

War-driven price surge fuels US political and social crisis

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US consumer price inflation accelerated in September, rising 3.7 percent over the year, up from 3.4 percent in August. Real wages fell 0.5 percent in a single month and are down 0.7 percent over the year, the steepest decline since 2022.

The Bureau of Labor Statistics, which released the figures on Wednesday, pointed to the soaring prices of gasoline, diesel and fuel oil. Gasoline rose 9.1 percent in September alone, accounting for over half of the monthly increase in all consumer prices. Over 12 months, it is up 34.2 percent, and energy as a whole 20.4 percent. Fuel oil jumped 15.3 percent in the month and 74.2 percent over the year, a devastating blow to the millions of families in the Northeast who use it to heat their homes, just as cold weather begins.

These increases are the direct product of the US war of aggression against Iran, launched February 28, which closed the Strait of Hormuz, the outlet for roughly a fifth of the world's oil and liquefied natural gas. The shock is still working through the economy, through diesel in the price of everything delivered by truck and through fertilizer in the price of food. Moody's Analytics estimates that the war has already cost the average American household \$2,000, including \$1,100 in fuel and goods, \$540 in higher interest rates and \$360 in military spending. "No wonder the war is so unpopular," its chief economist remarked.

The Federal Reserve raised its benchmark rate to 3.75–4 percent on September 16, and after Wednesday's report markets put the odds of a further increase at its October 27–28 meeting, a week before the election, at roughly even. Higher rates mean higher payments on every form of household debt: the 30-year mortgage is at 7.4 percent, up from 6.3 a year ago; the average credit card charges 22 percent on balances; the average car payment is \$680 a month, 40 percent above

2018.

The impact of these higher rates falls disproportionately on the working class. By the Federal Reserve's own accounting, the poorer half of the population owes 52 percent of all consumer credit and the middle 40 percent nearly half of all home mortgages, while the richest 1 percent holds 3 percent of consumer credit. Household debt stands at \$18.8 trillion, and the rate at which auto and credit card loans are falling into serious delinquency is, in the Fed's word, "elevated." Every quarter-point added in the name of "fighting inflation" is a levy on the half of the population with no cushion.

On the other side of the ledger is the federal debt. The government paid \$1.14 trillion in interest in the fiscal year that ended September 30—more than it spent on the military or on Medicare, 15 percent of all federal spending—and the borrowing that finances the war, at the rates the war has produced, swells that sum every month. It is paid to the holders of the debt. Among American households, the richest 1 percent own 39 percent of government securities and the richest 10 percent nearly 80 percent; the poorer half own less than 1 percent.

The workers thus pay for the war twice: at the pump and in the interest on their own debts, and again through the taxes and social cuts that fund a trillion-dollar tribute to the bondholders. The \$200 billion war supplemental the Pentagon is demanding will be borrowed at today's rates and added to the bill.

The most immediate political consequence will be felt at the polls on November 3. The Republican Party trails in most polls of key races, a reflection of the deep unpopularity of Trump, his attacks on democratic rights, the war in Iran and the deteriorating position of working-class families. Given the narrow margins in

both the House and Senate, the corporate media now presents a Democratic takeover of Congress as virtually inevitable.

The Democratic Party seeks to profit from inflation and the war through demagogic appeals on “affordability.” But its real differences with Trump run in another direction. When Trump, to show “concern” over prices before the election, struck a temporary deal with Putin last week to import Russian diesel and suspend sanctions on its sale, the Democratic leadership denounced it. Senators Shaheen, Schumer and Warren called the deal “a total betrayal of Ukraine, our European allies and American national security,” and declared that “Putin only responds to strength, which means cracking down on Russia.” The Democrats oppose any action that conflicts with the war against Russia that they want to escalate. Their objection to the war in Iran is that it is the wrong war.

A Democratic victory would do nothing to raise living standards, defend democratic rights or halt the drive to imperialist war. It would shift control of Congress from one party of the financial aristocracy to the other, while the banks, corporate CEOs and billionaires remain the real masters.

At the same time, Trump is responding to the threat of electoral defeat with openly dictatorial measures: the shooting of immigrants in the streets in ICE raids; lawsuits and threats against states that refuse to hand over voter rolls to his “Justice” Department; the deployment of 1,000 federal prosecutors as election “monitors”; the confirmed policy that ICE may serve warrants at polling places; and the raid on the Washington home of Representative Ilhan Omar 22 days before the election, followed this week by grand jury subpoenas to her relatives. Trump himself has said he will accept the results only “if the elections are honest,” and that otherwise “something else has to happen.”

The real concern of Trump and the oligarchs is not the Democratic Party, whose loyalty to American capitalism is unshakeable, but the working class in the months after the election. The inflation figures are the harbinger of an explosive growth of the class struggle in the United States, under conditions where tens of millions are one unexpected bill from disaster.

Behind the figures is mounting social desperation. More than 5 million people have been dropped from

food stamps since the “One Big Beautiful Bill Act” was signed on July 4, 2025, and on October 1 the federal share of the program’s administrative costs was cut in half. The Democrats have offered token opposition to these cuts and will collaborate on the next ones, aimed at Medicare, Medicaid and Social Security: a bipartisan bill to establish a commission on the “fiscal crisis” of entitlement programs is already before Congress, even as both parties vote unlimited sums for weapons and war.

The surge in prices is accelerating the processes that are driving the growth of the class struggle throughout the world. Bourgeois democracy is breaking down, above all in the United States, and the living standards of the working class are being driven down to pay for war and the enrichment of a financial oligarchy. The class struggle is intensifying and breaking out of the control of the trade unions.

It is to this movement that the *World Socialist Web Site* and the Socialist Equality Parties are oriented, through the International Workers Alliance of Rank-and-File Committees (IWA-RFC), which fights to unite workers across borders and arm their struggles with a socialist program.

Against the war and its costs mean wages that rise with prices, the repudiation of the war debt, and the redirection of society’s resources to healthcare, housing and education rather than to bondholders and the Pentagon—demands that can be won only by a working class that takes political power out of the hands of the financial aristocracy.



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