

The Supreme Court And American Democracy

On June 8, 1959, American democracy suffered another defeat. On that day the Supreme Court upheld the contempt citations of Lloyd Barenblatt, formerly a Vassar college instructor, and Dr. Willard Uphaus, director of World Fellowship, Inc. Mr. Barenblatt had refused to answer questions of the House Un-American activities committee and Dr. Uphaus had challenged the New Hampshire sedition law. In effect, the court was retreating on its previous positions on the Watkins and Nelson cases. Neither Barenblatt nor Uphaus had invoked the Fifth Amendment, but stood on the rights of freedom of speech and thought "guaranteed" to them by the First Amendment.

Both decisions were by a 5-4 vote. Dissenting were Chief Justice Warren and Justices Black, Douglas and Brennan. The dissenters followed the lines of the Watkins and Nelson decisions.

THE COURT AND POLITICS

The Supreme Court has been under attack from extreme reactionary circles as having been in recent years "too liberal." The decisions of June 8 have been widely and correctly interpreted as an effort to get the court off the hook, and as an effort to prevent the passage of "curb the court" legislation from Congress. The New York Daily News speaking for the reactionaries, supplied the answer to this in an article entitled, "LET'S CURB THE COURT ANYWAY".

At the time this article goes to press, the House of Representatives has just passed by a vote of 252 to 192, a bill sponsored by the arch reactionary and Dixiecrat, Howard W. Smith. This bill is designed specifically "to curb the court". The bill has two major provisions: The first of these is designed to allow prosecution of dissenters under state sedition acts as well as such federal legislation as the Smith Act (another contribution to the destruction of civil liberties from this same Representative from Virginia), and the other provision is specifically directed to overruling the Supreme Court on its decision in the Nelson case. This Bill is now in the Senate, and will be defeated only by bringing public pressure to bear upon Senators.

THE COURT AND THE PRESERVATION OF DEMOCRACY

It has become a commonly held belief in recent years that the Supreme Court can and should be regarded as the guardian of American democracy. This is not a surprising view when held by liberals who wish to shy away from struggle, which is the only real way to defend the democratic rights of the American people. But the leadership of the Communist Party of the United States, that should know better, has also adopted this attitude to the extent that it practices what might well be called "court room socialism".

The legendary Mr. Dooley had a better grasp of the realities of American politics when he remarked that "the Supreme Court follows the election returns." Not only does it follow the election returns, but every puff of hot air from across the street in the Capitol Building!

As in most leading capitalist countries, bourgeois democracy

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THE MARXIST-LENINIST

VANGUARD

"Without a Revolutionary Theory

There can be no Revolutionary Practice!"



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PUERTO RICO:

61 Years of American Imperialist Oppression

On July 25th, 1898, the American interventionist forces landed at Guanica in Puerto Rico. That move concretized the previously enunciated policy of American imperialist expansion in Latin America.

As early as the Panama Congress in 1826 called by S. Bolivar to find ways and means of uniting the Latin American countries and specifically to help liberate Cuba and Puerto Rico from Spain, American imperialism showed its predatory aims towards Latin America.

S. F. Bemis on page 539 of his *John Quincy Adams and The Foundation of American Foreign Policy*, writes:

"The threat from Latin America of liberation or conquest — call it whichever one may — of Cuba and Puerto Rico was a matter of real alarm in Washington."

And Ricardo Martinez in his historical brochure *Pan-Americanism — Theory and Practice of Imperialism*, writes on page 49:

"The instructions imparted to the delegates of the Congress by their respective governments, raised, without diplomatic ambiguity, as the fundamental problem that the Congress had to resolve, the concerted action of military and naval forces to contribute towards the independence of Cuba and Puerto Rico."

"On the other hand, the instructions given to the delegates from the United States resulted in the creating of obstacles which resulted in the total failure of the Panama Congress."

Obviously, the American ruling class was biding its time to seize the opportune occasion to grab both Cuba and Puerto Rico

and to expand into Latin America.

After the Panama Congress, the ideologists of the American ruling class cynically and brazenly spoke of the United States' "right" to expand southward into Latin America.

In Bailey's *Diplomatic History of the American People*, page 303, we read the following question from the Philadelphia Ledger of July 8, 1853:

"America is bounded on the East by sunrise, in the West by sunset, in the North by the Arctic expedition, and in the South as far as we damn please."

And again on page 277:

"The New York Evening Post declared: 'Now we ask, whether any man can coolly contemplate the idea of recalling our troops from the territory we at present occupy... and resign this beautiful country to the custody of the ignorant cowards and profligate ruffians who have ruled it for the last twenty-five years? Why humanity cries out against it, civilization and christianity protest against this reflux of the East against this reflux of the West.'"

This last reference was made in regard to Mexico after the rape of 1848.

Here, in these two quotations we can almost touch the criminally predatory character of the American ruling class and its troglodite ideology — chauvinism.

This imperialist "rendezvous with destiny" culminated with the colonial slavery of Puerto Rico and Cuba through the infamous enactment by the American Congress of the Foraker Act for Puerto Rico and the imposition of the Platt Amendment in Cuba.

From that date on Yankee imperialism has expanded through-out the length and breadth of Latin America, and today there does not exist a single country in Latin America which is not under colonial or semicolonial domination by American imperialism.

PUERTO RICO SHOWCASE OF IMPERIALIST "DEMOCRACY"

For the Puerto Rican people, July the 25th, 1959, marks the 61st Anniversary of national mourning. Sixty-one years of national oppression which finds the best and most fertile land in the hands of American corporations; which has reduced the Puerto Rican economy to an absolute appendage of the Wall Street corporations; which has pushed monoculture in the forcible production of one crop (sugar) to such an extent that everything that Puerto Rican consumes is imported from the United States.

Sixty-one years of national oppression has converted Puerto Rico into an armed camp aimed directly against the other Latin American countries — military, naval and air bases honeycomb the Puerto Rican landscape, and the whole island of Vieques is but one big naval base.

Recall the disposition made by the State Department and the military brass to send "punitive forces" to Venezuela at the time of the Nixon incident. Those "forces" were readied in Puerto Rico. As a matter of fact, it was to Puerto Rico that Nixon escaped seeking sanctuary from the just wrath of the Latin American people.

Sixty-one years of national oppression in Puerto Rico has left a brutal imperialist balance of

squalor and social misery. The starvation wages prevalent in this "model colony" are exemplified by the \$.85 hourly average wage for plumbers, and \$.82 for carpenters, not to speak of the unskilled mass, which shows tobacco workers getting a pittance of \$.35 per hour. At the same time prices on the island are 1/3 higher than in the United States.

This is the reason why the Puerto Ricans migrate in such unprecedented numbers, only to be driven into segregated ghettos and further victimized and exploited here.

Political persecution has created such an atmosphere of political terror that it is difficult for the average American to comprehend or believe its existence.

Political terror has been an old imperialist weapon, used throughout the whole period of U. S. occupation in Puerto Rico. In the New York Spanish language daily "Imparcial" of June 17, 1959, there appears a list of those heroic Puerto Rican patriots (too numerous to repeat here) who were killed or imprisoned in the struggle for national freedom. For those who may be taken in by the imperialist propaganda that these patriots are just terrorists, let us remind them that real, organized terror was represented by the massacre of Puerto Rican university students in 1935 and by the Palm Sunday massacre in 1937 perpetrated by the imperialists. It is also exemplified by the continued imprisonment of Puerto Rican patriots such as Pedro Albizu Campos, Oscar Collazo and Mrs. Lolita Lebron.

American imperialism tries to (Continued on page 4)

while Smith probed for the causes of income, "wealth", etc.

To say that Keynes' ideas are not classical does not mean to say that they are new. The fundamental idea that the level of employment depends upon the level of income of the capitalists ("entrepreneurs") in fact was the subject of lectures by Karl Marx before the German Workingmen's Club of Brussels, Belgium, in 1847. These lectures became, edited by Friedrich Engels, the famous "Wage-Labor and Capital". Marx exposes the shallowness of the bourgeois argument in these words:

"To say that the most favorable condition for wage-labor is the fastest possible growth of productive capital is the same as to say: the quicker the working-class multiplies and augments the power inimical to it — the wealth of another which lodges it over that class — the more favorable will be the conditions under which it will be permitted to toil anew at the multiplication of bourgeois wealth, at the enlargement of the power of capital, con-

tent thus to forge for itself the golden chains by which the bourgeoisie drags it in its train." (Ch. VIII).

Pursuing the argument, Marx showed that the level of employment at best rises more slowly than the growth of capitalist income because of the constant rise in the productivity and intensification of labor, through mechanization, automation, speed-up, close "supervision", etc. Further, he showed that the general tendency was toward a decline in the proportion of employment among the total working class, and a corresponding rise in the proportion of the total wealth (as well as the absolute mass of it) monopolized by the capitalist class. (See Part V of this series for figures on United States experience which confirm this analysis).

HOW THE THEORY IS APPLIED

Knowing the Keynesian theoretical approach taken by Mitchell and the government's statisticians, we can fairly easily analyze the way in which they arrive at

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Part VI

The Economic Situation

The bourgeois self-styled "anti-Keynesians" show their basic agreement with the Keynesian assumptions furthermore, by their loyalty to the cult of "the gross national product" (which is another term for the "Y", or aggregate income, or "value of output", of Keynes' basic formula: $Y = C$ (consumption) plus I (investment))

They all have enlisted behind the "aggregate income" concept of Keynes as the basic determinant of the level of employment, investment, consumption and other major aspects of the capitalist economy. This concept was stated by Keynes as follows: "Furthermore, the effective demand is simply the aggregate income (or proceeds) which the entrepreneurs (capitalists — ed.) expect to receive, inclusive of the income which they will hand on to the other factors of production, from the amount of current

employment which they decide to give." (J.M. Keynes, *General Theory of Employment, Interest, and Money*, p. 55).

By this most fundamental standard, modern U.S. bourgeois economists are all Keynesians (Keynesians and "anti-Keynesians", alike).

The shallowness of Keynes in comparison with the highest developers of classical political economy such as Adam Smith is obvious from the fact that Keynes (in an attempt to overthrow classical theory, takes as his most fundamental assumption the existence of the total income (similar to Smith's "wealth") without regard to its basis or origin; whereas Adam Smith developed a labor theory of value from his historic "Inquiry into the Nature and Causes of the Wealth of Nations. In other words Keynes "refuted" classical economy by limiting himself to effects

Communist Party Leadership Finds New Allies

By CHARLES WALLACE

Though it is apparent that the old Communist Party leadership with its revisionist and class collaborationist policies has created a situation where the old CP is organizationally and politically flat on its back, why does the FBI, the capitalist secret police, desperately try to resurrect it?

Attorney General Rogers in a nationwide TV broadcast is the latest "resurrectionist". Rogers said that information FBI boss Hoover gave him maintained that the old party was "being revitalized" and that party work was "being increased". The question must be asked — Why are the capitalist police trying to resurrect the old decaying corpse?

CATASTROPHIC RESULTS OF REVISIONISM

The FBI isn't stupid — they who have their agents placed in the top echelons of the old party know the exact shape of the organizational mess — in fact they helped cause it. They know that in most of the country the old party is non-existent. Stretching from Minneapolis to the Pacific Coast there is not one party body functioning. There is no party in the South (and the misleaders of the old Party don't want one.) The so-called Southern leaders of the old party never go further South than New Jersey. In the major industrial areas of the nation, Detroit, Cleveland, Pittsburgh, etc., there is a party in name only.

In New York where 50 percent or more of old party's "forces" are, the average age is 60. There is no organized youth movement, and the small handful of youth in the old party are either disgruntled and hoping for a "left" resurrection (and classified by the official leadership as factional and sectarian), or are outright followers of the Gates-Stein-Browder bunch of open liquidators. The situation is so bad that the Gates-Stein-Browder bunch, who operate in an out of the party (working with a section of the leadership) have more forces in the borough of Brooklyn (once the largest party region) than the old party has!

There are just two Puerto

Rican members left in the old party. There is not one Seaman's Club, not a single coal miner, no longshoremen, and a mere handful of Negro members, mainly inactive.

The three major population centers in the North (New York's Harlem, Chicago's South Side and Cleveland's Cedar Center) once bastions, are almost completely liquidated. In most states where the old party claim and organization, there is nothing but a skeleton apparatus which does not function.

WHY DOES THE BOURGEOISIE DROP CP LEADERSHIP

This is the real state of the party today and with members getting older and virtually no new recruiting, it isn't getting any better. The membership who didn't and don't want the party to die, is caught in the deadly vise of reformism and opportunism. Most of them who have given many years to struggle wish for a revitalized party, a fighting party, a Marxist-Leninist party, but the leadership which knowingly and willingly liquidated the party will never change. Expecting them to change is as meaningful as expecting a drug peddler to lead in the fight to curb juvenile delinquency.

Once again the question must be asked — why is the FBI, the secret police of the capitalists, desperately trying to give the impression that the revisionist cabal in the CP leadership is effective in its work?

Of course, it could be that the FBI and the bosses of American capitalists, well aware of the CP's leadership "loyalty" (recently attested to by the Un-American Committee), and doubly aware of the CP's leadership unwillingness to enter into or lead any struggle of the masses, finds that they are a likeable confederate. American imperialism realizes very well that as long as that leadership remains in power and "active", even if only in the FBI files and in capitalist newspaper columns, it is more difficult to build a real Marxist-Leninist party, a party of struggle, a Vanguard party. They also, very obviously, with these rejuvenation tonics of Rogers and Hoover, wish to hide the capitulation

of the leadership from the international Communist movement.

American imperialism wants no more Duclos letters which last exposed the party's leadership capitulation.

They will try to do everything they can to help the CP leadership from becoming thoroughly bankrupt and exposed and to keep the working class from building a real Communist Party. For what they have to fear from the likes of Chauncey and Krcmarek — Ohio party leaders who came crawling on their hands and knees begging forgiveness. What have they to fear from them when they extract hostages to keep them on the "new road to reformism," and the only answer they receive is a plea by the Gurley Flynn's and Patterson's for postcards to the president, instead of demonstrations and mobilization of the working class. They also know that whenever they have a good job hanging around, one of the leaders will gleefully pick it up, as has S. Gerson — recently announced vice-pres. of a public relations firm.

The tactics of the enemy class police in infiltrating the party, subverting its principles and liquidating its members has been used before. The pre-war Polish and Japanese secret police did exactly this, and as their American counterparts do today, announced to all and sundry, that these party's which were then almost entirely liquidated were growing in strength.

The bourgeoisie has had some success, they, their agents, and their reformist stooges inside the old party, have managed to liquidate almost all of America's Marxist-Leninist forces.

It is a hollow success, for the inner contradiction of the system they vigorously defend, make a Marxist-Leninist working class party arise again and again. It will rise here too, it will rise and lead the American working class to Socialism and Communism.

It will need no rejuvenation tonics from the capitalist secret police, not will it need big names and betrayers of the working class. It will be a party of the class, for the class, and by the class. AND IT WILL BE!!!

is a dangerous pro-fascist anti-labor bill aimed at the entire labor movement. This bill introduced by a so-called liberal Democrat, Sen. Kennedy, passed in the Senate with the unanimous support of both Democrats and Republicans except for Sen. Goldwater, who voted against because it did not go far enough. This after the so-called Democratic landslide that was supposed to be a "victory for labor".

The old CP leadership analyzed the election as a great Democratic "peoples' victory", giving the illusion that it is within the Democratic Party that the problem of the workers can be solved.

We have to ask ourselves, how come this dangerous state of things? In my opinion, it is essentially the sellout of all top labor bureaucrats — to graft and corruption — to the war drive of the imperialists. Also, the struggle for power within the trade union movement.

The Meany and Reuthers figured on using the McClellan Committee to clip the wings of the growing International Brotherhood of Teamsters headed by Hoffa, who was becoming too powerful a figure for them to tolerate in the trade union movement. They cooperated with the McClellan Committee, thus giving the committee respectability and cut the heart out of any all-out fight against this bill and

— ON THEORY —

By Malcolm Grant

One of the greatest failings of the American left throughout all its history, and of the Communist Party for more than the last 20 years in particular, has been the neglect of Marxist education. This contempt for theory is a reflection of the penetration of bourgeois ideology into the ranks of Communists, especially the vulgar teachings of pragmatism.

The POC, mindful of Lenin's teaching in *What Is To Be Done?* that, "Without revolutionary theory there can be no revolutionary practice," will not fall into this error, and is conducting courses in theory for our members and others who are close to our movement. The VANGUARD has taken the quotation from Lenin referred to above as its slogan, and begins with this issue a regular column on theory.

We invite readers to send in any questions they may wish to have answered in this column, and also to send in criticism of the column. The aim of the column will be to explain theory in as direct and simple a manner as possible, as a means of introducing workers to the great body of Marxist-Leninist thought, the first great philosophy in the history of man to belong completely to all the exploited toilers of the whole world.

What Is the Marxist Conception

Of Basis and Superstructure And Why Is It Important?

A clear idea of the Marxist conception of basis and superstructure is essential to any understanding of Marxist social science, and is also important politically. The basis of society consists of the sum total of productive relationships that men enter into in producing the goods of society. The superstructure of society consists of the sum total of the institutions, state form and ideology that correspond to the given basis and that are designed to keep it in existence through the agencies of force and persuasion that are part of the superstructure. In this article we will be mainly concerned with the basis and will return to a discussion of superstructure in a later issue.

The forces of production of society at a given stage of development of society (primitive communism, tribalism, slavery, feudalism, capitalism, socialism) consist of the tools men have to work with, the technology that had been developed at a given time, and the people themselves who are engaged in production. The relations of production are

those that men must enter into the production of material wealth. It is the relations of production that are the basis of society.

Of course the level of development of the productive forces, especially the tools and technology, are very important in determining the basis of society. It is easy to see that one could not have the relations of production of capitalist society, with its great division of labor and high level of production, if men possessed only hand tools and subsistence agriculture. But a high development of the forces of production does not necessarily mean that the relations of production must have a correspondingly high level of development.

It is, in fact, the lag in the development of productive relations behind the productive forces that is at the root of the trouble with capitalism. In the United States, and under capitalism in general, production is socially organized. That is, it depends upon the co-operation of large sections of society, each contributing certain tasks in the division of labor to the creation of material wealth. The geologists prospect for ores, the miners extract the metal, steel workers turn it into steel, the steel goes to manufacturing plants where it is made into everything from ocean liners to children's toys. Not only is this whole process social, but each of the individual processes are also social, depending upon the co-operative efforts of many workers.

The material wealth that is created by this co-operative, social, production, through the efforts of the whole of society is not owned by society, but only by capitalists, who own the means of production — the machines and plants and railroads. The bosses sell the goods for as much as they can get away with. The difference between the sale price and the cost of production is profit. It is the pursuit of profit, not the satisfaction of the needs of society that is the motor force of capitalism. This being

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Letters

Chicago

Looking back at the struggle that took place before the passing of the Taft-Hartley Law, it's difficult to believe that today, with the trade unions facing a more serious anti-labor law (The Kennedy-Ervin Bill), no real fight is being waged by the trade unions to defeat this fascist-like bill. Although the Meany and Reuthers formally "oppose" the bill now, they originally gave it their blessing; but by failing to mobilize the workers for a real struggle, their "opposition" is meaningless.

Before the passage of the Taft-Hartley Bill, large sections of workers fought to block its passage. They understood that Taft-Hartley, supposedly aimed at the Communists, was in reality aimed at all of labor.

Today with world imperialism in serious crisis because of a developing Socialist camp and successful National Liberation movements, all capitalist countries, in order to survive, are in a life-and-death struggle to capture the markets that remain. Even dominant American imperialism is finding the going tough. On one hand, they face serious competition from foreign capitalists; on the other hand, they face a serious economic crisis at home. Striving

to meet this crisis, they try either to control or destroy the trade union movement — to make the workers shoulder the burden of the inevitable economic crises, destroying their past economic gains, and putting American imperialism in position to impose fascism in this country.

At the time of Taft-Hartley, a small section of the trade union movement openly collaborated with reactionary congressmen to help pass T-H. Other leaders of trade unions, while openly opposed to the bill, secretly knifed the struggle against T-H. At that time, rank-and-file Communists went all-out to mobilize union and unorganized workers, and all the American people to defeat the T-H Bill. But because the entire trade union movement did not go all-out, reaction was able to win a major victory and accomplish its main objective which was to start the ball rolling to destroy and control the trade unions. Labor and the American people since that time have paid the price and are bearing the bitter fruits of this bill.

First, we had the Taft-Hartley Bill supposedly aimed at the Communists — today, we have the Kennedy-Ervin Bill supposedly aimed at racketeers in the trade unions. In reality, the above bill

against the damaging and defamatory affect that the committee hearing had on the entire trade union movement.

At this point it's important for Marxist-Leninists to briefly examine the role of the old CP and see what kind of a vanguard role it played. I guess we can best describe it as a "sellout of the workers", since it played no role but followed the Meany and Reuthers. I challenge anyone who will examine the Daily and Sunday Worker for the past two years to disprove this statement.

While the Meany and Reuthers and the old CP leadership have been playing this sellout role, there has been some opposition to the latest batch of anti-labor legislation within the labor movement, such as: The International Brotherhood of Teamsters, The United Mine Workers, and some of the unions still with left-wing leadership, such as Bridge's Longshore Union and a few others.

We must warn the workers that they are attempting to lull the people to sleep by coming out with stories that this bill cannot pass the House of Representatives at this time. This is not true. What is needed is development of Rank and File activity. Union members should demand that the leaders of the Trade

Union mobilize the whole membership through special meetings of the locals, districts and national conferences; have the whole membership write to and visit their Congressmen. Send delegations to the city, county and state divisions of government and have them demand the defeat of the legislation. Stop depending on and supporting Democrats, Dixiecrats and Republican politicians. Independent political action by labor and the people can and will defeat this plot against the people if they are organized. Do not have any illusions that this plot will not be put across unless the workers defeat it — the same as they did the so-called right to work laws.

A Chicago Worker

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The Economic Situation

(Continued from page 1)

their prediction of the October level of unemployment and employment.

In the eleven-year period 1947-1958, the number of employed rose by 10.9%, while the gross national product rose by 40.7%, or, in other words, 3.8 times as fast as employment. In the same period, the so called "non-institutional population over 14 years of age" rose at a rate which increased at an average of 220,000 per year. On this basis, we may estimate the 1959 figure at 123.5 million. In the non-institutional population.

In the same 1947-1958 period, an average of 58 1/2% of the non-institutional population was in the labor force. Thus we can estimate the size of the civilian labor force for 1959 as follows:

discarded fedora of a cheaper sort.

IMPLICATIONS OF THE KEYNESIAN OUTLOOK

But even at 3.5 million unemployed, the rosy predictions about an all-time high GNP would have to be realized. What are the actual possibilities of this occurring and what are the implications involved in such prediction?

Let us look at the changes in the components of the GNP in the 1947-1958 period, as presented in tables III and IV.

The full importance of Government expenditures in the economy is only partially indicated in these GNP tables. In addition to purchases of goods and services in the amount of 51.7 billion dollars in 1958, the federal

length. Since we have estimated that this factor will not achieve boom-producing proportions in 1959, we take no further special note of it here, although Marxists never foret the key significance of the renewal of fixed capital in the economic cycle.

3) Net Exports of Goods and Services? In the first quarter of 1959 these had declined from a

but they all resolve into two types:

- 1) Measures designed to expand or contract credit.
- 2) Measures designed to increase or decrease government expenditures.

During the period since 1947, measures of both types have been applied with the net result being the increase in the government

panda bank credit — which, etc., etc., etc.

The result — inflation, i.e., the overexpansion of the supply of money and credit in relation to the amount of values (commodities) which must be circulated by the money and credit. The proportions of this development in the 1947-58 period are indicated by the indexes presented in Table V.

THE BIG "WAGE-PRICE SPIRAL" LIE

Marxist-Leninists must master and teach the workers the essential principles of political economy involved in the question of inflation. This is not a matter of mere theoretical abstraction. The main ideological weapon being wielded by the bourgeoisie against the economic needs of the American workingclass today is embodied in their slogan: "Stop the inflationary wage-price spiral!" (Somehow they never say it the other way now, i.e., "price wage" spiral.)

It is doubly important to fight this "wage-price spiral" propaganda when it is advanced in the name — Yes! — in the name of Socialism! And that is exactly the line on inflation as propounded by the self-styled "Independent Socialist Magazine," *Monthly Review*, edited by Paul M. Sweezy and Leo Huberman.

Monthly Review (November, 1958) begins its analysis of the current inflation problem by pointing to the fact that American industry is running at only 75-80 per cent of capacity. There are no shortages of goods, says M. R., therefore there can be no present problem of too much "demand", i.e., too much money and credit supply. And so, they declare, "none of the classical conditions of inflation is present."

The logic of this argument would soon make counterfeiting no crime! For, they are saying that because the productive capacity of industry is not being fully used, there can be no inflation. Apparently they think that it would make no difference if the supply of paper money and credit were doubled — there would be no "classical" inflation so long as there were unused productive capacity and large masses of unemployed.

Monthly Review's wrong definition of inflation — their confusion arises in part from their ambiguous treatment of the term

TABLE I

Total Non Institutional Population	123.5 Million
Portion in Total Labor Force	58.5 Percent
TOTAL LABOR FORCE	72,250 Million
Minus — Armed Forces	2,600 Million
TOTAL CIVILIAN LABOR FORCE (1959)	69,650 Million

This gives us a figure which approximately equals the total of Mitchell's predicted 67 million employed and 3 million unemployed.

Since each point of rise in employment in the post-war period has implied a 3.8-point rise in the GNP, we can construct the following table:

government made additional outlay of 35.4 billion dollars (Transfer payments, such as aid to state and local governments and interest payments). If we allow a 4% deduction for savings, we can estimate that 10% of the other of the GNP are the direct result of federal government expenditures. In summary, we can say that in

TABLE II

Gross National Product Required for Full Employment — 1959				
	No. of Employed	Index	Index	GNP 1958 Dollar Equivalents (Billions)
Actual, 1947	57.8 Million	100	100	\$311.8
Req. for Full Employment in 1959	69.7 Million	121	178	\$555.0

Then, if we assume that there will be a one per cent price inflation for 1959, we get the following: The GNP required for full employment in 1959 is about \$560 billion.

The official and other prominent bourgeois optimists estimate GNP for 1959 at about \$475 billion, which is, as we see, \$85 billion less than the level indicated as required for full employment. Rather, the estimated level of GNP corresponds to an employment level (according to the scale we have constructed) of 65.8 million jobs.

Since as we have seen, the civilian labor force will be 69.7 million, the indicated unemployment for the year would be 3.9 million. Finally, we complete unridling Mitchell's prediction by noting that an October level of actual unemployment corresponding to an annual rate of 3.9 million would be 3 million.

But, since the size of the civilian labor force in October can be expected to be about 500,000 higher than the annual average, we get a total of needed jobs of 70.2 million for October — and, therefore, an unemployment of 3.5 million, rather than Mitchell's 3 million.

So, — — it looks as if Secretary Mitchell will have to eat his hat as he promised to do publicly if unemployment stands at more than three million in October. (Unless, of course, he gets some tall help from the statistical cloak-and-dagger boys who specialize in making sizeable sections of the "labor force" drop out of sight). Since the Washington politicians are likely to be owners of very expensive chateaux, perhaps it would be a neighborly gesture if some worker would send Secretary Mitchell an old

1958 more than 28% of the GNP was a direct result of government expenditures, federal, state and local.

On the basis of this record of postwar U.S. economy then, a rise of the gross of the GNP to \$475 billion in 1959 from the level of 1958 indicates an increase of government expenditures to a total of 133.7 billion dollars. Of this, the indicated federal government share would amount to \$107.8 billion!

THE "BALANCED BUDGET" PROBLEM

However, as is well known, the ruling class government has determined upon a course of "balanced budget policy." So, instead of an increase of \$20 billion in 1959, we are told, there is to be a sizable reduction of \$3.8 billion in budget expenditures and a correspondingly larger reduction in total federal expenditures.

This means that without an increase in federal expenditures the other factors in the GNP account would have to make up, in addition to the 37 billion dollars shown in Table IV, another 25 billion dollars or so. That means a total slack of 72.3 billion dollars must be taken up by:

- 1) Personal Consumption Expenditures? In the first quarter of 1959 they were 10 billion dollars above the level for the year 1958.
- 2) Gross Private Domestic Investment? In the first quarter of 1959 it was 15.8 billion dollars above the level for the year 1958.

This category includes expenditures for fixed capital. This is the real mainspring of capitalist economic recovery, as we have previously discussed at considerable

TABLE III
Indexes of Change of Gross National Products And Its Components — 1947-1958

	1947	1958
Gross National Product, Total	100.0	140.5
Personal Consumption Expenditures	100.0	138.0
Gross Private Domestic Investment	100.0	109.8
Net Export of Goods and Services	100.0	14.0
Government Purchases of Goods and Serv.	100.0	211.8
"National Defense"	100.0	295.5
Other Federal	100.0	96.0
State and Local	100.0	62.0

TABLE IV

Indicated Requirements for GNP of \$475 Billion in 1959			
	Portion of Total 1947-58 Increase Contributed by	Indicated Increase in 1959 (Over 1958) Required for \$475 Bil. GNP (Billions)	Total Indicated 1959 Requirement (Billions)
Gross National Product Total	100%	\$37.3	\$475
Personal Consumption Expenditures	64.2%	24.0	\$314.5
Gross Private Domestic Investment	3.8%	\$1.4	\$ 55.8
Net Export of Goods and Services	-6.3% (Decrease)	-\$2.4 (Decrease)	— \$ 1.0
Government Purchases of Goods and Services			
"National Defense"	23.3%	\$8.7	\$ 53.1
Other Federal	-0.2% (Decrease)	-\$0.1 (Decrease)	\$ 7.2
State and Local	15.2%	\$5.77	\$ 45.4

1958 annual level of 1.4 billion dollars to a negative figure of 3 billion dollars, a decrease of 1.7 billion dollars.

4) State and Local Government Expenditures? In the first quarter of 1959 these were at 2.9 billion dollars above the level for the year 1958.

Not enough to indicate the attainment of the \$475 billion GNP in 1959, some may say, but still the GNP in the first quarter was at a 467 billion dollar annual rate. Therefore, the performance seems to be encouraging to the bourgeois optimists.

Let them get all the comfort they can from these figures. The joker is that in the first half of 1959 "budget balancing" is still all talk, while actual expenditures by the federal government are at the highest rate they have ever been, except in 1941 — and by far the highest (in current dollars) of any peace time year.

Herein lies one of the most significant facts of the present economic situation: The law of diminishing returns has finally caught up with the policy of subtlety the U.S. Treasury to the financial oligarchy and their hangers on, as a means of propping up a moribund economic system! And, with a vengeance! For, now the government is straining the limits of its own credit. This helps to explain why the Eisenhower administration has requested an increase in the national debt limit to \$295 billion. (It is called "temporary", but it is an increase over the present "temporary" ceiling of \$288 billion — which Eisenhower now proposes to be made the new "permanent" ceiling.) It also helps to explain why the interest on government bonds is going to be raised above the present levels.

THE QUESTION OF INFLATION

There are a number of measures of a Keynesian character,

debt in a way which also expands the private debt. The main lines along which this is developed are: 1) War preparations expenditures; 2) Price supports for "strategic" commodities; 3) Guaranteed real estate and housing loans; and 4) Deficit financing (planned expansion of the government debt) in general.

Such policies generate a cycle of contradictory phases according to the following pattern:

TABLE V. — Indexes of Physical Production, Money Supply Credit and Prices, 1947 = 100

Values	1958	April, 1959
Industrial Production	134	149
GNP (in Constant \$)	141	150
Credit		
Gross Federal Debt	116	111
Net Public and Private Debt	184	
Money Supply		
Currency and Bank Deposits	140	145
Velocity of the Money	135	143
Volume of the Money (Currency and Deposits times Velocity)	189	207
Consumers Price Index	130	130
GNP (in Constant \$) times Consumers Price Index	183	195

Sources: Federal Reserve Bulletin and Survey of Current Business

Deficit financing which increases government borrowing — which (with respect to that majority of it supplied by lending institutions) expands bank credit (the money supply) at a six-fold rate — which stimulates inflationary price rises in commodities and on the stock market — which undermines fixed-return investments, i.e. bonds, etc. — which forces up interest rates on bonds in competition with stocks, and government interest rates in competition with private (corporate and other) borrowers — which raises the cost of refunding the government debt — which tends to increase the government debt — which necessitates increased borrowing — which ex-

"demand". This, in turn stems from M. R.'s erroneous view that "the essence of (inflation) is a general rise in prices." (Emphasis in original.)

The inaccuracy of that definition can be illustrated as follows:

If the value of gold falls, due for instance, to a discovery of new and more easily accessible supplies of it, there is a resulting general rise in prices. But to call such a development "inflation" would be to rob the term of all significance.

Again, if, due to war's destruction, for instance, a country were forced to import many essential commodities which it before could

(Continued on page 4)

PUERTO RICO:

61 Yrs. of US Imperialist Oppression

(Continued from page 1) hide this horrible reality of national oppression by painting the facade of its "model colony" and adorning it with the title of "Associate Commonwealth State".

Puerto Rico which asked for the liberation of Puerto Rican patriots now in jail and national independence for the island. Many expected that the U. S. N. S. A. would be the first to take up the cudgels in support of such a motion.

It is both shameful and tragic that in the U. S. there is hardly any voice that is raised in condemnation of the crimes of American imperialism, especially around the Latin American and Puerto Rican questions, and this is certainly tragic not only to the oppressed Latin American peoples, but also to the American people and first of all to the American working class.

ACCESSORIES TO THE CRIME

In the magazine "World Student News" organ of the I.U.S. Issue No. 6, we read the following:

"The first case against U. S. imperialism was a motion tabled by Latin American delegates on

This scathing, but just criticism is directed against the "liberal" U.S.N.A.S., a student organization which claims to be progressive. But it is not only this organism which spews their pro-imperialist propaganda on the Latin American question as a whole.

We of the POC, and in the name of the American working class take our stand against Yankee imperialism and in support of all the Latin American peoples in

cluding the Puerto Rican peoples.

For the full freedom of all Latin American countries from the clutch of Yankee imperialism!

For the immediate independence of Puerto Rico!

For the exposure of the imperialist farce of the Puerto Rican Associate Free State!

For the freedom of Pedro Albizu Campos, Oscar Collazo, Mrs. Lolita Lebron and all the Puerto Rican patriots now in jail!

For the lifting of all military bases in Puerto Rico!

On Theory

(Continued from page 2)

the case, it is not hard to see why capitalists prefer to produce guns that society does not need for a high profit rather than roads and schools and hospitals that society needs badly, but whose construction does not return so great a profit.

You frequently hear it said that "the United States is the richest country in the world." As in many popular sayings, there is a great deal of truth in this. The wealth of a country depends in the long run on the level of development of its productive forces — its machines and technology and a working class that has developed the skills to use them. But at the same time one has only to look around to see unemployment and poverty. This is because of the lag of the development of the relations of production behind the development of the forces of production in our country, because the wealth that is produced socially is appropriated privately, because the end result of the social process of production becomes the private property of the bosses.

The important political conclusion from the Marxist analysis of basis and superstructure is that there is no such thing as "automatic socialism" evolving naturally out of capitalism. People who are careless with the categories of social science often picture the development of monopolies as a form of social progress which somehow or other will necessarily lead to socialism. The truth is that the development of monopolies does re-

SUPREME COURT

(Continued from page 1)

was established in the United States as the result of a revolution. The masses of the young nation had been moved to fight the revolution on the strength of democratic promises. As in most such cases, they did not get all they expected and had every right to expect, but substantial liberties were established for the American people in our Constitution.

The framers of the Constitution were for the most part sincere democrats, and more realistic than present day liberals both in and outside of the CPUSA. In Article III of the Constitution, which is the Article dealing with the judicial powers, there is no word said about making the Supreme Court the guardian of American democracy. But in 9th Amendment (part of the Bill of Rights) it clearly states that: "The enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people."

POPULAR STRUGGLES ARE THE ONLY GUARANTEE OF DEMOCRACY

The bourgeoisie, late in their history when they are fearful that the period of their rule is ending, attempt to destroy even bourgeois democracy. They seek to limit and undermine rights and liberties won by the masses of the people long ago in the great bourgeois revolutions. This is precisely what is happening today in the United States, and has been happening for more than the last decade. This pro-

cess is not the creation of a McCarthy — it began before he came prominent and continues after he is gone. While McCarthy did not invent this process of the whittling away of democratic rights, this process provides an atmosphere in which a McCarthy can flourish.

It should not be thought that only Communists will suffer from this destruction of democratic rights. Because they are the most consistent defenders of the rights of the American people, they are the first to feel the brunt of this attack, but not the only ones. If the Smith Bill should pass the Senate an immediate victim would be the NAACP, already classified as "subversive" in many Southern States. They way would be opened for drives under state "sedition" act against many organizations that are presently engaged in progressive struggles.

The preservation of democratic rights in the United States is the business of the American people. Only mass political action led by the potentially strongest sector of the American masses, the working class, can guarantee our existing liberties and extend them to those like the Negro people who enjoy them only on paper. The masses in motion, not legal briefs, will be the guarantee of victory.

Literature Of the POC

- Against Opportunism 35c
For a Revolution... 35c
Question 35c
Two Roads 35c
Resolution on the Jewish Question 15c
Marxism-Leninism vs Revisionism 35c
Marxism, Humanism and Hyman Levy 35c
On the Question Of Youth 10c
Report on Labor 25c
Report on Housing 25c

The Economic Situation

(Continued from page 3)

produce with less socially necessary labor time than is represented in the newly imported items — that would lead to a general rise in prices. But to call such a situation "inflation" would mean to say that inflation is the same as exchange at equivalent values, an obvious absurdity.

In short: while every inflationary situation results in a general rise in prices; yet not every general rise in prices is the token ("the essence", as MR would have it) of inflation.

Inflation is the relative rise in the money and credit supply beyond the supply of goods to be circulated and debts to be paid by them. If the value of the money remains unchanged under such a condition, it merely means that money is being exchanged at below its value and that in a relatively short time balance will be restored by an increase in the supplies of goods. Under such conditions, it would indeed be inconceivable that large proportions of productive capacity would remain idle; the demand for goods would guarantee that. The editors of MR clearly imply that this is the extent of their concept of "classical" inflation.

Here is where we discover the fatal ambiguity of their use of the term "demand". If the value of the money remains unchanged — it will be able to call unused capacity into action, if there arises a situation of a relative excess of money-supply. But, if the value of the money actually declines in relation to the supply of goods—then the money loses, to that degree, its power to "demand" — regardless of how many pieces of paper with large numbers on them may be called

money. And this is precisely what has happened to the American dollar. There is no excess of demand— but there is an excess of money. This, too, is inflation, just as "classical" as any. It is pure inflation, not merely a cyclical imbalance of supply and demand of money and commodities. And, contrary to the view of Monthly Review, the unused productive capacity, in such a situation, is not a contradiction, but the most irrefutable confirmation of the existence of this form of "classical" inflation!

At this point we digress to make two points to avoid possible misconstructions of the remarks we have just made:

First: Every worker, of course, knows that he doesn't have any "excess of money" — the inflated kind or any other. All that this proves however, is that the workers' position is not improved by inflation. The excess of the money is poured into the economy through the banks and other capitalist enterprises. By the time the goods and services reach the workers, the inflated prices are already there. The workers have to struggle for wage increases just to try to catch up.

Second: Just because, under the present circumstances, the excess productive capacity confirms the existence of inflation — this is not at all to suggest that it is caused by inflation. The cause of the underutilization of productive capacity lies outside the sphere of circulation; it lies in the sphere of production, in the capitalist relation of production itself. "The real barrier of capitalist production is capital, itself." (Marx, Capital, Volume III, p. 293).

(Continued next month)

THE STREETS

These are the workers' streets—no trees here. No leaves drift to the gutter, only orange peels and the smell of dead cats. Here, under the smoking factories, The workers live. Forced, like the harlot who sleeps on the bed she works in, to gaze up at The bed of their oppression, to smell the Waste air of their exploiters. The tenements rise up, like Mountains around a hidden valley. Turning away the fresh wind, keeping out the new sound. Shadows meet and merge in the narrow street, Flooded with blinding darkness. But "light breaks where no sun shines." The cinders of protest are scattered with the crumbling masonry. Glowing red, the bricks hint of the future. "Phil Youngman"

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