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"After all, Peace isn't such a terrible thing." An American financial journal was obliged to resort to this phrase to restrain the fears caused by the prospects of the termination of the cold or hot war in the production world. In reality the fear of an inherent economic crisis with a period of calm is not altogether factitious. It is, therefore, important to examine carefully and prudently the possible consequences of a policy of calm on economic productiveness of the world.

In order to appreciate such consequences, or better the direction of the variations determined by them, it is necessary to get an idea of the existence of some of the tendencies and characteristics of the modern world susceptible to influences such revenue and in turn to be influenced by it.

1) The first thing is the enormous inequality in the distribution of revenue and the welfare between different peoples and continents: from this point of view, the countries of the world can be divided into 3 big categories, according to the annual amount of revenue per capita of their respective inhabitants.

One category, to which the U.S. and Canada belong have an average revenue of between 1,300 and 1,800 dollars <sup>per annum.</sup> A second category which includes almost all the countries of Western Europe, Soviet Russia and some countries of Eastern Europe, have an average revenue of between 300 to 1,000 dollars per year.

Lastly, a third category with an average revenue less than 250 dollars per annum. Two-thirds of the population falling into this category, have a revenue of not more than 100 dollars a year. This category embraces hundred and hundreds of millions of men and all the countries of Asia and of Africa.

There is therefore, in the world, a group of very poor countries which, although their population reaches two-thirds of the world's population, has only a seventh of the total world revenue while the group of rich countries, which have a population of one tenth of the world population dispose of 56% of the world revenue and finally a group of countries with medium wealth, corresponding to 23% of the

population of the world, which disposes of 29% of the world revenue.

2) The very bad distribution of wealth is the cause and, at the same time, the result of an enormous inequality in the development of the various groups of countries. In fact, in the first category (average revenue between 1,300 and 1,800 dollars) the total wealth reveals an increase of 30% every 10 years (except the Soviet Union where the rate of increase for well-known reasons, is very high), whilst for the third category (revenue of 250 dollars) the increase is not considerable and for the countries having only an average revenue of 100 dollars (which are two-thirds of the category, as has been stated) it would be senseless to talk of an increase of wealth for at such a level of revenue, wealth does not increase at all. However there is not only a great difference in the welfare of different peoples, but also an enormous difference in the degree of development of the various categories, and finally, a radical tendency towards the augmentation of such differences in such a way that the rich countries become richer and the poor countries ever poorer.

3) The revenues between the categories of rich and poor countries reveal their most interesting aspects in the fact that the first to feed their ever-growing industries, need an ever-growing available amount of raw material, but the raw materials needed for the continuous development of the industries of the rich countries, are largely produced in the poor countries. If the poor countries, instead of limiting themselves to the production of raw materials from their agriculture and their mines to give to the rich industrialised countries, encouraged a policy of industrialisation, transforming on the spot their raw products, the highly developed countries could not increase the productive superiority indefinitely, they would lose the monopoly of the products of the industry and of the technological services. There would result a violent tendency to stabilise between the rich and poor countries a relation of colonial subjection which does not always and not necessarily wear the exterior form of political and military domination, but to which

one nevertheless has resort to, once the menace of a movement of emancipation presents itself in the poor countries, a movement which being necessarily based on a policy of development and in consequence, industrialisation, tends inevitably to subtract from the rich peoples the available raw materials necessary to make them even richer.

This tendency reveals itself as one of the evils of force more decisive in international political and military relations and appears in a thousand ways as soon as one analyses a group of phenomena which all agree in confirming its existence. It is sufficient to compare the conclusions of the PALEY report on the foreseeable needs for American industry in the next 25 years, with the availability and the distribution of the production of raw materials between the various parts of the world such as has resulted from the UNO enquiry.

It is enough to consider the composition of North America's imports which tend to augment, but with a relatively increasing proportion of raw materials compared to manufactured materials: 20 years ago the importation of industrial products represented 20% of the total imports of the U.S., today it only represents 10%. One has only to consider the total and the kind of North American investments in the countries producing raw materials such as, for instance, those countries of Latin America where the U.S.A. already in 1949 invested the amount of capital that they invested in the rest of the world together and which they invested essentially in the section producing raw materials, one has only to consider that the profits of filial private American firms in Latin America, the Middle East, Western Europe and its colonial dependencies in 1951 totalled more than 2 thousand million dollars, i.e. half the dollars paid in during the same year by the American government to all the assisted countries ... etc. etc.

What, therefore, are the foreseeable consequences of a calm on international relations on a world dominated by the tendencies and characteristics which have been shown above? They depend on the size and depth to which this hypothetical calm could take. In order to give these forecasts a realistic content, I will limit myself in the hypothesis of a "period of calm" in the narrow <sup>sense</sup> ~~limit~~ of the word

and not to a basic system of the problems actually in suspense; a period of clam which would be the first phase before leading to a real peaceful solution. This phase would be marked mainly by the cessation of the policy of re-armament and by a more or less gradual but successive reduction of existing armaments as well as a diminution of the obstacles which are in the way of international trade between countries with different economic and political structure, while waiting for the abolition of these obstacles.

A reduction in the policy of disarmament would liberate a fairly large part of productive capacity which would be transferred from the actual sterile armament employment, to the production of goods for equipment and consumption. Taking into consideration the fact that expenses for actual armaments reached (in the U.S. alone) the figure of 70 to 80 thousand million dollars, per annum, it is easy to understand the enormous influence its reduction would have, even if it were only slight.

It is necessary, however, in order to translate all this by an augmentation of wealth and welfare, that the political and economic direction of the different countries have the capacity, the means and the will, to see that the change from an armament's economy to an economy of consumption, is done with the minimum amount of expense for the collectivity, in order to avoid a period of depression and even regression.

Such a danger does not exist for the soaring economies of socialistic countries but it exists in countries with capitalist economies and suffices to explain the pre-occupations which exist in such countries on the subject of the "loosening of peace". To tell the truth, the elimination of such a danger depends essentially on the U.S. not only if one considers the importance of its economy and of its actual military expenses but also because of all sorts of influences of the American surmiser on world economy, in effect a consumption reduction of only 1% in the U.S. According to an extensive inquiry during the period 1930 to 1949 inclusive, would provoke a reduction in their world imports of  $\frac{1}{4}$  of their total and a reduction of  $\frac{1}{3}$  of their total in their sterling imports; a period of

recession in the U.S. could lead to a period of depression which would be much greater in size than even in the country in which it started.

On the other hand, one cannot suppose that the new stock of means of production and of consumption made available by the reduction of arms could be absorbed by internal consumption when the difficulty of making the consumption growth follow the growth of production was one of the determining elements of the policy of rearmament; what is more the industrial economy of the U.S. is in the "ripe stage" of capitalism as it is called in which the real flux of national production is constantly set down below potential flux, which causes if internal outlets are not found men and machines to be idle. According to reliable estimations, it was only the intense rearmament caused by the Korean war, which prevented the formation at short notice of enforced idleness which risked affecting 100 of millions of American workers.

The new outlets ought rather to orient themselves towards the financing of the development of poor peoples: I have mentioned above the existence of countries where hundreds of millions of men have barely a salary of 100 dollars a year and per capita, that is too low to allow such a development and for which it is impossible not only to calculate but also to seriously imagine such a rate of increase of the national wealth, but according to the calculations of Professor Rosenstein-Rodan, an American policy which tends to augment the wealth of such countries be it only 16 per year, would determine a stream of investment of the size of 4 to 5 thousand million dollars.

Such a policy could create a demand for industrial products by assisted countries for European industry just as it could constitute (for European industry) a market of 800 to 900 million dollars per year, the creation of such a market, together with even a partial resumption of trade with Eastern Europe and China would resolve the problem of the balance of payments of western Europe, much better

than the problematical policy of "trade not aid".

The interest that not only Continental Europe, but also that the British Commonwealth would find in such a policy must be emphasised it is enough to think that today about 50% of world trade both evident and unknown is still carried out with the round sterling. It is in the interest of the world to see that the dollar does not support the pound sterling even more and so assume the monopoly not only of trade but also of the monetary means necessary for such trade. The policy of calm offers a perspective full of promises for the commonwealth and for the reasons stated also for Europe.

Such solutions are henceforth universally accepted as being the only effective and correctly concretely possible ones. Possible does not always mean spontaneous nor easy, that is why it is good to realise the nature of the difficulties to be surmounted their realisation.

A series of difficulties is related to the nature itself of the organs of direction of this new policy. American industry has become more and more bound up in the road of armament production, the easy, secure, high and constant profits which are only secure in an industry for war, are a powerful obstacle to the abandonment of such an advantageous path, either directly or indirectly because the augmentation and the security of the profits have profoundly altered the structure of the financing of the industry; the financing of the motor industry which the level of profits allowed, has reached an enormous importance during these last few years and the financing by means of compulsory securities with steady returns by the provision of secure and steady profits has gained the upper hand on ordinary forms of financing by means of shareholders securities with varying profits. These two elements conspire to diminish the elasticity and in consequence the possibility of an adaptation of the industry to different conditions and increase the power of the actual directing groups of big industry, that is the power of the monopolies and at the same time as their economic powers their political power as well. This explains

sufficiently the hostile attitude to a policy of calm of certain guiding American Industrial firms and of the political organisations which they control.

A second series of difficulties arises from the private form of American economy and from the deficiency or leth of public organs not only of planification, but also of direction; a big decrease in the manufacture of arms, even if partly compensated by new outlets, would easily create a serious laying off where evolution should be left to spontaneous forces. It appears therefore indispensable that a determined and direct intervention be made (and not only direct and stimulating) by the state, something against which American society is more repugnant than the necessary intervention of the state which would relax around intervening measures a sharp class struggle.

It is not in my line to examine in detail the kind of public intervention which is more efficient: it suffices that I have shown its necessity. That is why I shall abstain from examining the economic consequences of an international policy which would go beyond the simple period of calm and which would arrive at a permanent solution of the existing contradictions between the world powers, a policy which besides must necessarily pass through the phase of the period of calm. However, even in a world would not be menaced any more by the imminent danger of war and which would have found the path of true international collaboration, the path to follow is not naturally different but only in dimensions in relation to the one planned for a simple period of calm, it is only a question of multiplying its importance and efficiency and of adopting it to the conditions of a resumption of trade on a large scale between the 2 worlds and to the great possibilities of international collaboration even in the economic sphere.

I am far from thinking that a determined and conscientious policy of these conditions and aims oriented in the direction of the development of countries of poor production will not determine a profound modification of actually existing relations between the capitalist and colonial and semi-colonial

worlds, neither, nevertheless, that it will be possible without previous acceptance of the inevitability of such a modification.

But this only demonstrates one thing, that the maintenance of the status-quo is from henceforth incompatible not only with the development of liberty and the defence of peace, but also with the economic progress of the world, and that in consequence it would be a dangerous illusion to think that peace could be bought by the abandonment to their fate of the oppressed countries. The aid which international co-operation could give them must not in any case cover up the character of exploitation and of support in the relations of classes which are out of date. Industrialisation and not only agricultural and mineral exploitation. The liberation and development of oppressed peoples represent today by all evidence an essential condition to the development and the equilibrium to a higher standard of world economy.

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**TREASON TRIAL, 1956 1961**

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