



*European Communities
Commission
Press Release*

20 Kensington Palace Gardens
London W8 4QQ
Telephone: 01-727 8090

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THE COMMON AGRICULTURAL POLICY

Roy Jenkins speaks at Manchester, May 9, 1978

The Rt. Hon. Roy Jenkins, President of the Commission of the European Communities, was the speaker at a symposium on the Common Agricultural Policy organised by The Sun newspaper in Manchester. The following are extracts from his speech.

Food Prices

1. The popular belief is still that the CAP has caused food prices to soar in Britain. Now there certainly are products where it has increased prices - for example butter, although even here the increase has been partially offset by the EEC consumer subsidy. But if we are going to generalise about the CAP, I want to look at the whole range of foods and prices, and get an overall figure; and I want to mention two groups of statistics:

First, the price of food in the shops increased by 6.4 per cent over the last twelve months, a figure which is too high but still much lower than for non-food prices which went up by 10.0 per cent. So food prices are reducing, not increasing, the rate of inflation.

Second, the price of food in the shops will go up by only $\frac{1}{2}$ per cent over the next year as a result of the EEC Commission's farm price proposals. Added to that will be another $1\frac{1}{2}$ per cent on food prices resulting from the devaluation of the green pound for which the House of Commons voted in January. Those figures ought to give the lie once and for all to the myth that Brussels is forcing up food prices in Britain. The increases due to the CAP will be minimal, while those due to higher costs of packaging, transport, wages and so on will be much greater.

Stability of Food Supplies

2. Agricultural policies are of fundamental importance. All governments have them because, throughout the world, farm production is subject to the chances of weather, disease and yield, which means that each year's food output is variable and cannot be determined in advance. At the same time man's demand for most types of food is relatively inflexible. As the laws of economics tell us, the result of combining these two factors is a classic example of instability of price. But agricultural prices are vital for farmers' incomes, particularly for

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small family farmers, and great instability of income is itself a social evil. Erratic cycles of price also lead to erratic changes in farm production, which in turn is bad for consumers. All these are reasons why governments intervene in agriculture to stabilise prices to farmers and supplies to consumers. The question is not whether to have an agricultural policy, but how to intervene. With the CAP, as with other agricultural policies, it is not so much a question of the fundamental objectives as of the practical methods employed and their successful management.

Improving the CAP

3. There is no doubt that we still have a serious problem with farm surpluses in the EEC, with our well-advertised mountains and lakes. Of course, it is easy to exaggerate their size, which in many cases is no more than a few weeks' or even days' supply. But there is no getting away from their cost, which is increasing, and the fact that the only available methods of disposal are often expensive and unpopular. There can be merit in planning for a small surplus, rather than a shortage, but there is no sense in producing quantities of food in excess of any reasonable long-term demand.

4. That is why the European Commission has embarked on a policy of annual price-fixing which should bring these surpluses under control. We are tackling the problem at its root by trying to fix farm support prices at a level which will result in a proper balance between supply and demand. Our aim is all the more difficult to achieve at a time when economic growth is low, because behind the problem of excess production is a problem of too many people on too many farms, for whom it is not easy to find other jobs or incomes. But we began last year by proposing an increase of only 3 per cent in the common agricultural prices at the European level, and we continued this year with a proposal of only 2 per cent. So we should see two years of the lowest rate of increase in EEC prices there have been for a long time.

Euro-blinkers

5. We hear too much in Britain about what is wrong with the CAP, and too little about the efforts which are being made to improve it. I believe that the Commission is embarked on the right road, and we ask for your comprehension and support. I do not ask you to agree with everything we do, but I ask you to judge our proposals on their merits; do not just put on your Euro-blinkers and assume that whatever comes out of Brussels must be wrong.

Mutton and Lamb

6. There was a particularly striking case of this recently when the Commission made a modest proposal to abolish the barriers to trade in mutton and lamb - modest because it includes no intervention buying and no increase in protection against imports. If our proposals are adopted, the price of meat in British shops will go up by very little - in fact, only to the extent that there are improved export opportunities for British lamb. Remember that on the Continent they do want to buy this renowned product of our hills. Now I do not see why our sheep industry, any more than our best manufacturing industries, should be denied the opportunities of the common market. If we do not export the products which our trading partners want to buy, heaven help our economy.

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New Zealand

7. As for EEC imports of New Zealand lamb, there is no reason why they should be reduced below their normal level; there is no proposal to make them more expensive by increasing the charges on imports - indeed, these could even be reduced; and there is no question of the EEC Commission taking any action against them contrary to international agreements. There has been, and will continue to be, the fullest consultation between the Commission and New Zealand on all these questions.

Milk Marketing Boards

8. Another favourite story is that we in the Commission want to kill the long-standing British system of milk marketing, and end the doorstep deliveries which have done so much to maintain a high milk consumption in this country. Such stories are not merely alarmist, they are entirely false. Those who foster them do a disservice to public understanding of the issues involved. Europe, with its high level of milk production, obviously has a vested interest in maintaining the daily milk delivery, and it would make no sense for us to do anything to discourage British families from drinking milk. On the contrary, the Commission proposed four months ago not only that the essential functions of the milk boards should be retained, but that the system should be made available in the other member states. To our regret, the other members have not shown much enthusiasm, and the system will probably be limited in the first place to Britain. But let me make this clear: we have proposed no cut-off date for the milk boards, we do not wish to abolish them after 1982, and all that is envisaged is a review before 1983 to see whether the system cannot be generalised in the Community as a whole. To put it in the simplest terms: the Commission has never threatened the daily pinta and does not intend to do so.

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