Consumer prices continue to rise, with inflation rate at 13-year high

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Rising prices on essential goods and services have erased the meager wage gains American workers have seen since the start of the year, resulting in most Americans earning less than they were before the coronavirus pandemic began.

The pace of inflation slowed somewhat in July but remained elevated, the Bureau of Labor Statistics reported Wednesday. Despite reassurances from the White House and corporate media that the inflation is "transitory," prices continue to rise rapidly, although at a slightly slower pace than in May and June. Last month's increase still held inflation rates at a 13-year high.

A major driver of July's moderation was an easing in the rise of used-car prices, which had been a significant driver of inflation over the past few months. According to the Labor Department, used car prices rose just 0.2 percent from June to July, compared to an earlier month-by-month surge of 10.7 percent in June.

Over the past 12 months, the used car index is still up nearly 42 percent, a gain matched only by gasoline prices. Fuel prices have risen sharply in the past few weeks, reaching a national average of $3.19 as of Thursday, the most expensive average of the year and $1.01 higher than the same time last year.

The Consumer Price Index, used to gauge the average rise in the price of goods, rose by 5.4 percent in the year through June. It's the second straight month of year-over-year increases at that level, a trend not seen since 2008. According to Labor Department data, prices rose 0.5 percent from June to July, a milder increase than in recent months but enough to outpace recent wage gains and drop real wages by 0.1 percent over the month.

The data marks the latest month rising prices have continued to eclipse wage gains as the cost of groceries, gasoline, hotels, restaurant dinners and other items increased. Much of that gain was driven by price increases in food and fuel. Labor Department statistics show core prices, which excluding more volatile commodities like food and energy, rose 0.3 percent in July from a month earlier after rising 0.9 percent in June. Over the course of the year ending in July, core consumer goods rose an average of 4.3 percent.

The Personal Consumption Expenditures index, which tracks changes in prices for goods and services targeted towards and consumed by individuals, climbed by 3.9 percent through May. Producer price inflation, another metric used to track prices, rose 7.8 percent over the year leading up to July. This exceeded the expectations of economists and marked a record high since the Bureau of Labor Statistics began calculating the index in 2010.

Meanwhile, the cost of dining out jumped 0.8 percent, registering its largest monthly gain since February 1981, the Labor Department reported. Home dining also got costlier, as the price index for food consumed at home like meat, poultry, fish, and eggs rose 0.7 percent. Personal services costs, including the price of haircuts, rose 1.2 percent between June and July for a year-on-year increase of 3.1 percent.

Another worrying trend is rising housing and rent costs. Average housing prices increased another 0.3 percent in July, building on similar gains in previous months. From the same time last year, housing prices have risen by 2.4 percent.

The broad surge in the cost of living points to growing hardship and demonstrates the severe impact inflation is having on the livelihoods of American families, amid the most destructive pandemic in a century.

According to Harvard economist Jason Furman, workers' compensation rose at a 2.8 percent annual rate from April to June. However, prices rose faster, leaving inflation-adjusted real wages 0.7 percent lower than they were in December 2019 and 2 percent below their pre-pandemic trend. In June, economic historian Dr. Tyler Goodspeed calculated that real wages have declined every month in the last year, due to the significant month-over-month increases in overall prices.

While workers increasingly find it more difficult to make ends meet, the wealthiest layers of society continue to amass obscene amounts of wealth. According to a recent Oxfam report, the world's 2,690 billionaires added around $5.5 trillion to their wealth during the pandemic, bringing their collective net worth to $13.5 trillion, an increase of almost 69 percent. The wealthy have seen their fortunes grow more since March 2020 than in the previous 15 years.

Much of this growth was fueled by the injection of trillions into the financial markets, on a much larger scale than was carried out in the 2008–09 bailout. Since the beginning of the pandemic, capitalist governments around the world have subordinated societal health to the pursuit of profit.

The Biden administration has demanded the reopening of schools, even as the Delta variant of the coronavirus spreads rapidly, so parents can continue to produce profits for the capitalist class. Meanwhile, workers are faced with an increasingly desperate situation. The Century Foundation estimates roughly 7.5 million workers who've relied on pandemic-era unemployment benefits will be cut off from jobless aid altogether when these benefits expire on September 6.