

A perfect storm is coming — World capitalist economic crisis today

By Larry Holmes

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Sept. 1, 2026 — We can't explain the full complexity of the current capitalist crisis and all of its inherent explosive fault lines in this article. Instead, we offer a Marxist view of what's coming, why and what working-class militants need to do about it.

U.S. imperialism is always waging economic warfare against the workers and the oppressed of the world, as well as its competitors for markets and dominion. However, U.S. presidents have never openly declared economic war against former allies or directed their underlings, like Treasury Secretary Scott Bessent, to declare an economic "D Day" not only against Iran but also against China and other countries that trade with Iran — as president #47 did on Aug. 24. This is a publicity-seeking, unhinged, billionaire terrorist pouring fuel on a system that is about to go up in flames.

The financialization of capitalism

The 2008 financial crisis that nearly crashed the global financial market was ostensibly caused by the bursting of the subprime mortgage bubble. In reality, it was the most dangerous modern manifestation of a transformation endemic to the advance of end stage capitalism. That crisis, nearly 20 years ago, which essentially forced capitalists and their governments to put the financial system on permanent life support, was a glaring sign of the degree to which capitalism had transformed from a profit system primarily based on manufacturing and the exploitation of labor to a system based on what is referred to by both Marxist and bourgeois economists, but with different interpretations, as the "financialization" of the capitalist economy.

In the view of Marxism, this inevitable transformation stems from a dying system's fight to survive by compensating for the crisis of capitalist overproduction and the falling rate of profit by prioritizing the buying and trading of U.S. dollars, stocks, bonds, Treasury bills and a thousand other forms of grossly undervalued or worthless paper. At present, the world is moving away from treating the U.S. dollar as the global reserve currency, dumping vast quantities of U.S. Treasury bills. This is important for many reasons, especially the fact that selling U.S. Treasuries is one of the ways U.S. imperialism finances its wars.

AI: The biggest bubble in history is about to burst

Financial bubbles are not new to capitalism. What is new is when the entire U.S. economy and the interconnected global capitalist economy metastasizes into one giant bubble inflated



Workers protest against anti-strike legislation on International Workers' Day in Warsaw, Poland, May 1, 2026.

by what amounts to a gigantic Ponzi scheme run by the financial markets, involving the trading of paper with a purported value of hundreds of trillions of dollars, but a real value, when the chickens come home to roost, that is closer to nothing.

Everything that is tied to the capitalist financial system — government debt, private debt, workers' pensions and savings — is either part of this bubble or doomed to be destroyed by it. This is the biggest bubble in the entire history of capitalism. This bubble is about to burst and crash the global capitalist financial system. It's not only U.S. imperialism that is at the cliff's edge. U.S. capitalism is the beating heart of world capitalism, and as it goes, so does the whole system.

A few months ago, the Group of Thirty (G30), a global economic think tank whose members are almost exclusively present and former heads of the major central banks in the world, issued a report entitled "A perfect storm is in the making." The report is, in essence, a warning about the devastating consequences of the financialization of the world capitalist economy.

The report concerns itself with the dangerous growth of what's called the "shadow banking system," meaning non-bank financial institutions such as hedge funds, and mutual funds sponsored by BlackRock, Fidelity, etc. The shadow banking system is a direct creation of the financialization of the capitalist system. It grew out of the deregulation of the banking system in tandem with globalization during the 1980s. It provided a way for the superrich to invest and businesses to borrow capital, while circumventing the regulations of the standard banking system.

Today, with a reported \$260 trillion in assets, the shadow banking system is bigger than the banks. The shadow banks are the biggest investors in artificial intelligence (AI), and the AI bubble that is on the verge of bursting is conservatively estimated

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to be four times larger than the housing bubble of 2008.

The G30 report warns that something needs to be done to prevent a global economic catastrophe far greater than the Great Depression that lasted from 1929 to 1939. The truth is that it's already much too late to stop the storm that's coming.

The disastrous global economic fallout from the U.S.-Israeli war against Iran has hastened the arrival of the storm. Consider the vast changes that are taking place in the world: the decline of the U.S. Empire, the collapse of the old world order, the rise of China and the Global South, the potential for a wider and more destructive world war and the ecological crisis from which there is no safe haven.

The Pentagon recently announced that henceforth it will use "tactical" nuclear weapons. If that happens, the escalation to the use of big nuclear weapons is more likely than not. This threat is aimed at Iran, but it also reflects the U.S. ruling class's fear that its conventional air and naval military dominance is no longer capable of sustaining the empire. This amounts to a threat to start a thermonuclear war and destroy the world in order to save the empire.

Capitalism's chickens coming home to roost

It's vital to understand that the crisis of the capitalist system is the central dynamic connecting all of these processes. The problem with AI is even greater than the destructive bubble underneath. The problems posed to society by the development of artificial intelligence aren't confined to its killing jobs or to the mass opposition to AI data centers because of their negative impact on nearby working-class communities and the environment or to its role in strengthening state surveillance and repression.

The arrival of AI — which under socialism, could liberate society from many forms of labor and raise both the living standards and social equality for the world's population — under capitalism is a lethal threat to workers everywhere.

AI is also perhaps the biggest nail in the coffin of the capitalist system. AI is most likely the last technological revolution under capitalism, precisely because the astounding technology doesn't save or help capitalism; rather it exposes that capitalism is an obstacle to further technological advances and the forward progress of society and life on the planet. Until capitalism is overthrown, AI will only compound the other overlapping crises that will make life unbearable for most people.

Chaos for the entire world

The whole world will be affected by the economic storm. The European countries are economically weaker, more crisis-ridden than the U.S., and therefore more vulnerable to the new crises in the making. Poor countries and populations will be ravished by the storm. To some extent, the impact on parts of the Global South may be blunted by the alternate world economic infrastructure that China has helped put in place.

And of course, no worker will be safe from the impact of the storm. It's coming after jobs, homes, pensions, savings, even Social Security, Medicaid and Medicare. For the mass of the working class, the basic necessities of life will be unavailable.

Working-class struggle must be global

Some thoughts on how the coming storm will impact the struggle and how it should reorient the most advanced socialist and communist forces especially in the U.S.: The struggle of the workers and the oppressed against the capitalist ruling class has always been a world struggle. However, time changes, and events have never made this reality more important than ever before. For those of us who have prioritized the struggle against imperialism and solidarity with all the peoples fighting for freedom from colonial and neo-colonial subjugation, we tend to have a deeper understanding that the people of Asia, Africa, Latin America and the Caribbean are leading the struggle against U.S. imperialism and that it is this struggle that has pushed the U.S. empire into decline and towards defeat. Ninety percent of the world's population lives in the Global South. About 4% of it lives in the U.S., and the working class living in the U.S. and Europe is more and more Black, Asian, Indigenous, Arab and Latine. All of this makes it clear, if you are in the struggle, but not consciously part of the world struggle, then you are marginalizing yourself into irrelevance unless you reorient your perception of the struggle very soon.

Political consciousness in relationship to the struggle against imperialism does not flow from idealism, but is rather a product of material changes. The globalization of the capitalist economy and the global reorganization of the working class, new technology, migration and now the decline of the U.S. as the world hegemon have made the world infinitely more interconnected, rendering geographic boundaries and distances, while still important, less relevant than in the past.

This reality has changed society's consciousness from being limited by geography to a new world consciousness. Never have the masses of workers everywhere understood more than today that the people of the world are interdependent and that their fate and their survival is based on this understanding. Trump's white supremacy and "America First" political charade isn't going to slow this historic process down.

Uniting class struggles everywhere – critical for the world's workers to unite

Of course, revolutionaries and working-class militants and their organizations and movements will continue to prioritize the struggles that affect the people around them. How could or should it be otherwise? However, going forward, the tens of thousands of class struggles everywhere must no longer be viewed as separate battles, but rather as many fronts in a united, global, class war of liberation.

Ultimately, the working class cannot prevail if each struggle around the world is treated like a fight confined to a small room

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in a large house that's on fire. The events that are determining the future of the world will unfold on a worldwide battlefield. The geopolitical struggle waged by the alliances of countries in the new multipolar world to the global struggle is a critical factor in the global class war. But the geopolitical struggle led by governments cannot be a substitute for the mass organization and entrance of millions and billions of workers on the world's battlefield.

China is fighting for a new rules-based world order to govern relations between countries. The purpose of the new rules is to constrain U.S. imperialism from terrorizing countries and liberation movements with military and economic wars. Many countries, particularly in the Global South, support the struggle for new rules. But a new rules-based world order is at best a transitional measure that alone can't stop U.S. imperialism. Ending imperialism will require revolutionary measures carried out by the masses through class struggle.

The working-class movement faces enormous challenges that are surmountable

The challenges before the working class and its organizations are arduous and too many to mention here. Mere words can't describe the work it will take to prepare the working class to rise to the task that history has placed before it.

The organized labor movement has only two ways to go. It can either continue to be paralyzed by weakness, fealty to the ruling class and drift into irrelevance and disintegration, or it can undergo a revolutionary transformation, fueled from below by both organized and unorganized workers into a class-wide struggle movement. We believe the coming storm will compel workers to choose revolutionary transformation.

The election of social democrats – a promising sign of what's coming

There already are promising signs that the radicalization of the working class is well underway. As the storm rages, the radicalization of the working class will engender mass organization and the development of militant, widespread class struggle against capitalism. The election gains of social democratic candidates supported by the Democratic Socialists of America (DSA) are a sign of the change in consciousness. We are witnessing the reformation of a mass socialist movement.

The ruling class is trying to minimize the election results by claiming that the millions who voted for DSA-supported candidates are mostly white, educated, young professionals who are not representative of the working class. This assertion is profoundly incorrect. This false notion plays into the theory that over the past 50 years the working class has been disappearing.



May Day march, Philadelphia, May 1, 2021

WW FOTO: JOE PIETTE

In fact, the election result is another sign of how the working class has been changing and growing for quite some time.

A decisive section of new workers are voting for socialism. End stage capitalism has stolen the futures of young people who may have once believed a good life awaited them. The capitalist system has pushed younger people and people of all generations into the working class. There's no longer a social ladder for young workers to climb. Now, not only can they no longer afford to have children, they can't get a good steady job, pay back student loans or afford healthcare and housing. This is why young workers of every nationality and gender are rebelling against capitalism and increasingly against U.S. imperialism. These workers are not merely voting out of fear of Trump; they are voting against the capitalist system.

The ruling class fears this development. The Zionists who reflect the ruling class are absolutely apoplectic. It should come as no surprise that the bourgeoisie is trying to foment a Red Scare. It's also possible that Trump will respond to the election developments with more repression, including directing the most rabid MAGA forces to organize violent fascist attacks on progressives with the support of the state apparatus.

Political struggle needed within the left

All of this opens up a new and critical ideological struggle in the left and in the working-class movement over direction. At the core of this struggle is once again the question of reform versus revolution. In order for this struggle within the working-class movement to happen, there must be a strong force of socialists with a revolutionary orientation who are organized independently.

The most influential leaders of the DSA's electoral strategy believe that the Democratic Party can be pushed to the left and that the capitalist system can be reformed. The system can't be reformed, and most likely the ruling-class forces who own the Democratic Party will either absorb and tame the social

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democrats or throw out those who resist absorption.

Starting now, the working-class movement will have to learn anew what history has taught us over and over again. The struggle over the role of the Democratic Party in the class struggle should not be a useless distraction but rather an inevitable and necessary part of struggle within the working-class movement for revolutionary direction.

Elections vs. class struggle

The most immediate problem that the DSA's election efforts pose for the working-class struggle is that they reinforce the idea that workers don't need to organize themselves independently from their class enemy in order to wage class struggle. Elections under capitalism can play a role in the class struggle if the working-class movement is independent of control by the capitalist political establishment. The most dangerous trap that the elections set for the working class is that they are interjected by the ruling class as an alternative to class organization and class struggle.

The social democrats who get elected will not be able to accomplish anything unless there is class struggle with strikes, occupations and mass action spreading terror among the billionaire bosses, bankers and their politicians.

The problems of social democracy and the importance of anti-imperialism

Another problem with the DSA electoral strategy is no less dangerous. The fact is that the ranks of DSA and the numbers who voted for DSA candidates were swelled by supporters of the Palestinian liberation struggle. This is so not only because of outrage over genocide; it's a reflection that young workers are anti-imperialist and want to be part of a world struggle.

When DSA-backed candidates are advised to tone down international solidarity and talk about how great the U.S. is, it's not just pragmatism. It's bowing down to imperialist pressure. This sends the message that struggle and our fate is disconnected from the 8 billion people on Earth. This amounts to dividing and disarming the working class. This will hold the struggle back, unless it is called out and vigorously fought.

Time for the maximum program – Worldwide Socialist Revolution!

This brings us back to the critical questions of the scope, character and ultimate goals of the struggle in response to the perfect storm. Conditions demand that the understanding of the urgent necessity to end capitalism and bring about world socialism



Havana, Cuba, 2024. Banner translation: "Long Live Our Socialist Revolution"

must grow and be acted upon.

Workers in any struggle always have their immediate demands. The time has come to find and dust off the maximum demand and place it alongside the immediate ones — the maximum program of Worldwide Socialist Revolution.

The world is descending to a period of unprecedented trauma and relentless upheaval. But in nature, everything must descend before it can rise again. There's no avoiding the birth pangs of a new liberated world. For revolutionaries, our duty is to do all we can to prepare the masses to be the midwife to the revolution. □

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