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SUMMARY OF THE SPEECH BY DR. S.L. MANSCHOLT, VICE-PRESIDENT OF THE
COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY, DELIVERED AT
THE PLENARY MEETING OF THE CONTRACTING PARTIES
HELD ON 17 OCTOBER 1958

The Six have not as yet a clear-cut agricultural policy, but the basic thought of their agricultural philosophy has been expressed at the Stresa agricultural conference last July. What is this agricultural philosophy of the European Community? The speaker will consider in this meeting more especially the effect this philosophy will have on other countries, that is to say, on world trade.

The conference of Stresa has shown that the Six do not shrink from tackling the question of agricultural policy at the grass roots. This is of importance: the part of agricultural policy dealing with market policy has so far been concerned nearly exclusively with a curing of symptoms without tackling the causes of the trouble itself.

In Stresa, however, these causes have been openly discussed by the ministers of the Six. The Conference has, first of all, clearly and repeatedly stated that the EEC should not be an autarchic entity. The Rome Treaty should bring a progressive development of the trade within the Community, taking the necessity of good trade relations with third parties into account.

The Community will have an expansive economy because of its increase of population and industrial power. This means a strengthening of trade relations with other countries; it would be a short-sighted policy to think that this could be achieved without import of raw materials, and especially of basic agricultural products. Moreover, a sound agricultural policy recognizes first of all that welfare in agriculture depends to a great extent on expanding industry.

In the second place we have to establish a policy which leads to a balance of demand and production - a balance which again takes imports and exports into account. Is there any reason to fear the common agricultural policy of the Six? How is the situation now: six national policies, each with their respective systems of subsidies, monopolies and organized markets. This causes a production of goods without demand, thus creating surpluses.

Protection, by the way, is not only a result of import barriers, that is to say of tariffs and quotas, it has also other ways of appearances to the same effect, for instance deficiency payments.

The third point of our agricultural philosophy is that the whole programme is only possible if in the future we improve the agricultural structure. We therefore need to develop industrialization schemes to attract the superfluous manpower in our agriculture. This is the only sound way to increase the productivity of manpower. Concerning the increase of production we should be careful indeed.

Thus an expansive economy, industrialization, and an increase of the standard of living - this will be our policy. In the future this will certainly mean an expanding food market, and an expanding market of basic imports from third countries. In this respect the speaker draws the attention to the Experts' Report on Trends in International Trade, and especially to paragraphs 251 to 253. Here it is clearly stated that "a major expansion of the trade in primary products between industrialized and unindustrialized countries could be brought about by a moderate change of direction in agricultural protectionism away from the high levels which it has reached in many countries". The Report further suggests that a moderation of agricultural protectionism should be combined with other measures to facilitate the necessary re-organization of agriculture. These are also the aims of the agricultural policy of the EEC.

What can be learned from this Trends Report? That the GATT in its actual form and with its present powers is inadequate to deal with agricultural policy. Here indeed we have one of the weak spots in world economy: the distance between the less developed and higher developed countries is still increasing, making the difference between the haves and the have-nots ever larger. A greater flow of goods from less developed countries to the Western countries is a necessity to better this situation. Barriers to trade are only symptoms; it is not enough to try and break these down. We must go deeper and make it possible to break them down by adjusting our economic policy, including our agricultural policy.

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As is stated in Trends in International Trade, we have to look forward to moderation in agricultural protection, in such a way that protection will not do damage to world trade. We therefore need a code of agricultural policy and a confrontation of all ~~the~~ national policies with this code. For not every protection is wrong, but in the field of protection we should be selective. Returning to the point of view of the EEC, the speaker stated that the Community was willing to join in such a confrontation on the same basis as the other parties. The Six still had to define their agricultural policy. They were willing to take the Trends in International Trade report as the base for the definition of their policy.

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