

War is already imposing a massive cost on ordinary Russ...

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The [FT has this headline](#) today:



The story is of shortages, inflation now running at 15% in a month for some items, and worse to come.

In response Putin is increasing wages and pensions - which he can, of course. Modern monetary theory explains how money is created in Russia as well as it does anywhere else.

Of course, creating money when there is nothing to buy solves nothing. Putin might be adding to his woes. That is not my great concern at this moment. The fact that this war is having, and is going to have knock-on effects on ordinary people worldwide, is my concern.

The inflation it is and will create will be reflected in grossly unwise interest rate increases, one of which was seen in the US yesterday. In this way, the impact of this war will be exported to the indebted developing world by increasing their debt burdens. That is grossly unfair. The impact on already indebted households will be as unfair.

Oil, gas and energy exploitation will, [as I noted at the weekend](#), enrich a few, at cost to millions in the UK and millions across the world.

And food shortages are going to hit, soon. You cannot lose the wheat exports from Ukraine and Russia, which war means is going to happen, and not have an actual impact on wheat supply, let alone a significant increase in wheat prices.

Right now Russia is seeing the immediate economic impact of war. We will be seeing it soon. Added to the economic impacts of Covid and Brexit, the knock on effects of this war are going to be massive.

How massive? I am working on that. But for millions in this country the inflation in food, domestic energy and road fuel prices is going to create a breaking point where the economic equation becomes unsustainable. Quite literally ends will not be able to meet, whatever savings many will seek to find - which savings will also have massive knock on effects.

The FT is noting the impact of war on Russia. Over the next few days I will be looking at that same impact here. The story is profoundly grim, and there is as yet almost no sign that the government understands this. And that is the really worrying thing.