The second stage of the global capitalist crisis

Nick Beams
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The following is a report delivered to a Socialist Equality Party (Australia) meeting by SEP national secretary, Nick Beams, on April 3, 2010.

In opening this discussion I want to firstly refer to the assessment made by the International Committee of the Fourth International (ICFI) of the economic and financial crisis that erupted with the collapse of Lehman Brothers on September 15, 2008. We insisted, from the outset, that this was not a conjunctural crisis, from which there would be a return to the status quo ante, but rather a breakdown in the preceding mode of capitalist accumulation.

What did this mean? Not that the capitalist economy would come to an immediate halt, or enter an unrelenting downward spiral, nor that there would inevitably be continuous recession. We understood that the significance of this breakdown lay in the fact that it opened a new period—a period characterised by the restructuring of class relations and relations between the various capitalist powers.

To grasp the essential content of our analysis, we must approach the development of the capitalist system historically. The great epoch of capitalist progress came to a shattering end on August 4, 1914. The outbreak of World War I was not an unfortunate collision between the major powers. It was, as Trotsky put it, "the most colossal breakdown in history of an economic system destroyed by its own inherent contradictions." That analysis, made in 1915, was confirmed by all that followed. The ending of the war did not bring a return to the status quo ante, but rather three decades of social, economic, and political turmoil, culminating in World War II, a conflict even more devastating than World War I. Only on the basis of the betrayals of the revolutionary struggles of the working class and, as Trotsky had warned, on the blood and bones of millions of workers, was a new capitalist upswing initiated in the late 1940s. This was grounded economically on the power of US imperialism and the spread of the more productive methods of American capitalism to the rest of the world.

One of the most important components of this new capitalist expansion was the stabilisation of Europe—the resolution of the "German question", that is, the development of a political and economic framework that could accommodate dynamic German capitalism without resulting in war—and the resolution in the East of what could be called the "Japanese question". I particularly want to emphasise the significance of these two settlements in light of the present situation—the turmoil centring on the European Union and its currency (the descendants of the post-war settlement), and the growing conflicts between China and the US.

The post-war upswing in the curve of capitalist development continued until the early 1970s, when the inherent contradictions within the world capitalist economy re-emerged. This was a period of revolutionary upheaval. It was only brought to a close through the betrayals of the working class by Stalinism and social democracy with the assistance of the Pabloites. The role of the Pabloites in blocking the development of a revolutionary orientation within the working class revealed the historical significance of their attacks on the programmatic foundations of the Fourth International from the early 1950s. The various theoretical and programmatic revisions introduced by Pabloism were the form taken by a middle-class revolt against Trotskyism. They were based on the premise that the experiences of the October Revolution of 1917 could not be repeated.

Resting on the betrayals of the revolutionary struggles of the period 1968–75, the bourgeoisie initiated a social and political offensive against the working class. This was bound up with, and an essential component of, the economic restructuring of world capitalism that was made necessary by the exhaustion of the old mode of accumulation of the 1950s and 1960s. But, in and of itself, this offensive against the working class did not lead to a new capitalist upswing based on a new mode of accumulation. That only became possible when a vast change had taken place in the geo-political landscape—the collapse, or, more accurately, the liquidation of the Soviet Union by the Stalinist bureaucracy and the integration of the cheap labour resources of vast areas of the world into the circuits of global capital.

Various estimates have been made of the resultant increase in the size of the global labour force. Some studies refer to its doubling; others to a growth in the order of 300 million to 500 million. Whatever the exact quantity, it is clear that this was one of the most decisive transformations in world economic history. It was this shift, this change in the very structure of world capitalism, which provided the foundations for the capitalist upswing that began in the early 1990s. The possibility of such a development had been anticipated by Trotsky when he noted in the 1920s that a new capitalist upswing might be possible if the Soviet Union were overturned and if China came under the domination of the imperialist powers. History, as we know, took a different course, but the essence of Trotsky's analysis retained its validity.

The integration of the labour force of China, India and other countries into the global circuit of capital, the development of new computer-based technologies, increases in transport efficiency, communications and so on all created the conditions for a new capitalist upswing. These measures were the outcome of the struggle by capital to overcome the fall in profit rates that had brought about the downfall of the previous mode of accumulation based on assembly-line production.

However this new upswing in the curve of capitalist development was of a highly unstable character—similar to that which began in the mid-1890s, and which led to the breakdown in 1914. (In a comment I read recently, the writer offered the reassurance that the crisis of 2008 was similar to the American banking crisis of 1907. He did not go on to elaborate what happened just seven years later.)

The upswing of the past two decades was based, on the one hand, on the exploitation of cheap labour, and, on the other, on the development of financial mechanisms and operations through which the major capitalist economies appropriated this increased mass of surplus value. The extent of the transformation in the economic structure of some of the major capitalist countries is indicated by various figures for Britain. In a column published in the *Financial Times* March 25, economics commentator Martin Wolf noted: "Thatcherism's economic legacy was striking. According to the Budget, between 1997 and 2006, business services generated 40 percent of the growth of the economy and financial intermediation about 13 percent. The contribution of production was close to zero. That was the outcome of the market. The UK economy expanded faster than those of other big European countries. Thus growth seemed satisfactory and sustainable." The new mode of accumulation gave rise to vast changes in the urban landscape. In cities where factories had stood, now there was redevelopment, based on city centres, shopping complexes, financial centres. But these were all associated with the appropriation, in one way or another, of surplus value extracted elsewhere.

Financialisation grew rapidly in the advanced capitalist economies. In other words, profits accrued increasingly through financial channels rather than through trade and commodity production. In the US, the share of finance in total corporate profits went from less than 10 percent in 1980 to around 40 percent in 2007.

A recent survey of 10 major capitalist countries, including the US and the UK, conducted by the McKinsey Global Institute, found that since 2000, gross debt in these countries increased by around $40 trillion, a rise of 60 percent. Total debt ratios—private and government—increased on average from around 200 percent of gross domestic product in 1990 to more than 330 percent by 2008. In the UK over the same period, the debt ratio increased from 200 percent to 450 percent. Much of the debt was incurred, not to finance industrial production, but to finance financial operations.

The rise in debt fuelled the growth of financialisation and claims of a new golden age.

However, notwithstanding the delusions that grip the bourgeoisie and its ideologists that money can simply, by its very nature, beget money, the profits accruing to finance capital are, in the final analysis, a claim on the surplus value extracted from the working class. Financial profits are, ultimately, limited by the available surplus value.

This does not mean that, at every stage, the activities of finance capital are, so to speak, regulated by this law. On the contrary, they defy it. But they cannot break free from it and, as Marx noted in the very first chapter of *Capital*, the law of value forcibly asserts itself "like an over-riding law of Nature" in the same way that "the law of gravity … asserts itself when a house falls about our ears."

Fictitious capital, that is, capital that does not itself directly extract surplus value, but which is a title or a claim to surplus value extracted elsewhere, was able to rake in increased profits, often through ever-more dubious financial operations, at a rate far outstripping the rate of increase in the surplus value extracted from the working class. Moreover, even where the dangers were recognised, it was compelled to act in this way by the pressure of the market itself. As the head of Citigroup, Chuck Prince, famously put it in July 2007, when the music is still playing everyone has to get up and dance. But the laws of the capitalist system eventually asserted themselves, with the whole house of cards crashing down, when one of the mechanisms for profit accumulation—the securitisation of sub-prime mortgages—broke down. One part of the house collapsed, and the whole structure came tumbling down.

The capitalist state then stepped in to rescue the banks and finance houses. In effect, it took on to its books the debts of the banks. Or, to put it another way, it honoured the claims of the banks and financial institutions. However, this did not mean that the problem had gone way.

The crisis erupted because, through the very operation of the financial markets, the claims of finance capital vastly outweighed the surplus value that was actually available to meet them. That is the social meaning of so-called "toxic" or worthless assets. The state, however, stepped in and honoured these claims. But the problem—that the mass of fictitious capital vastly outweighs the surplus value on which it is a claim—remains. A new mass of surplus value has not been miraculously created. What has happened is that the state has taken on the claims of the banks and finance houses, paid them out as if it were available, leaving to itself the task of extracting the necessary additional surplus value from the working class.

Consider the extent of what has occurred. Between July 2007 and March 2009, equity prices of global banks fell by 75 percent, a loss in market capitalisation of $5 trillion. In the UK, bank equity prices fell by 80 percent. Together with falls in other asset prices, the loss of global wealth was over $25 trillion or almost 45 percent of global GDP. Asset price falls in the US and the UK were as large as during the Great Depression. Direct support for the financial system provided by the capitalist state has been equivalent to around one quarter of global GDP. In the US and the UK it has been close to three quarters of the GDP of those countries.

These state actions have restored the position of the banks. But they have not boosted the economy. Banks have been able to increase their profits because cheap capital was provided to them, but this has not translated into economic growth.

The figures on the rise in government indebtedness give an indication of how much has to be extracted from the global working class to pay for this bailout operation. In 67 countries, the IMF has forecast that public debt to GDP ratios will rise from 80 percent in 2007 to 125 percent by 2014. In the UK and the US they are forecast to double. In OECD countries, fiscal balances are estimated to have shifted by 20–30 percentage points of GDP in the past three years. According to a recent study by the Bank for International Settlements, in the next decade, debt to GDP ratios, if present trends continue, will rise to 300 percent in Japan, 200 percent in the UK, 150 percent in France, Ireland, Italy and the US. Interest repayments will rise from 5 percent of government spending today to more than 10 percent in all cases, and as much as 27 percent in the UK.

Now we come to the significance of these figures for the political economy of the next period. We can see more clearly the meaning of the fiscal crisis of the state. All government spending on social services, health, education etc. is, in the final analysis, a deduction from the surplus value available to capital. The cuts in social spending now being implemented by capitalist governments around the world, together with attacks on the social position of the working class, are the means by which the state will appropriate the surplus value needed to fund the bailout of the banks and financial institutions.

This process is creating the objective foundations for a new period of revolutionary struggles. The confrontation cannot be averted—there is not some new technology, or fresh source of cheap labour, that can pump the vast quantities of surplus value into the capitalist economy needed to match the wealth already handed to the banks. The capitalist state must claw back massive amounts of surplus value previously appropriated for social spending. In short, we have the emerging objective conditions for social revolution. The capitalist state cannot continue to rule in the old way and the working class cannot live under the new regime.

Our analysis of the economic basis of the breakdown has very important political implications. The objective basis of the class struggle under capitalism is the conflict between the bourgeoisie and the working class over the surplus value extracted from the working class in the process of capitalist production. Today, we do not have a conflict of different sections of workers with various sections of the capitalist class, in which the capitalist state intervenes at some point. The capitalist state itself has come forward as the executive committee of the bourgeoisie—in particular, its dominant section, finance capital. It has become the chief agency for extracting surplus value, or, to put it more correctly, for re-appropriating the surplus value that was allocated to social spending. This means political struggles will inevitably erupt, with the question of political power placed directly on the agenda. The struggle by workers to defend even the most elementary social conditions has become, from the very outset, a struggle against the capitalist state, which demands that these resources be used to finance its bailout of the banks.

It is within this overall framework that we must place the situation in Greece. As the ICFI statement of March 17 explained, the Greek crisis marks a new stage in the international crisis that began in 2007–2008. The Papandreou government's austerity measures, which claw back the surplus value that had been allocated to sustaining the social position of the working class, are the first shot in what is going to be a continuing and deepening offensive against the working class in all the major capitalist countries, not least Australia.

The Papandreou government and the financial interests on whose behalf it acts would be powerless were it not for the support extended to it by the various trade union organisations. Most importantly, the events in Greece have underscored the significance of our analysis of the role of the ex-radical and pseudo-left organisations. They pose as opponents of the cuts. But at the same time they insist that in order to maintain the "unity of the left" and the working class, the struggle against these measures must be subordinated to the unions. The unions are, in turn, committed to subordinating the working class to the government.

A struggle against the cuts can only proceed to the extent that it is grounded on a political rebellion against the trade union apparatuses. Moreover, the measures that finance capital demands the Papandreou government impose, can only be opposed and fought on the basis of a perspective that consciously and directly addresses the question of political power and the reorganisation of the entire economy on a socialist basis, and which seeks to mobilise the working class on this perspective not only in Greece, but in Europe and internationally.

The European Union in crisis

There is another aspect of the Greek situation that is very important. The breakdown of the preceding mode of accumulation not only places on the agenda the restructuring of class relations—what might be called the vertical relations of the capitalist system—but also of relations *between* the major capitalist powers—the horizontal relations.

The conflict in Europe over the Greek bailout, or, more precisely, the refusal of the German bourgeoisie to organise a bailout—despite the fact that German capitalism has benefited considerably from the debt-fuelled economic expansion of Greece, as well as of Ireland, Spain, Italy and Portugal—has provoked the most serious crisis in the history of the European Union.

This crisis must be placed in its historical context. The project of European unification under capitalism has reached its limit. But if it fails to go forward it will not simply remain in the one place. It will start to unravel, with potentially disastrous consequences.

The EU arose on the basis of a series of measures effected after World War II to try to ensure that German economic expansion took place within the context of a general advance of the European economy as a whole, and that the conflicts between France and Germany that had erupted three times over the preceding seven decades did not emerge again. The foundation of economic integration was the European Coal and Steel Community, established between West Germany, France, Italy and the three Benelux states through the Treaty of Paris in 1951. This was followed by the formation of the Common Market under the Treaty of Rome in 1957.

In response to the breakdown of the Bretton Woods Agreement in the early 1970s there were various attempts to establish a European currency agreement, none of which was particularly successful.

The situation came to a head after the liquidation of the Soviet Union and the ending of the Cold War. The Cold War, and the division of Europe it entailed, had played a crucial role for the bourgeoisie, because it helped provide a solution to the vexed problem of Germany. Divided Germany was blocked from expansion to the east. In the immediate aftermath of the fall of the Berlin Wall, the prospect of German reunification sent a shudder through Europe. Thatcher and Mitterrand were opposed to a unified Germany, fearing the consequences of its economic and political power. Thatcher is reported to have said, "We beat them twice in war and now they are rising up again." She apparently instructed Gorbachev not to take any notice of her public utterances on the question, but to ensure that Germany remained divided.

The UK and France were unable to prevent reunification, but they did manage to effect an arrangement that sought, if not to contain Germany, at least to ensure that it was tied to an expanding Europe. This was the basis of the Maastricht Treaty, followed by the decision to establish the euro as Europe's common currency. There were many factors involved, including the need to try to develop an alternative to the US dollar. The basis of the euro was that Germany would agree to surrender its currency, and provide the underpinning for the project, on condition that the finances of the European powers were kept within definite limits. Only this would ensure that the euro remained strong. But the arrangement has started to come apart after little more than a decade. When the financial crisis broke in 2008 the divisions were already apparent. It was every man for himself or, more exactly, every government for its own banking system.

The German model for the EU, as many commentators, especially in the *Financial Times*, have noted, is simply not viable. What is being demanded is that all EU countries cut their deficits, improve their productivity, and increase their international competitiveness. In his column of March 30 Martin Wolf noted:

"Herman Van Rompuy, president of the European Council, stated after the meeting that ‘we hope it will reassure all the holders of Greek bonds that the eurozone will never let Greece fail’. Only two ways of meeting this commitment exist: either members write blank cheques in favour of one another or they take over the public finances—and so the government—of errant members. Germany would never permit the former; but politics would never permit the latter, particularly in the big countries. Thus, Mr Van Rompuy’s statement looks absurd.

“Now turn to the bigger point. Last week’s statement also argued that ‘the current situation demonstrates the need to strengthen and complement the existing framework to ensure fiscal sustainability in the eurozone and enhance its capacity to act in times of crises. For the future, surveillance of economic and budgetary risks, and the instruments for their prevention, including the excessive deficit procedure, must be strengthened.’

“The ruling idea here is that the weakening of fiscal positions in peripheral countries reflects a lack of fiscal discipline. That is true of Greece and, to a lesser extent, Portugal. But Ireland and Spain had what seemed to be rock-solid fiscal positions. Their weakness lay in private sector financial deficits. It was only when the private sector corrected after the crisis that the fiscal deficit exploded. Since the problem was in the private, not the public sector, monitoring must also focus on the private not just the public sector.

“Yet the asset bubbles and private sector credit expansions in the periphery were also the mirror image of the absence of growth in real demand in the core. This was how the ECB’s monetary policy produced a more or less adequate rate of expansion of overall eurozone demand. So, as soon as we ask what was the underlying cause of the fiscal catastrophes of today, we must realise that they were ultimately the result of reliance on an accommodative monetary policy, employed to offset the feeble growth of demand in the eurozone’s core and, above all, in Germany.

“Such a discussion of internal eurozone demand and imbalances is not one German policymakers wish to have. So long as that is the case, the prospect for the ‘improved economic co-ordination’ mentioned in the Council statement is nil. Worse, Germany does wish to see a sharp move by its partners towards smaller fiscal deficits. The eurozone, the world’s second largest economy, would then be on its way to being a big Germany, with chronically weak internal demand. Germany and other similar economies might find a way out through increased exports to emerging countries. For its structurally weaker partners—especially those burdened by uncompetitive costs—the result would be years of stagnation, at best. Is this to be the vaunted ‘stability’?

“The project of monetary union confronts a huge challenge. It has no easy way of resolving the Greek crisis. But the bigger issue is that the eurozone will not work as Germany wishes. … the eurozone can become Germanic only by exporting huge excess supply or pushing large parts of the eurozone economy into prolonged slump, or, more likely, both. Germany could be Germany because others were not. If the eurozone itself became Germany, I cannot see how it would work.

“Evidently, Germany can get its way in the short run, but it cannot make the eurozone succeed in the way it desires. Huge fiscal deficits are a symptom of the crisis, not a cause. Is there a satisfactory way out of the dilemma? Not so far as I can see. That is really frightening.”

What is Germany demanding? An economically strong Europe. But that is proving to be impossible on the basis of a federation. One is reminded of the positions advanced by Hitler in his so-called unpublished *Second Book*. There he insisted that Europe had to be united in order to meet the economic challenge of the United States. But it could not be united as some kind of federation. It had to be united in the way that Rome had established *its* empire, or in the way Prussia had established a united Germany, that is, as an *imperial* project.

Looking beyond the Greek crisis and Europe, one can pose the question: How have relations between the major capitalist powers developed since the crisis erupted? Has there been a drawing together, to solve common problems, or have we seen deepening conflicts and antagonisms? In Europe the answer is clear.

Internationally, notwithstanding the formation of the G20—about which not much has been heard lately—there is growing acrimony. It was clearly on display in Copenhagen at the end of last year, and is present in the deepening economic conflicts between the US and China. Whatever the eventual decision over whether China is a currency manipulator, divisions will deepen. And in a conflict with China, the Obama administration will be calling on its allies to stand with it. This has major implications for Australia. We could well see a situation here, as has happened in other countries in the region, where the bourgeoisie is divided between pro- and anti-China factions.

Turning to the situation in Australia, the past months have been characterised by a series of political twists and turns. The central policy of the Rudd Labor government in 2009, following its stimulus packages, was the establishment of the Emissions Trading System (ETS). Various sections of finance capital saw this as providing the opportunity for profitable carbon trading in the Asian region and, on that basis, Liberal leader Malcolm Turnbull supported it. The essence of the ETS negotiations between Rudd and Turnbull was to buy off the different business constituencies opposed to the legislation, and get it through without any public examination. In the event the Liberal Party fractured and Turnbull was ousted. Then the collapse of the Copenhagen Summit vastly changed the international environment. Turnbull’s demise and Tony Abbott’s installation as Liberal leader were utilised to effect a shift in the Rudd government—perhaps not so much a shift as a recommitment to the task of imposing cost-cutting measures and boosting productivity and international competitiveness.

The message, transmitted to the government via the corporate media, especially the Murdoch press, has been received and understood. The ETS, which, we were told repeatedly by Rudd, represented the “greatest moral issue of our time”, has quietly disappeared as the centrepiece of the government’s program. It has been replaced by the restructuring of the health system, in the form of a federal takeover. The essence of the scheme is cost cutting. This was underscored in a major speech by Rudd on March 29 outlining the government’s orientation. He began by justifying the government’s actions following the Lehman Brothers collapse in September 2008 and then turned to his agenda:

“As I said in my first address to the Business Council of Australia after I became Leader of the Opposition back in 2007: ‘To stand still in a dynamic competitive world is to go backward. That’s why I am committed to the continuation of the reform process.’

“That reform process must be anchored in productivity growth, workforce participation and the development of a seamless national economy.”

Referring to the question of productivity, he continued: “The long-term decline in productivity since the late 1990s is one of the most disturbing trends in Australia's economic performance. Between 1994 and 1999, Australia's productivity growth was second among OECD countries. However, since this surge, Australia's productivity growth has slowed. Between 1999 and 2007 we have slipped to 14th among OECD countries."

Rudd identified infrastructure as a critical ingredient for future productivity growth. It was in this context that he placed the so-called health care reforms:

"I'd make the point that the Australian Government's health reform package of itself represents a significant step forward in freeing up state government balance sheets to re-focus their effort on critical state investment in infrastructure. Embarking on health reform, the Government is also therefore undertaking reform to the finances of the Federation.

"Treasury estimates that without action, health and hospitals spending would consume the entire revenue raised by the states and territory government of Australia over the next 20 to 30 years—the entire revenue.

"The Government's reforms are estimated to relieve state budgets of some $15 billion of health spending over the coming decade. This will provide the states with additional capacity to invest in the roads, the public transport, the urban infrastructure necessary to support our cities and our regions in the future."

Here is revealed the real content of the government's so-called health care reform. By reducing health expenditure at the state level, Rudd argues, money will be made available for the provision of vital infrastructure to enhance productivity and Australia's international competitiveness.

But if the money that would have been spent by the states is simply spent by the federal government, then nothing is resolved. It is just robbing Peter to pay Paul, unless the federal government, having assumed financial responsibility, imposes cost-cutting.

This is the essential purpose of Rudd's health "reform". It is aimed at installing a nationally-directed, top-down regime to reduce spending. Of course, he dresses it up as a progressive initiative. We will see the details revealed in the coming period with the same methodology—presenting a cost-cutting regime as an improvement. This has already started with the diabetes program announced earlier this week. There is no doubt that the treatment of diabetes and other chronic illnesses and conditions could be handled much better than they are now. And doubtless a centralised system that provided GP services to patients, minimising hospitalisations, would be far preferable to what exists at the moment. But that is neither the purpose of this scheme, nor of others—including aged care—that will be announced in the future. Wrapped in rhetoric emphasising the need for better treatment, their purpose will be to slash government spending.

On the basis of Rudd's reaffirmation of his government's agenda, the media has swung back behind him. Take as an example the piece by Jessica Irvine in the *Sydney Morning Herald* of April 2 entitled "Abbott's thin tissue of lies". Following the comments by Queensland National Party Senator, Barnaby Joyce, that he considered pages torn from the Productivity Commission report useful only for toilet paper, she wrote that the printed copy of the Opposition Leader's speech could well serve the same purpose.

It is very rare that we find the accusation "lie" levelled by the mass media against a national politician. Even rarer that it should be in response to a major speech on the economy delivered by the leader of the Liberal Party. The strength of her attack indicates that it was clearly not decided by Ms Irvine. This was editorial policy, reflecting the view of powerful sections of the ruling elite, that the Labor government remained the best instrument, at this stage, for implementing their agenda of reducing government debt through spending cuts, tackling big expenditure items such as health care.

The situation in Australia is not exactly the same as in some other countries. It is, however, an original combination of the basic processes of world development—that is, of the whole. As in every major capitalist country, the centrepiece of the government's program is the cutting of social spending. While the proceeds of the export boom to China have allowed the Australian bourgeoisie certain "wriggle room", there are clear indications that a "two-track" economy has emerged with a series of closures and sackings throughout manufacturing industry. Meanwhile the casualisation of the workforce proceeds, a situation that is having a major impact on young people.

The Australian economy's relationship with China can shift very dramatically. If the US decides to take retaliatory action, China will seek to expand outside the American market. There is evidence of such a move already. With which power will the Australian bourgeoisie align itself? What has been dubbed the "nightmare scenario," where it is forced to choose between the US and China, could well eventuate. Apart from these shifts, any sharp downturn in China's investment boom—let alone a collapse of the Chinese economic bubble—will have very sharp consequences for Australian capitalism.

The period before us will be one of ever sharper twists and turns, in which we must build on the gains we have made in holding the founding congress of the SEP. Those gains rested on the clarification of some of the most fundamental political issues and problems that have confronted the revolutionary movement in the fight to build a Marxist leadership in the Australian working class.

The major political work in the next period will centre on the party's intervention into the federal election campaign later this year. The SEP will advance a socialist strategy for the working class in the new conditions brought about by the breakdown of global capitalism. We are basing ourselves on a world historical perspective in which, as a result of objective tendencies rooted in the very structures of global capitalism, we anticipate the emergence of mass struggles of the working class. Our intervention in these struggles, to provide the necessary revolutionary perspective and leadership, will depend on the political education and development of new layers of workers and youth, who are searching for a genuine alternative to the current economic and social order.