

PROLETARIAN

NEWS

WORKERS OF THE WORLD UNITE!
YOU HAVE NOTHING TO LOSE BUT
YOUR CHAINS! YOU HAVE A WORLD
TO GAIN!

Karl Marx

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Inflation or Deflation

By Christ Jelset

To sell at high prices and buy at low prices is a common desire with most people. In modern capitalist society, where practically everything must pass through a sale and purchase process, the very nature of things makes it compulsory for everybody to attempt to carry that desire into fruition. As every sale is at the same time a purchase, it is clear that the desire can never be fully realized.

If a person succeeds in selling something at a high price, it is obvious that the purchaser does not obtain the item cheap. As most people are forced to sell something in order to obtain the means of purchase, it is pretty well impossible for any group to combine for the purpose of advancing prices, and improving their status as sellers, without hurting themselves as purchasers.

The most ideal condition obtainable is one in which all prices are more or less in balance, or where, in other words, "goods exchange at their value." This also happens to be the normally prevailing condition. The machinery through which all goods and services are being exchanged has grown into an extremely complicated affair. It involves the balancing of supply and demand, the medium of exchange, the monopoly price fixing, and other interfering phenomena. At times, abnormal conditions develop to upset the forces which ordinarily keep the machinery in functioning balance.

Nature itself, at times, has caused trouble to normal price trends. Extended droughts, floods or other natural catastrophes, have reduced normal supplies of necessities to points where prevailing demand would boost prices beyond reach of the common people. Extra good crops have at times put supplies so much above demand that prices have fallen and producers have had to face financial ruin.

Man-made interferences with the normal trend of production and exchange, have been even more effective than nature in upsetting the price structure. Of

man-made interferences, wars have been, by far, the most effective.

Every modern nation can look back into the pages of history and find that each war in which it has been engaged has affected its price structure. The ending of some wars has found national monetary setups completely collapsing. Government price fixing has at times not been able to prevent runaway prices. Serious shortages of goods will send purchasers as well as sellers to the black market if a legitimate market is established by government. Government methods of financing wars or post-war functions have at times changed the values of monetary units and upset the economic status of many citizens.

Reports from war-torn Europe today abound in evidence that many of the nations do not only suffer from lack of necessities but also that much of the goods available pass through the black market at prices many times their pre-war level, and completely out of reach of the masses. At the same time the gov-

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WHEN STRIKERS DEFY HEAD-FIXERS

The strike in New York City of the 1700 members of the News-paper and Mail Deliverers Union against the New York Publishers Association and its 14 metropolitan dailies, which began June 30 and continued through July, was a vigorous protest by the striking workers against their exploiters. In spite of the Publishers Association's threats of dismissal from the job, and in spite of the War Labor Board's edict severing the union contract, and also in spite of Mayor La Guardia's pleas and admonitions, the union membership on two occasions voted against returning to work. So effective was the strike that for 17 days the 14 metropolitan newspapers, such as the New York Times, the N. Y. Daily News, Herald-Tribune, Mirror, etc., did not appear on the newsstands. During the strike the only representative of the capitalist press sold on the newsstands was PM, a liberal daily which is not a member of the Publishers Association, and prides itself on taking an impartial "pro-labor" attitude, in that it has a separate contract under which union members receive

more than on any other newspaper.

The main demand of the striking Delivery Union was a mild one, calling for a 3 per cent welfare fund to provide some degree of protection for the workers in the event of injury or illness. The union pointed out that due to the intense speed-up of the workers on the job there was a high rate in accidents and physical breakdowns and hence their demand for compensation was just. But the newspaper publishers, numbering among some of the wealthiest groups in the country, called this demand "preposterous" and refused point-blank to consider it. Instead the case was referred to the War Labor Board, which upheld the publishers' stand by first warning the workers not to strike and, when the strike occurred, by cancelling their union contract. The strikers, incensed by this high-handed action of this "impartial" governmental agency, thereupon demanded that an arbitrator be chosen by both sides, outside of the War Labor Board's jurisdiction, with a view to negotiating a settlement. But the Publishers' Association refused and countered with their demand that no negotiations would take place unless the strikers immediately returned to work.

Mayor LaGuardia also stepped into the picture in a radio address, on July 13, broadcasting to the

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International Notes

Germany

What is to be the course of future events in Germany? That is one of the big questions confronting the capitalist world at present. Writers and speakers are insisting that there must be an overall plan; that America and Britain must take positive action, rather than the negative position they have so far assumed.

Can there be an overall plan for Germany that will be carried out? Will Great Britain and America follow any other course than that which they are now taking? Will the Soviet Union make any fundamental change in its policies in that part of Germany which it now occupies? We think the answer is "no" to all of these questions. Out of the Pots-

dam Conference may come statements similar to some which came out of the Crimea Conference. The Big Three may re-dedicate their nations to the task of rooting out Fascism from Europe, and to aiding the various peoples in the formation of democratic governments. In spite of such proclamations, only one of the Big Three, namely the Soviet Union, can faithfully carry out these obligations.

To eliminate the roots of fascism in Europe would mean to eliminate capitalism. Britain and America are not in Europe to eliminate capitalism but rather to uphold it. That is why they are dickering with the German industrialists rather than hanging them as Nazi war criminals. They

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striking workers. In his appeals to them to return to work, he said:

"We are indeed privileged that we are living in a country where the individual has rights. In order to have and enjoy these rights, naturally there are certain conditions under which they may be enjoyed. In order to protect these rights no individual nor any group of individuals have the right to defy government.

"Every one of us must comply and obey any lawful mandate coming from a duly vested authority of government....

"Now I am going to speak right from the shoulder. It is my sworn duty to maintain law and order in this city. That I have done—that I am going to do. I warn both sides that if there is any violence that force will be used to suppress force, in the maintenance of law and order. Let that be understood by all."

Thus spoke his excellency, the mayor, in words that left no doubts in one's mind on which side he stood. But lest any one misconstrue, the mayor further said: "The publishers' committee have issued a statement and made it public in which they say that the decision of the War Labor Board still leaves them with but one alternative—namely, to take steps to provide newspaper service to the public with the least possible disturbance. Men, they have a right to do that... they are entitled to the protection of the law...."

The Mayor, in his radio address, also warned the workers that they could not afford to lose everything they had gained through the years, "by stubborn, silly, idiotic defiance of the government and an entire neglect of your own welfare and interest."

Emboldened by such support from the Mayor and the government, but prevented by the strike from spreading their falsehoods through the medium of the press, the publishers took to the radio to carry on their head-fixing and attacks against the strikers. In hourly broadcasts, the "dear public" was provided with the news but also with vicious propaganda, namely, that this was an "illegal strike" of 1700 "misled" men against 13,000,000" (the residents of the New York metropolitan area).

Nor did the publishers stop with this but having been assured of "the protection of the law," in providing "newspaper service to the public," they thereupon used scabs to take out bundles of the newspapers to sell on the street corners of the city. They were not averse to using children, under the age of 16. Even a policeman was caught red-handed ("off duty" in plain clothes) by the pickets, in the act of loading 2,000 copies of the Sunday edition of the Daily News into a truck. Most notorious in trying

to break the strike was the N. Y. Daily News which was charged by the union of trying to inject the race issue by using the Negroes as scabs. But the New York Times was not averse to doing the same, as this writer did eyewitness such an incident in one of the busiest sections of the city, namely, Herald Square. In spite of the boasts of the publishers that in this manner thousands of copies were sold it was very evident that many of the "dear public" were reluctant to respond to such "service," proving that some New Yorkers were in tacit sympathy with the strike while others no doubt were reluctant to buy in the presence of alert pickets who hovered nearby.

On July 17 the strike was finally terminated; the Newspapers Deliverers Union, by a vote of its membership, decided to return to work under the conditions of its old contract with the Publishers Association, pending settlement of the dispute by the War Labor Board. In its editorial the following day, PM remarked that: "Everyone is relieved and everyone rejoices that the newspaper deliverers' strike is over. It was a tense and costly affair. Had it been prolonged further it might have led to violence and to scars on the city's life that would have taken long to heal."

The strikers insisted that one big factor in getting the strike settled was the publishers' fears that if they attempted to make deliveries with strike-breakers, other unions, particularly the mechanical unions in the newspaper plants might refuse to work with strike-breakers. As a matter of fact organized labor throughout New York city was in sympathy with the strike and it is far from a remote possibility that it would only require a small spark to set off a series of sympathy strikes. A. F. of L. and C. I. O. unions were open with their criticism of the Publishers Association and the War Labor Board's "unfair" treatment of the strikers.

The Greater New York C. I. O. Council sharply rebuked and condemned the stand of the publishers and the War Labor Board. It stated that: "The reckless use of school boys by the newspaper publishers in an effort to break the strike of adult drivers, and more particularly the use of Negro children, is scandalous.... These so-called public-minded publishers did not hesitate to create racial tensions, and their behaviour is to be severely condemned...."

The C. I. O. Council also stated that the role of the War Labor Board should be "a matter of grave concern" and that the strike was a direct result of the WLB's "disastrous policy of failure to settle grievances." It pointed out that "had the WLB served more as a

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INFLATION OR DEFLATION

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ernment regulated prices have also been advanced as a means of curtailing the trend to illegality.

The U. S. A. has had its monetary and price troubles during and after each of its wars, although it has had no complete monetary collapse since the framing of the Constitution. During, and immediately after World War One, prices here advanced about 150 per cent, in spite of government regulation. The most rapid advance took place during the early months of the post-war period, when government regulation was slackened and before the commodity market was again fully supplied with consumer goods.

The "back to normalcy" period of 1920-1921 brought the price structure down again to about 50 per cent above pre-war. It is worth remembering, however, that these percentage figures only represent the average, and that some items fluctuated very much more. There were cases of enormous "war prosperity" during the advance, and also plenty of financial ruin, particularly of farmers and small producers, during the recession period.

Now America has just finished one phase of its most costly war and is speculating on the time for its complete ending. So far, government control has held prices to a level of about 44 per cent above pre-war. Again, this is the average and does not represent an even advance.

Although government price control is more widely applied this time than it was in World War I, some items are left out, others had advanced considerably before control was applied. Farm lands and city real estate are not yet under control, and are expected to be held in line by control of farm products and city rentals. Farm land now, however, is reported to have advanced about 52 per cent, on an average, and is continuing to advance at about one per cent a month. Some city property has made greater advances. The security market is also operating outside of the controlled price range, and may, any day, have its influence on the upward price trend.

Labor has been held to the "Little Steel Formula" of no more than 15 per cent wage advances above those prevailing at the time of Pearl Harbor. Overtime pay and long hours of work have advanced total wages more, but the picture of labor's share in the total advance looks very different through the eyes of the capitalists, compared to labor's own estimates.

At present, while the unknown factors relative to Japan's final

surrender are being seriously estimated, the more or less unknown factors relative to the post-war conditions of American business are as eagerly brought into focus.

It is a known fact that rising prices stimulate production and business. It is also generally agreed that rising prices do not continue forever, or even for very long. They are sooner or later followed by stagnation and a reverse trend. Falling prices are connected with business stagnation and unemployment. Stable prices, full employment and permanent prosperity is the desired condition. Make this world-wide and we shall have peace as well as security for ever. Thus runs the trend of thought.

There are plenty of suggestions forthcoming as to what should be done to bring about the desired pos-war conditions. Suggested remedies are often conflicting. Some want government price control retained until consumer goods shall again be plentiful. Others want to allow the price structure to take care of itself, claiming that if prices should rise to begin with, civilian production would thereby be stimulated, re conversion unemployment would be reduced and the rapidly growing supply of consumer goods would soon bring prices down again to their normal level.

Some "economists" and "educators," instead of submitting a program of action, look into the realm of economic behavior and attempt to construct a likely trend for the future out of factors and causes now at work. This seems the more accurate method, providing, however, they are able, or willing, to take all contributing factors into consideration. Their shortcomings are most likely to crop out at this point.

About a year ago, Dr. Emerson P. Schmidt, Director of the Economic Research Department, wrote a pamphlet on "Inflation, Post-War." He gave the following factors as contributory:

(1) Decline during the war of consumer durable goods.

(2) Increase in money resources in the hands of the people.

(3) Increased money supply both in currency and deposits.

(4) New debt creation (mortgages and installment buying).

(5) Foreign balances here which may be spent after the war, and future loans.

On the opposite side appeared the factors working for a deflationary trend. These were:

(1) Growth of productive capacity during the war. (This may soon create surpluses.)

(2) Unemployment in the reconversion period and after, fear of more unemployment to follow

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When Strikers Defy Head-Fixers

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Board to deal with and solve grievances of employees, and less an agency of strike provocation, the strike would never have taken place."

Regardless of how commendable, from a labor standpoint, the above criticism of the War Labor Board by the C.I.O. Council appears to be, nevertheless, it does not go far enough. What if the War Labor Board had upheld the union members in their demands instead of backing the publishers? Is there any assurance that the strike would not have occurred? In that case the publishers might have taken the same defiant stand as the Montgomery Ward & Co. when it refused to comply with a WLB decision in that situation, thus provoking a strike.

The War Labor Board is not an "impartial" governmental agency, regardless of what the prevailing opinion may be. As part of the State it is also a product of the irreconcilability of class antagonisms. This Marxian concept of the State may be sneered at by capitalist head-fixers and labor fakirs but nevertheless it is a fact. The newspaper strike was a phase of the class struggle—capital (Newspaper Publishers) against labor (Delivery Union workers). The demands which the strikers made amounted to an increase in their living standards—demands which if realized, would mean less profit to their exploiters, the publishers. The capitalist class is not inclined to part with any of its profits and will fight back at any threat to its luxurious standard of living. In its struggle to maintain a profitable existence, the capitalist class demands and gets the aid of the government and all its agencies. Should that aid be denied it, it applies pressure (that labor has not) and, that is, the power of wealth that can make or break governments. It can even defy the government, if need be, as did Avery of the Montgomery Ward & Co., and get away with it, because Avery is still one of the top bosses of that concern. True enough Avery was once "punished" by being carried out of the plant, but was not given the bums rush and thrown into jail as many workers have experienced during strikes. The government, therefore, is not neutral, but just the opposite, very partial to the capitalist class, it is the government of the exploiters.

It is only in very rare instances that labor, through its organized strength, can exert enough pressure upon the government, or its agency the War Labor Board, to render decisions that appear to be "just" to labor. But this is in appearance only because in all labor disputes taken up by the WLB the workers never fully realized their demands but had to compromise, i.e. take less, or nothing at all. In the final analysis capi-

tal invariably comes out on top, and remains there, while labor stays on the bottom to be exploited. The State (government) therefore, is an instrument for the exploitation of the oppressed. And the capitalist class make full use of this instrument whenever the occasion arises. It helps to perpetuate their rule as exploiters of labor.

In his radio address, the Mayor of New York City said that "We are indeed privileged that we are living in a country where the individual has rights." Yet when the workers dared to use their organized might in order to protect their "individual rights" during the strike, the Mayor came out boldly and warned them not to defy the government, and if they did then "force will be used to suppress force, in the maintenance of law and order." Force against whom, Mr. LaGuardia? Certainly not against the capitalist publishers but against the striking workers. Pretty strong language, to say the least, coming from the lips of one who always vociferously maintained that he was against violence, against dictatorship, against fascism.

But by such strong language, his highness, the Mayor, not only exposed himself for the capitalist political henchman he always was, but also revealed the truth about the nature of government. The State, therefore, is the "public power of coercion" and in the case of a strike this coercive power takes the shape of policemen's clubs and soldiers bayonets to be used against the workers in the name of "law and order," the capitalist variety. In the face of this, "individual rights," as far as the workers are concerned, are meaningless. It is might that makes right, the armed might of the State. If a worker's head is "bloody but unbowed," sock him again and again until he submits, has ever been a capitalist motto.

Workers are learning through strikes and bitter experience about the class nature of present society and its political institutions. As the class struggle ripens, the more thoroughly will capitalism expose itself, so that even its head-fixing institutions will no longer be able to conceal the truth from the workers. Finally, the workers will learn that labor's best friend is labor and that their best reliance is in their organized might. But the most valuable lesson they will have to learn is that they will have to establish themselves as the ruling class—a working class government—in order to rid themselves of their exploiters. It is only in this way that class strife, poverty and the system of capitalism that breeds both, can be abolished.

Al Wysocki.

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International Notes

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are afraid of granting the non-Nazi element any measure of political liberty; are afraid of the formation of labor unions. In being forced to take such a position they will gain the hatred of the German masses who will organize underground if they are not allowed to do so openly.

The Soviet Union can recognize the class nature of German society; can take the position that not all Germans are guilty for bringing on the war; can assist the non-Nazi element in the task of organizing for political freedom, and can allow and promote the formation of labor unions.

Berlin will become an object lesson in the functioning of the authority of two opposing political systems. Berlin under Soviet authority will progress towards political freedom and economic advancement. Berlin under Allied authority will remain sterile of political freedom and will move in the direction of more, not less, economic anarchy. Occupation of Berlin has already caused many headaches for Allied authorities. Sooner or later those headaches may force them to give up their Berlin project.

The Zaibatsu

The liberal and the conservative spokesmen in America are engaged in a theoretical battle over the question of what to do with the Zaibatsu—the industrial and financial giants of Japan. The conservatives want to strip Japan of her heavy industry but leave the Zaibatsu in power. The liberals want to remove the Zaibatsu from power but leave Japan her industry. None can delve into the problem very far without running into contradictions.

Samuel Grafton, in the Chicago Sun of July 20, in dealing with this subject remarks that, "These conservative Americans are caught in a maze of contradictions." Grafton, however, appears to run into the same difficulties. In one paragraph he states, "All of us, even the pro-Zaibatsuites, agree that Japan must be stripped of her heavy industries and of her conquered territories." In a later paragraph he reverses his stand when he states, "It is all well enough to talk schematically about leaving 70,000,000 people cramped on their islands without an industry, but it cannot be done, when 30,000,000 of them have depended for a generation on the wages and profits of industry for their livelihoods; it is like asking the British to live on their island without an industry."

If Grafton followed through with this line of thought he would be forced to conclude also that

an industrial Japan presupposes a large foreign trade and also large foreign investments; that to protect and safeguard these interests presupposes a strong army and navy. Mr. Grafton, however, does not follow through but concludes rather lamely, "From the long range view the world would be safer with a Japan which had an industry but had thrown out its fascist-militarist mentality. Our best hope is that Japan may take strides toward democracy; dim as that hope may be, it is the only one capable of resolving the contradictions in the Pacific."

The truth of the matter is that there is no solution to the problem, under capitalism. No capitalist nation is likely to make "strides towards democracy." Rather, the "fascist-militarist mentality" is more in harmony with the present stage of finance-imperialism. Mr. Grafton does not have to go to Japan to find this "fascist-militarist mentality." He can find it quite prevalent in the State Department of "democratic" America.

China

China is moving toward open civil war. The gap between Chungking and Yenan is widening. In Chungking the People's Political Council is laying plans for the opening of the proposed constitutional convention on November 12. Yenan has refused to take part, asserting that the convention can be nothing more than a Kuomintang rubber stamp. Yenan is also taking positive action. From "Time," July 23, we quote:

"Last week in Yenan 16 delegates from all the Communist areas of north, south and central China met in plenary session. Their purpose, said the Yenan radio, was to promote the national war effort against Japan, to give vigor to the democratic groups throughout China and the formation of a coalition government as well as the liberation of the Chinese people." The present meeting was only a preparatory committee to set the date and technical details for a full-dress conference of the people's representatives of liberated China. . . . The news shocked Chungking."

The situation in China is one more troublesome problem for the capitalist world. W. H. Donald, Australian-born Chinese "expert," has a simple solution. He suggests that, "The Communists ought to give up their arms on condition that Generalissimo Chiang promise to take no retaliatory action against them." Another solution that might be suggested is that the China of Chang Kai-shek give up its arms to Yenan in return for a promise that no retaliatory action would be taken by Yenan.

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British Politics Turn 'Left'

The outcome of Britain's General Election was a great surprise to all concerned, and most of all to the Labor Party which was swept into office with an overwhelming majority. This political "victory" for the Labor Party carries with it certain implications of a far-reaching character.

In the American press, speculation is rife as to what motivated the British electorate, and what course the new pilots of John Bull's ship of state will be likely to steer. Even the capitalist press realizes that the election of the Laborites does not mean the inauguration of Socialism. Voting the Tories out, getting rid of Britain's "Long Parliament," reaction to the repression and suffering of the war years, and other similar considerations were undoubtedly the main factors. However, we would be blind indeed if we did not recognize that a substantial number of the workers voted for "Socialism," that is, for what they conceive Socialism to be.

We hold, that the outcome of the British election is not a victory for the Labor Party, nor its program of reforming capitalism, but it is a victory, a tremendous forward move on the part of the British proletariat. To some this may seem contradictory. Let us make a comparison. Less than a year ago, the American proletariat marched to the polls, not to vote for Socialism, or even alleged Socialism, but to vote for the Democratic Party, for Franklin D. Roosevelt and Harry Truman, the champions of "free enterprise," the capitalist system of production. The British workers, at least, have broken with the pure and simple parties of the capitalist class, the Conservatives and the Liberals.

The British workers, despite the disastrous consequences pictured by Mr. Churchill and his Tory colleagues, proved that they are not afraid of Socialism, even if they have but a vague understanding of it. We on this side of capitalism's herring pond could not observe the British workers at close range. Nevertheless, certain facts were quite obvious. They hated Fascism with an unrelenting hate, and they know that the nation which hit it the most deadly blows was the workers' and peasants' republic, the Soviet Union, with its valiant Red Army. Bolshevism was no longer a bogey with which the ruling class could scare them, as in the election of 1935, with its "Zinoviev letter." The British workers, in a sense, have now answered that "letter."

The war with its suffering has taught the British workers a number of lessons. Their voting has testified to that. Another effect will be a setback to those British and American reactionaries with their underhand agitation for war against the U. S. S. R.

Now, what of the Labor Party? Churchill feared that the Conservatives might be re-elected without a clear majority and thus have to depend upon the Liberals or Independents in order to stay in office. The same sort of result might have confronted the Labor Party. Therefore, it is good that they have a majority of such proportions that they will not have to depend upon others. This

situation will put them and their program to a real test. In the days of Ramsey McDonald they held office with the support of the Liberals. When charged with failure to enact even mild reforms, they replied: "We did not have a parliamentary majority."

The "Socialism" of the British Labor Party is the sort which is known as "Gradualism," or the step-at-a-time variety. They do not propose to overthrow capitalism as the Russian workers and peasants did, when they set up a new form of government, the Soviets, and through it seized full political power. They do not propose to socialize the land nor the industries. They are not in favor of socialization. However, they do propose to **nationalize** some of the industries. They are government-ownership "Socialists." To them "Socialism" is the Capitalist State, owning the Post Office, Telephones, etc.

"The coal mines should be taken over by the government," they say, "and later the railways and some other large industries." But these are now privately owned. Then how can the government, administered by the Labor Party, take possession of the mines? The Labor Government would **BUY** them from their present owners. But the government has no money, only debts. That need not stand in the way. The debts can be increased, and the mines (or railways) **nationalized**. Of course those who sell things have something to say about the price as well as those who buy. Assuming that the price is acceptable to both seller and buyer, then how about the payment?

The entire amount might be paid down, and the mine owners could then invest in other profitable enterprises. Or the owners might accept government bonds, just as good as money, or better. These industries, bought outright or on the installment plan, the capitalists would continue to be the indirect owners, collecting their incomes (which could be even higher than at present) through interest on government bonds. And what of the miners? They would still be wage workers as before. They would still be producing surplus values, which would pass through government channels into the hands of the capitalists who loaned the money, or held the bonds. No one has ever shown that government employees, such as post office clerks or mail-delivery men, are other than wage slaves.

National ownership, under the Capitalist State, no matter who administers it is NOT Socialism. It is the last stage of capitalism—STATE CAPITALISM. The Labor Party is a party of State Capitalism. This, however, is only understood by a relatively small number. And yet, the great majority of the workers have not been able to make this distinction.

The rise to control of the "Mother of Parliaments" is going to put the Labor Party on its mettle. It is going to expose the inadequacy of its program, its inability to abolish the exploitation of labor-by capital. The profit system, with rich and poor, millionaires and paupers, will remain, and the National Anthem will still be "God Save the King," which in reality means "Save Capitalism."

From now on the British Labor Party is "on the spot." The housing problem, the colonial problem, the Empire, and what to do with India? These are but a few of the many problems, inherent in British capitalism, and which can only be eradicated with the abolition of capitalism itself.

As politicians, the Labor leaders may be able to give a good account of themselves. As "Socialists" they will fail, because they and their "practical" plans are attempting the impossible. And, it may be this very failure that is necessary to teach the British

workers that capitalism can NOT be bought out, but only kicked out. But things are moving rapidly these days, especially in Europe.

The machinations of the Labor Party, in control of the Capitalist State, will be a performance worth watching. History is assigning another trying lesson for the British workers.

John Keracher.

Frederick Engels

(November 1820—August 1895)

History records few examples of such lasting friendship and intellectual collaboration as that which prevailed between Frederick Engels and Karl Marx. The gigantic figure of the latter has more or less overshadowed Engels. This is not because of a vast difference in their intellectual stature but because of their closeness, and the interconnection of Engels' life-work with that of his great associate. He thoroughly understood Marx and correctly evaluated his genius and historic role. If he was content to "play second fiddle," as he expressed it, he fully realized that such was a part of no mean proportions.

The method of social analysis, the theoretical concepts and principles which characterize their joint work, rightfully bear the term Marxism. This term is inclusive of the brilliant writings of Frederick Engels who rendered invaluable assistance to Marx, and who for twelve years after the death of his friend continued to contribute, on the same high intellectual plane, an immense share of their life-work.

Frederick Engels was born at Barmen, in the German Rhineland, on the 28th of November, 1820. Thus we approach the 125th anniversary of his birth, and August 5th will be the 50th anniversary of his death. He was the elder son of Frederick Engels, industrial capitalist engaged in cotton spinning. Engels senior was a real, hard-headed thrifty capitalist, and a devout Christian. At an early age, his now famous son began to express opposition to the traditional thought and orthodox piety, so prevalent then in the Rhineland. This annoyed his father and brought anxiety to his mother.

The Engels family had been engaged in textile manufacture for decades. Originally they had been farmers around Wuppertal, but later took up cloth making. In 1837, this capitalist cotton spinner, in partnership with two brothers by the name of Erman, started a cotton-mill at Manchester, England. Later, in 1841, they opened mills at Barmen and Engelskirchen, making use of the new machinery which had been invented in England.

Young Frederick attended school at Barmen until fourteen years of age. Then he went to high school at Elberfeld, which adjoined Barmen so closely that the name Barmen-Elberfeld was commonly used to include both towns. This boy, while still in his teens, was depressed by the poverty and misery which prevailed in their industrial community. He did not finish his schooling, probably due to his restlessness. At the age of seventeen he was taken into his father's office to be instructed in commercial methods. But business held no attraction for him. Right from the start he disliked the "penny-pinching" ways of early capitalism, and usually referred to it as a "dog's life."

Thus, as a young man Engels was in a state of rebellion against the narrow mindedness of the community, and against the Christian yoke of his home life. His father was shrewd enough to recognize that his son had ability, if he could but break him to the ways of business, but their personal relations grew steadily worse. He was big and strong and full of energy. Therefore, despite the discipline and

the drudgery he found time for much outdoor activity and a lot of reading. His studies did not meet with the approval of his business father. After about a year, at the age of eighteen, Frederick was sent to work as a clerk in an export office at Bremen. His new employer was a man of similar character as his father, a strict business man.

Engels' spirit was not broken by those experiences. On the contrary he got out and mixed with the younger people of Bremen and gave expression to his physical and mental faculties. He keenly indulged his linguistic hobby by studying several languages, but the "dog's life" of business still oppressed him. His desire to become a writer found expression in letter writing and short articles for the newspapers. In the seaport of Bremen there was more to be seen than he had ever experienced, but not all that he observed was pleasing to him. By this time he was taking an interest in philosophy, particularly the philosophical idealism of Hegel.

The Hegelian school of philosophy had developed a left-wing, the Young Hegelians, which was critical of the inflexibility of the older concepts. One of their number, David Frederick Strauss, in 1835, created a sensation in philosophical circles by his *Life of Jesus*, wherein he showed that the Bible and Christianity were the products of history, and not the inspired work of a god.

This viewpoint came into conflict with Hegel's absolute idea, as applied to the State. If Christianity was a historical product, the outcome of social development and subject to historic changes, then the State, which Hegel had portrayed as the highest development of the human mind, the unfoldment of the absolute and eternal idea, also was a product of history, and subject to change.

This forced the Young Hegelians to turn to politics. They began to turn away from the central principle of Hegelianism, the absolutism of the idea itself. However, the chief merit of Hegelianism, its dialectic method of analysis, was retained. Hegel's teaching that nothing is constant, that the world is in a state of flux, that nothing is absolute, all relative, had caught up with itself. His conception of the idea itself as absolute and eternal, stood exposed as a contradiction of his own teaching.

Frederick Engels read Strauss' *Life of Jesus* and was much impressed. In 1841, after about two years in Bremen he was confronted by the military requirements of the Prussian state. Each young man was required to take a year's training in the army, but, if one volunteered in advance, it was permissible to choose the branch of the service preferred. Engels decided upon the artillery, because it would take him to Berlin.

He had a number of reasons for that course. First, it was a big city and the center of the German culture of that time, with which he desired to make closer contact. Second, he could spend a year away from the discipline of his father, and be free for that period from the "dog's life" of the business world. The discipline of the army seemed to have bothered him but little. The young soldier found time to meet and confer with kindred spirits. He associated with young men who, like himself, were in the process of breaking with the traditions of the past. To the press he wrote a series of articles, entitled *Letters from Wuppertal*, which he signed F. Oswald. The natives of Wuppertal were embarrassed by "Oswald's" exposure of their way of life, and his criticism of their narrow provincialism. He also began to write along philosophical lines.

In 1842, the *Rheinische Zeitung* (Journal of the Rhine) was launched by the liberal bourgeoisie of Cologne, with Karl Marx, a young Rhinelander (born at Treves, May 5th, 1818), as its editor-in-chief. Marx was just twenty-

four, but already recognized for his high scholarship. The *Zeitung* was an expression of political opposition, but because of the rigid censorship of the press in Prussia its articles were often couched in philosophical language. By that means it probably survived a few months longer than if it had been more plain spoken. To this periodical, Engels had sent contributions. Later, on his way to England, he called at Cologne and met Marx, but they did not then find an affinity of purpose. Neither, it appears, was very much impressed by the other.

Early in 1843, the *Rheinische Zeitung*, and also the *Halische Jahrbucher*, the latter edited by Arnold Ruge, were suppressed by the Prussian government. Marx left for France. It was there in 1844, when Marx was living in Paris, and associated with Arnold Ruge in the publishing of the *Deutsch-Franzoesischen-Jahrbucher* (German-French Annals), that Marx and Engels met and discovered that they had so much in common. By then they had both surmounted the narrowness of Hegelianism.

Engels had been living in Manchester, where his father had sent him to work in the office of the spinning mills of Engels and Erman, the business there being managed by one of the Erman brothers. The banishment to Manchester was a further attempt of the elder Engels to fasten the business yoke upon his wayward son, who gladly had agreed to such an escape from under the tyranny of the paternal roof. Manchester, and England in General, worked wonders upon Frederick Engels, but not in the way his father had planned it. To the *Jahrbucher* at Paris, he had sent a "Critical Essay of Political Economy," the clarity and profundity of which so astonished Marx that he wrote to Engels and suggested that when he would next be going home to Barmen that he come by way of Paris, so that they could become better acquainted.

When Engels first sailed up the Thames toward London he was elated with the sight of the river traffic, and wrote that "all this is so vast, so impressive, that a man cannot collect himself, but is lost in the marvel of England's greatness before he sets foot upon English soil." About fifty years later, in 1892, he said of his early statement: "This applies to the time of the sailing vessels. The Thames now is a dreary collection of ugly steamers."

At Manchester, because of his social position, the son of an industrial capitalist, Engels could have associated exclusively with the business people, but from the start, we find, he spent much time with the workers, exploring the industrial and slum districts of that great textile center of northern England. A young Irish girl, Mary Burns, with whom he had become acquainted, was frequently his companion on those many excursions. Through her he had much personal contact with working people. Mary Burns was his comrade and companion for many years. Although no legal marriage ceremony was performed she kept house for him up to the time of her death in 1863.

Engels' first real work was a book on *The Condition of the Working Class in England* in 1844, in which he had arrived at what he and Marx later called the *Materialist Conception of History*, although in an elementary form. This book was published in German in 1845, but was not translated into English until 1892. Engels was the first to attempt a description of the plight of England's new industrial slave class, the proletariat, the product of the machine age. It was a vigorous exposure of British capitalism, in which he held up to scorn the rich captains of industry who sought, through philanthropy and various forms of charity, to wash their hands of the responsibility for the appalling slums of all the large cities, with their starvation, filth and crime. Ill clothed and ill fed, England's wage workers

were crowded into houses whose dilapidated condition often beggared description. Such were the conditions Engels found in proud, progressive England, "the workshop of the world," as the capitalists liked to call it.

In 1844, he spoke of the "social war," and did not draw class lines so sharply as he and Marx did later in the *Communist Manifesto* of 1848. Each individual, he contended, was in conflict with everyone else, yet he saw that capitalism was the main cause, that the owners of the new industrial machinery were enriched themselves, while their workers could hardly keep their heads above water when they had jobs, and were economically submerged when unemployed.

It was the period in which the great Liberal Party was born, and posed as the vanguard of social progress. It was lead by men who expounded what was sometimes called the "Manchester school" of political economy. Those political leaders pretended that the reforms they sought were intended to benefit the working class, but the young German from Barmen could clearly see through their political schemes. He wrote: "The English bourgeoisie is charitable out of self-interest; it gives nothing outright, but regards its gifts as a business matter * * * they continue to shriek to the workingmen that it is purely for the sake of the starving millions that the rich members of the Liberal Party pour hundreds and thousands of pounds into the treasury of the Anti-Corn Law League, while everyone knows that they are only sending the butter after the cheese, that they calculate upon earning it all back in the first ten years after the repeal of the Corn Laws."

While in this work Engels expresses many concepts which he and Marx later surmounted, the astonishing thing is that he had already grasped so much, and saw social conditions so clearly. Also, there can be found terminology which later became familiar to millions of the world's workers through the pages of the *Communist Manifesto*.

Following his meeting with Marx in 1844, Engels spent several years on the Continent, in France, Belgium and Germany. He, for a period, shook himself free from the business world and actively engaged in the working class movement and he took part in the Revolution of 1848, escaping into Switzerland when it became obvious that the workers were defeated and that the counter-revolution had triumphed.

The more one studies Marxism, the more one finds Frederick Engels. At Paris they had agreed to collaborate along socialist lines, but they had not then worked out their fundamental principles of Scientific Socialism. Their attacks were still centered upon the shortcomings of the Hegelian philosophy, which was then, after the death of Hegel, in the stage known as Neo-Hegelian philosophy. To a considerable extent the philosophy retained its old contradiction, recognition of the relativity of all things with the exception of the idea which was regarded as absolute.

In 1841 Ludwig Feuerbach of Bavaria, a disciple of Hegel, published his *Das Wesen des Christentums* (The Essence of Christianity). This work had greatly affected the young Hegelians. For Engels, it finished his vague belief in the supernatural, and carried him beyond idealism. Toward the end of his life, in 1888, he wrote of this experience in his *Ludwig Feuerbach, and the end of Classical German Philosophy*: "With one blow it smashed the contradiction and, without evasion, placed materialism back upon the throne. Nature exists independently of all philosophies. It is the foundation upon which we human beings, ourselves products of nature, are developed.

(To be continued)

Inflation or Deflation

(Continued from page 2)

and hence, caution.

(3) Heavy taxes on incentive (business income taxes), retarding expansionist economy.

(4) The labor movement so powerful that it threatens solvency of business and makes launching of new enterprise difficult.

(5) Lack of stability in Europe after the war.

Mr. Schmidt's conclusion seemed to be that these powerful factors were, after all, in the hands of people who had to be taught to use them in proper proportions. The vast amount of savings must be spent with the proper amount of caution. Taxes must be levied on the right people and to the needed amount; and, last, but not least, confidence must be high, but not too high.

It might prove most difficult to teach the American people such a lesson. Business will agree that taxes must be eased both on corporations and on the investing public to create enough business incentive. Organized labor, on the other hand, insists that taxes upon labor and consumers must be eased in order to maintain purchasing power for full employment. Business will agree that organized labor is too powerful, but labor insists that it needs more power to force wages up to the point where goods can be sold and full employment maintained.

Capitalists have for the longest time tried to teach labor to see things from the former's point of view. "Professors" and "educators" have been more than willing to do the teaching, but labor has been an unappreciative student. True, labor officially proclaims willingness to go along with capital if the latter would show more willingness to cooperate. Each seems to see in the other the biggest cause of friction, as well as the real cause for economic difficulty. A closer analysis of the factors involved might reveal that the trouble rests neither with capital nor labor as such but with the economic setup itself, which makes necessary both the presence of these economic classes and the conflict between them.

As things stand there is no denying the fact that the war has reduced the supply of consumer durable goods. Automobiles, houses, washing machines and many other things are in demand. Money is also available. Since 1940 it is claimed that individuals had saved, up to the beginning of this year, some 121 billion dollars, or 90 billion dollars more than would have been normally saved in peace years. No question, some of this huge sum is available for consumers' durable goods, but not all of it. The

old idea back of saving money is not dead. Savings are supposed to be used for investments. "Put your savings to work for you" is an old advice that many people still believe in. This was done either by the individual going into business for himself or by a group forming a partnership or a corporation.

Shops or plants were built, workers hired, and new consumers' goods appeared on the market. Today the huge corporations who could fill the war demand have plenty of funds to take care of reconversion and more than ample plant to take care of civilian demand after reconversion. A goodly portion of the huge individual savings will either be "invested" in useless new plant, taken to the stock market to buy into old plant, thus shifting the sums to new holders, or else spent slowly for living expenses while the owners are trying to avoid the relief stations. The more of it that is spent for the building of new business, the more will it tend to create business temporarily, but also, the more will it tend to bring about a subsequent business slump.

It is true that the banks have enormous sums available for business loans and investments. Some of this, no doubt, will be used in the building industry and other places, thus creating jobs and business. The more rentals are allowed to be advanced while the housing shortage prevails, the more will there be of a building boom, but again, the sooner will it collapse.

Currency in circulation has increased enormously since the beginning of the war. It had reached 25 billion dollars by the end of 1944. As a comparison it is mentioned that in 1929 the nation had 4.7 billion dollars in circulation, and 1929 was a year when there was no lack of money. This increase in currency might have a real meaning for the future, if one keeps in mind that actual money is gold and has value like any other article of commerce. Now, value in commodities is put there by labor. Any useful article that is offered for exchange has value comparable to any other article to the extent that its production has consumed necessary labor time. Articles whose production have used up an equal amount of necessary labor time are of equal value. Gold is no exception to this rule. Paper currency that is based on gold represents value equal to the amount of gold it represents. Present day paper is not representing gold alone. It is backed to a large extent by commercial paper, or by the certificates of indebtedness given by commodity owners to banks as

INTERNATIONAL NOTES

(Continued from page 3)

India

Another offer by British authorities of "self-government" for India has come to nothing. Lord Wavell, Viceroy of India, in a conference at Simla offered the leaders of the various political organizations "a government which would place almost all powers in the hands of Indian representatives, who would be selected regardless of creed or caste." The political parties were to submit lists of prospective members for the proposed provisional government. Then Lord Wavell would decide whom should be selected. All parties, with the exception of the Moslem League, agreed to this and submitted lists. Lord Wavell, in acknowledging failure of the conference, stated: "I therefore made my provisional selections, including certain Moslem names. . . . Mr. Jinnah told me it was not acceptable to the Moslem League, and he was so decided that I felt it would be useless to continue discussions." Then Lord Wavell, like a good

British sportsman, took upon his own broad shoulders the entire blame for failure to accomplish the objective.

The events which took place at the Simla conference make a very good theatrical farce. First, Lord Wavell goes to London to write, with the aid of his promoters, the play. Next he returns to India and proceeds to gather the cast together at Simla. The princes, in their feudal castles, are invited to send representatives. Other people of good repute come to join in the play. The villain and other evil spirits are brought from the jails.

The play opens and the world audience is kept in suspense over the question of "To be or not to be?" (Self-government for India). However, in the last act everything is cleared up. The heroine (the British - sponsored Moslem League) refuses to consort with the villain (the All-India Congress). Then the hero (Lord Wavell) sympathizes with the lady and the curtain falls.

Oliver Ritchie.

security for loans. Such paper represents articles of value which have been measured by gold in having their prices fixed. As long as there is a market for the goods against which the debts have been issued the paper representing such debts is "as good as gold."

But paper currency is also backed by government bonds. For every new increase in the government debt which is supplied by the commercial banks, these banks have the right to use such bonds as backing for new currency. It is from this source that the huge increase in currency has sprung. Now the government has power to collect taxes and make good on its bonds. Here it becomes plain, however, that in case of need there would be no limit to the amount of money that could be borrowed this way by the government and thus no limit to the amount of new currency that could be issued. On the other hand there is necessarily a limit to the amount of taxes that can be collected. Thus a government might assume greater financial responsibilities than it has power to carry.

At present as the national debt approaches the 300 billion dollar mark, speculation begins to emerge about the government's ability to start balancing the budget with tax money. A demand is growing that the best policy now would be for the government to allow prices to advance another 50 per cent or so in order to create higher monetary incomes and thus make the tax load easier to carry. Such government policy would be inflationary. It would be a help to

the government in taking care of its debt obligations. It would also be a help to individuals who have debts to take care of. It would, on the other hand, hurt the creditor class who would in actual fact receive back less from the debtor than was loaned, not lesser amounts of money, but money that would buy less goods. It would also work a hardship upon those who now have fixed incomes, such as old age pensions, unemployment compensations, etc. It would also tend to hurt the workers who always seem to have trouble getting their wages advanced as rapidly as prices of other commodities do.

In speculating about the trend of prices and its effect upon the economic life of the nation there is one factor that is always left out by the "economists;" that is the price structure as it applies to labor. A person who sells wheat and buys farm machinery, or sells shoes and buys bread, in short, sells any article to buy a different one, is usually exchanging value for value. Ordinarily he is not losing by the deal nor does he gain anything, except the satisfaction of obtaining what he needs. But a person who has to go and hire out for work is also selling something. He actually sells his own time and energy. This too has a value. It has taken labor time and energy to produce the food, clothing, shelter and other essentials necessary to build up such human energy. Wages received for work will in the main cover these essentials. Thus human energy or the labor power of the worker is also sold at its value.

While the worker is at work he produces new values for his

HOME SCENE

Behind the Strikes

The nation's press has headlined the few strikes that have taken place recently. Some papers go so far as to designate it as the beginning of a strike wave. The U. S. Labor Department statistics prove the opposite. According to official figures, strikes and lockouts have resulted in less than one-tenth of one per cent of the nation's working time during the war years, and it still registers less than one per cent, despite the scare headlines.

However, the conditions for striking are ripening, if not already here, and "labor turmoil" is anticipated. In order to prepare the minds of the gullible "public" against labor, strike news is featured, with the industrialists hiding behind the newspaper headlines.

While labor shortages exist in a few areas, in others workers are losing jobs faster than they can find new ones. Labor surpluses, instead of labor shortages, is becoming a national headache. Cutbacks and, in some cases, the entire elimination of production schedules compels the workers to hunt for other work. The shift of employment from the heavy industries to the consumer and service trades, is also a shift from "heavy" to lighter pay envelopes. The earnings for the workers are estimated to be 25 per cent higher in the heavy than the consumer, and 100 per cent higher than the service and trade occupations. In fact the unemployment compensation of a worker in heavy industry, in many cases, is apt to be higher than the prospective pay offered in the service and trade lines. It is

employer. There is no relation between the value of the worker's energy or power to labor and the values he is able to produce during the day. With the help of modern technology it may not take more than two hours to produce all that is needed for a worker and his family to live for one day, yet he must work the full day of eight hours or more before he has "earned" his wages. This difference, by the way, between the time needed to produce enough to feed the worker and the time of work demanded by the employer goes to the latter as profit. This difference, also called surplus value, must be sold if the employer is to continue in business and the worker is to hold "his" job. It cannot be sold to the worker. His wages is spent for the other part, the "necessary" part of his production. Other purchasers must be found. It might be necessary to extend loans to other nations so that these surplus values can be sold, but loans are supposed to be paid back. What are they to do? No wonder the economists leave this question untouched.

no wonder that some forward-looking Congressmen, interested in industrial peace, favor raising the base pay of the non-durable industries. With low wages and spiraling prices, it is a case of "never the twain shall meet."

The shift in the lines of work will not only usher in a new economic line but a new thinking line as well. Labor is bound to resist the lowering of its standard of living. If it doesn't, it won't be worth its "salt."

The capitalists, too, are being affected with the changed circumstances. Labor surpluses will make it possible to trim wages and weaken labor's organizations. That such is the aim of business, is brought out forcefully by one John W. Scoville, chief economist for the Chrysler Corp. The Nation of June 30, 1945, quotes him as saying last year: "If you believe in economic freedom and competition, then you will be opposed to collective bargaining. . . . AS INDUSTRIAL TURMOIL increases, more and more people will see the evils generated by collective bargaining, and we should look forward to the time when all federal labor laws will be replaced." (Their emphasis.)

* * *

Federal Industrial Relations Act

The "armistice" between capital and labor, for the "duration," is about over, with capital taking the offensive. The enactment into law of the proposed "Federal Industrial Relations Act" would certainly constitute an act of aggression.

The total character of modern wars between imperialists necessitates peace on their home front. American labor was not to be provoked by aggressive acts. Capital was pleased about being able to exact the "no-strike pledge," which generally was lived up to by labor. The generosity of labor proved fruitful to capital. Unhampered by strikes, with labor tied rigidly to the "no-strike pledge," the industrial captains and money lords reaped unheard of profits, and piled fortune upon fortune.

Now, no longer restrained by labor scarcities, and, in fact, faced with the prospect of abundance of manpower, even with "half-a-war" to go, Capital & Co. opens up, with guns blazing, for the passage of this anti-labor bill.

Senators Ball, Burton and Hatch, three of the famous four senators who sponsored the setting up of machinery for settling international disputes, now are the sponsors for industrial peace. In introducing the bill to the Senate, the sponsors pointedly remarked that the bill was originally drafted by an "impartial" committee of lawyers and former government officials. Donald R. Richberg, one time general counsel for the NRA now a corporation lawyer; Charles B. Rugg, a former Assistant Attorney General under Herbert Hoov-

er, and Arthur D. Whiteside, president of Dun and Bradstreets. The work of the committee is reported to have been financed by Samuel Fels, Philadelphia soap manufacturer. The "impartial" committee and its financial backer, is enough to forewarn laboring people as to the proposed type of bill.

The sale of this bill of goods would in essence hinder and curb the closed shop principle; require compulsory arbitration; prohibit strikes pending investigation of controversies similar in procedure to the Railway Labor Act of 1926, where there has been no major work stoppage in almost 20 years; give individual workers the right to settle their own disputes with management on individual basis, and nullify the present anti-injunction provisions of the Norris-LaGuardia Act.

The B-B-H Bill, as it sometimes is known, would certainly land labor in an endless mess of legal entanglements. Even in victory at the court, it would be a pyrrhic one for labor, for the final court decision may come, as in the past, years after strikes have been broken and with labor weakened.

The labor unions are right in opposing this bill. The UMW called the bill "a scheme blueprinted to rob the poor and further enrich the rich." Further it added, it "would decapitate and rape the Wagner Act, the Norris-LaGuardia anti-labor injunction act and regiment American workers through the medium of compulsory arbitration. . . ."

The fine phrases of peace between capital and labor are enchanting, but only a mirage. The clash between capital and labor over the proceeds that labor produces, in entirety are irreconcilable. Legislative acts cannot erase the conflict and usher in industrial peace. That desired peace is only possible with labor ownership of industries.

* * *

Same Old Chant

The same old commencement chants, extolling the possibilities of the "machine age," have been given again this year. David Lilenthal, chairman of the TVA, infused the graduating class of Radcliffe College with false enthusiasm by depicting the developments on the Tennessee River as an example of the use of technology, to benefit mankind and augment human dignity.

What he did not say was that this will not solve the problems of society, any more than the other technological advances under the narrow selfishness of capitalist control, where wages are far from enough to buy back the goods workers produce, which leads to depressions in the midst of plenty.

He unconsciously implied this when he said: "The world has never been in greater need of understanding — of the times in which we live."

Individuals in this graduating class, like many in its predecessors, will sooner or later be dis-

illusioned because of capitalism's inability to utilize fully their trained capacities except when profitable.

If industry were operated for the benefit of the whole people, as in a socialist society, there would be no need of this promotion propaganda to influence people to the official point of view of Wall Street and Washington.

* * *

The Food Dilemma

The current food situation, variously described as a crisis, or as a muddle, is anything but satisfactory. Shortages have now been in vogue for some time and seem to be getting worse. Basic commodities, meats, poultry, butter, sugar, etc., are fast disappearing from the usual market counters. Most affected by this are the working people, who cannot afford the luxury of black market patronage, with its forbidding prices.

Of course, there is considerable complaining. And though this discontent is confined mainly to grumbling, still there is a growing uneasiness, with the feeling that the shortage is due less to a real lack of products than to government mismanagement, inefficiency, OPA bungling, waste, etc. This attitude is supported by occasional announcements of quantities of food going spoiled. For instance it was announced by WFA, in January, that 20,000,000 pounds of "off condition prime steam lard" was consigned to soap manufacturers. A congressional investigation of itemized inventory of WFA stocks reports among other things that 400,000 cases of evaporated milk, purchased in 1941 and still in government storage, is "unfit for human consumption."

Rep. Charles Plumley of Vermont, pointed out: "WFA has been trying since last December to dispose of 9,600,000 No. 2 cans of string beans of the 42 and 43 pack. Meanwhile, a No. 2 can of string beans is still rationed at ten blue points a can. . . . There are some things about this food situation which smell worse than spoiled tomatoes, rancid lard, and carloads of rotten potatoes." It is surmised that this is but a small fraction of sums of food going to waste, while families, in dire need of such go without.

In response to public opinion, governors of states are forced to go through the usual motions of political pacification, by making appeals to Washington. Washington, in its behalf, takes shelter behind increased crusading against the black market. Meantime, the black market grows by leaps and bounds, defying all appeals and man-made edicts. The situation seems almost hopeless, with no one apparently knowing the answer.

Though full and actual figures are not officially released as to total food production, the quantities shipped to the armed forces, storaged for UNRRA, lost through sinkings, waste, etc., we have rea-

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HOME SCENE

(Continued from page 7)

son to believe, nevertheless, that the shortage is not one of production but one of distribution or exchange.

Figures from the Department of Agriculture indicate that "production of beef and veal is expected to set a new record this year, totaling 11.2 billion pounds, approximately 5 per cent more than the previous high in 1944." It is reported, in reliable economic journals, that there is more livestock in the U. S. today than there ever was, except last year. Hogs and chickens, while fewer than in 1944, are still above previous records. The same is true of feed, and with enormous stocks of wheat and grain, and with a bumper crop on the way.

Why, then, the shortage? Granted 14 per cent set aside for the armed forces, 7 per cent for lend-lease, and an unknown quantity stored away for possible future use of Europe, there ought still to be left substantial quantities for civilian circulation. The existence of such food supplies is certainly indicated, in part, by availability on the black market.

To reconcile a condition, where shortages can exist in the midst of abundance, or even surpluses, we must look into the nature of the capitalistic system of economy. Want, in the midst of plenty, poverty, alongside of riches, these are its natural offspring. They are opposites, yet mutually interconnected. The existence of one predicates that of the other. Unlike pre-capitalist economic periods, where scarcity of food generally followed a famine or a drought, in capitalism it more often stems from overabundance or overproduction. During such periods, the workers, the very producers of useful supplies, are the ones to suffer from lack of them. Commodities cease circulating for lack of buyers. Does that mean that there are no willing consumers? Not at all. There are plenty of hungry mouths to feed. Only hunger is not the criterion. Such are not considered as profitable consumers by the owners of commodities, the capitalists. Bare-pocketed consumers under capitalist commodity production do not constitute a market at all. The greater the surpluses produced, the greater often the starvation. The mode of exchange rebels against it, or is in contradiction to, the mode of production. Circulation or exchange of commodities comes to a halt only because profits cannot be realized. Consequently, the workers starve.

Prices and profits bear much of the responsibility for the existing food shortage, coming as it did at a time when the workers are possessed of purchasing power. Wars create an ideal condi-

tion for some property owners to realize their life's aim. Increased demands for their goods, with skyrocketing prices and profits, is a chance that may come only once in a lifetime. Speculation, cornering of the market and other monopolistic practices are resorted to. Such, for instance, was the experience of the last war. But the experiences and problems of the last war have stimulated governmental restraint and attempted control in this one. Through OPA and other agencies it set economic controls upon prices and profits, in doing which it came at once into collision with the "freedom of enterprise," and the natural working out of the economic law of supply and demand. In this sense, it, the capitalist government, is negating the capitalist law of "freedom of exchange" and interfering with the freedom of private property. Thus, there is a contradiction established between the government and the class of business men it represents. In order to realize higher than government established prices, individual business men are forced beyond the pale of the law and into the black market, where their keen capitalist appetites are more generously satis-

fied. Does that mean that these men have ceased to be good, moral, religious and patriotic citizens? Not in the least! It simply confirms the supersession of their economic credo of "money-making" over all others, the essence of which it is, acting as an irresistible force over their entire being. Such is the power and hold that property has over men.

The black market is resorted to in order to satisfy the cravings of profit-hungry capitalists, despite and beyond all government agencies' attempts to stop it. Speculation and hoarding is rife. The plan of government is frustrated by the million and one individually concocted plans. Such is the anarchistic and planless nature of capitalism. It is this planlessness that turns surpluses into shortages, oscillates from one extreme to another, creates waste and spoilage. It is this lack of conscious control over the economic and social forces that makes wars inevitable; that makes it impossible to estimate the extent and duration of the war and the amount of food essential to its conduct. For instance, it is now known that the Von Rundstedt counter-offensive upset official estimates that the war would "end by Christmas." This necessarily upset the food schedule quite a bit. Nor are all the

factors known as to the extent that UNRRA supplies will or will not be used in Europe for feeding and policing purposes.

The individualist and profit-seeking mode of the system makes for the development of new rackets, counterfeiting and stealing of ration coupons, all of which tends to further complicate the situation. Add to that, administrative errors, decentralized control (it is said that nine different government agencies share control) it is clear to see that too many cooks spoil the soup.

Summing up it must be stated that the condition originates from capitalism's profit motive and inability to plan. Private property producers are competing against one another, holding out for higher prices and profits while resisting government price regulation. Attempts to prevent anarchy (inflation) result in anarchy in another form. Confusion and crises are inherent to the system and cannot be avoided. Each succeeding crisis, each new confusion, bears additional witness that capitalism has outgrown its social right to govern human relations.

The economic capacities developed during its reign are now too much for it to rationally handle. Each new dilemma is proof positive of capitalism's unfitness to survive. The profit system must go.

* * *

Henry Morgenthau Jr., shortly after his resignation as Secretary of the U. S. Treasury, announced that he would open up a roadside produce stand in Fishkill, N. Y. He has an apple farm there. Thus he enters a business once crowded by veterans of World War I. Think of it—a man of eminence among the bourgeoisie—reduced to peddling apples!

* * *

Walter Reuther, vice-president of the United Automobile Workers (CIO), has a reconversion plan which would, says he, employ 6,000,000 people in the production and distribution of railroad equipment and low-cost housing. The government would set up the proper agencies to administer the program which involves the operation of government-owned plants. Reuther, in a paper on the subject, observes that "Private builders have never found it profitable to build homes for the millions of America's low-income families," while the nation's railroad equipment is largely obsolete. If Reuther believes that the capitalists are going to abandon the profit-motive so that the working class may have decent housing, he is a very sick man. Neither they nor their government will finance such a program except perhaps during a period of great unemployment, as a sort of WPA device, and then only on a very narrow scale.

L. B.

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