October inflation report: Prices continue to devastate living standards of US workers

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10 November 2022

Inflation rose at an unadjusted annual rate of 7.7 percent in October, according to data published by the US Bureau of Labor Statistics (BLS) Thursday morning. The report noted that consumer prices rose by 0.4 percent over September, the same rate as the previous month.

While consumer prices are still rising at a pace not seen since the early 1980s, with devastating consequences for working class living standards, the October rate was less than the 7.9 percent that had been predicted by analysts.

The BLS Consumer Pricing Index (CPI) summary said the inflation rate for October was "the smallest 12-month increase since the period ending January 2022," and was down from the September rate of 8.2 percent.

The statement said that the "all items less food and energy index rose 6.3 percent over the last 12 months." But in the critical categories of energy and food, prices increased by 17.6 percent and 10.9 percent respectively.

The apparent slowing of inflation was welcomed in the corporate press as a sign of "cooling." This was presented entirely from the standpoint of the concerns of the wealthy over the long-term effect of rising interest rates on their asset portfolios.

The *New York Times* said the October inflation report "provides early evidence that the Fed's campaign to slow rapid inflation may be combining with supply chain healing to ease price pressures." The Federal Reserve has raised interest rates by an unprecedented 0.75 basis points in four consecutive meetings, with the explicit aim of driving up unemployment and driving down working class wages.

The financial elite celebrated the inflation report with the biggest Wall Street rally since 2020. The Dow Jones Industrial Average gained 1,201 points, or 3.7 percent. The S&P 500 rose 5.4 percent and the NASDAQ gained 7.35 percent.

The stock market surge was not driven by concerns over the impossible situation facing workers, whose living costs are exploding while their real wages stagnate or decline. It shot up because billionaire investors see in the inflation report the possibility of a return to easy money that existed prior to the Fed interest rate hikes that began early this year.

They were also cheered by the prospect of an economic slowdown engineered by the Fed undercutting a growing rebellion among workers against the corporations and the pro-corporate union bureaucracies. Already 120,000 rail workers are poised to strike against contracts dictated by the companies and pushed by the Biden administration—defying union leaders who are working with the White House to block strike action—that would maintain inhuman working conditions and impose further cuts in real wages.

As the *New York Times* reported, "The palpable sense of relief in markets is reflective of the pain wrought by inflation this year, as rising prices have increased costs for companies and dragged earnings lower."

The *Times* added that "a chorus of Federal Reserve officials on Thursday made it clear that central bankers would stick with their plans to raise interest rates to an economy-restricting level and hold them there for some time, even if they slow the pace of those moves in coming months."

Lorie K. Logan, president of the Federal Reserve Bank of Dallas, explained in a speech Thursday morning that interest rates will remain high and the Fed's instigation of a recession will continue. She said, "This morning's C.P.I. data were a welcome relief. But there is still a long way to go."

The October BLS inflation report showed that food at

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work and school was up 95.2 percent so far this year, airline fees were up 42.9 percent, public transportation was up 28.1 percent, health insurance was up 20.6 percent, gasoline was up 17.5 percent, electricity was up 14.1 percent, motor vehicle insurance was up 12.9 percent and food at home was up 12.4 percent.

Rent was up 0.7 percent compared to the month before and is up 7.5 percent over the year. Home mortgage rates continue to soar, with the 30-year fixed rate heading toward 8 percent.

The inflation report arrived two days after the 2022 midterm elections, in which, as of this writing, votes were still being counted in several contested races and political control of both the House and Senate was still undetermined.

Whatever the outcome of the vote, it is clear that the Democrats will move further to the right and join with the increasingly fascistic Republican Party to continue the proxy war against Russia in Ukraine and mount further attacks on government spending on social programs.

Ron Johnson, the third-term Republican senator from Wisconsin who was reelected by a margin of just over 26,000 votes on Tuesday, published a column in the *Wall Street Journal* on Thursday that outlined a program of nationalism, militarism, austerity and further deregulation of the energy industry.

With control of the House likely to shift by a narrow margin to the Republicans and the Senate outcome uncertain, Johnson wrote that the agenda of the US government going forward should be: “[O]ther than national defense, don’t consider any bill that would increase the size, scope or cost of the federal government.”

Johnson, who calls for ending Social Security and Medicare as mandatory spending programs, continued: “[F]ocus congressional attention on oversight of existing programs to determine which should be reformed, reduced or eliminated. Concentrate on areas of the budget that have the greatest negative effect on freedom, our economy and people’s lives.”

In other words, anything that does not benefit big business should be cut back or scrapped entirely. Furthermore, Johnson says, “The agenda items should be obvious: secure the border, regain energy independence, restore fiscal sanity, ease the regulatory burden, and ensure a competitive tax environment.”

Under conditions of an intensifying crisis of the US political system and growing social opposition from the working class, Biden and the Democrats have already signaled their readiness to “focus on the future,” i.e., forget about the Republican Party’s support for Donald Trump’s attempted coup of January 6, 2021, and find “common ground” for a bipartisan program of war and austerity.

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