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Brussels, 3 June 1982

THE EUROPEAN COMMUNITY BETWEEN NATIONALISM AND PARTNERSHIP

(Summary of a speech by Dr Karl-Heinz Narjes, Member of the Commission of the European Communities, to the agricultural credit cooperatives congress, Kiel, 3 June 1982).

In a speech to the agricultural credit cooperatives' congress, Dr Narjes gave a political summing-up of 25 years of European integration, during which, he said, there had been considerable achievements on all the main objectives of European policy - peace, fulfilment of the desire of the Western European peoples for self-determination in the face of pressure from the East, and the policy of affluence through integration.

However, he also pointed to the current threats of neo-nationalism, particularly in the wide-ranging forms of protectionism and controversies about contributions to the Budget.

"People fail to recognize that the European Community has been allocated its own revenue in the same way that, in the Federal Republic of Germany, property tax, death duties and motor vehicle taxation are the revenue of the Federal states".

"It would not occur to anyone to question this revenue, yet in the Community a balance is demanded among the Member States in line with these payment flows", he added.

Dr Narjes dealt at length with the current problems of the common agricultural policy. He considered it a major achievement that "the supply of a wide range of high-quality foodstuffs has never been so secure as it is today". Agriculture had also helped to stabilize prices: food prices rose by 50% in the seventies, well below the 60% recorded for the cost of living as a whole. Increased productivity in European agriculture meant that we were now self-sufficient or even in surplus for all but a few products, and even the United Kingdom had recently become a net exporter of barley and common wheat.

However, Dr Narjes stated, one major objective had not been achieved - the security of incomes: between 1978 and 1981, pro capita agricultural incomes had fallen by around 10% in the Community, and by as much as 20% in the Federal Republic. The recent 11% increase in farm prices should be seen in this context.

Although the common agricultural policy has by and large been successful, there was still the problem that as their costs rose farmers could improve their incomes only by raising prices and thus increasing budgetary expenditure in the form of intervention payments and compensatory amounts.

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When productivity increased, there was a limit to domestic demand for the increased output. The Commission was therefore developing the producer coresponsibility system to avert the danger of structural surpluses.

Dr Narjes warned against any attempt to rationalize agricultural policy; the high costs involved made this completely impractical in the current state of national budgets.

Dr Narjes also disagreed with the criticism that a system of coresponsibility would affect the process of structural change in agriculture. Social measures should be adopted to cushion the structural change which was already in progress. He also opposed the proliferation of direct national income support for farmers.

Because its relations with supplier countries were gradually becoming influenced by political considerations, the Community had unfortunately to guard against being dependent on imports of agricultural produce. But it was still pursuing an open agricultural policy. With a quarter of all imports, it was the world's largest importer of agricultural products; in 1980 it was a net importer to the tune of \$ 30 000 million, some \$ 7 000 million of this in trade with the United States.

Lastly, the discussion about reform of the agricultural policy must be seen in the long-term context of the international development of agricultural production: the FAO had estimated the developing nations' grain import requirements for the year 2000 at 200 million tonnes, more than twenty times the Community's current grain exports. "This being so, the current pattern of surpluses on the world grain markets appears in a different light in the long term", Dr Narjes concluded.