Washington 5, D. C.

L. B. Tennyson
Tel. NAtional 8-7067



ADDRESS BY PROFESSOR WALTER HALLSTEIN
CHAIRMAN OF THE COMMISSION OF THE EUROPEAN ECOMONIC COMMUNITY

AT THE OPENING OF THE CONFERENCE OF THE MEMBER STATES
OF THE EUROPEAN ECONOMIC COMMUNITY ON 3rd July 1958

IN STRESA

---

I think that I shall be expressing the wishes of all assembled here in extending my warmest thanks to the Italian government both for myself and on behalf of the Commission of the European Economic Community for the opportunity which has been given to us of holding our Conference in this place. I should also like to extend our thanks to the local authorities and particularly the mayor of this beautiful town, Mr. Gaudenzio Cattaneo, who have untiringly assisted us in all the technical preparations.

Very few places are so suited for such occasions as this little town.

In addition to the incomparable beauty of its lake, Stresa has the privilege of being the most popular place for the holding of international conferences.

The opportunity which has been offered to us of holding our meeting on Italian soil, will help to remind us that of all the Member States of the European Common Market, our host country has the largest agricultural population: of the total of 38 million in our six countries 20 million are Italian.

That is surely why Italy was chosen years ago as the headquarters of the International Institute for Agriculture and more recently was selected as the headquarters of the United Nations Organisation for Food and Agriculture. And that is also why in the year 1958 the International Conference of Agricultural Economists is being held in Stresa.

I.

Why are we assembled here?

The meaning of this Conference will become clear to us if we consider it as a part of that greater, far-reaching endeavor which has been given the name of the Common Market. What that is and what its aims are is clear from the succinct wording of the Preamble to the Treaty which brought the Community into being: to establish a Common Market and progressively approximate the economic policies of Member States; to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living. With this aim in view, the Community will adopt a large number of economic measures. Its essential task is the elimination of customs duties and quantitative restrictions within the Community and the establishment of a common customs tariff and a common commercial policy toward third countries. At the same time the economic policy of the six Member States will be coordinated as closely as possible.

But a Common Market cannot be established without the participation of Agriculture.

The very Treaty under which the Common Market was founded makes this decision. It prescribes the development of a common agricultural policy. The fact is that agriculture is one of the sectors in which progressive rationalisation and specialisation of labour -- which are the results of a common market -- will have the greatest effects on the living standards

of producers and consumers. And in the second place the inclusion of agriculture in the European Economic Community is essential to a balanced trading system between the economies of the Member States. Accordingly, our basic view is that Agricultural policy cannot be divorced from economic policy in general: agriculture is necessarily one of the factors of an integrated economic policy in a Community of this kind.

But let there be no misconception. This does not mean that every economic sector has no exigences of its own, which must be taken into account when overall development is considered. Even when our Treaty was being negotiated it was soon realised that this was particularly true of agriculture. And so the Commission of the European Economic Community will also have to bear constantly in mind that European agriculture is of decisive importance to the overall economy both now and in the future. After all, 18 million Europeans, i.e. 25% of the total active population are engaged in agriculture. In 1955, gross production in this sector was approximately $20,000 million in the countries of the Community. This figure has since increased and exemplifies the importance of agriculture in the whole economic system. Admittedly, agriculture accounted for only 14% of the gross national production in 1955 while industry represented approximately 46%, but this is a clear indication of the economic and social disparity between agriculture and industry and is also a problem which will have to be dealt with under the Common agricultural policy.

But the agricultural policy which will have to be worked out within the European Economic Community cannot be a product of abstract economic speculation; it must be based on the situation as it exists today and the opportunities and dangers it involves.

II.

That is the more fundamental reason why the Treaty provides, in article 43, for a conference of Member States at which the infrastructure of the present agricultural situation and future agricultural policy are to be firmly established.

The Commission is required to convene this Conference as soon as possible after the Treaty has come into force. It has therefore had to make the necessary preparations and give the Ministers of Agriculture of the Member Countries the opportunity of preparing detailed reports on the present situation and the agricultural problems with which their countries are faced. In issuing its invitations the Commission adopted the standpoint that, if our common task was to be successfully accomplished, it was exceedingly important from the political, no less than from the technical angle, that this great economic sector should welcome the economic integration of Europe and identify itself with our great task. That is why the cooperation of the agricultural organisations in the preparation and application of the agricultural policy is very important.

The Conference must therefore carry out a comparison, or confrontation of the agricultural policies of the six Member States of our Community. It must draw up a balance sheet of the production capacities and requirements of European agriculture. The committees which you will be setting up in the next few days must analyse the present position of European agriculture and lay down the main lines of its future development. The result of this work will be part of the foundation on which the Commission of the European Economic Community will develop its proposals for a joint agricultural policy in the short space of two years. The Commission will be able to make use of the views you express in your discussions on the possible future effects of the Treaty. We fully realise that there are a number of special difficulties. For example those which might arise for certain agricultural communities and sectors from the association of the overseas territories. It is with great interest that we await your views on the long term emphasis to be given to the joint agricultural policy, in view of relations with third countries.

The work you do in the next few days will be followed by further discussions. The proposals to be considered by the Commission after the

Conference will then be dealt with by the Economic and Social Committee. In this body, for which the Group of Agricultural Economists is working, the agricultural experts of the professional associations will again be called into consultation. As the Committee is also required to judge the situation from the general economic standpoint, the industrialists and trade-union representatives will also have their views on the way in which the agricultural market is to be integrated into the greater European market. Finally the European Parliament and its Agricultural Commission will take part in the discussions on agricultural problems. From the confrontation of all these technical and political standpoints the Commission will work out its conclusions, its decisions, and its proposals for the common agricultural policy.

Such is the procedure for our Conference.

The Stresa Conference therefore has the rare opportunity of being a deciding factor in the future agricultural structure of the Six countries. At the same time we hope it will mark the outset of a lasting cooperation. Our objective, after this Conference, is to continue effective cooperation with the political, economic and agricultural authorities who are represented here. The links which we are forging here and today will never again be broken. In the association between those who in our respective countries are responsible for agricultural policy on both a national and a community basis, the Constitution of our Community has provided the fine shades of cooperative procedure likely to ensure integrated harmony rather than mechanical compulsion. Above all, the Commission looks forward to close and friendly cooperation with the various governments and particularly with the respective Ministers for agriculture. And it is also prepared to seek guidance from the leading cooperative agricultural Organisations in these six countries, which are represented here as observers. It furthermore attaches the greatest importance to effective cooperation with the European Parliament.

In this way a close network of cooperation between the European executives and the agricultural sector will be created, ensuring that no possibility of action in the interest of agriculture and of the Common Market as a whole will be missed. We are dependent on cooperation of this kind for nobody can take away from the Commission the responsibility for the recommendations and decisions it will have to make in the future.

III.

At the beginning of a task of this magnitude it is neither my duty nor my intention to make any statement regarding the particular agricultural content of the policy which the Committee will be working out. After the Ministers of agriculture of the six countries have spoken, the terms of the problem and the basic tenets in the light of which the Commission intends to tackle this part of its work will be submitted to you by no less an expert on European agricultural policy than my colleague and Vice-Chairman Mr. Mansholt.

I now come to a second point. This Conference has its task assigned to it, and cannot just decide its agenda and problems at will, but is the instrument of a Community already established under Treaty. On the very threshold of this Conference room we are assailed by a series of questions: what does the Treaty expect of us, in setting us this task? Does it simply wish us to work out some sort of agricultural policy? Or has it already laid down in practical form the problems of an agricultural policy for our time, and forbidden us to disregard certain questions, and what are its practical aims and preoccupations? Or has it already answered some of the questions and relieved us of the burden and responsibility of seeking solutions, and what are its answers? In other words how much freedom does the Treaty leave us for the work which is due to begin today; what limits does it set to the free play of our discussions and investigations?

I should like to sketch in the outlines of this picture, if only in rough. But before I begin, allow me to cast a glance at the situation

in the agricultural sector in our six countries. What are the material and human factors? For they are the final objectives of the efforts the Treaty is asking us to make, they are, so to speak, the material on which we have to work. They represent the situation which the Treaty makers had to deal with and which has dictated the task which, under the Treaty, they have set us.

IV

The picture of the situation as it at present stands is made up of historical, economic, social and political factors.

Let us begin with the historical factors. European agriculture as we see it today assumed its typical appearance before the beginning of the industrial and technical age. The basic sociological position, and the size of farms have changed but little. But this is only one side of the picture, for a radical change has taken place in farming methods. A general re-arrangement of the class structure of society has also contributed. Inner stresses and strains more powerful than those in any other economic sector have been set up in the farming community. Agriculture has always obeyed its own laws, but the farmer's job and outlook have undergone a change. He lives on his farm, the size of which is all too often a legacy of the technical standards of 100 years ago. This problem of the size of farms - my friend Mansholt will deal with it in detail - varies from one country to another. But in the Community it is the most important factor in any agricultural policy.

The most obvious result of this defective pattern in the size of farms is a decline in agricultural employment. This is a development which can cause difficulties. In any case it makes it necessary to increase productivity. This is one of the tasks which will have to be dealt with under the new agricultural policy. One side of this problem is the flight from the land, which is causing us concern in all six countries. Another point is that the agricultural worker has to become more of a specialist every day if he hopes to be able to carry out all the tasks that face him. The life of the factory worker who has regular hours and greater access to possibilities of entertainment is a constant temptation to the young people of the farming community.

One reason for this is the erroneous idea, still widely held, that the status of a farmer is culturally inferior. Our sense of values has become confused and an easier life has been equated with better cultural opportunities. Unfortunately the values which are common to the European farming community - the freedom and independence which come from farming one's own holding - cannot be expressed in terms of income. But there is no doubt that consideration will have to be given to the problem of enhancing cultural life in rural districts. The increasing mechanisation of agriculture with its numerous specialised tasks will also help to make life on the land more attractive than work on the assembly line.

The free movement of labour will perhaps also help in this direction. There are still greatly overpopulated areas in Europe. They are a reservoir of labour for the agricultural regions which are enclosed within great industrial areas and are the worse sufferers from labour shortage. Of course, this will not necessarily mean a decisive improvement in the situation. As soon as restrictions on the movement of persons are abolished limitations on capital will also be removed and many areas of Europe are hoping not that they will lose their population but that they will receive a flow of capital which will bring possibilities of employment with it. One instance of mass exodus might well serve as an example. I refer to the Massif Central in France where, in the space of a hundred years, eight departments lost half their population. Agriculture in that area has fallen on evil times and the per capita production of the agricultural community is now only 1/4 of the production in North East France.

This problem can certainly be partly solved by a comprehensive survey and by efforts to intensify the training and further training of the farming community.

But the modernisation to which I have referred is naturally only possible if the productivity of agricultural labour is further increased. As far as possible, this increased productivity must bear a sound and balanced relationship to the upward trend in productivity in other economic sectors. This is probably one of the essential problems of the future agricultural policy of the European Economic Community. We must therefore jointly endeavour to ensure that the dynamic development of industry is accompanied by an equally dynamic development in the agricultural sector.

This brings us to an assessment of the political situation, in the truest sense of the word. These problems will not automatically be solved by the establishment of a common market. But new possibilities will exist for solving them. Up to now, agricultural policy in our six countries has tried to maintain and strengthen the agricultural community by more or less rigorous measures of protection. One could fill a little dictionary with the terms used in this connection: fixed prices, compensatory payments, minimum/maximum prices, average prices, market organisations, state purchasing schemes, quotas, protective tariffs, stockpiling, etc. This list could be even made longer. Government assistance is not only used to guarantee incomes in agriculture, but also to organise markets, develop research, popularise new farming methods and facilitate investment.

There is no doubt that particular attention must also be given to these sectors in any common European agricultural policy. But we can no longer attempt to achieve these objectives, or at least only to some extent, with the methods we have hitherto used, if we do not wish to run counter to the spirit of the Treaty. And we are probably all agreed that this reduction in government intervention can only be offset if the actual productivity of agriculture is increased. Or in other words, the problems which have hitherto justified the organisation of certain markets will not disappear through the establishment of the Common Market. On the contrary, they will have to be jointly solved. The Common Market also provides stabilising mechanism, at least for certain agricultural products. But there is no doubt that an organisation of this kind in our Common Market will create a greater safety margin than the previous market systems in independent countries.

## V.

This brings us directly to the point where we have to consider what the objective of our agricultural policy is to be, under the Treaty. I must now examine the Treaty to see what its requirements are, in respect of the agricultural policy we have to work out.

First I will make a few general remarks.

It must be the objective of a long term economic policy to find a reasonable compromise which is at the same time economically and politically sound, between the desire to keep prices low for the consumer and pay labour a fair wage. This is the dilemma with which every economic policy is faced. But in addition to this, every economic group is also interested in special rules in respect of its particular requirements. The makers of the Rome Treaty also had to concern themselves with these special rules.

For example, the Report of the heads of the delegations at the Brussels Conference which was submitted to the Foreign Ministers in April 1956 and known as the Spaak Report, set forth the reasons why special treatment was required for agriculture, i.e. the social structure due to the family farming system, fluctuations in production, lack of elasticity in the demand for certain products and the big difference in yield, production costs and market prices. From this Report the delegates drew a series of conclusions with regard to the future agricultural policy of the Common Market. Above all, the following three points were noted:

> In the first place the abolition of customs tariffs and quotas was not sufficient to guarantee the free circulation of products. In the field of foreign trade, agriculture was protected by a large number of special rules.

Secondly it was noted that in respect of a number of agricultural products every country had internal regulations concerning prices, areas under cultivation and the size of crops and also time-tables for marketing, purchasing and the disposal of surpluses. This may also make stabilisation measures necessary in the Common Market.

Thirdly: the heads of delegations noted that systematic use would have to be made of a transitional period for agriculture in order to disseminate the technical methods of the most advanced areas and bring productivity levels into line with one another.

The text of our Treaty was evolved from this general programme. It was based on the idea, which is embodied in the articles relating to agriculture that like every other industrial sector in Europe, agriculture must take its fair share in the economic expansion which the Community is expected to promote.

The Treaty will have a two-fold influence on the shaping of our common agricultural policy. First, through the special prescriptions for this economic sector. Secondly, through its general rules, which with certain exceptions, are also applicable to agriculture.

As far as the first group of prescriptions is concerned, I will be brief. If they are considered in detail they will immediately bring us to the specific points of agricultural policy. My friend Mansholt will go into this matter in fuller detail.

In the first place, Article 39 states that the objective of the common agricultural policy is to increase agricultural productivity by developing technical progress, and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, particularly labour.

It is also an objective of the Treaty to ensure a fair standard of living for the agricultural population, particularly by the increasing of the individual earnings of persons engaged in agriculture.

The joint agricultural policy must therefore aim at stabilising markets. This means that steps must be taken to ensure an efficient marketing system in each country and in the Common Market area. Not the least of the tasks of our agricultural policy will be to guarantee regular supplies within the Common Market.

Finally consumers must be supplied at reasonable prices.

This article alone bristles with economic problems.

## VI.

In addition to the Treaty's agricultural objectives outlined here, there are its general economic rules.

Here we must make a distinction between five important groups of subjects: customs policy, problems of competition and productivity, the free movement of persons and the right of establishment, social policy and the association of the overseas territories.

1) At the very root of our economic Community is the elimination of customs duties and quotas. This will begin on 1st January 1959 and, on the basis of the procedure assigned to you, will continue step by step over a period of 12 to 15 years.

The Community will have a common external tariff. The duties on a number of important agricultural products have already been established. For other products they have still to be negociated or calculated on the basis of an arithmetical average. On request, however, countries may maintain special customs quotas at a reduced rate of duty, or duty free, if

there is any serious difficulty in securing supplies for their population or their industries. The Commission is faced here with serious responsibilities. Its task will be to keep the overall position in European agriculture under constant review in order to avoid disturbances in the individual markets.

In discharging the duties which will arise out of the establishment of a common customs tariff, the Commission will also ensure the promotion of trade between the member States and third countries. It must also realise the necessity of avoiding serious disturbances in the economic life of Member States and of fostering an efficient development in production and an expansion in consumption within the Community.

2) The rules of competition which the Treaty has laid down in all economic sectors will only be applied to agriculture in so far as the Council so decides, in the light of the objectives of a common agricultural policy. They will recur in the various forms which we will have to develop for the joint organisation of agricultural markets. Naturally, fixed rules of competition must also exist for production and trade in respect of agricultural commodities. In its final form the Common Market will operate on rules of competition based on the principle of equal rights. We know that agriculture is subject to special conditions for which allowance must be made. They will be discussed again at a later stage in this Conference.

As far as the programme of economic development is concerned we must start from the standpoint that the objectives involved can only be practical if they promote a fair distribution of the opportunities of the Common Market to all sectors in our six countries. The European Investment Bank with a capital of $1000 million will contribute to ensure a balanced development of the economic Community. The Commission will do its best to promote all projects aimed at opening up under-developed areas. It will also give its full support to projects for modernisation and the creation of new employment possibilities.

3) One of the most important problems of agriculture is the establishment of the free movement of persons. When the views of the Economic and Social Committee have been heard, the Commission will, in accordance with the Treaty, submit proposals to the Council for the progressive establishment of the free movement of persons. This will make it possible in the course of time to promote a balanced distribution of labour on a voluntary basis within the Common Market. We hope that agriculture in many regions will experience relief through this measure. But care will have to be taken to ensure that certain less developed areas are not stripped of their workers. This danger will, however, decrease with the growing approximation of production conditions and wage rates in the economic sectors of the six countries. The Member States will also work out a programme to promote, in particular, the exchange of young workers.

In addition to this question of labour, the right of establishment will also become an increasingly important factor among farmers. The right of establishment and the right to acquire real property as laid down in the Treaty, will give young farmers an opportunity of making a new life for themselves in other countries. In the next 18 months the Commission will make its general proposals to the Council for the removal of restrictions on the right of establishment and the free movement of services and indicate the stages which it considers necessary - after the Economic and Social Committee has expressed its views - to enable this procedure to be smoothly carried out. Within the first two years of our Treaty, at least one stage in this development will be decided for at least one type of occupation. It is not impossible that we may return with particular interest, to agricultural problems. The Commission has been instructed to give priority to activities which in connection with the right of establishment are likely to promote in particular the development of production and trade.

4) The essential question of social policy will be of particular importance to agriculture. The Commission will work out programmes and recommendations

in connection with employment, work permits, labour conditions, training, social security and health measures. It will, in particular, ensure that the proposed procedure fosters an improvement in living and working conditions in the Community. One of its instruments is the Social Fund which it administers. The purpose of this Fund is to ensure the further training and retraining of workers and facilitate their resettlement.



5) Finally, in connection with the association of the Overseas Countries and Territories we must proceed from the standpoint that the intention of the Treaty is to enhance living standards and social development in these areas. Europe has undertaken a task which is unexampled in history. If we were unable to carry it out the consequences might be catstrophic. This means that the Europeans must have a clear understanding of the political urge which has led to this association. Agriculture is naturally the sector which is most interested in the question whether the products of these areas are likely to disrupt European production and encumber European markets. It is the commercial aspect which is important to agriculture. The future stages in the removal of quotas and tariffs will show to what extent agriculture in Europe and the overseas countries and territories can achieve a certain measure of harmony.

VII.

I have attempted to outline the objectives and requirements of our Treaty against the background of the present position in agriculture. But to bridge the gap from one to the other i.e. from the present position of agriculture to the Common Market, the Treaty provisions, which were necessarily adopted on a general basis, naturally will not suffice. It will be for us to take our practical decisions within the framework of the Treaty. My colleague Mansholt will, as I have already said, talk to you about the considerations on which these decisions will be based. I should merely like to contribute a few general points.

The essential tasks are the modification of the protective systems of individual countries, the productivity drive and the achievement of smoothly operating market systems.

But another important problem is that of exchange parity in the six countries. I believe that we can only be sure of achieving a common agricultural market if we are successful in working out a stable credit and currency policy in the six countries, which even if it is not on a Common Market basis will at least be uniform. We need this in order to fix realistic rates of exchange and balance our payments. The Treaty establishing the European Economic Community says little, perhaps too little, on this question. The reference to a closer integration of monetary, economic and financial policies is criticised by some observers as too vague and even inadequate. And this is true: the Treaty has no binding provisions, and no very definite directives in this connection. On the other hand it does not obstruct development, but promotes it, at least indirectly.

The central mechanism of the Treaty remains the automatic elimination of tariffs and quotas. Admittedly, this automatic mechanism has been considerably attenuated in the case of agriculture. The numerous special rules for agriculture will make it possible to apply the Treaty so flexibly that there is no fear of any upheaval due to excessive haste. The transition from national markets to the Common Market will be all the smoother if the ministers responsible for agriculture in the six countries endeavour to develop their agricultural policy in consultation and coordination. Their work will be facilitated by reason of the fact that a large number of stages have been laid down for the adaptation period. The three main phases of the transition period with their subsidiary stages are not the only devices provided by the Treaty. There are also for example the stages in the preparation of the common Organisation and the content of the long-term agreements. Furthermore, there will be various integration stages for individual commodities. Some will be integrated more rapidly than others into the common agricultural market.

At present it is still quite difficult to lay down a precise time limit for the stages in respect of each product. Here, too, we expect to learn something from this Conference.

VIII.

I must now say a few words about foreign trade. This is of great importance to European agriculture. Here, too, I should like to state clearly that the Commission, true to the spirit and endeavor of our Treaty, will attempt in the agricultural sector as in all other branches of the European Economic Community, to promote trade with third countries. It has not been possible to invite to this Conference the representatives of friendly states which are not members of our Community. We know that here and there, for example, among our Danish friends, this has caused disappointment. But we earnestly hope that our attitude will be fully understood. We know and understand the preoccupations of other governments and we consider that conversations with them are essential. But this Conference - and I said this at the outset - has a task which was clearly specified in the Treaty and which is incumbent upon the member governments of our Community. We must concentrate all our attention on this task. In its preparations the Commission also took every care to explore the standpoint even of non-member States and in particular had a detailed and useful conversation with the Danish government.

We are confident that it will be possible to strengthen the foreign trade of the six countries as a whole through the establishment of the Common Market. In the first place Europe's increasing prosperity will promote the import of products to meet the rise in demand, as commodities which are considered luxuries today become articles of normal consumption. In the second place Europe's increasing industrial production will lead to an increase in imports if her export markets are not to be lost. It should also be borne in mind that the proportion of certain commodities which Europe will be able to produce herself will of course, also rise. Indeed, production will generally increase faster than consumption. The Common Market will therefore also have to take steps to export a considerable quantity of its agricultural products.

The fundamental point is that our trade with third countries is determined by a volume of industrial products which outweighs that of agricultural commodities. For example, in 1956, the agricultural goods and raw materials imported into the Community from third countries amounted to $11,6 thousand million whereas imported agricultural products amounted to only $4,5 thousand million. Our six countries exported industrial goods worth $10,5 thousand million and agricultural goods worth only $1,5 thousand million. Trade in agricultural products among the countries of the Community amounted to over $1,000 million.

I do not believe that these figures show any compulsion towards measures likely to promote self-sufficiency. That is a criticism which has been levelled at us. In the GATT negociations it was stated that our Treaty tended to set the external tariffs of the customs union relatively high and thus connive at European regionalism. Even the Economic Commission for Europe (E.C.E.) has expressed its concern at the protectionist development among the Six countries.

To that I must reply: Article 18 of the GATT prohibits customs unions with a higher external tariff than the average of their Member Countries and our Treaty adheres to this rule. But apart from this legal point I should like to say that our ideas are far better expressed by those GATT observers who say that if the present price and subsidy policy practised by individual countries were to continue, the trend towards self-sufficiency in the Six countries considered individually would be stronger than in a common European market.

This brings us to the topical question of the free trade area, i.e. an area of 17 O.E.E.C. countries within which there would be no tariffs and quantitative restrictions but which would have no common external tariff.

We all know that the establishment of an area of this kind without the inclusion of agriculture is unthinkable. It is clearly not possible just to transpose the agricultural provisions of the E.E.C.-Treaty to the free trade area. The differences in the conditions of agricultural production and in agricultural policy among the 17 countries are too great to admit of a common agricultural policy. Moreover the Commission of the European Common Market must ensure that any association agreements linking the Community to other countries do not prejudice the spirit and application of the Rome Treaty. The free trade area will group a number of countries which are exporters of agricultural commodities and hope that their vital interests on their export markets - mainly the British and German markets - will be taken into consideration. Only in those circumstances would these countries feel able to eliminate their tariffs and import restrictions on industrial products.

In reply to this, the European Economic Community must first insist that from the outset of any association, agricultural policy even in the countries of the free trade area, must aim at objectives in accordance with the spirit of Article 39 of the Rome Treaty. Some harmonisation will therefore be necessary. On the other hand the agricultural policy evolved as a common policy of the Community cannot be anticipated. It will consequently be difficult at the outset, i.e. so long as this policy is not settled, to lay down any definite obligations in respect of agriculture.

These are the main claims we would make on the free trade area in its preliminary stages. With the Rome Treaty the Commission has taken over an important part of the responsibilities which have hitherto been those of individual governments to their own economies and economic sectors. We are prepared to do everything possible to ensure that neither our own economies nor those of our trading partners suffer prejudice.

## IX.

I will now sum up. We cannot prevent the private advantages arising from the establishment of the Common Market from being unevenly distributed. If we wanted to, we should make it impossible for the European Economic Community to carry out its social, economic and political aims. But that does not free us from the responsibility of working out a good agricultural policy. The problems which face us in this field fall into two groups.

The first group comes under the heading of "protection". Here experience has laid down the limits to which all the efforts made by individual governments in the sphere of protection are subject. All parliaments and all countries are concerned to protect agriculture in every possible way. After all, the agricultural Community in our Six Countries accounts for a considerable proportion of the total population, as much as 38%. So important a part of the population must be protected not only on political but on economic grounds. Every government therefore has made its choice from the long list of possibilities which I drew up at an earlier stage and, stone by stone in the course of the years was built up the edifice in which it believes that its farmers will settle themselves comfortably.

But nowhere have the farmers ever considered this protection adequate. The farmer always looks to forces likely to give him greater stability, whether the threat comes from nature, institutions, revolutions or economic reorganisation.

Nobody has said that the European Economic Community will only bring sunshine with it. But on the other hand there is nothing of the hail storm about it. It may certainly turn a little cool. And this cool weather will have the same effect in the economic field as in agriculture: the plants with the greatest resistance will bloom and thrive. Every man must endeavour to acquire greater resistance. He will be given adequate assistance. But farmers cannot be protected against everything. And there is no possibility as yet of taking out an insurance against the Common Market.

A constructive and integrated agricultural policy which stimulates the energies of the agricultural Community is its best protection.



The second group of problems is financial and economic. The farmer is always short of resources and constantly afraid of being crushed between the tax-collector and the bank. Of course, this rarely happens, but he nevertheless feels restricted. He needs his money to cover his working costs.

As far as the current economic situation is concerned, the farmer is at a disadvantage with regard to the competitive power of industry. Industry depends on the wishes and often the taste of the consumer. Agricultural production has to accommodate itself to this factor as well as to seasonal changes. This calls for rapid adaptability. But when a farmer adapts himself to the tastes of the consumer and prices level off he sees to his dismay that industrial prices are once again higher than agricultural prices. But there is also a difficulty in the differences between wages and incomes. I have already said that this problem can only be met if every possible effort is made to increase productivity. As things go, it is impossible for every farmer to do this alone. Agricultural holdings are too dismembered, the structure of agriculture is defective and its deficiencies can only be remedied if self-help is supplemented by outside assistance.

These are the main difficulties. They can best be tackled by an agricultural system most in keeping with European traditions and able to maintain and develop a high degree of independence and initiative among the farming community. In practically the whole of Europe farms present the same family structure. This is precisely the point on which politicians and economists will agree: as modern society develops it is essential that the farmer and his family with their independence and their human values should be enabled to survive.

And this is what I have to say in explanation of the task which this Conference has been set by the Treaty establishing the European Economic Community.

I have roughly compared the text of this Treaty, with its chapters and articles and its general and particular provisions, with the present agricultural situation in our Six Countries. I have mentioned the technical aspects of our agricultural policy and referred to the economic advisability of this or that measure. But if I confined myself to these remarks I should not have said the essential things which must be said regarding the meaning of the European Economic Community and the spirit which must inspire us here as we work.

The statesmen in our countries, our parliaments, our public opinion, the great and spontaneous movement towards a united Europe, all these forces have not clamoured for the Common Market, which is our latest work of integration, to be devised and made a reality, merely to enhance living conditions in our countries, give producers, traders and consumers greater satisfaction, improve business and increase prosperity. They were actuated by a deeper and stronger motive: the realisation that the methods of economic nationalism which our countries have inherited from the past are no longer able to meet the problems of the modern world. Mighty economic areas have arisen around us which are exploiting their tremendous sources of production and large scale planning possibilities to the full. And today, there is no geographical distance to protect us from these competitors. In Europe our individual countries have come to the limit of their possibilities. They can no longer make themselves stronger by individual action. They can only become stronger by uniting.

But if they do not unite, there will be more at stake than economic gain whether collective or individual. If Europe fails to keep pace with the rest of the world economically, her political role is also finished. And that role did not fall into the lap of Europe as a mere gift, but was earned by the benefits she conferred on the world through the abilities

of her people, the power of her genius, her moral strength, her inventive spirit, her resolution and her work. We will not abdicate the position which is still ours by right.

The danger which threatens us is not that we shall be relegated to a lesser place among the powers which decide the fate of the world, but that we shall be completely eliminated. That is a deadly danger. Before our eyes, in this mid-twentieth century, a world tragedy is being played out which is nothing less than the tragedy of freedom. There is a threat to the very essence of what Europe has created, a civilisation which is based upon the inalienable freedom and dignity of the human personality. This tragic decline of freedom, wherever it occurs, is also the tragedy of the agricultural Community. If we look around us - and we do not need to look far, alas - we realise that the agricultural community is the first victim.

That is why we may be certain that the European farming community is the mainstay of our European Common Market. Its fate is also involved. There is no one in this room whose ancestors in distant or more recent times did not have their roots in some farming family. We know what the agricultural Community means to Europe, not only from an economic point of view but morally, socially and in human terms. We also know that the obstinacy with which the farmer clings to his tradition will set us particular problems when the time comes to carry through something as new and as courageous as the task we have undertaken. But we will not weaken in our endeavours to make the European farmer understand what is at stake, show him that it is also his cause which is being fought and win over his support.

If the great venture is to succeed, what we need is not only intelligence, imagination and determination but, above all, confidence in ourselves and a tough, unyielding will to survive. Success will be ours if every man does his duty.

# # #