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Press résumé

of the address by Professor Walter Hallstein
President of the Commission
of the European Economic Community
to the Deutsche Landwirtschaftsgesellschaft in
Wiesbaden on January 17, 1963

"Agriculture in the large-area economy"

In his address to the winter meeting of the German Agricultural Society, Professor Walter Hallstein, President of the Commission of the European Economic Community, first dealt with the two main problems of European agricultural policy: how to reduce and ultimately make up the lag in farming income, and how to strike a balance between production and marketing possibilities for individual farm products.

President Hallstein pointed out that both problems were the outcome of long processes of historical development. The Community found them in its cradle, and its agricultural policy had to grapple with them.

The agricultural system elaborated by the Community was the answer to the first of these inherited problems: market and price policy aimed at ensuring agricultural producers an adequate price which would guarantee them a given income. The activity of the European Guidance and Guarantee Fund would also make it possible to exercise a stabilizing influence on farm incomes. At the same time, structure policy afforded a long-term instrument for making European agriculture competitive and efficient. The decision on the co-ordination of the Community's structure policy taken by the Council of Ministers at the end of last year already served the same purpose. Structure policy needed to be geared to a regional economic policy aimed at far-reaching economic development of country areas, as set forth by the Commission in its action programme.

On the question of surpluses President Hallstein noted that the danger of surplus production in several agricultural markets would alter but little if the Community were enlarged by the accession of Great Britain, Ireland, Denmark and Norway. Over against Great Britain, as the leading import country for farm products, stood Denmark and Ireland as exporters of these products; in addition the Commonwealth countries had traditional markets in Great Britain.

It was necessary to avoid giving any incentive to expand and intensify grain farming, because this would further aggravate the already difficult situation of the Community's agriculture. Conversely, if it was desired to assess the consequences of any reduction in farm prices in the Federal Republic, a distinction must be drawn between the effects of economic growth, currency depreciation and technological progress on the one hand, and the lower earnings which would result from such a reduction on the other. It was, however, not right simply to equate the price problem with that of incomes, for there existed a very real possibility of providing compensations of the most varying kinds to counter any fall in earnings. Nevertheless, there was no doubt that general economic growth and technological progress would have the most abiding influences on the development of incomes.

The President underlined the heavy responsibility which, as a leading importer of farm products, the Community bore for large areas of the world. But in other spheres too it could be seen that agricultural policy was closely interwoven with non-agricultural questions. Thus it was influenced by general economic policy and by external policy. This did not mean that the German agricultural interest would have to be jettisoned, and no one was demanding that it should. But the cause of agriculture must be envisaged under new conditions and in a changed setting. On the other hand, agricultural policy considerations were playing an ever more important part in sectors which were not specifically agricultural. Thus, all those on whom general political responsibilities were laid were also specially answerable for agriculture, and must be ever mindful of its situation and vicissitudes.