worldwide. One of prominent is poverty. Asian Human Rights Commission (AHR) reported 1.2 million children beg on the streets of Pakistan and 90% of them face sexual assault. Pakistan is faced with highest cost of living in south Asian region. However, the dark phase of

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economic down turn can be corrected. International and national cooperation is needed, along with other suggested measures.
