



*European Communities  
Commission  
Press Release*

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Extract from a speech by Sir Christopher Soames,  
Vice-President of the Commission, at European Seminar,  
Penns Hall Hotel, Penns Lane, Walmley, Sutton Coldfield,  
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The Community's common agricultural policy used to be a great bogey with which to frighten the British public. But it is a bogey that fades away when we look at the facts.

During the first two years of British membership, the common farm policy has given Britain greater security of supply and lower prices than if we had been outside the market. This has been greatly to the benefit of the consumers in general and to a very considerable extent to the benefit of the British housewife in particular. I cannot do better than quote an impeccable governmental source, Mrs Shirley Williams said in the House of Commons on November 11 : "Official estimates now show that food prices are on balance very slightly lower than they would have been were we not a member of the Community".

Let me give you some examples of how the housewife benefits from Europe. Consumer subsidies on butter and beef - subsidies going mainly to the pensioners who need them most - are worth £30 million a year to Britain from Community funds. Then there is the Common Market's system for cushioning housewives against the food price rises caused by the depreciation of the pound. These 'monetary compensatory amounts', which are paid as subsidies on food imports from across the Channel or across the Atlantic, are worth some £50 million a year. Most recently of all, the Community has stepped in to fill the gap in Britain's sugar supplies - and to fill it at cut prices. The Community has already bought 150,000 tons of sugar on the world market, with an import subsidy of £200 a ton to give Britain the sugar she needs at a reasonable price. So far, the Community has spent £31 million in helping us in this way. That is to say, the Community is already giving a sugar subsidy equivalent to £2 for each and every British household - and there is more on the way.

It is true that Europe's farm policy, which aims at security of supplies and stability of prices, certainly involves a cost - a kind of insurance premium - when world prices are as low as they have been in the past. But what a boon the insurance policy is when supplies get scarce and world prices go through the roof. And world prices certainly have hit the roof: world wheat prices have risen fourfold since 1972, while the world sugar price has been between six and ten times the old Commonwealth price. But by being members of the Community, which gives its consumers first choice of home production before it can be exported, we have been able to save up to £40 a ton by buying wheat in France. In fact, the French Prime Minister said recently that if France had sold her grain and sugar at world market prices outside the Community, she would have been £1,500 million better off.

It is always hazardous to make forecasts about the future course of world food prices. But all the facts seem to indicate that regular supplies of cheap food as we have known them in the past will no longer be available in the future. The growth of population is threatening to overtake our food supplies. The enormously increased price of energy, and therefore of fertilisers and transport, has compounded the effects of a population increase. World prices for food will certainly continue to fluctuate in the future, but there is precious little evidence to suggest that we can expect them to return to where they were.

Security of supply and stable prices in an insecure and unstable world: these are the benefits which the common agricultural policy now brings to Britain, and which should not be underrated.

Of course, there are problems in this policy - no farm policy is ever perfect. In particular, there is the problem of surpluses. Some years ago there was a chronic surplus of dairy products and of cereals. But how very lucky we have been to have had that surplus of cereals. Things would have been much more costly for Britain over the past eighteen months if we had not been able to draw upon the accumulated stocks of previous years.

We still have the problem of surpluses of beef, and to some extent dairy products. But these are problems for all of us in Europe. Originally the Community's farm policy was of course devised by the Six for the Six. Alas, we were not present then, because we had not joined. It has been in operation for ten years now, and it has shown itself to have both advantages and disadvantages. What the Community is now doing is a thorough stocktaking of the common agricultural policy. The purpose of all the European governments is to make of the common agricultural policy a flexible and constantly evolving instrument, and one which will both ensure a strong and stable agriculture, and provide food at fair and reasonable prices.

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