

# THE CLASS ESSENCE OF THE INFLATION IN THE CAPITALIST AND REVISIONIST WORLD

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**The cause of inflation stems directly from the action of the objective economic laws of the capitalist mode of production, which has led to the stage of capitalism in decay, to the militarization of the economy, and to the increasing parasitism of the bureaucratic state apparatus**

The sharpening of the contradictions of the capitalist mode of production, especially of its fundamental contradictions, has led to the further deepening of the general crisis of the capitalist-revisionist system, to repeated heavy, economic, political and social shocks, to the shaking of all its structures and superstructures, alliances and blocs. The 70's can be characterized as years of the even more powerful outbreak and deepening of this crisis, which has driven imperialism further into decay: Describing this processes, at the 7th Congress of the PLA among other things, comrade Enver Hoxha stressed: «World capitalism, which is heading remorselessly towards crises and decline, just as Marx, Engels, Lenin and Stalin predicted with such genius, has now reached the stage of imperialism in

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decay». (Enver Hoxha, Report to the 7th Congress of the PLA, p. 172).

1.

A direct expression of this objective process of the decay and stagnation of capitalist production and reproduction, along with all the other phenomena of the economic crisis which has the entire capitalist-revisionist system in its grip today, is inflation. Today, it has become general malaise of all the capitalist countries, affecting not only the less developed ones, the revisionist countries, and, in the first place, the two imperialist superpowers, the USA and the Soviet Union. And this is not all — it has also become their permanent fellow-traveler and is developing everywhere at very high, galloping rates.

Inflation represents a definite economic category of the capitalist and revisionist world, and as such, expresses definite class interests. Today it has become the most suitable means in the hands of the monopoly bourgeoisie to find a temporary way-out from the crisis at the expense of the working masses at home and the people of the developing countries. We find a scientific analysis of this economic category of capitalism only in Marxist-Leninist political economy, which has defined the content, essence, causes and consequences of inflation.

Though inflation is a phenomenon which acts within the sphere of circulation, its roots lie in the capitalist relations of production, in the contradictions constantly gnawing away at capitalist production and reproduction. The primary role of production over all the other phases of reproduction, including circulation, is known. The

content, the character of production, determines the character of exchanges, distribution and consumption. At the same time, the latter influence production, just as they influence one another. It is precisely from the angle of this reciprocal dialectical interdependence that the phenomenon of inflation in the capitalist economy of commodity production must be seen and treated.

In the capitalist economy, monetary circulation is based on banknotes which are not convertible into gold, as well as on the production of commodities which are intended not for the fulfilment of the needs and demands of the masses of working people, but, primarily and above all, to ensure maximum profits for the capitalist owners. In essence, inflation, too, is a means for the monopolies to achieve this aim through intensification of the robbery of the broad masses of the working people. The disorders in the law of monetary circulation, which stem mainly from the issuing of excess banknotes by the bourgeois state in order to cover the budget deficit, lead to the general increase of the prices of mass consumer goods, with the exception of one specific commodity — labour power.

Marx divided all kinds of commodities in capitalist society into two large groups: ordinary commodities, which are the property of the capitalists, and the specific commodity, labour power, which is the only commodity that the worker owns in capitalist society. Marx also proved scientifically that the prices of the first group commodities may fluctuate above or below their value, while the price of the commodity labour power, may reach its value in the ideal case; usually, the price of labour power fluctuates below its value.

At a time of inflation, in particular, the prices of all commodities in the possession of the capitalists increase in various proportions, while the price of the specific commodity, labour power, in the most favourable instance, may show a slight increase, and this only as a result of the extension of the determined struggle of the proletariat against the economic and political do-

mination of the imperialist bourgeoisie. At a time of inflation, the monopoly bourgeoisie appropriates not only the surplus value, but also part of the value of the commodity labour power, because the real wages of the working people in capitalism are continually reduced, due to the fact that minimum wage begins to rise later than the rise in prices as well as to the fact that any increase in it, when it occurs, is always smaller than the increase of prices. In this manner, by acting as a disguised tax, inflation further reduces wages below the value of the commodity, labour power. This supplementary income, which the capitalist state secures through this sort of disguised tax, by utilizing its authority as the state of the bourgeois dictatorship, is redistributed in various forms in the interests of the monopolies and, in the first place, of those which are engaged in production for war purposes.

Thus, inflation, as a typical economic category of the capitalist mode of production, is in the first place, an expression of redistribution of national income and national wealth in the interests of a handful of monopolists and to the detriment of the masses of the working people, which is realized through the existence of an excessive amount of paper money that is not convertible into gold, in the channels of monetary circulation, which leads to the devaluation of paper money and to the increase of goods. This definition of the essence of inflation also explains the three main features of inflation, which are: the redistribution of national income in the interests of the big monopolies and to the detriment of the broad masses of working people; the existence of an excessive amount of paper money in the channels of monetary circulation; the actual devaluation of paper money and increase of prices of goods on the market. These features are organically linked with one another. Any identification of inflation with only one of these features or any attempt to eliminate the first feature, as the bourgeois and revisionist ideologists do, is deviation from the correct Marxist-Leninist po-

sitions and leads to the negation of the class essence of inflation and to its treatment as merely a technical question of the mechanism of monetary circulation.

Inflation occurs in the capitalist economy when the quantity of banknotes issued is larger than the real currency reserves and the amount of goods in circulation. But inflation may occur even without the issue of a new amount of banknotes, when a disproportion is created between the amount of banknotes in circulation and the amount required for this circulation. This is linked directly with the heavy expenditure for military purposes, because, in the final analysis, the increase of this expenditure and the militarization of the economy in general, represent the reduction of production of material goods for the masses of working people, hence, also of the circulation of these goods, and the production, instead, of goods which serve the maintenance of a standing army and the bourgeois military arsenal.

The cause of inflation stems directly from the action of the objective economic laws of the capitalist mode of production, which has led to the stage of capitalism in decay, to the militarization of the economy, and to the increasing parasitism of the bureaucratic state apparatus.

The militarization of the economy, acts of aggression, and allround economic, political, ideological and military expansion, constitute the essential features of imperialism. The maintenance of big armies, the creation of military bases, the intensification of scientific research work for the discovery and use of mass extermination weapons, the employment of the entire military arsenal whenever its positions are endangered by the revolutionary movement of the masses of working people, the provoking of unrest and the kindling of hotbeds of war, stem from the very nature of imperialism, and without them it cannot exist. It is self-evident that this leads, and cannot fail to lead, to the increase of military expenditures at very high rates. Whereas in the year 1961 expenditure for military purpo-

ses in the world was about 120 billion dollars, ten years later, in 1971, this sum had reached about 200 billion dollars, and today is estimated to be above 300 billion dollars.

The bulk of this expenditure is by the two superpowers, which represent the main bastions of present-day reaction. In order to make a reality of their hegemonic and expansionist ambitions, Moscow and Washington are involved in a frantic arms race, have militarized their economy, have continuously built up and extended their war industry, maintain armies millions strong, and so on. At present, the USA is spending over 104,3 billion dollars per year for war purposes, the largest sum recorded in the 200 years of the history of this state, while the Soviet revisionists are spending more than 100 billion dollars for the same purpose. Obviously, these colossal sums allocated for military purposes have a ruinous effect on the finances of these countries, increasing the budgetary deficit. At the same time, they also expose the falsity and cynicism of the declaration by the heads of Moscow and Washington and their mouthpieces about «reducing tension», «disarmament», etc.

Besides the colossal military expenditures, a major role in the creation of the grave situation of inflation, is attributable to the expenditure for the maintenance of the inflated bureaucratic apparatus. The more capitalism decays, the greater becomes the number of persons divorced from the sphere of the production of material goods, who live by «coupon clipping» engaging in the services' sector and in the bureaucratic state apparatus. In order to form a clear idea about this, suffice it to mention that in the USA, the number of the bureaucratic administrative and police personnel has increased more than 2.5 times over as against 20 years ago. In the countries where the revisionist cliques are in power, also the bureaucratic state apparatus has been greatly inflated, enormously increasing the number of people engaged in non-productive services at the expense of the productive sphere. In the Soviet Union, for example, in 1974 the personnel engaged

in the non-productive sectors totalled 21.7 per cent of the active population of this country, as against 15.4 per cent in 1960. This growth of the bureaucratic state apparatus and of people engaged in non-productive services, has been accompanied with a great increase in the share of the national income that goes to pay them. And it can be taken for granted that they receive very fat salaries. From data published in the American press, it emerges that it costs over 100 billion dollars per cent just for the maintenance of the federal civil administration of the USA. On their part, in 1973 as against 1972, the Soviet revisionists increased their expenditure for the state administration by over 50 million roubles.

These colossal sums outlaid for military purposes and for the maintenance of the swollen bureaucratic apparatus have inevitably led to increased budgetary deficits. In order to cope with the colossal increases of budgetary deficits, the bourgeois state pursues the well-known policy of increasing taxes and levies. Today, in the capitalist and revisionist world, the increase of taxes and levies has assumed unprecedented proportions. In the USA local taxes alone increased by nearly 2.7 fold in 1975 in comparison with 1960, while in the Soviet Union direct taxes on the population were one billion rubles more in 1974 than one year earlier, and made up about 9 per cent of the income of the state budget.

However, despite the large amount of monetary means mobilized by the bourgeois and revisionist states through taxes and levies, they still cannot cope with the needs of the apparatus of violence and the bureaucracy. This is also linked with the fact that any further increase of taxes in the present conditions would lead to a further upsurge of revolts by the masses of working people and endanger the positions of the monopolies. Therefore, the capitalist and revisionist states, are enormously increasing the state indebtedness in order to cover their great needs for monetary means. And, since they cannot cover their large expenditure even in this way, these states

resort to the inflationary issuing of banknotes, the increase of «the concealed taxes» on the broad masses of working people.

Through the whole capitalist and revisionist world, high levels of inflation have been used, especially in the period since the 1960's.

## 2.

Inflation is an old phenomenon of the capitalist world, which some times has developed at different rates in groups of states or in the entire capitalist system, and at other times has flared up strongly. After the Second World War, this problem, typical of imperialism, began to develop more rapidly. The distinguishing feature of inflation today is that, as a constituent part of the economic-financial crisis, it has become bound up with, and interdependent on, all the other phenomena of the crisis, with all the chaos of capitalist production and reproduction. In this process of interdependence, the destructive action of inflation becomes deeper and deeper, so that today it has assumed worldwide proportions and is acting with an intensity and severity for which it is difficult to find a parallel.

In characterizing this process, comrade Enver Hoxha said on October 3 1974: «See what is happening in the world! A grave economic-financial crisis has swept all the capitalist countries. Inflation is wreaking havoc and has reached ominous proportions». Suffice it to mention that the rates of inflation in the period 1974-1975 were 3-5 times higher than the average rates over the whole period 1955-1972.

This quantitative change in the rates of inflation, together with the objective factors which have their source in the very nature of the bourgeois-revisionist order, in the combination of inflation with the powerful outburst of all the phenomena of the crisis of the capitalist-revisionist structure and super-structure, have led and are leading to that new phenomenon

of inflation of our days called galloping inflation, which has disorganized the whole process of capitalist reproduction, both within individual countries and within the framework of the entire capitalist revisionist world. It has deepened the disproportion in the development of the different branches of capitalist production, has disorganized trade and the monetary system, has an especially drastic effect on the sphere of credits, led to the sharpening of the antagonistic contradictions among the imperialist powers, and between the latter and the developing countries.

The causes of this old phenomenon of capitalism, which nowadays has assumed a new appearance and large proportions, must be sought both in the powerful action of the old factors of inflation, as well as in the action of new factors that the cyclical development of the economy of the capitalist and revisionist countries has brought to the fore in our days.

No small influence on the inflationary processes and on all the other phenomena of the crisis in the various capitalist countries is exerted by the cycle of the American economy, due to the involvement of the American capital in the economies of other capitalist countries, as a result of the allround economic, political and military expansion of the USA in various countries and regions of the world. In this context, the crisis of the US dollar is playing a special role in deepening the present day inflationary processes. Since the American dollar also serves as an international currency, its inflationary crisis has an influence on the development of inflation in the other countries as well as on the further sharpening of the contradictions in the world of capital. This is because the allies of the USA have no desire to pay for the difficulties of the American economy, while Washington is demanding this as «an obligation» of the other capitalist countries towards the USA.

Sharp contradictions have burst out within the revisionist clan, too. The satellite countries are restive about the arbitrary actions of the Soviet revisionists over the increase in the

prices of gas and oil with which the latter supply them. This, together with the systematic plunder Moscow exercises over them and the application of capitalist reforms in the management of the economy, have further increased the instability of the economy and finance of the East European countries, parallel with the growing political and ideological tensions in these countries.

The present crisis has also sharpened the contradiction between the metropolises and the former colonies to the extreme. When it comes to the question of relations with these countries, all the imperialist powers get together, «forget» contradictions between themselves and demand that the developing countries pay for the present inflationary phenomena and, in general, for the entire economic-financial crisis, sometime by presenting the countries producing primary materials as to blame for the situation and at other times by threatening them openly with the use of violence. The capitalist monopolies are trying to saddle the developing countries with the burden of inflation and all the other phenomena of the economic, financial and currency crisis, by continually deepening the differences in price between the primary materials they purchase and the industrial goods they sell, to their own advantage. In this context, they are stepping up their efforts to undermine the just struggle waged by the peoples of the developing countries in order to take complete possession of their national assets. However, the peoples of these countries are growing ever more aware that their own independent socio-economic development and the elimination of the plunder by foreign capitalist monopolies can be achieved only through determined struggle against the predatory imperialist oppressor powers, in the first place, against the two superpowers — the USA and the Soviet Union.

Like all the other phenomena of the crisis, inflation is a burden on the standard of living of the masses of working people, first of all, bringing about their further impoverishment and ruin. «All the capitalist and

revisionist states,» stressed comrade Enver Hoxha at the 7th Congress of the PLA, «try to saddle the masses of working people with the consequences of the crisis. And in fact, in order to keep their profits intact, the bourgeoisie, the monopolists and all exploiters everywhere, have stepped up the oppression and exploitation of the proletariat and the working people, reducing their means of livelihood and curtailing their rights» (Enver Hoxha, Report to the 7th Congress of the PLA, p. 163).

The putting of a large amount of money into circulation by the bourgeois-revisionist state, in order to cover its big expenditure for military purposes and for the decaying bureaucratic apparatus, is accompanied with massive price increases. It is a fact that inflation today has led to the rapid increase of prices right across the board, and especially for mass consumer goods. The figures on the increase in the cost of living are clear evidence of this. In November 1976 as against 1970, the rise in the cost of living was: in the USA about 1.5 times, in Britain 2.3 times, in the GFR 1.4 times, in France 1.7 times, etc. A similar situation prevails in the revisionist countries, also, and this shows that inflation is developing with great rapidity there, too. The consumer feels this inflation not only in the chronic scarcity of many articles in the market, and frequently even of traditional goods, but also in the increase of prices. Thus, in 1975 the level of prices for the main articles of mass consumption marked the following increase in comparison with the year 1968: in Hungary 17.7 per cent, in Poland 16.1 per cent, in Yugoslavia 29.4 per cent and so on. And these are only the declared increases of prices. In fact they are much higher.

In this situation of crisis, into which the capitalist-revisionist world has sunk, it now takes 2-3 times as much money to ensure the means of livelihood as it did ten years ago. The increase of unemployment is an added burden on the budget of the worker's family. As a result of inflation, this chronic disease of the capitalist mode of production has assumed still greater

proportions. The bankruptcy of factories and plants, which are becoming more frequent due to the failures of financial institutions, due to inflation, has further increased the number of unemployed, which today amounts to more than 100 million.

What the masses of working people lose, a handful of monopolists gain. Throughout this period, as a result of the increase of prices, the monopolies secure very high rates of profit and returns on their invested capital. Suffice it to mention that, according to data from the American press, in 1976 the profits of American corporations, increased by 28 per cent in comparison with the year 1975. Especially great are the profits of the war monopolies, many of which doubled their profits in 1975 as against the previous year.

Hence the increase of prices on the basis of inflation is one of the main ways for the monopolies to secure increased profits and returns on their invested capital. In these conditions, it becomes even clearer that inflation cannot be eliminated as long as the capitalist order exists. To preserve capitalist relations intact, to avoid infringing the profits of the monopolies, on the contrary, to increase them, and at the same time to pretend that inflation can be eliminated within the framework of capitalism, this is absurdity. «The efforts» which the monopoly bourgeoisie is allegedly making to eliminate inflation are only demagogy, to throw dust in the eyes of the masses of working people, frauds which the lackeys of the bourgeoisie propagate in order to confuse the minds of the working class and of the broad working masses.

The masses of working people have risen in fierce class struggle against the worsening of their situation by inflation. «The distinguishing feature of this struggle,» said comrade Enver Hoxha at the 7th Congress of the PLA, «is the broadened scope of the demands of the working people which are more and more going beyond the bounds of economic demands. The strikes, protests, and demonstrations of the working people in the United States of Ameri-

ca, Britain, France, the Soviet Union, Poland, Italy, Germany, Spain, etc, which often end up in bloody clashes with the bourgeoisie and its apparatus of oppression, are striking at the very foundations of the bourgeois and revisionist rule» (Enver Hoxha, Report to the 7th Congress of the PLA, p. 159). In these class confrontations and battles, the proletariat is steadily strengthening its political consciousness, strengthening its conviction that the escape from the yoke of capital can be achieved only with the revolution and through the revolution. This is precisely why the tendency for a section of the working class to break way from the undermining influence of social-democracy and the revisionists is becoming stronger and why the new Marxist-Leninist parties and their influence within the ranks of the working class are growing.

### 3.

The reality is that inflation, like all the other phenomena of the crisis in the capitalist order, has an objective character and stems from its very nature as an order of oppression and exploitation. Therefore, these phenomena cannot be done away with, or even limited, within the framework of this social order. The measures the bourgeoisie takes from time to time against inflation are only a means for the defence of its own interests, to saddle the masses of working people with the consequences of inflation.

To this end, the monopoly bourgeoisie and the capitalist financial oligarchy are continually bringing out different theories, intended precisely to justify this policy of theirs. What is most striking in the efforts of the monopoly and government circles of the capitalist and revisionist countries, as well as among their ideologists and apologists, is that they do not come out openly against inflation, but endeavour to cover up its class essence and seek to find «prescriptions» so that it will develop in a «controlled» man-

ner, that is, up to that level at which it does not harm the profits of the bourgeoisie in the slightest. Thus, the bourgeois and revisionist ideologists accept that it is possible to live with inflation.

The present-day bourgeois theoreticians, just like their predecessors, try to identify the essence of inflation with its appearance, passing over in silence precisely what is fundamental and stems from the very nature and content of the capitalist social order which is based on private ownership of the means of production. One of the variants of the bourgeois theories on inflation is that of the identification of inflation with the increase of prices. Thus, among other things, some bourgeois ideologists raise the problem that inflation is an indication of the rise of the general price level, both in the cases when it develops at slow rates and in the cases when it develops rampantly, as is occurring concretely at present. Thus, they identify inflation with only one of its features, with the increase of prices.

However, Marxism-Leninism teaches us that we have inflationary price rises only when these are caused by the existence of excess banknotes in the channels of monetary circulation. If there is an increase of prices as a result of a reduction of the value of gold or of demand exceeding supply in the period of booming capitalist production, this increase of prices has no connection whatsoever with inflation. The effort to identify every increase of prices with inflation is done deliberately in order to show that, in the cyclical development of capitalist production, the transition from the phase of boom to the phase of the crisis is allegedly a consequence of the anomaly of monetary circulation. The aim here is to negate the objective laws of this process and to cover up the antagonistic contradictions of the capitalist mode of production.

The anti-scientific character of the bourgeois and revisionist theories is evident also in their definition of the causes of inflation. According to the bourgeois and revisionist ideologists,

the main cause of inflation must be sought in the increase of the workers' wages. This «theory» known under the name of the «wage-price inflation spiral» is intended to prove that allegedly raising the wages of labour leads inevitably to increased prices for goods, and that this process is repeated over and over again, leading to the «inflationary spiral».

The aim of his pseudo-theory is to damp down the just struggle of the proletariat and the other masses of working people in the capitalist and revisionist countries for higher wages in the conditions when they are being unscrupulously plundered by the monopolies. This pseudo-theory has its beginnings in the «theory of factors», which Marx smashed with precise scientific arguments a century ago. The supporters and propagators of this theory begin from the erroneous premise that the wages of labour, as one of the elements of costs, determines the level of commodity prices. Marx proved that such a thing is untrue, because the value of goods is determined by the socially necessary time required for their production, and not by the costs of production, which means that when the other conditions remain unchanged, alteration of the wages of labour leads to alteration in the profits of the capitalists, but never to changes in value, hence of price. Karl Marx emphasizes: «... the setting apart of this newly created value and its dispersal in the various forms of income: wages, profit and rent, does not in any way alter the limits of the value itself, of the sum of value which is divided among these various categories; just as a change of the ratio between these separate parts cannot change their sum, of this given amount of value. The number 100 remains the same, whether it is divided into 50+50 or into 20+70+10 or into 40+30+30» (Karl Marx, «Capital», vol. III, book 3, p. 323).

Hence, the «theory» of «the wage-price inflationary spiral» cannot prove theoretically that the increase of the wages of labour leads to inflation. In fact, it inverts the cause and effect relationships which exist in the real economic phenomena of capitalist so-

ciety. It is the inflationary increase of prices, which, in fact, causes the revolt of the masses of working people and their demands for increased wages, and not the reverse. Practice is the best proof of this. In all cases, the increase of prices occurs before and in very much greater proportions than the small wage increases, which the bourgeoisie is forced to concede due to the rising pressure of the proletariat. In fanning this reactionary pseudo-theory, the aim of the bourgeois and revisionist apologists of capital is to justify the worsening of the standard of living of the masses of working people through the implementation of the now notorious «wage freeze» policy, under the pretext of the fight against inflation.

The apologists of the bourgeoisie, in their efforts to cover up the real causes of inflation, have created other theories, too, for example Keynes' «prescription», according to which, in order to get out of the economic crises and to eliminate unemployment it is essential to make state investments, which will increase the demand for labour power, and that this can be achieved by means of monetary circulation, by putting more banknotes into circulation, hence of inflation. This theory has become widespread especially in the last 10-15 years. Thus, the British economist, A. Phillips, poses the question more or less like this: either inflation and a relatively good employment of the labour power, or unemployment and stability of prices.

It is not difficult to understand that in this case we have to do with a variant of the pseudo-theory of the «wage-price inflationary spiral», the aim of which is to sanction the profits of the monopolies, to cover up the essence of inflation and present the working masses, who suffer so much from inflation, as to blame for it. The existence and the increase of unemployment are determined, as Lenin emphasized, by the fact that capitalist production «... could not exist if there were no surplus population (that is, population in excess of the average demand of capitalism for workers), ready at any time to supply workers

for any branch of industry or enterprise» (V. I. Lenin, Collected Works, vol. II, pp. 195-196). The number unemployed does not depend on the level of inflation but, as Marx has pointed out, on the «absolute magnitude of the proletariat and the productive capacity of its labour» (K. Marx, «Capital» vol. I, book 3, pp. 115-116). In fact, inflation is the product of the decay of capitalism, of its increasing aggressiveness and parasitism. To seek to make causal connections between inflation and unemployment, wages and prices, as the bourgeois and revisionist ideologists do, means to distort the objective reality groundlessly, to present it upsidedown. The reality shows that even in the conditions of galloping inflation, unemployment, far from being reduced, has now reached its highest level since the Second World War.

Amongst the endless number of bourgeois pseudo-theories and trends on inflation there is also that «about collective conventions of wages». The supporters of this «theory» present the bourgeoisie as allegedly suffering losses from inflation and blame this chronic disease of the capitalist mode of production on the working class and the masses of working people, thus making further efforts to split them. According to this pseudo-theory, the cause of inflation is that the workers of some branches exploit all the possibilities of the market in order to secure the largest share of the income! The character of this pseudo-theory as an apology for capitalism is quite obvious. In fact, it is the capitalists who gain, while the working class suffers more, in periods of rampant inflation. Therefore the efforts of the bourgeoisie to divide the proletariat, by dishing up such pseudo-theories, cannot succeed. The powerful development of the struggle of the proletariat and of the masses of working people in recent times, shows that this struggle is more and more breaking free from the alien influences which hinder it in the realization of its aims.

The restoration of capitalism in the former socialist countries, the action of the objective economic laws of capi-

talism in the economies of these countries, accounts for the fact that, in the field of economic theory, too, the modern revisionists are dishing up and defending bourgeois theses, notwithstanding that sometimes they try to garb them with Marxist attire and at other times put themselves in the role of «critics» of capitalism, but even this is done only for purposes of demagoguery.

In their efforts to divert the attention of the masses of working people from the fact that the inflation, which is afflicting the whole Soviet economy, has its source in the military spending by the new czars of the Kremlin, the revisionist ideologists, in dealing with the causes of inflation, deny the fact that the main cause should be sought in the growth of military expenditure. According to them, it is the technical-scientific revolution, the influences of which appear only at first sight to be in the form of military expenditure, which allegedly is playing the role of «first fiddle» in the inflationary process today. This is downright absurdity, which practice refutes with many concrete facts.

In the course of their transformation into apologists for capital, Soviet revisionists have reached the point that they present and defend the standpoint that the causes of the present-day inflation in the capitalist world must be sought, allegedly, in the increase of prices for raw materials and energy. By linking the causes of the present inflation «with the dynamics of costs» and considering this index only in the metropolises, they show that they have departed completely from materialist dialectics. If we accept that there is an increase of the value of the material elements of costs of production, then, on the basis of the Marxist-Leninist theory, this rise of prices, consequent on the increase of value, is not an inflationary factor. However in the concrete case, we have to do not with increase of the value of raw materials, but with the legitimate measures of the peoples of these countries which produce these materials, to reduce to some degree the plunder by the metropolises. Thus,

this is a case only of the redistribution of profits among the metropolises and the producers of raw materials. And, since the metropolises do not agree to their profits being affected, they resort to their well-known method of raising prices, so that what they used to grab through buying raw materials at very low prices, they now make up through selling goods at very high prices at home and abroad. Moreover, at this juncture, the Soviet revisionist themselves seized the opportunity to raise the prices of the primary materials they sell to the vassal countries of Eastern Europe, in order to secure high profits.

In their role as champions of the bourgeoisie, the Soviet revisionists have gone so far as to adopt the bourgeois theory of «the factors of production», thus presenting the working masses as the culprits for the present-day inflation. For instance, after raising the thesis that the causes of the present inflation must be sought in the «dynamics of production costs» they stress that «the increase of the nominal wages of labour exceeds the increase of prices», therefore the inflation is acceptable. Thus, it can be seen that, according to them, in the conditions of capitalism, not only does the law of the relative and absolute impoverishment of the proletariat no longer operate, but the proletariat is «to blame» for the inflation, this chronic disease of the capitalist mode of production. This is the clearest demonstration of the bourgeois class stand of the Soviet revisionists, of their defence of the interests of monopoly capital.

The efforts of the bourgeois and revisionist ideologists to cover up the true causes and the essence of inflation, as well as the efforts of the bourgeoisie itself to extricate capitalist production from the crisis by means of monetary mechanism, have failed and will continue to fail. The only way to escape from the economic-financial crisis, which result from the antagonistic contradictions of the capitalist mode of production, is through revolutionary overthrow of this socio-economic system.