Inflation Threatens Prosperity

It is now common knowledge that the dollar, like the old gray mare, "ain't what she used to be." Many quips have been hurled at it, like that of the old joke, "John says, 'Dime talks. But in these days the doll­
or doesn't have enough cents to say anything worth while.'

There is a new bogey in the pur­chasing power of the dollar is far be­neath what it used to be. This was born out by the recent report from the U.S. Dept. of Labor (published thru the press generally) which showed that the dollar was so badly inflated that it is now worth only 50 cents as compared to the 1939 dollar.

But the "food dollar" is worse; it has even less cents, because its purchasing power has sunk as low as 42 cents as compared to the 1939 dol­lar. In view of this, trying to catch up with the high cost of living is anything but a happy pursuit for millions of workers. Even the low­ly "hot-dog" (much liked and de­voured by the American prole­tariat) has gone up in price. It is very difficult also to get a rea­sonably priced "do-nut," and when one does, quick disillusionment sets in because there is more hole than dough in it.

Inflation reflects itself in high prices of all commodities, and serv­ices also. Today we pay more for clothing, rent, transportation, hos­pital care and medicine (and as we in the United States.

Great

indeed.

not

least

experience, tho seemingly isolated,

in the provinces, certain object

to another, from capitalism to

experiences, it is not an Eisenhower or

other

aims to move and broaden its

holdings there has mounted in the bil­nings has advanced in Iran as

in the regions, whose

capts of industries, whose

wealth is far flung over the globe,

who determine a foreign policy

and up root them from their old,

existing property relations in favor

of new classifications means an

revolution is for a day. That once

been

won and from then on the. course

for the new society is smooth sail­
ing. But that is not so, as experi­ence shows.

The old order dies hard. After

the first flush of victory the old

ruling groups of other nations,

ideas and traditions, which

slow­

in given ideas, class prejudices,

or social. The boy or girl changing

from adolescence to man or

or social. The boy or girl changing

from adolescence to man or

or social. The boy or girl changing

from adolescence to man or

or social. The boy or girl changing
A LESSON FROM HUNGARY

(Continued from Page 1)

and necessity of such a state to build and liquidate at the same time; to build the new society and ideology while exposing the capitalist-class nature and backwardness of the new.

It is obvious that serious errors have been committed in this area. The Hungarian Government's failure to explain this to the people and its Communist party, which should have been at the lead, couldn't cope with the situation, having failed to win the complete support of the working masses. To be at the head of government is one thing, to win the workers over to socialism, and enjoy their support and respect, is another. It is obvious from the above debacle that the Hungarian Communists governed too much from the top without establishing the necessary organic connection with the working masses, without which there cannot be a genuine people's rule. The bureaucratic nature of some sections of the Hungarian masses were still imbued with fascist-capitalist and religious ideas. Now it is true that the government was right, that 10 years is a very brief period to accomplish the emancipation of the mind. Yet it appears that insufficient emphasis has been placed upon the enlightenment of the masses.

Another lesson to be learned is concerning the motivation of the Hungarian worker who is his- torian is not a Marxist or a theoretician. Neither is he interested so much in what the future holds for him. The primary motivation is his immediate needs. Unless, therefore, the new order can show him some improvement in his immedi- ate lot, he is unwilling to make sacrifices for the building of the future society. To constantly push on the pressure in industry and ignore the view to the future while neglecting the present, that is, giving him little or nothing to show for his increased efforts is expecting much ideal- ism. The workers may be idealists (philosophically speaking) in their thinking, but they are very prac-

tical and materialistic in their ac- tions.

The leaders in top government positions in drawing up their eco- nomic plans with a view to increasing production as a basis for the new society must face up to and carefully consider the human ele- ment, the desire for an improve- ment in their daily material condi- tions. This means that industrial- ization and collectivization cannot be a mechanically continuous and constantly upward course. It must rather be a dialectical course, which may include some zig-zag- ging, advances and halts, wherein the workers can see for themselves the value and benefits for their in- creased efforts.

We are not in possession of the facts to form final judgment but it appears logical to assume that the Hungarian Communists have erred in the application of the dic- tatorship of the proletariat. On the one hand there is evidence that the Soviet authorities concentrated on the neces- sary vigilance as regards the class enemy. On the other hand the re- action of the workers would indi- cate that they have probably been pushed too hard and too quickly. All of which tended not to win the proletarian masses over to com- munist but rather to leave them open to discouragement and to capitalist propaganda.

One other lesson and an impor- tant one is this: not to wash one's dirty linen in public. Self-criticism is a socialist principle and a good one. It is thus such criticism, analy- sis of the past mistakes, that we learn and strengthen ourselves, make progress. But the applica- tion of any principle must be made in the light of practical consider- ations in which discretion plays a role. In conditions of class strug- gle, with the enemy constantly on vigil, criticism when applied can be done with considerable consideration for its effects. Other- wise self-criticism can turn into its opposite—self-annihilation.

It may be assumed that the wrong employment of this princi- ple has been in good part respon- sible for the events that followed. For if all the Stalinists, so-called, did was error and brutal (which of course is pure idealism) then the next step logically led to the dis- crediting of communism as a whole to the workers and to Stalinism had previously been rep- resented as the essence and best expression of communism. By such logic it is not difficult to under- stand the confusion set going in the minds of the workers. They just didn't know where they were at.

These and other lessons are part and product of the experiences of the working class movement. They are inevitable, yet painful and costly. To the extent that we can use them well it is possible to lesson the pangs and losses.

L.B.

R. Daniels

INFLATION THREATENS PROSPERITY

(Continued from page 1)

as before, because it was so in- flated that furthermore the real consumer goods were rationed. So great was the demand for prod- ucts, that in spite of governmental price controls, the prices continued to go up.

The high prices not only prevail- ed during the post-war period; they rose even higher. The aftermath of World War 2, its tremendous de- struction, created a demand for all "defensive" products. Thus was made by the United States (who fortunately escaped de-struction) who could provide the nations of Europe with the goods and equipment essential to recon- struction. This demand caused prices to "reach for the sky" as the saying goes. Today the price of that metal, so essential to modern industry, namely, steel, is so high that it caused many small indus- tries who could not afford to pay that price to fall by the wayside, to close down, and go bankrupt. Only the giants in industry could pay that price and remain in profitable production.

To circulate the immense amount of commodities, more currency, i.e., paper dollar bills, were printed by the government. But this "printing press money," as it has been termed, did not increase values, it just the opposite, it re- duced still lower the value, the "gold content" of the dollar.

"Printing press money" more than any other factor is one of the main causes of inflation. Governments resort to it when in desperate need for cash with which to pay their debts. Following the first World War, the German government printed such huge amounts of pa- per marks, thereby stripping the currency almost completely of its value, that it required a bushel basket of marks to buy one loaf of bread. So far the American gov- ernment has not been reduced to such desperate straits, but the threat is always there.

The huge U.S. government debt of approximately 275 billions of dollars, for which a number of billions of dollars in interest must be paid, constitutes another inflationary threat to the nation's economy and well-being. This debt is not to be reduced, but will increase in direct proportion as more money is spent on arms and prep- arations for war (or "defense" as it is called). The 1956 "defense" out- put" of $36.50 billion, but a goal of $38 billion for the year 1957 be- ginning July 1st has been estab- lished by the Administration, as reported by the New York Times of Dec. 16th. Yet without this "de- fense" prop to the nation's econ- omy, there is no doubt that pros- perity would be badly depressed or not altogether ended. Such is the contradictory nature of the "free enterprise" system!

Although the government is con- cerned about the rise in prices, yet it fears any drop in prices. Espe- cially is this true in farm produce, wherein the Administration is up to its neck in propping up the price structure by buying up surplus and price subsidies to the tune of over 8 billions of dollars. It costs the government a sum of approximate- ly 2 billions dollars daily for storage purposes alone, for such surplus products as wheat, corn, etc. Again there is no doubt, that "free enterprise" in farm pro- ducers, would come to an end without such government support.

The government is worried also about the rise in private debt. For example, "installment credit" has been reported to be running now at the annual rate of over 40 bil- lions of dollars. Credit buying on autos alone is close to 16 billions of dollars. Those who buy autos that are mainly very expensive and steady employment determines whether they will be able to meet the pay- ments when due.

Fear is expressed by government officials that when the market be- comes fully saturated with com- modities, production will be cur- tailed, workers will be laid off, and therefore unable to pay for what they have bought on the in- stallment plan. The result would be a tremendous loss of billions of dollars to the capitalists — but workmen too. The beginning of a depression, or at least a severe recession in business gener- ally. A preview of such an eco- nomic disaster has actually occur- red in the auto industry, due to overproduction, early in the year 1956. (No one dares predict how great it may be, for in the year 1957, except for the "hopeful optimists," who hope prosperity will prevail.)

The government is trying to cope with inflation by its "tight money" policy, that is, increasing the interest rates on government debt. This is an effort to discourage "buying on credit," enough at least to keep the installment debt from going higher.

But most of the business men are opposed to this government regulation of money. They contend that this will not prevent inflation but will only aggravate the prob- lem by discouraging buying, and discouraging investing for business expansion as well, thus creating a recession in business.

On one score, both business men and governmental officials agree, and that is, the rising cost of labor and the wage demands for "satis- fying" increased prices of commodities. In rebuttal, however, organ- ized labor is fighting back against this capitalist charge by pointing out that workers only make de- mand for increased wages in order

(Continued on page 4)
PROLETARIAN NEWS
A Journal for the Working Class
Devoted to the Education of Workers and Their Struggle for Power
Published Monthly by the
Proletarian Party of America
Subscriptions—12 issues for $1.00
Send All Subscriptions, Contributions, Etc., to
PROLETARIAN NEWS
333 W. North Avenue, Chicago 10, Illinois

1956, AN EVENTFUL YEAR AND OUTLOOK FOR 1957

During the past half-century there have been many eventful years, some of which, in time to come, will be regarded as very outstanding. Even today, people look back to such years as 1914 and the outbreak of World War I, or to 1917, with its great upheaval in Russia, the beginning of the world Proletarian Revolution. The year 1956 is another memorable year, with its “Black Friday”—the Stock Market crash—which marked the beginning of the “Great Depression.” Just ten years later, 1929 saw the beginning of World War II, which had such tremendous consequences. We could name other years of advance, or retreat, depending upon how we evaluate events.

While no year, however measured up to some of those years, it certainly has been stormy enough, and, in a social sense, eventful, to say the least. For one thing, it has been a “brisk of war” year, and, as it draws to a close, the leading nations are in a state of jitters.

At the close of 1955, a new form of worldwide struggle was commencing, which is now developing. The condition of the capitalist world found that the Soviet Union and its associate nations were making heavy inroads upon the world market. The spokesmen of “free enterprise” did not like so much free competition. They expressed resentment against this “unfair competition” with nations that had dispensed with the luxury of landlords and capitalists. The struggle for the world, and the structure of the capitalist world has found that the Soviet Union and its associate nations were making heavy inroads upon the world market.

For the sake of clarity, we need to point out that the situation is not so much a struggle between the “East” and “West,” as between “capitalist” and “socialist.” The actions of the capitalist world found that the Soviet Union and its associate nations were making heavy inroads upon the world market.

It is true, however, that for both camps the International class-war has not been one-sided. While the workers’ world has made gains, it has also met with setbacks and much disturbance, and, as we draw toward 1957, the world situation is fraught with frustration and potential explosion. Britain and France are now carrying on the struggle against the spread of “socialism” while the British and French forces are taking cotton in exchange. This created a rift between Egypt and the western imperialists, especially with Britain and France. In some quarters, that purchase of arms has been referred to as “jumping the barrier.” In the Middle East, a region which the big capitalist nations had come to regard as their exclusive field of imperialist operations, the Middle East became a cockpit of disturbance which finally exploded into the most outstanding event of the year, namely, the imperialist onslaught upon Egypt by Britain and France. This action, in view of subsequent happenings, may be considered the top blunder of 1956. It forced the Arab states to draw closer together, strengthening their stand against colonialism and imperialism. They have united to drive out the aggressor armies from Egypt, and its militant premier, Gamel Abdel Nasser.

This costly and futile adventure of Britain and France, and their little egomancer, Ike, at long last, at a time threatened a general outbreak of war in the Middle East. The result of their high-handed action has been injurious to the economy of the countries of western Europe. Under their generous and foresighted leadership of keeping the Suez Canal open to world trade, they succeeded in shutting it off completely, and, to some extent, it broke the unity with the United States, and with the United Nations against them. At this time of writing, December 15th, the end of the adventure is not in sight.

The closing of the Suez is forcing a number of nations to restrict the sale of oil, rationing it in some instances. Britain’s financial status was given a further set-back. Its gold reserve has been reduced to the danger point, throwing it to a still greater extent upon the economic assistance of its colony, the United States. This action of Egypt against the invasion of Egypt, roundly condemned that act of aggression. It called for Eden’s resignation and forced the administration to test a vote of confidence of the previous leader. France also has had a tough year. What with its continued harassment in Algeria, and its joint adventure in Egypt, the class struggle has sharpened and deepened. The Socialist Party, which prizes the Premier and is part of the coalition government, finds itself in trouble with the “Socialist International” which decided to “break with Egypt.” Approved of by Egypt, and, of course, it is at loggerheads with the British Labour Party for its condemnation of that action, and whose denunciation of the Eden régime and the French régime was held, but its constructive accomplishments were completely overshadowed by the sensational “revolutions” concerning which for two decades the bourgeoisie has announced as the “end of capitalism.” The “cult of the individual,” which the Soviet people had raised to great heights, was vigorously repudiated and replaced by “collective” work. Thus, the Soviet people have demonstrated the superiority of the U.S.S.R. over the capitalist order. In 1956, the year, 1956, is also going to be remembered for what took place in the U.S.S.R. In February the Twentieth Congress of the Communist Party was held, but its constructive accomplishments were completely overshadowed by the sensational “revolutions” concerning which the bourgeoisie has used as a “degeneration.” The “cult of the individual,” which the Soviet people had raised to great heights, was vigorously repudiated and replaced by “collective” work. Thus, the Soviet people have demonstrated the superiority of the U.S.S.R. over the capitalist order. In 1956, the year, 1956, is also going to be remembered for what took place in the U.S.S.R.

In the latter part of 1955, the Egyptian government succeeded in negotiating an arms deal with China. By the end of the year, the United States had taken cotton in exchange. This created a rift between Egypt and the western imperialists, especially with Britain and France. The situation was fraught with frustration and potential explosion. Britain and France are now carrying on the struggle against the spread of “socialism” while the British and French forces are taking cotton in exchange. This created a rift between Egypt and the western imperialists, especially with Britain and France. The situation was fraught with frustration and potential explosion.

The formal merger of the A.F. of L. and the C.I.O., which was accomplished last year has given the American workers potential power, with a membership of fully 15 millions. A worth-while advance. During this year, some independent unions have sprung up, and, no doubt, in due course, will follow that lead. The direction of its policies and actions, however, are still in the hands of capitalist lackeys and political opportunists who support reaction and resist all reformist forces instead of fighting against the exploitation of the workers. Big business and big profits are safe, as far as labor’s leadership is concerned.

Other than the United States the only important happening in the “Land of the free” which have reacted upon the “American way of life.” Pressure from various parts of the world, continuous pointing by the Soviet Union and the progressive forces in Europe and other parts of the world, exposing the shabby treatment meted out to the American Negro people, finally forced the Government to decide upon desegregation. The attempt to apply this U. S. Supreme Court endorsed measure brought on an upsurge of Southern chauvinism, a resistance to desegregation, of which we have not heard the last.

And, altho’ of relative unimportance, we should not forget that it was a Presidential election year. What characterized it was the amount of artificial stimulants, of various sorts, the Democrats had an able enough candidate in the person of their President, John F. Kennedy. The result of their election was a clear win for the Democratic Party, and the election of Mr. Kennedy as President.

Subscriptions-12 issues for $1.00
Reports from various parts of the world, throughout the year, clearly demonstrated substantial progress of the international working class, such as Peoples China, and other Asiatic nations that have cast off the yoke of western imperialism. The gulf between the East and West is being pulled wide apart. And, as the year comes to an end, we can see the promise of more consistent foreign policy, plus Ike’s state of health. In fact, he offered so little, that the electorate saw little reason to support him in his bid for President. The election of John F. Kennedy as President of the United States is a victory for the working class around the world.

What about the future? Well, we can say for certain that the world situation is fraught with frustration and potential explosion. Britain and France are now carrying on the struggle against the spread of “socialism” while the British and French forces are taking cotton in exchange. This created a rift between Egypt and the western imperialists, especially with Britain and France. The situation was fraught with frustration and potential explosion.
IS COMMUNISM A FAILURE?

After his trip to the Hungarian border in December, Vice-President Nixon paid a return trip to Moscow. The Russians have said that "international communism has suffered a mortal blow from which it can never recover, it has been exposed as a gigantic failure."

Regardless of how many would be inclined to agree with the Vice-President, it must be acknowledged that there is plenty of vitality left in communism in spite of the obvious set-back it received in Hungary. Of course, the capitalist press version of the Hungarian "revolution" was bound to have an adverse effect in the eyes of many people, particularly inside America. Nevertheless, communism is far from a failure, capitalist politicians of the Nixon type notwithstanding. With them "the wish is father to the thought" as the saying goes.

A brief analysis of communism is in order at this time. Communism took the place of a revolutionary movement of the workers against the system that exploits them, capitalism. It is the direct product of the class struggle between capitalists and wage-workers, between the exploiters and the exploited. The realization on the part of the masses that they can never have real economic security under capitalism causes them to organize and rebel against that system. That is how the Soviet Union came into existence in 1917, thru a social revolution. And that is also why there has been, ever since, an intense hatred against it on the part of the capitalist class the world over.

In the next place, communism is a new social order based on the common or collective ownership of industry and as with any social system it takes time, years in fact, for it to develop. In its beginning there is a "transition period," as Marx long ago pointed out "the revolutionary dictatorship of the proletariat." This workers' state is necessary mainly to keep the overthrown ruling class from coming back to power, but it also regulates production and enforces the law that only those who work shall own.

The highest stage of communism, however, is possible only with a modern industry when the machinery of production is so highly developed that it can angularize the monopoly of it and a high standard of living. The Soviet Union has not quite achieved this, but is getting closer to it every year. The discontent in Hungary might not have occurred if that unfortunate country had a modern industry. For then there would have been enough for everybody, "each according to his ability; to each according to his needs." Some day, in spite of all their "growing pains," the working class nations, including Hungary, will achieve that goal.

Communism, both as a movement and a social order, is far from the failure that the capitalists wish it to be.

A.W.

INFLATION THREATENS PROSPERITY
(Continued from page 2)

Inflation threatens prosperity in the United States in 1957. To keep up with the high cost of living, the workers truthfully contend that the necessities of life are constantly going up in price, always ahead of the price of their labor and wages. That is, they did not get wage-increases, they, in effect, be would suffering from wage-cuts.

On the other hand, the capitalists, in defending their "wage-price spiral" argument, contend that they have no other alternative but to raise prices of their commodities in order to compensate for the rise in the cost of production due to wage-increases. However, they cannot arbitrarily raise prices, because the demand but all powerful economic law underlying capitalism decrees that the price of a commodity is determined "by the competition between buyers and sellers and the relation of the supply to the demand, of the bid to the offer."

This brilliant discovery was made by Karl Marx over a hundred years ago.

Some point might to the steel industry as a refutation of this Marxian contention, but actually it is further proof of the latter. One must remember that the price of steel was raised only after the surplus of steel was reduced thru a prolonged strike, hence creating a demand for that product. The steel corporations took advantage of this very favorable market (the demand) by raising the price of steel. In conclusion this article we can lay down this axiom for its definition of modern capitalism, namely, that in periods of its prosperity the prices of commodities increase, but the value of what is commonly called "money" (but is actually currency) will decrease. This is inflation and its greatest threat is to the standard of living of the vast majority, the wage-workers, because the price (wages) of the only commodity they possess, labor power, always lags far behind all other prices.

There is no solution for this problem within the confines of capitalism. Inflation will only disappear when its cause is abolished, namely, the capitalist system. This in turn could only be achieved thru the organized, political action of the vast majority, the working people, that would have for its goal a new social system based on production for the use and needs of the whole people instead of as at present for the profit of a handful of rich parasites. There is no other solution but that one.

Al Wysoczaki

NEEDED--A REVIVAL!

Not a report or discussion in sign that the major issues of the day have moved a revolutionary program--"Workers of the world, unite." This slogan was laid down (and must always remain) a fundamental demand of a new world under socialism.

To support the division of workers into little knots of people called "autonomous nations" may be practical for the moment (as a compromise with the past) but to continue to apply and foster nationalism in the building of socialism is to betray the working class movement.

Nationalism (that is, the doctrine that national interests, security, etc. are more important than international or world considerations) is a tool of the ruling classes of various countries to end their ends competition with rival rulers. It becomes historically dead with the death of capitalism. Socialism must start to develop the grave diggers of capitalism that they also dig a hole for nationalism.

WORK TO BE DONE:

Marx once said, "The tradition of all past generations weighs like an anvil upon the brain of the living." We say it's going to take a heap of spade work to remove all this dirt, so join in and lend a hand.

LEST WE BE FooLED:

A great whitewash job was attempted by the U.S. press to cover up violence and destruction wrought by British, French and Israeli invaders. We saw few shocking pictures and heard no gruesome reports in the capitalist press from this quarter. What is shamefully referred to as "Britain's misadventure" is here treated as a schoolboy prank. We are sorry to report that this was allowed to remain unchallenged to enjoy the distinction of fooling almost all of the people all the time.

FORKED TONGUE:

Following Russia's action in Hungary the honorable delegate from Cuba suggested the U.N. should demand free elections in Hungary. When this suggestion met with favorable response he gave his delegate, V. K. Krishna-Menon was forced to remind his colleagues of the embarrassment such a procedure would cause. This is especially true for revolt-threatened Cuba where voters have the privilege of choosing from one candidate only, namely, dictator Fulgencio Batista.

L.D.