

SPEECH BY THE RT HON. ROY JENKINS PRESIDENT  
OF THE COMMISSION OF THE EUROPEAN COMMUNITIES  
20TH ANNIVERSARY OF COPA/COGECA/CEJA  
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Mr President de Caffarelli, Mr President Maher, Mr President Böge, Ladies and Gentlemen,

It is a source of pleasure, but also of trepidation, for me to address your anniversary gathering here this morning. This is the first occasion that I have had the opportunity of addressing the agricultural organisations at the European level. Before coming to the Commission, my experience of dealing with your problems was principally that of a finance Minister, a background that you may not find wholly reassuring.

Since I have been at the Commission, my understanding of agricultural problems has, I think deepened, and improved. At the same time, my respect for the work of the agricultural organisations has strengthened. I am therefore delighted to pay tribute today to your twenty years of work. My colleague Finn Gundelach, who is more specially responsible for your affairs, joins me in that greeting. You, Mr President of COPA, and your predecessors, have carried out a remarkable task in nurturing and shaping the common agricultural policy, through your continuing dialogue with the Community institutions. You in COGECA have greatly advanced the opportunities for farmers through your efforts for cooperation; at the same time your activities have helped to support and implement the agricultural policy; and you have contributed notably to regional economic development. For its part, CEJA has done outstanding work to promote the cause of young farmers. The future of Europe's agriculture lies in the hands of the young. It is on their education and training that progress must depend.

I salute therefore the success of your three organisations, each in their own field; and in saluting the work you have done for agriculture, I add a special word of praise for the work

you have done through agriculture for the wider cause of European unity. We hear from time to time today the discordant, even strident, tones of partisan and national interest. But you in the agricultural organisations have always pointed to the wider and deeper interests of Europe as a whole. It is proper that you Twentieth anniversary year should see the advent of direct elections to the European Parliament, an event that will strengthen and validate the political ideal of Europe to which your organisations have rendered such honourable service.

In the time at my disposal this morning I want to touch on some aspects of agricultural policy that are a matter of interest and debate. But, first, I must speak of the European Monetary System. It is no secret that the Commission was greatly disappointed at the failure to introduce the new monetary arrangement on the first of January this year. A system that can lead to greater monetary stability, to higher demand in the economy and to lower inflation, offers us all the chance of a better future. You in the agricultural sector realise, perhaps even more than others, the way in which divergent moneys have in recent years frustrated our aims of economic stability and progress in the common market. You in the agricultural sector have so much to gain from a new monetary framework, in which monetary compensatory amounts can be better avoided and finally eliminated from agriculture. It would therefore be an unhappy paradox if agri-monetary problems continued to block the advent of the European Monetary System.

I myself do not believe they will. It can only be a matter of time - and, I trust, a short time - before the EMS will be introduced. I am optimistic that, on the basis of our latest proposals, the Council of Ministers will reach an agreement on the outstanding problems. For eliminating future new monetary compensatory amounts, the Commission has devised what should be an acceptable system of what we may call 'controlled automaticity'. For the existing MCAs, we advocate

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progressive elimination over a short period of years. Europe has more than once seen how the Agriculture Ministers have been able to create success from apparent deadlock. We have the right to demand again that the Agriculture Council, and not least the Presidency of the Council, should assume their responsibilities and reach a fair and durable agreement very soon, and if possible at their next meeting. If they fail, and if the European Monetary System continues to be blocked, history will judge the Council severely.

At the last meeting of Heads of State and Government in the European Council, in December, I presented on behalf of the Commission a report on the future development of the common agricultural policy. You and your members, Mr President, will be familiar with the central themes of that report. The Commission took the view that the Community should follow a prudent - in fact, a rigorous - price policy for as long as is necessary to rectify the market imbalances from which we have been suffering. For the coming season, indeed, we proposed a standstill in the common prices. I want to devote a few minutes this morning to explaining to you the underlying reasons why we came to this conclusion.

We did not do it simply for the benefit of the consumer or the housewife - though obviously the Community must take reasonable account of their interests in its decisions on agricultural policy. We did not do it for the benefit of certain sections of society, or of certain member state. We did it for the reasons which must always prevail with the European Commission - that is, in order to preserve and safeguard the common policy, in the long-term interests of the Community and of agriculture in particular.

I am absolutely convinced, both by intellect and by political instinct, that the greatest threat to the common agricultural policy today is the existence of increasing surpluses, and the increasing budgetary costs to which they give rise. Let us be under no illusion that the growth of FEOGA from 4 billion units of account in 1973 to 10 billion in 1979 can be ignored. This is a huge proportion of our Community budget.

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With increases in production for the main products, combined with virtually static consumption, there is every risk that expenditure from FEOGA on surplus disposal will rise to such levels that fundamental changes will be forced upon the agricultural policy.

You, as responsible agricultural organisations, must be prepared to accept the logic of the situation. We in the Commission have drawn the conclusion that the proper way to handle the problem of market imbalance is through the price mechanism, in order to safeguard the system of guaranteed prices. After all, what distinguishes the agricultural policy from policies in other sectors is that there are mechanisms of active intervention and support, so that farmers are largely protected from price fluctuations caused by climate or economic circumstances. You have a great privilege with this system of guarantees. Do not let your short-term interest in increased prices put at risk the long-term future of the system.

In concentrating on this problem of prices and markets the Commission is not abandoning the income objectives of the agricultural policy. It is in no way an attempt to escape the Community's obligations under the Treaty.

On the contrary, it represents a growing realisation on our part that, in a modern agricultural economy, price policy alone cannot satisfy the objective of assuring incomes for farmers that are fair and comparable with other sections of society. I do not want to engage here in the discussion, which is currently so active, about what can properly be called agricultural net income, how it has developed over recent years, and what represents a comparable income. I do not pretend they are not important questions. But the main point which I put to you is that it is not the present price policy, or any other price policy - even if we increased common prices substantially each year - that is going to solve the very real problems of low incomes on small farms. They are structural and social problems, not price problems. Higher

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prices would not only aggravate our surpluses, but intensify the income disparities that already exist within agriculture itself.

We have therefore begun to develop further, in our latest price proposals, some important elements of the agricultural policy. First, there is the completely remodelled coresponsibility levy for milk, framed in such a way that the income problems of small enterprises are explicitly taken into account through a system of exemptions. Some would argue that the exemptions are wrong, and that the levy should be applied to all producers. Yes, we could do that. But it is obvious that, to respond to the social problems of small farmers, we should then be obliged to give them direct aid in some form or other - precisely the same result as is obtained by our present proposals.

The second element is a greater emphasis on structural policy. Already we have taken new steps for Mediterranean agriculture, and we have made it clear that public aid for structural improvement should not be allowed to aggravate the problems in surplus sectors. This year we propose to make the benefits of modernisation grants available to more of the small-scale farms which have hitherto been excluded. We want to concentrate the aid on regions that are less well-developed, rather than disperse it generally as at present. We want to go further, and subsume agricultural projects in the wider regional economy through integrated development plans in rural areas.

I believe that is how we can best make progress in reducing the wide gap between the different agricultural regions of the Community - an aim on which I laid particular stress when I became President of the Commission. Economic and social events of the last two years have not made things easier. But the Commission is keeping to its word.

Finally, I turn to enlargement and the subject of Mediterranean agriculture. Enlargement of the Community to include Greece, Portugal and Spain is one of the great

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challenges of the next five, ten, fifteen years. It is politically essential. Otherwise we would betray our most fundamental European and democratic purposes. But it poses major issues for our Community as an economic enterprise, and for the development of the Community's institutions.

For the agricultural policy, its impact will be of the first importance. The addition of the three new countries will add 55 per cent to the number of persons employed in Community agriculture and 25 per cent to Community agricultural production. But I do not draw from these statistics the gloomy conclusions of today's Cassandras, who spread alarm and opposition to enlargement. I draw more positive conclusions, and I believe that the Cassandras will be proved wrong, both politically and economically. Politically, because a Community that refuses to admit qualified and eager new members is a frozen Community. Economically, because agriculture benefited from the creation of the common market, benefited from the first enlargement, and will certainly benefit again in the long term from the addition of new members. I remind you that Spain and Portugal are substantial net importers of agricultural produce. The new members offer bigger markets and richer markets for the existing Community as they increase their standard of living.

At the same time, enlargement will of course mean more specialisation within the common market, and increased competition. There will be a risk of over-production for certain products and in certain regions. I say a risk, because it is far from a certainty: we must deal effectively with that risk through adequate transitional arrangements. Policy-makers, researchers, farmers and not least the agricultural organisations must find the means of adapting to enlargement. Above all, we must not adopt a defensive approach. Let me give you two examples here of what I mean. First, is it not true that we have much to learn from agriculture in the future new members who, being for long outside the Community, have had to face hard disciplines and improve their competitive capacity? Secondly, is it not possible that those regions, at present on the periphery of the Community and nearest to the frontiers of Spain, Portugal and Greece, could gain a new

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economic momentum from enlargement, becoming gateways of development rather than zones of disadvantage?

That brings me to the subject of Mediterranean agriculture. Enlargement will not retard, but accelerate, the changes of policy and of emphasis that are already necessary within the existing Community. Already we have begun to redress the balance by a series of decisions on structural measures that will particularly benefit the Mediterranean. An extra thousand million units of account should be committed to these measures from the Guidance Section over the next five years. Over 40 per cent of expenditure from the Guidance Section will go to the very poorest agricultural regions - by which I mean the Mezzogiorno, Western Ireland, and Southern France - compared with a proportion of only 15 per cent in the last 5 years. Those figures help to demonstrate that the Community is serious in its intention to resolve the structural problems. We shall need to do even more, but I have to remind you that we can find the financial resources only if we successfully control the expenditure on price support.

In this brief speech to you this morning I have mentioned several major new developments: enlargement, the new Parliament, and the European Monetary System. They will present great opportunities for the Community, and for agriculture, but they will demand changes and evolution, both within the common agricultural policy itself and in its relation to our society. My desire as President of the Commission is not to limit or weaken the agricultural policy but, like a prudent manager of a vineyard, to train and prune and encourage it to grow in the proper direction, in harmony with the Community's other objectives. Agriculture should not be seen in isolation, as a kind of enclave in our economy. Nor can agricultural policy stand alone, but must embrace the broader concerns that can give it the dimensions of a comprehensive rural and food policy. I know that these aims are shared also by your three organisations, and that your work over the next twenty years as effective as in the past twenty years, will help to bring to fruition.