

[ECONOMY & POLICY](#) | [COVER](#)

Putin's War Will Change the World. Here's How.

By [Matt Peterson](#)[Follow](#)

Updated March 11, 2022 9:21 pm ET / Original March 11, 2022 9:03 pm ET

Ord

...

The integration of global markets that enabled the West to punish the Russian economy in response to Putin's aggression is leading to higher costs at home, chiefly through [rising oil and gas prices](#), snarled supply lines, and scarcer goods. Consumers are just starting to feel the negative effects in the U.S. and Europe, and they will worsen. The war and the response to it could help diminish living standards throughout the West, even as the military conflict reshapes the geopolitical landscape. But globalization, a hallmark of today's geopolitics, in some form is here to stay.

...

The consequences of the war will be significant for Americans, says Dana Peterson, chief economist of the Conference Board. "People may be underestimating the impact and saying to themselves, well, this is something that's happening on the other side of the world, but not realizing that the world is interconnected."

Global growth will be reduced by 0.4 to 0.9 percentage points this year, with inflation increasing by 0.7 to 2.7 percentage points, Peterson estimates. Russia and Ukraine supply the world with key inputs of energy, food, metals, and rare earths. The sudden absence of those commodities from global markets will raise prices everywhere, even in places such as the U.S. where many of them aren't consumed directly.