



Member
of the European Parliament

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EUROPEAN PARLIAMENT TO THE AMERICAN FARM BUREAU FEDERATION
DALLAS, 11 JANUARY 1983

Mr. President, Ladies and Gentlemen

I welcome the opportunity today to speak at such an influential congress, and I am pleased to bring greetings from your fellow farmers in Europe.

It is less than a year ago that your President, Bob Delano, was representing your views at the largest conference ever of the International Federation of Agricultural Producers (I.F.A.P.) held in London, where delegates assembled from 60 countries together with representatives from 21 international organisations. Bob commands the respect of agriculturalists the world over - his words are recognised as the agricultural voice of America.

That Silver Jubilee celebration last June provided us with the opportunity to reflect on the state of world agriculture. The hundreds of millions of farmers who make up the membership of I.F.A.P. do not lightly assume their responsibility towards the rest of the world's population who depend on the work of the families of the land for their food.

As we reflect today on the fascinating, contradictory and worrying period of world development, our aim must be to identify the opportunities as well as the pitfalls -

At the outset therefore, I would like to emphasise two simple truths:

- 1) Agriculture is part of the overall economy
- 2) Agricultural policy is one of a range of economic policies.

But as a politician, I recognise that the words of Jonathan Swift in Gulliver's Travels may win some support today, when he said:

"And he gave it for his opinion, that whoever could make two ears of corn or two blades of grass grow upon a spot of ground where only one grew before, would deserve better of mankind and do more essential service to his country than the whole race of politicians put together."

We should certainly be relieved that the pessimism of Dr. Malthus has again and again been disproved as discoveries have led to increased food production. Thanks to the seemingly limitless bounds of science and technology, the developed world's capacity for increased yields is enormous. We need only reflect on the contribution made to agricultural output by: the fixation of Nitrogen, the use of fertilizer, chemical pest and weed control, improved plant varieties; the list of development is legion.

Neither should we underestimate the efforts of many people in these achievements: farmers and farm workers, plant breeders, chemists, specialist entymologists and pathologists.

But above all, since the main factor which determines yield is the weather, perhaps we should accept the dictum of St. Augustine, that God and Man are in business together:

"Without God we cannot
Without us He will not."

And this last year's record harvests in Europe and in the USA have shown just what all involved in this business CAN do, when nature - as well as science - is on our side. Thus the growth in European cereal production of 1.5 million tonnes per year over the last 15 years may only be commended - until we look at the slower rise in consumption. In the UK - which is a microcosm of this development - over the decade to 1981, we saw wheat production rise by 8% per year, whereas consumption only increased by 1%. The prospect of witnessing continuing production increases of this scale over the next five years and being confronted by an ever-widening gap between production and consumption is daunting.

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Yet rather than bewailing the marketing problems which increased production presents, let us consider the opportunities which this affords. We have at our disposal large quantities of a versatile, renewable material which, while currently mainly used for agricultural purposes, has immense industrial potential.

Soft wheat is an available stockpile of carbohydrate, and thanks to modern day technology, our factories can convert most sources of carbohydrate into commercial alcohol, to provide the feedstock for the chemical industry, as well as a possible fuel. Although I know that currently agricultural alcohol is not economically competitive with the traditional fuel sources of coal and oil, I cite this as an example of the exciting potential we are offered by increased production levels.

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- 3 -

The irony of all this is that we live in a world where several hundred million people live on the margin of subsistence while others suffer from the effects of over consumption; where a farmer from Wisconsin whose dairy herd is entirely controlled by computer can be transported in a few hours by plane to the heart of Africa; where farmers literally scratch a living from the soil with a wooden plough. Man's capacity for developing new technology does not yet appear to be matched by an ability to put that technology to constructive use where it is most needed.

I want now to turn to some of the difficulties which are facing us in the industrialised world in the field of agricultural trade. And I'm going to take this opportunity of putting these difficulties into perspective, of saying what I think about how they could be resolved, and of suggesting how they might be avoided in the future. And let me warn you right at the outset that I'll be speaking to you as a politician, not as a diplomat, a politician whose experience of agriculture goes back some 40 years of his life and across 6 generations of his family.

There are two agricultural super-powers in the world today: the United States, and the 10 nation European Economic Community, known more widely as the Common Market.

Both here and in Europe, agriculture enjoys a high degree of support from public funds, support equivalent to about 39 per cent of annual agricultural output in Europe, against 38 per cent in the U.S. Both systems place emphasis on self-sufficiency, on maintaining the standard of living of the farming community, and on a measure of protection for the home market. And although they use different policy instruments, both systems have been largely successful, especially by comparison with the only other agricultural support system conceived on an equivalent scale, that of the Soviet Union.

But it's precisely because our agricultural policies have been successful that we now find ourselves in conflict with each other. To ensure self-sufficiency we have both encouraged home production to the point at which massive surpluses are being generated.

Hence we are in competition with each other - and with countries like New Zealand and Australia - in those third country markets which might absorb those surpluses. We are both more inclined to protectionism with respect to agricultural trade than in trade generally.

Not so many weeks ago there was talk of a major trade war between Europe and the United States. Our normally friendly relations had been strained over recent years by your Government's policies on energy pricing, by the disputes over steel and the Siberian gas pipeline, and by a whole host of problems in agriculture. I don't want to say who's right and who's wrong, but I do want to emphasise that we would both be the losers in a trade war, that we would succeed merely in beggaring our taxpayers, and in postponing still further the prospects of our coming out of the recession.

For the moment, the diplomats and the negotiators have dropped their talk of a trade war. However, the conditions for a state of tension between us are still there. I'm not going to go into the details of all the

problems we've encountered in recent months, but I would put it to you that in general they are characterised by a very high level of mutual misunderstanding.

Let's turn again to agriculture. I've already described in general terms the similarities in the aim of our agricultural policies, but if we are to look at the way in which those policies might be adjusted so that we are no longer solving our problems at each other's expense, then I must invite you to look at the state of agriculture in Europe and in the United States. Because that's what defines our Governments' room for manoeuvre.

Obviously, I'm not going to lecture you about your own agriculture. But I will say how saddened I have been by what I have heard from many American friends about the problems you farmers are facing. So don't imagine I'm not aware of them. And I know the very special place which the farming community occupies in the history of this great nation, and of its central importance in present-day American society. It is not just essential for you, it is essential for the United States and for the free world that America's farmers recover their prosperity.

As you will know, in Europe the patterns of production and consumption are still more diverse than those in the United States, from the wine, olives, and citrus fruit of the Mediterranean to the meat and dairy products of the North. Add to that very considerable geographical and climatic differences, different tax provisions, and different systems of inheritance and of tenure. Now set all that against the different histories and cultural traditions of ten nations and you will begin to see some - just some - of the basic problems which lie in the way of maintaining a single agricultural policy for the EEC.

These differences don't make reform of that policy any easier. Because just as everyone had to agree on the original policy, everyone would have to agree on any fundamental changes.

Let me make it quite clear that in the long term I am committed to changing Europe's agricultural policy, not in respect of its fundamental aims (which are the same as yours) but with regard to the management of the policy instruments used to achieve those aims.

Even here, there are major difficulties. For me, it was a matter for regret that Europe's negotiators refused even to discuss export subsidies in agriculture at last November's GATT meeting in Geneva. But there are pressures building up in favour of reform. Europe realises that it cannot risk alienating its trading partners, notably of course the United States, with its agricultural policy. Europe's taxpayers realise that open-ended commitments to price support from public funds cannot be allowed to continue, at least not for products already in surplus. And the prospect of both Spain and Portugal joining the EEC over the next few years is making everyone think again about the cost, in cash terms, of continuing with present policies completely unchanged.

But in Europe, as in the United States, the farmers' voice is, quite rightly, a powerful one with the Governments. And because Europe's Common Agricultural Policy has been largely successful, there are many farmers - especially in the poorer regions of Europe most heavily dependent upon agriculture - who are opposed to wholesale reform. In my country, in which agriculture is still the largest single industry, only about 2½ per cent of the workforce is engaged in agriculture, a percentage even lower than that for the United States,

but in Greece, the newest Member State, the figure is about 30 per cent. So you see the politician who wants reform has some major obstacles in his way.

It is also true that although Europe's agricultural exports are more than twice as high as those of the United States, our imports are more than four times as great, and that our overall deficit on agricultural trade is about equivalent to your overall surplus. These are the facts which must underlie any discussion of the prospects for improving our relations in the field of agricultural trade.

Let me state what I have already clearly implied: a substantial, long-term improvement in our trading relations must depend on greater mutual understanding. On our side, the European side, it must also depend on reforms to our agricultural policy, and there are real difficulties, political and economic, in the way of this. I attempted to resolve these conflicting pressures in my own proposals for reform of Europe's agricultural policy, which were adopted by a large majority in the European Parliament in June 1981.

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My report stressed the need for Europe to open its market to imports, even when these compete with Community products; for regular consultation with major suppliers, such as the United States, of agricultural products and processed food; and for the Community's policy with regard to trade in agricultural products to be brought more closely into line with its aid policies in the Third World.

I want to return to some of the wider implications of the problems I have been outlining. Because with world trade in turmoil, with the Western alliance confronting internal and external challenges unprecedented since the War, with the institutions of international cooperation everywhere under severe and increasing strain, the crucial challenge is to see our differences as less important than our common interests.

Problems in the family must never be allowed to blow the family apart. And let's keep them in the family. We have all got too much to lose. In agriculture, that means both sides realising that building up huge surpluses and then dumping them on world markets is less important than maintaining a semblance of order in world trade.

It means realising that individual national and industrial advantages can only be pursued within a framework of rules. OK, some of the rules need to be changed, and we can talk about that. As President Reagan says, "It takes two to tango": it takes two to cooperate, just as it takes two to make a fight. We want to tango rather than fight, we want to cooperate for both our sakes. This involves understanding on both sides - concessions, in short, to defend something bigger than our individual concerns. That "something" is the free trade system itself, from which Europe, the United States, and the world have drawn so much advantage in the past. But the system is, in its turn, less important than the Western alliance on which our peace, our freedom, and our security depend.

What I am saying is this. Quite simply, Europe's and America's interests are totally and irrevocably interlinked. And unless we in Europe and you in the United States act on that basis, then we risk disaster by allowing unnecessary and really rather minor conflicts to escalate in times of economic depression, until they do great damage to the West's strategic and military unity.

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How can all this be worked out in specific terms?
What policy consequences follow from global considerations of this kind? I am convinced that the challenges to world stability demand dramatic initiatives to rebuild and revivify the various institutions of international cooperation that have served us all so well throughout the post-war period. History does not provide us as a generation with many opportunities to start anew, but I think this is one.

Perhaps there is a case for a new international organisation concerned with food and agriculture. Because since the war, agriculture has not only retained its place as the biggest and most essential industry of all, but has become quite literally a matter of life and death for the peasant economies of the third world and for the hungry millions for whom one bad harvest spells starvation. Surely there must be a better way of managing the food resources and food-growing potential of this planet than for the agricultural super-powers to be arguing about the disposal of surpluses while many of the rest go hungry.

What I have in mind is an international forum in which the agricultural super-powers can talk about their longer-term agricultural policies to avoid the clashes we have been considering this morning; in which the smaller countries dependent upon imports can discuss their needs; in which attention can be given to all the problems which arise for the farmer out of unstable markets and world currency fluctuations; and which can sponsor research into all the problems, social, environmental, scientific, and humanitarian, associated with food and agriculture. Europe would be ready to join with the United States to found such an institution,

which could I believe provide new hope and new security for all of us whose livelihoods are dependent upon agriculture and for the many millions of people, all over the world, whose very survival depends upon the availability of food at the right price at the right time.

But I am heartened by a number of steps which are being taken by the world's development agencies, notably the World Bank.

The EEC - which already provides more than 35% of total development aid to the Third World - is restructuring its system of aid distribution to make a greater long term impact on developing economies.

To unlock the obstacles to development, the developing nations need more than the West's promises of Faith, Hope and Charity. Food Aid and Emergency Aid - whilst important - are not long term solutions. The establishment of a production process in a developing country, with technicians to train the local population, is a much more durable and beneficial form of aid.

World trade in agriculture today is threatened by a two-fold crisis - the spread of protectionism on the one hand, and the indebtedness of certain countries on the other. With the first comes the bankruptcy and fossilisation of domestic economies; with the latter we suffer a collapse of international confidence, domestic political uncertainty, fluctuating interest rates, and above all the potential disintegration of the world banking system. Without the financial institutions of Wall Street and the City of London, without stable currencies and cross-frontier investment, the chances of international economic recovery will be remote indeed. Protectionism and global financial instability are thus twin evils which must be combatted at every turn. And it is a challenge that demands sacrifice and courage, rather than the politicians'

Fortunately, both in Britain and in the United States we have leaders capable of rising to challenges such as this. Both Ronald Reagan and Margaret Thatcher understand the profound connection between economic freedom and political freedom, knowing that the one cannot long survive without the other. And just as political freedom can only exist within certain rules laid down by established institutions, so economic freedom also needs a framework of rules and of institutions to apply them. The world recession has prompted us to re-examine the rules, and we should also look again at the institutions. This is a continuing process, and one in which we can both, Europe and the United States, be the losers. Who might be the winners is anyone's guess, but it would certainly, in such circumstances, be a massive defeat for the free trade system upon which everyone in this room depends. I want to see the farming community both in Europe and in the United States playing their full part in this process of revising the rules, and in so doing to recover the prosperity, and reassume that position of responsibility, which they have won for themselves over the years.

But this new approach must also be accompanied by a greater degree of liberalism in the developed world's trading systems, both agricultural and industrial. In today's strained economic circumstances, Western Governments need an abundant supply of political will to translate charitable words into concrete market access.

The political challenge is offered to the developed world but are we strong enough to devise and implement an effective and coherent world food strategy, when we have so far proved unable to settle conclusively our own differences on US/EEC agricultural trade?

In the case of each of these major challenges to international food order, the central issue at stake is the equitable and wise use of the resources of land, labour, capital and technology, which we have at our disposal.

Only History will judge whether the correct balance of priorities is reached at political level.

But perhaps the outcome would be saner and safer if politicians learnt to govern in the same way as the most successful farmers conduct their business - those who farm as if they will farm forever, and yet live as if they will die tomorrow!