

SOME ASPECTS OF ECONOMICS IN THE LIGHT OF PRESENT INTERNATIONAL CO-OPERATION

By BIANCA FIORENTINI

Of all sciences, the three most discussed in the world to-day are nuclear physics, economics and sociology. Indeed, over the radio and in almost all newspapers we find quite a good number of economic and social problems that are becoming daily more and more complicated owing to an ever-increasing population as well as to specialization of labour, technical improvement and, last but not least, 'atomic' progress.

Needs are numberless, and unfortunately man finds great difficulty in restraining his material wants within reasonable bounds, and so he finds himself tempted to act in the economic sphere seeking for an ever-increasing self-comfort regardless of the rights of his fellowmen.

It is hardly necessary to add that most people do not even understand the real meaning of such very important problems as Economic Rent, Power of Money, Wages, Monetary Inflation, Foreign Exchanges, etc. and often they do not care to learn anything about them. They seem interested only in the very problems in which they believe themselves to be directly concerned and try to explain them in accordance with their own interests and selfish appetites.

Economic and social problems are not a product of recent times, and it would be a deplorable mistake to think so. They have existed since the very creation of man as many rights, possessed by man by virtue of his human nature, are antecedent to the existence of the State. Gigantic technical progress and the 'atomic era' have only increased them in such a way that they become not merely local or national problems but definitely world problems. And what a vast improvement since the degrading days of slavery on which the social life of the ancient world was built!

As history teaches us, most wars, even in ancient times, were caused by economic problems. The immortal poem of Homer would certainly never have appeared, and we would have known nothing about Helen's wonderful beauty, had not economic reasons induced the Greek princes to make war upon rich Troy.

It is not even possible to ascertain whether the last two world wars were caused by the deep transformation of all economic structure that has been taking place since the first years of the century, or whether the

last two wars themselves marked the same transformation in economic and social problems. One thing, however, is clear: the enormous improvement in the quantity and quality of production owing to the gigantic technical means that are now at our disposal (let us not forget the wonderful changes in industry as a result of the progress registered in the atomic field). This improvement has radically changed factory structure in all its branches, and most especially all social problems connected with it, and many unforeseen problems have risen which were unthought of some years ago.

No wonder, then, if to-day economic and social problems have become so enormously important, so colossal and so evident as to make anxious all rulers who sincerely care for the welfare and happiness and freedom of the peoples, as well as for a fair distribution of wealth though, of course, there have always been rich and poor people and, no doubt, there always will be. Even the Pope has given His advice many times on many social problems, always exhorting peoples to work for that peace which fills the heart joined in friendship with God.

But, strangely enough, there are rulers who promise heaven on earth through the destruction of the natural rights, dignity and individuality of the human person. All the mechanical workings of paper theories and plans for further wealth which is to them synonymous with human happiness, seem more suitable for improvement in the life of the lower animals than in the life of men gifted with personal intelligence. Every man wants, above all, to be free in the use of his human faculties and not to be treated as part of a legal system. By the gift of intelligence man can investigate nature and understand truth, and by the gift of free will he has the power to direct his own conduct. It is precisely because of this fact of human personality and dignity that all forms of totalitarianism must be condemned. History shows that totalitarian states nurse within themselves the seeds of their own destruction.

There is still to-day a large number of social reformers who see the need for government intervention and control in every branch of production and preach a policy of reform. They forget there are moral laws that circumscribe economic, political and social activity, and if Economic Individualism may lead to the concentration of wealth in the hands of a few, the unlimited supremacy of the State over the individual leads to the denial of human rights and freedom, dignity and happiness. Government intervention would certainly not be the true road to a more efficient production since only the motive of profit and well regulated private enterprise remain the greatest stimulants to invention, efficiency, progress and increased production. Where private enterprise is abolished, there is need

for a whole army of paid officials employed simply to watch the others working! And with the disappearance of private enterprise, thrift, variety and progress will disappear, too. The duty of the State is to stimulate and watch industry and not to usurp the rights, nor to perform the duties, of the individual.

The right to private property must remain, but the responsibilities of ownership must be recognised; labour has its rights but it must have its duties: it has the right to a family living wage as well as to all those social facilities concerning its welfare; it has, however, the duty to work conscientiously for its masters. It is necessary to add that all the material prosperity of a country is involved in the national economy and not merely in the well-being of certain industries or classes of people, be they owners or workers. For instance, to lower or raise wages to the private advantages of only one class in the community and with no consideration of the common good leads, of course, to struggles and is an act definitely contrary to social and economic welfare.

Through the study of psychology, history and the observation of facts, Economic Science examines the needs of man, how best the goods to meet them can be produced and distributed for consumption, and the human conduct in their production and distribution, but it does not teach us the morality of any particular action. Economic Science, then, has nothing in common with the laws laid down for political reasons by rulers of states, and this explains the violent opposition nursed by a great number of persons to the laws of Economics.

But as social life becomes more complex, the Government tends to play an ever-increasing part in the life of the individuals and it would be foolish to deny that in a modern industrialized state and in the exceptional conditions of the world to-day, the State has wider rights than in normal times. So there is need for a fresh social start and for principles different from those which guide the economy of the countries.

Deeply connected with all economic and social problems, especially in the 'atomic era', are international relations. The bonds of solidarity which lead families to unite into townships, and townships to group themselves into states, and states to form an international community have been formed progressively according to circumstances in order to promote international co-operation and to achieve peace and security through a combination of interests. No country to-day can afford to ignore international problems and co-operation — so close the interdependence of people is — unless it is prepared to adapt itself to a very low standard of living. Indeed, nations are so closely connected in their daily lives that the peace and prosperity of any one of them is bound up with that of all.

Economic and social problems, therefore, cannot be solved by single countries.

Experience teaches us that the forces engaged in the production of goods are still unable to find a common basis of agreement within single countries in the general economic sphere, in accordance with the most useful principle of co-ordination in view of the highest efficiency. This is not an abstract principle; it is a general law of nature, daily practised and found true, not only in the limited economic sphere, but also in the most complicated productive form of societies. The improvement of human communities depends upon the inevitable process showing a tendency to co-operation, and on the will and possibility to develop co-ordination in the world. The history of all social progress is the result of this laborious process of civilization that stimulates individuals and peoples towards a co-ordination of their intellectual and material activities more and more in the world sphere.

It must, however, be admitted that it is quite impossible to reach a perfect co-ordination in every branch of economic activity, nor is it possible to have such a co-ordination in economy as a whole. Indeed, no perfect balance is possible either in human life or in the economic and social life. Man must aim at reducing to a minimum all possible future obstacles to attain maximum efficiency in satisfying his basic needs. Even in this case, it would still be absurd to pretend that all perturbations in economic life should disappear. Co-operation will help man in guiding industry to those sectors where it is most needed; this, of course, will only limit the crisis that may result from a new industrial revolution.

In accordance with the political and juridical aspects, the agricultural and industrial production, and the moral attitude of each country, co-operation may assume different forms. What is essential is the effort towards co-ordination of all factors of production and the need for the organization of each industry in order to discover the facts upon which production is to be based. Good effects will be manifest after the international community, in order to form a collective entity, has undertaken to bring about its improvement through the co-ordination of all economic forces which are at present not yet put to use. The most efficient use of any of them will depend upon the means of the others. The world economic structure is to-day made up of particular unities still in formation having a surplus, or a deficiency, of one or more factors of production. This surplus, or deficiency, renders fruitless a part of the complementary factors of production, and as a result there are great residues of unused economic activity and often the destruction of wealth itself.

Different attitudes towards production in different states are positive

factors of co-operation, which otherwise would be seriously handicapped, and perhaps rendered impossible, if there were uniformity of productive factors. History teaches us that some countries are economically stronger than others, simply because they can provide for the needs of the population, thanks to the multiple regional resources and thanks even more to intense and more complex economic exchanges. By its unequal distribution of capacities and resources, the order of nature has clearly shown its desire to bring about an active system of exchanges among states which are profitable to all.

The most useful employment of the labour forces in production is one of the most important problems to be taken into consideration, since a common good is achieved through the division of labour with the consequent possibility of cheaper goods and a higher standard of living for all. There will always be, however, some unemployed, either on account of personal disability, or seasonal occupation, or on account of occasional nationalization in some industries. We must not forget that labour availability can be realized even in a country with a fully employed population: it is, then, an 'economic' availability. This means that masses of people may be employed in other capacities better than their own to the common advantage.

A serious difficulty arises, of course, in deciding what should be paid for making goods and how many of them should be made. The first point is economically very important because, unless it is seriously taken into consideration, stocks will accumulate and unemployment will result. The wrong distribution of purchasing power leads, in fact, to unsalable surplus products and consequently to unemployment.

The chronic evil is not so much over-production as a wrong distribution of the world's goods largely due to insufficient purchasing power. Co-operation is necessary because the prosperity of a country cannot be conceived in isolation from that of other countries and, internationally, the prosperity of the community of nations is measured by an equitable distribution of wealth. It would be utopian, however, to suggest that the incomes of people should be equalized for it is necessary to realize that creatures have different talents and should, therefore, have different rewards.

In the past, too, states were obliged to seek some means of collaboration. Much was effected in the cultural sphere; little, however, is recorded in the economic, and still less in the political field. Even before World War I the pressing need for a precise organization of states was felt and it was found still more necessary after the terrible catastrophe. The League of Nations, set up by treaties in 1919, was nevertheless, not

completely able to ensure the respect for the rights of nations.

Here it is worth noting that many international problems remain unsolved for States are inclined to withdraw behind the walls of their sovereignty and to erect artificial economic barriers, exchange control, blocked accounts etc. in the attempt to isolate themselves, suspiciously watching one another. Still, nations form to-day parts of one great economic unity. This is not a transitory necessity; it is the result of market integration. International market is to-day what some decades ago was a national market, that is, the meeting of regional markets brought about by technical and social forces. In this way, but in less time, the same forces are operating with a far more intense rhythm under the impetus of improvements and inventions. A greater co-operation than in the past is needed so that single countries may be economically integrated while at the same time their political autonomy is safeguarded.

In practice inter-states relations are extremely complex: obstacles are obvious and numerous. Different states have different problems to solve: native traditions, customs and ways of living, political prejudice and diffidence. Military collaboration, International authority and, especially, natural rights and sovereignty raise numerous difficulties, too. Some of them have been overcome by progressive forms. International arbitration, for instance, attacks the principle of national sovereignty in order to conciliate it with the necessity for the interdependence of markets. It becomes, therefore, more urgent to study the different traditions and ways of living of the different peoples, so that, through practical experience, clear ideas may be formed of how to improve the machinery of international co-operation without prejudice to the natural interests of the different peoples.

The complex political situation in Europe, to-day more than ever before, calls for some form of collaboration among European countries in an effort to limit, and possibly solve, economic and political problems. The field of co-operation in Europe is big indeed when we take into account the future problems connected with a close co-operation in the cultural, social, economic, military and political spheres. The United States of Europe will be the outcome of such a co-operation among all European countries.

The idea of a Confederation of the States of Europe has for long been strong in noble minds. Even Dante cherished such an idea. And in 1845 Gioberti observed: 'Europe is in a wide sense what Italy is in a limited one, that is, a group of many states that are in need of a reciprocal union (without, however, losing the individuality) of which they possess the seeds' .

No doubt the co-ordination in production and the free exchange of capital, labour (not excluding experts) and goods among the member-states will greatly contribute to the economic development of Europe. This will help to induce the investment of additional capital and, consequently, it will favour a higher employment and an increased demand for consumption goods. What is most necessary is the need that capital and labour be used in the more productive economic fields where it is possible to reduce human monetary costs. Mistakes and discordance must be rectified; all waste of energy and capital must be removed and a proper adjustment of the various commercial policies must be negotiated in a spirit of equity and justice.

Serious production difficulties, nowadays, are due principally to tariff policy, exchange control, trade customs and variations in transport charges. There are also different effects on costs that depend upon different quantities of goods produced. Among the member-states a harmonious division of labour must be established in order to place the resources of each member at the disposal of the others. The exchange of raw materials, labour and services must not be weakened by political motives. It must aim only at the attainment of the greatest utility in the economic field. The same criterion is to be followed in the case of the other factors of production. Capital direction should be free from political fetters to attain economic purposes. The complete mobility of instrumental goods will only improve through a custom policy knowing no barriers. In fact, a close solidarity and the mutual assistance of the member-states demand that the barriers placed to the free circulation of the factors of production should be removed or, in certain circumstances, reduced to a minimum.

Through the exchange and inter-communication of material and spiritual wealth there will be a real progress, still more effective and fruitful among the member-states of the Federal Union. For a state would disturb a stable order if it aimed at the right to use its national heritage only for its own convenience, by leaving its natural resources undeveloped or refusing to place them at the disposal of the other member-states. Mass production may have more or less immediate repercussions on this or that country and lead to a beneficial and efficient equilibrium of single member countries.

The possibility of putting into practice the new economic arrangement must take place gradually in view of an improvement in the social life of the community, and special studies must precede every action in order to bring about, in conformity with its spirit, the modifications rendered necessary by new circumstances. A transitory period should, therefore, be limited only to the compliance with the useful bonds of the complementary

factors.

An increased industrial power and a reduction of production costs, owing to a more rational arrangement, will offer the Common European Market the possibility of finding the outlets for its surplus industrial production in undeveloped countries. In this respect, African and South American markets are to be taken into special consideration. At the same time, European countries will be able to supply themselves with the raw materials indispensable to their industries. A fair co-operation will then be attained that will assure both the progress of European industries and the start in the development of backward countries that will be able to reach gradually a level of existence more in conformity with the modern technical process of material development. There will be, of course, hard problems to overcome — political, economic and financial — but they will face a strong economic organization, that is, the Common European Market resulting from the co-ordination and co-operation of all economic forces of the European States. A well-organized Common European Market will be the best inducement for an economic and political world co-operation, because not even a strong European market is expected to develop fully its possibilities without co-operating with the wider world market.

Order and peace demand every effort in order to attain a just equilibrium of the commercial exchanges and a fair division of the market among the member-states. Therefore, even without widening this study to that integral co-ordination of economic forces to which present and future events will induce the union of the peoples of Europe, a common action will have to face tasks — public works, for instance — somewhat out of the ordinary, implying certain criteria about co-ordination, to which rules of the rigid interests of industry may not apply.

The first steps for a co-operation among European states have been already successfully overcome, though at the beginning the agreement had to be restricted to a limited number of European countries owing either to political reasons that debar admission to many states, or to the refusal of others, as Great Britain.

In order that strong and lasting results may be achieved, there is need for a far greater mutual integration that cannot, of course, be immediately reached. Still, under an ever-increasing pressure of economic, social and political reasons, a new European conscience is in formation to-day.

So that the legitimate interests of the member-states may be more equitably harmonized, all purposes will have to be attained by degrees. This task demands patience and, especially, continuity. Everybody is quite aware of the complex nature of European states and of the great obstacles standing at present in the way of such a co-operation owing to an enor-

mous variety of situations and circumstances. Once the economic welfare of all is to be safeguarded, it is necessary that the intricate relations between states be studied as one problem on a national scale of just objective values. In order to prevent the unity of the Confederation from being broken up, any move which may appear directed against any one state must be carefully avoided. In laying down the principles which must govern collective life and mutual relations of the member-states, it is necessary to take into account, as far as possible, the actual form and most pressing needs of each state, as well as to provide for its security, taking all the measures of self-preservation and defence that are required to safeguard its physical and moral integrity.

The necessity of governing the European community by treaties and pacts is clear at the present moment. A political and economic unit, made up of several nationalities, must respect the rights of national groups to pursue their own culture, to preserve their own tongue, to enjoy the same rights. These rights cannot be denied. Though in certain circumstances the governing body of the community may advise and even oblige one or more member-states to make certain sacrifices, it can never, on its own behalf, allow any of them to jeopardise the rights of the others. Nevertheless there are limits. When the good of the community requires it, every effort must be done in order to persuade countries to make the opportune concessions.

A juridical organization setting down in written agreements the mutual rights and duties of the member-states will be indispensable. But as peoples themselves are more insistent upon their social needs being met than on any set of constitutional rights being declared, it is necessary first to proceed to meeting the specific social and political needs as they arise instead of elaborating institutional formalities. The juridical constitution of the European Confederation will then accompany and not precede economic co-operation. Contractual laws will gradually replace customary laws. In fact, in all juridical institutions it is better to look forward to events and to a sufficient practical experience that will provide the right suggestions. What is then necessary is to promote this experience directed to renew the economic apparatus in accordance with the new needs. New facts and new experience will converge from different sources by degrees, together with the co-operation among the member-states.

Justice demands that the contracting countries should share equitably the advantages and burdens; for nothing else but security against disorder and injustice will procure for each state the most efficacious means of contributing towards the common weal. A real spirit of good will and understanding should inspire the transactions among the member-states.

Moral principles are unchangeable, since they are based on the very nature of man; but needs change in accordance with the varying contingencies in the life of men and communities.

The work already done, especially during these last months, goes a long way in inspiring confidence in the Common European Market and strong hopes in a healthy economic future of the organization.

International life is dynamic and, therefore, calls for a stability which can include revision: the age of formal declaration of rights is being superseded by a pressure for social changes. Experience teaches us that the law which governs the relationships among nations is improved by the gradual substitution of rational and just rules for the imperfect ones long sanctioned by customs and tradition, even if the new law is set up on the ruins of the old, violently destroyed for not meeting spontaneously the needs for a constantly progressing social life.

In the tumult of passions that agitate the world in which we live, in order to lead the masses to a better appreciation of the necessities of international life, a strong, clear, educational effort is necessary for which certain categories of citizens will be more responsible, and therefore ready to prevent many unfortunate conflicts from taking place.

Teachers have a very important task to fulfil in this respect. For it is certainly their duty to teach their pupils those virtues which will make them good citizens; but they are equally bound to teach them the duties resulting from a closer co-operation among the people. And those who have undertaken the difficult task of guiding public opinion must abandon all false prejudices and hostilities between classes and point out the benefits of concord and peace as well as social order and morality. Without social order there can be no stable prosperity, without morality there can be no true order.

In the immense struggle that lies ahead, man must first reorganize society and renovate its spirit because, if it is true that production is a prior activity in time, for man must work before he eats, thought must precede ordered action far more than manual labour in the scale of human activities. If material force is indispensable to authority, the same force is subordinate to the end of society which derives itself from reason.

In the policy of the states and in the life of the nations, economic problems should not usurp, as unfortunately they often do, the position that belongs to the forces of the spirit in the amelioration of human society. No legislation will ever be able to ensure a world wide prosperity unless technical reforms are accompanied by moral renovation.