

development and oppose any interference by the monopolies in state affairs.

Development of international economic co-operation and trade exchanges on the basis of equality, for the benefit of all workers and peoples and on the basis of mutual and reciprocal advantages.

On the issue of International Women's Year 1975, a draft resolution urged metalworkers of the world to unite in the fight for the social, economic and political equality of working women, as part of the general struggle of the workers for social progress, freedom and peace. It supported the appeal of the WFTU for trade unionists the world over to promote equality between men and women, to give impetus to the total integration of women in the economic, political and cultural life of their countries, to extend their participation in the struggle for co-operation and friendship between peoples for peace and social progress.

May I compliment the organisers of the conference on the efficient manner in which the proceedings were effectively and democratically carried out, on the first-class facilities given to all participants in the proceedings, and the ideal conference centre in Vichy? The privilege of attending the conference has consolidated my confidence that the unity of the trade union movement throughout the world will progress further in 1975.

IS THERE INFLATION IN THE USSR?

Yakov Usherenko*

THE only time the Soviet Union suffered inflation was during the war years, when, straining its manpower, material and financial resources to defeat fascism, the country could not avoid inflationary processes. By the close of 1947, inflation had been overcome.

With the capitalist world beset by inflation, what are the factors in socialist society that make it possible to avoid inflation? Some Western politicians claim that inflation in their countries is caused, above all, by a growth of state spending. Yet in the Soviet Union state spending is also growing year by year. What is distinct about the Soviet state budget is that it has no deficit and regularly shows a small surplus of receipts over expenditures. The Soviet budget is balanced and stable because 90 per cent of its receipts come from the state and co-operative sectors of the economy. Developing according

* This article by a Soviet economist is datelined Moscow, January 10, 1975.

to plan, without slumps, these sectors guarantee the revenue side of the budget.

Soviet experience shows that the growth of state spending does not lead in itself to inflation. In the past three years the Soviet national income has increased by 44,000 million roubles, providing the opportunity to increase spending considerably in all fields—production, consumption and the further growth of living standards—the main task not only of the current five year economic plan, ending in 1975, but also of the longer-term future.

Under capitalism it is the ordinary family that suffers from inflation first of all because of rising consumer prices. According to the Common Market Commission report, in Italy retail prices have increased by 18 per cent and in France by 15 per cent. Attempts in these countries to freeze prices and to establish administrative control over them are ineffective.

The Soviet Union's experience over many years allows us to say with full confidence that prices are controllable if factories, banks, trade and transport belong to society as a whole and are used in the interests of all its members. The level of Soviet retail prices is determined at industrial and agricultural enterprises and depends upon production costs. Distribution costs are low in the USSR. In retail trade they account for $6\frac{1}{2}$ per cent of overall commodity circulation. In the Soviet Union retail prices of the staple foods, such as bread, sugar, confectionery, potatoes, vegetables, cereals and fruit, have remained unchanged for the past 25 years. As for meat, milk, butter, sausages and eggs, their prices have been stable since 1962. Rents in the USSR have not undergone any changes for many decades, although rent in our country is the lowest in the world, constituting, with heating, hot water and electricity and gas, 4-5 per cent of the family income. The most important thing in this respect is that the quality of up-to-date, well-appointed flats has improved immeasurably since the 1920s, when the current rent was introduced.

In the USSR prices are not something spontaneous. They are fixed by the state centrally and locally. The price committees and their local bodies, at national and republic level, not only regulate prices but also prevent violations in this field. The Soviet trade unions also control price formation. This is only natural as it is the trade unions' responsibility to guard the real wages of 100 million factory and office workers.

The real wage means that a person can obtain goods and services at unchanging prices, so that an increase in earnings means real

additions to the family budget and a real increase in the goods and services received, and is not devoured by inflation.

In the first three years of the 1971-75 five year period 31 million factory and office workers, or one in every three people employed in the Soviet economy, have received substantial wage increases. This process continues. By the end of 1975 more tens of millions of industrial and office workers will have higher wages. This growth of monetary incomes is a real increase in wages and a real possibility to increase living standards, to enjoy more material and spiritual benefits. Hence inflation does not threaten the Soviet Union, or the purchasing power of the rouble, in this respect either.

The socialist economic system is a reliable and permanent guarantor of the stability of the rouble. The Soviet economy develops without crises or slumps, its main advantage being the plan-based and proportionate development of production and circulation, monetary circulation included. Socialist planning is the balanced synthesis of the stocks of materials and labour which the country has at its disposal, a real programme for every consecutive annual and five year period. Economic and social plans are being successfully carried out because they have a realistic foundation. State spending is part and parcel of the yearly and long-term economic plans and is conditioned by state policy.

Paper money is issued by the USSR State Bank, which holds the monopoly in this field. The emission plan of the USSR State Bank is a constituent part of the national economic plan. The issuing of paper money is strictly regulated, and every rouble not only has gold parity but is also guaranteed by the entire property of the state.

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POVERTY

Alan Brown

IN capitalist countries, developed to the point of the mass production and consumption of sophisticated consumer goods, poverty is the social evil which most glaringly illustrates the class realities of a system based on exploitation. For this reason, concentrated efforts are made to disguise its existence and to explain it away in the most discreet manner possible. From 'the unemployed don't want to work', through 'the poor are feckless and ne'er-do-wells', to 'those in poverty have slipped through the welfare net', we have seen it all. In fact, however, poverty is a structural part of British society, and the numbers of the poor are increasing.

The condition of the poor is dissected, analysed, measured and pored over. All too seldom, though, is poverty seen for what it is. Rooted in the class nature of capitalism, it springs from the process of exploitation, which produces both rich *and* poor, the one being relative to the other. As Brian Abel-Smith and Peter Townsend remarked in *The Poor and the Poorest* in 1965 (in one of the passages chosen by A. B. Atkinson for inclusion in his selection* published in 1973):

In any objective sense the word has no absolute meaning which can be applied in all societies at all times. Poverty is a relative concept. Saying who is in poverty is to make a relative statement—rather like saying who is short or heavy.

But, more than that, poverty is a condition which can only be applied to divided, class societies. Its meaning is derived by comparing or contrasting it with its opposite: the poor stand in relation to the rich, the deprived to the opulent. At its heart is the uneven distribution of available wealth.

In her introduction to *Poverty, Inequality and Class Structure*†, Mrs Wedderburn speaks of 'relative deprivation' as being used 'in an objective sense to describe situations where people possess less of some desired attribute . . . than do others.' But this makes it a classless concept, and also a subjective one. It is not a question of being deprived of 'desired' attributes (for that matter, how many people's forced lack of education has killed the desire in them for

* *Wealth, Income and Inequality*, edited by A. B. Atkinson. Penguin, 414 pp, £1.

† *Poverty, Inequality and Class Structure*, edited by Dorothy Wedderburn. Cambridge University Press, 248 pp, £4.80.