# Debt, energy, war and the fight for socialism

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*"They have no ideals to realize, but to set free the elements of the new society with which old collapsing bourgeois society itself is pregnant."—Karl Marx, The Civil War in France*

In the wake of the mass repudiation of Trump's policies in the US midterm elections, a new stage of political and social conflict is set in the United States and around the world.

Working people seethe at rising costs, the lack of decent work and the rapid deterioration of healthcare, education and other social provisions essential to life. We watch with horror as wars in Gaza, Iran, Ukraine and Russia destroy human lives and whole societies, squandering trillions of dollars in the process. Presiding over it all is a class of billionaires dripping not just with avarice, but with outright contempt for human life.

But that which drives this crisis is not some fleeting mood of the capitalist class or temporary policy failure. As David North stated in a lecture delivered on the eve of the vote:

> Whatever the outcome of tomorrow's vote, policy will be determined in the final analysis by the crisis of the capitalist economy, by the disposition of a technology that is transforming the conditions of labor for the entire human race, by the drive of American imperialism to war and by the response of the international working class.

The direction of the world economy, and with it the politics of the ruling class, is increasingly defined by the intersection of three destructive processes.

First, the pile of debt undergirding global growth has reached astronomical proportions. On present trajectories, the world is heading toward roughly $375 trillion in total debt by the end of 2026. For comparison, capitalism—taken globally and using generous arithmetic—generates perhaps $15–25 trillion in profit or surplus each year.

Debt is a stock of financial claims backed by assets and future income, and much of it is continuously refinanced rather than paid off. But the comparison conveys the extraordinary scale of the claims that have accumulated against future production. Capitalism is mortgaging its future on an unprecedented scale.

And each year, more is added. Nearly $30 trillion in debt was added in 2025 alone. Debt is accumulating on a scale comparable to the annual expansion of the world economy itself. Interest payments on public debt alone have risen to $3.3 trillion. An ever greater stream of social wealth is sucked up and siphoned off to service the claims of banks and other creditors.

Alongside this is a second critical process: the rising cost of basic necessities and of the energy and raw materials on which economic life depends.

Diesel, a fuel essential to trucking, mining, agriculture, construction and manufacturing, has more than doubled in price for many users over the past year. European diesel futures traded between roughly $600 and $700 per tonne before the Iran war began in February. They now trade above $1,400 per tonne. These increases work their way through the economy, raising the cost of producing and transporting almost everything.

Natural gas prices, meanwhile, have tripled in Europe and Asia since the war began, with the United States relatively insulated. Similar pressures have appeared in jet fuel used by planes and the bunker fuel used by ships.

But the pressure extends beyond hydrocarbons.

Copper, a pivotal metal underpinning electronics, electrification, renewable energy and the infrastructure of AI, has also surged in price. Throughout much of the 2010s, it traded between roughly $2 and $4 per pound. It has recently traded above $6.50, reaching record levels.

Global food prices, meanwhile, remain dramatically above their levels of a decade ago. The UN Food and Agriculture Organization's Food Price Index stood at 136 in September 2026, compared with an annual average of 91.9 in 2016—an increase of nearly 50 percent.

War, climate change, higher energy and transportation costs, and broader inflationary pressures are all to blame. For households already spending much of their income on food—grain, meat, cooking oils—it is a punishing drain.

But accompanying these two damaging processes—debt and inflation—is a third: war.

The war in Ukraine, the war in Iran, the genocide in Gaza, the fighting in Yemen, and beneath them all the mounting confrontation between China and US imperialism—these conflicts are increasingly intertwining and intensifying.

"Are we sleepwalking into World War III?" asked the *Financial Times* last month. In August, North described the growing conflicts as a "metastatic process" which "progressively transform[s] the world economy and every national state in preparation for the general conflagration toward which it tends."

**Connected processes**

These three forces—debt, inflation and war—are increasingly connected expressions of the instability and crisis of the global capitalist economy. Each aggravates the others.

The wars in Ukraine and Iran and the fighting in Yemen have directly affected global energy, transportation and food prices. They have driven up the cost of fuel and agricultural production, spreading the pressure through industry and into household expenses.

By aggravating inflation, fiscal pressures and uncertainty, these wars have also contributed to rising borrowing costs, making it harder to keep the train of debt moving. The yield on the 10-year US Treasury has now reached a quarter-century high, moving past 5 percent and toward 6 percent. Higher interest payments demand still more money to service the debts already accumulated.

Meanwhile, financing the drive towards war requires enormous new expenditures, funded through a combination of borrowing and intensified extraction from the working population.

Global military spending increased by 41 percent in real terms between 2016 and 2025, while 2026 and 2027 are each expected to set new records. The Trump administration is demanding a $1.5 trillion military

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budget for 2027—an increase of roughly 50 percent.

Europe, meanwhile, is madly rearming for war with Russia. Germany alone plans roughly €1 trillion in military spending over the next five years, with annual expenditure rising to €168 billion by 2029, while the IMF calls for "deep cuts in the European model and the social contract" to accommodate the mounting fiscal burden.

But the connection runs in the other direction as well. Deteriorating economic conditions intensify the desperation among rival capitalist powers to control the energy, resources, markets and supply chains upon which their wealth and power depend. Each seeks to secure its own position at the expense of its competitors, even as the resulting conflicts damage the conditions of production on which they all depend.

The turn to war expresses the increasingly desperate struggle of these ruling classes to preserve their wealth and world position. They look to military power for a way out of the crisis. This is above all the course being pursued by the American and European ruling classes.

In Athens on October 7, Marco Rubio posed the question as "whether the West maintains its place at the head of the world or resigns itself to a future of atrophy and servitude and decline," calling for control over critical supply chains, economic and technological dominance and military rebuilding.

"We will make the Bundeswehr the strongest conventional army in Europe," Chancellor Friedrich Merz declared in June 2025, justifying that goal with Germany's size, economic strength and geographical position. At the Munich Security Conference in February, he explained, "competition policy is security policy and security policy is competition policy." Germany's economy is in a dire state, with high energy costs battering its industrial base and fierce competition from Chinese automakers threatening its once-dominant car industry.

And so the attempts to resolve one crisis ricochet to deepen the others.

Debt finances war; war raises the cost of necessities and of borrowing; and mounting economic pressure feeds an increasingly desperate struggle to secure control over the sources of global wealth.

The ruling class increasingly looks to artificial intelligence as a potential escape from this impasse. AI has generated enormous speculative valuations and investment, sustaining the appearance of renewed dynamism in an otherwise stagnating economy. But even as it revolutionizes production, it heightens the social contradictions of capitalism. The very advance hailed as a way out intensifies the crisis. Meanwhile, a new financial bubble has been inflated around it. It is only a matter of time before it bursts.

**Breaking with the financial aristocracy**

Who will pay for this astronomical debt? For this warmongering and rampant inflation?

The ruling class has its answer: social programs must be dismantled and hundreds of billions found for war, while private fortunes remain sacrosanct. Everything may be sacrificed to preserve and augment the wealth and power of those at the top.

Nothing remotely comparable is demanded of the immense private fortunes accumulated at the summit of society. Billionaire wealth has risen by more than 80 percent since 2020, reaching record levels even as austerity is imposed on the population. In California, a modest proposal for a one-time 5 percent tax on fortunes above $1 billion has already provoked more than $187 million in opposition spending, including over $102 million from Google co-founder Sergey Brin alone.

It is working people—the employed, unemployed and underemployed, across the world—upon whom the costs of these intersecting crises are being imposed.

They are squeezed harder every week, every month—at the grocery store, in their rent, at the gas pump and when the electricity bill comes due. Inflation means the erosion of life.

In Europe, Latin America, the United States and elsewhere, healthcare, pensions, unemployment benefits, support for families and virtually every other form of social expenditure become targets for cuts. Amid an already profound social crisis, everything afforded to the population is declared unaffordable. The debts accumulated by governments, banks and corporations, meanwhile, must be paid.

The mass youth protests in Europe and the midterm rebuke against Trump in the United States express deep popular opposition to this course. Working people are resisting the attempt to make them pay for the wars of the ruling class and the downward spiral of capitalism.

But these processes will not be halted by this or that 'progressive' candidate who remains fundamentally pledged to the continuation of the existing social order.

As the WSWS previously wrote:

> In opposition to these forces, the working class must base its struggle on a strategy which is grounded on a complete break with finance capital. Anything less, no matter how "radical" it might sound, means subordination to its dictates.
>
> The financial crisis cannot be resolved by adjustments, tinkering and bookkeeping measures. In the first place, the debt must be repudiated. It has been incurred to meet the interests of the capitalist oligarchy, not the working class.

**Socialism and the fight against war**

The crisis of world capitalism offers its ruling classes no progressive way out. They turn instead toward war, even as its prosecution further destabilizes the capitalist economy upon which their own power rests.

In Ukraine and across the Middle East, warfare increasingly takes the form of economic attrition. Energy infrastructure, trade routes and productive capacity become military targets. The destruction of the infrastructure necessary to sustain civilian life becomes a means of exhausting an opponent's capacity to continue the war.

Ukraine's campaign against Russian refineries, for example, has driven Russian refinery throughput to its lowest level in more than two decades in 2026, with diesel production estimated by the IEA to have fallen nearly 30 percent. Dozens of warehouses and other commercial sites have also been struck. Russia, meanwhile, has increasingly targeted Ukraine's power infrastructure. Russian attacks on Tuesday killed dozens and further damaged the grid as the region heads into winter.

This grinding stalemate, in which tens of thousands are sacrificed every month, increasingly turns on each side's capacity to withstand prolonged economic and social destruction. American, Chinese and European war planners are studying its implications for future conflicts, including the possibility that a war over Taiwan could develop into a similar struggle of attrition.

The same logic is at work in Iran. The Trump administration and the Iranian government confront one another over who can withstand the sustained disruption of the Strait of Hormuz. For Washington and Israel, the failure to secure a decisive outcome creates pressure for further escalation. The United States is actively contemplating the use of its largest non-nuclear weapon on Iran.

In all cases it is working people who bear the cost of war.

Together, these convulsions express the historical exhaustion of capitalism. They emerge from contradictions accumulated over decades and intensified after the financial collapse of 2008. The vast expansion of debt and financial speculation that followed deferred the crisis while deepening the conditions that produced it: social inequality, economic instability and the struggle between the major powers over markets, resources and strategic advantage.

Capitalism as a system of organizing global social life has nothing left to

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offer the world. Nor can it secure its own future. Its attempts at self-preservation increasingly undermine the economic and social foundations of its continued existence. As Marx wrote, “The real barrier of capitalist production is capital itself.”

All roads here lead in one direction: the intensification of the class struggle.

Strikes and protests driven by soaring living costs, austerity and deteriorating working conditions are spreading across Asia, Latin America, North America and Europe; from truckers and healthcare workers to industrial workers and youth. The world is replete with signs of anger and refusal.

But the growth of opposition does not by itself provide a way out. So long as struggles remain divided along national lines and subordinated to the trade union bureaucracies, Social Democratic parties and their political satellites, they can be isolated and contained while the broader movement toward austerity and war continues.

The international character of the crisis demands an international response. Humanity’s accumulated scientific knowledge, technology and productive resources make possible a secure and dignified life for all, with shorter working hours and greater scope for human development. AI, automation and other developments can have a positive, revolutionary effect on humanity’s future.

But realizing these possibilities requires ending the subordination of production to private profit and the nationalist ambitions of the financial aristocracy. The productive resources of society must be placed under democratic social control and directed toward human need.

The struggle against war is inseparable from the struggle against the impoverishment of the working class. Both demand the independent political mobilization of workers, young people and the unemployed across all national borders. This movement must fight for an irrevocable break with finance capital and the expropriation of the financial aristocracy, whose wealth and power stand in the way of humanity’s further development. That is the revolutionary socialist program, and the only way through this historical impasse.




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