

# US imperialism's war on Iran unleashes global economic and social catastrophe for the working class

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22 April 2026

Less than two months after fascist US President Donald Trump launched the criminal US/Israeli war against Iran in the dead of night on February 28, the conflict is having a devastating economic impact on tens of millions of workers around the globe.

American imperialism's determination to consolidate its dominance over the Middle East, one of the world's most critical energy-producing regions, has already claimed the lives of thousands of Iranians in six weeks of brutal and indiscriminate bombardment. But the economic fallout from the US-instigated war and blockade of the Strait of Hormuz could prove even more deadly.

Prior to the war's outbreak, the Strait of Hormuz accounted for some 20 percent of global oil traffic and a significant portion of natural gas shipments. The consequences produced by the disruption of these energy supplies are already reverberating across the world economy. They include rising fuel costs, higher electricity prices and escalating transportation expenses for billions of people.

The Middle East is also a major producer of fertilisers, so prices have jumped amid the planting season for farmers in the northern hemisphere. The result is both increased production costs for crops and reduced harvests, as farmers plant less to cut costs or use less fertiliser, which will fuel a food-price spiral over the coming months and into 2027.

Shipping disruptions, compounded by heightened insurance premiums and rerouted trade flows, have further increased the price of food imports. The Containerised Freight Index rose 10 percent within a month of the war's outbreak, underscoring that even traffic not directly impacted by the Strait of Hormuz blockade is affected.

On top of the destruction of schools, hospitals and other civilian infrastructure by US and Israeli missiles, the working class in Iran is bearing the economic brunt of the war. A government spokesman admitted that approximately 2 million workers have lost their jobs as a direct

consequence of the conflict.

The impact of the war has been particularly acute across the Asia-Pacific region, due to its heavy reliance on oil imports from the Middle East. Over 80 percent of crude and LNG normally transiting the Strait of Hormuz is destined for countries in the Asia-Pacific, including major industrial economies like China and Japan. Fuel prices have risen sharply in India's major cities, with petrol and diesel costs increasing by roughly 10-15 percent within weeks.

In Indonesia, nickel producers have cut output by at least 10 percent due to shortages of natural gas and sulphur, which are required to produce the high temperatures necessary for extraction and refining of the metal. Severe disruptions to the garment factories of Bangladesh have also been reported due to a lack of polyester and nylon, fossil fuel byproducts used to make clothing.

Another critical channel of impact is the disruption of remittances. Millions of workers from South Asia and Africa are employed in the Gulf region, sending vital income back to their impoverished families. The war has disrupted these flows, as economic activity slows and employment opportunities shrink.

The United Nations Development Programme estimated in a recent report that the war on Iran could cost 36 countries in the Asia-Pacific nearly \$300 billion and plunge up to 8.8 million people into poverty. Five million of these people live in Iran, where the human development index has already lost 1-1.5 years due to the war.

The *New York Times* worried in a lengthy analysis published April 20 that countries throughout the Asia-Pacific may face "shortages [that] could push several countries into convulsions of unrest, followed by recession," if the Strait of Hormuz remains blocked for just a few more weeks. Even high-end production, including of semiconductors essential for producing chips built in Taiwan, faces problems. Prior to the war, Qatar produced a third of the world's helium, a critical component of the semiconductor production process.

But it stopped production on March 2 after an Iranian retaliatory attack hit its gas facilities. As the *Times* put it, cuts to chip production “would roll through everything from electronics to cars.”

In Africa, Nigeria has seen fuel prices rise by over 50 percent, despite the country being a massive oil producer and exporter. Since the country of some 240 million people is heavily dependent on imports of refined oil products, petrol prices have risen significantly, leading to increases in public transport costs and the price of staple foods. In Kenya, the fuel price regulator hiked petrol prices by over 16 percent and diesel prices by over 24 percent in mid April, following a 68 percent increase in the cost of oil imports.

Many African countries depend on imported fertilisers. The surge in natural gas prices has driven up costs for farmers, threatening lower crop yields and outright famine in areas where subsistence farming prevails. At the same time, currency depreciation in several countries is amplifying the impact of global price increases, making imports even more expensive, eroding real wages and pushing up already crippling debt repayment costs for financially strapped governments.

In Europe and North America, fuel prices have also risen sharply, placing yet another burden on working people’s budgets amid stagnant economic growth, mass layoffs and social attacks by the ruling elites in every country to pay for bloated military budgets and the enrichment of the financial oligarchy. In Germany, national airline Lufthansa announced the immediate closure of its CityLine subsidiary amid a strike by thousands of airline workers for job security and pay increases. The continent’s governments are investing trillions of euros in their own war machines to prosecute their predatory imperialist interests at the expense of workers’ livelihoods and social programmes.

Across the Atlantic, the *Wall Street Journal* has announced the era of the “mega layoff,” with job cuts in finance, technology, entertainment and manufacturing.

By contrast, the war is proving to be a bonanza for the corporations and financial oligarchy. According to one investigation, the world’s major oil conglomerates will pull in additional profits of over \$230 billion in 2026 alone.

The *World Socialist Web Site* has insisted that US imperialism’s war on Iran is one front in the early stages of a third world war, which includes the US/NATO war on Russia in Ukraine and preparations for a military conflagration with China. As the imperialist powers in North America and Europe scramble for the upper hand in the redivision of the world, they are totally indifferent to the impact on billions of workers from the global economic and social disaster produced by crisis-ridden capitalism and their crazed policies. But this very disaster creates the material

conditions for the development of a working class movement to end the war and the capitalist profit system which is its root cause.

The parallels to World War I are striking, when food riots across Europe during 1916 and 1917 gave an initial expression to growing popular opposition to the imperialist slaughter. The most consequential of these were protests that erupted demanding bread in Petrograd in early 1917, marking the beginning of Russia’s February Revolution. Eight months later, the Bolsheviks under Lenin and Trotsky led the working class to power on a socialist programme that would bring the world war to an end.

Today, the world economy is integrated to such a degree that initial expressions of social unrest provoked by the war have already erupted in its first weeks. Beginning on April 10, tens of thousands of industrial workers in India’s national capital region launched strikes and protests against price hikes triggered by the war. Workers demanded wage increases to cover higher rents, fuel costs, and food prices. Protests have also erupted in countries as diverse as the Philippines and Ireland.

Now, as in 1917, the decisive tasks are the fight to develop a conscious, unified movement of the international working class and build a mass revolutionary party capable of leading the struggle for workers’ political power.

The global nature of the crisis demands an international response, transcending national divisions and opposing militarism. Workers in Iran, the United States, Europe, Asia and Africa share a common interest in ending the war and the bankrupt capitalist order that gave rise to it. This requires the independent political mobilisation of the working class on a socialist programme to place the commanding heights of the economy under democratic workers’ control, ensuring that production is organised to meet human needs rather than private profit.

Under these conditions, the upcoming International May Day Online Rally 2026 assumes critical importance. It will articulate the revolutionary socialist programme and perspective workers around the world require to fight imperialist war and its barbaric consequences. Register today to participate, and encourage your work colleagues and friends to do the same.



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