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NOTE TO READER

Appearing at the same time as the English edition are editions in the five other official languages of the Communities: Danish, German, French, Italian and Dutch. The English edition contains the original texts of the interventions in English and an English translation of those made in other languages. In these cases there are, after the name of the speaker, the following letters, in brackets, to indicate the language spoken: (DK) for Danish, (D) for German, (F) for French, (I) for Italian and (NL) for Dutch.

The original texts of these interventions appear in the edition published in the language spoken.

Resolutions adopted at the sitting of 16 September 1974 appear in the Official Journal of the European Communities No C 118 of 3 October 1974.

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IN THE CHAIR : MR BERKHOUWER

President

(The sitting was opened at 2.40 p.m.)

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 12 July 1974.

2. *Apologies for absence*

President. — Apologies for absence have been received from Mr Kater, Mr Walkhoff and Mr Rizzi, who regret their inability to attend today's part-session.

3. *Address by the President*

President. — Fellow-members of the European Parliament, members of the Commission and members of the Council, we have just come through a weekend during which Europe has been subjected to the most cruel forms of aggression on many fronts. It is well, therefore, to remind ourselves in our work for the building up of a new Europe that our efforts must be directed towards making right prevail over might and violence.

In the name of all those who will be following today's debate with the keenest interest, I should like to stress the extraordinary importance of this debate. For a long time agriculture was the sector in which the process of European integration was making most progress. How is it, therefore, that the Community agricultural market is being shaken to the very core at this time? The reason for this is that it is being undermined by all kinds of unilaterally taken national measures. As supranational representatives of the peoples of Europe, it behoves us to take a serious look at the present situation.

Do we want a return to the chaotic Europe of the '30's with its labyrinth of nationalistic protectionist measures, or are we rather striving for the united Europe which, since the Paris Summit Meeting of 1972, we have been resolving to achieve by 1980 and in which the great freedoms envisaged by the authors of the Treaties of Rome will become a reality?

In passing I should like to pose the question as to what is the use of Summit Meetings, whatever

form they may take, if the decisions of previous Summit Meetings are not implemented. I think here in particular of the repeated undertakings to strengthen the powers of the European Parliament, especially in regard to its proper share in controlling the Communities' budget. Action should be taken on this matter before very long.

My dear colleagues, today's extraordinary plenary part-session is taking place at the request of the Council and Commission, so that Parliament can express its views on the Commission proposals before the Council of Ministers for Agriculture meets to-morrow and, we hope, takes some decision on them.

When the Bureau of this Parliament took action on the request from Council and Commission that these proposals should be dealt with by urgent procedure, it informed them of its express wish that all the members of the Council should be present at this debate.

We know after all that various national governments hold differing views in the matter of agriculture. Since we are endeavouring here to implement a European Community policy, it is no more than normal that these different viewpoints should be expounded in the European Parliament.

In the absence of the other members of the Council, we hope that the President-in-Office and the Luxembourg Minister for Agriculture, both of whom I heartily welcome, will inform us as broadly and openly as possible about the views of the Council. I repeat that we would hope that in future debates of this nature, requested by Council and Commission, the Council would be represented by the greatest possible number of its members, and not merely by the President-in-Office and, at a later stage in the plenary part-session, by his colleague from the country which is the host for our meeting.

Ladies and gentlemen, in this first plenary part-session of our Parliament after the summer recess, I should like to stress the great responsibility which devolves upon all of us in the present situation. There is a fundamental rift in the balance of power in the Community and it is up to us to take some action.

Other political institutions of the Community may be characterised by indecision, but such lack of decisiveness should be completely foreign to our Parliament.

In today's sitting we must give an answer to the questions that have been put to us, and we must do this in the form of definite decisions, whatever form they may take and at whatever

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time within the next twenty-four hours we may arrive at them. We count on you all, therefore, to be present at all the votes that we may reasonably expect.

I repeat that we, as members of the European Parliament, must be the driving force that will bring the Community safely through all the difficulties with which it is being faced. I wish you all the energy and inspiration you will need for the task, at once difficult and fascinating, that lies before us.

4. Statement by the President

President. — I have received the following letter from Mr Hommel, Secretary-General of the Council:

'Dear Mr President,

I have the honour to inform you that at its sitting on 3 September the Council decided to consult the Assembly on proposals to be submitted by the Commission on special measures to be taken in agriculture.

In accordance with this decision I have the honour to forward to you the Council's request for consultation on the following proposals:

- Proposal for a regulation of the Council amending the prices applicable in agriculture for the 1974/75 marketing year (COM(74) 1446 final)
- Proposal for a regulation (EEC) of the Council amending Regulation (EEC) No 974/71 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuation for the currencies of certain Member States (COM(74) 1445 final)
- Proposal for a regulation (EEC) of the Council fixing a new representative exchange rate to be applied in agriculture for the pound sterling and the Irish pound (COM(74) 1444 final)
- Proposal for a Council Decision on the level of the interest rate subsidy referred to in Article 8(2) of the Council Directive No 72/159/EEC of 17 April 1972 (COM(74) 1443 final).

The texts of these proposals are enclosed. Pursuant to the decision taken on 3 September the Council asks the Assembly to define its position on these proposals before the next sitting of the Council which will take place on 17 September.

I have also received the following telex message from Mr Ortoli, President of the Commission of the European Communities:

'In accordance with Rule 1(4) of Parliament's Rules of Procedure, I would request you to convene an extraordinary part-session of your Assembly at a date preceding the meeting the Council of the Communities is to hold in Brussels on 17 September. The Commission would like to hear Parliament's views on its proposals concerning special measures for dealing with the current economic situation in the agricultural sector'.

The enlarged Bureau discussed these requests and decided to convene Parliament today. We have an opportunity today, therefore, to discuss these agricultural measures which are of vital importance to the Community.

In the circumstances it is understandable that the reports we are discussing today could not be submitted within the prescribed time-limits.

5. Appointment of new members of the European Parliament

President. — On 24 July 1974 the British House of Commons appointed Mr Dykes, Mrs Fenner, Mr Howell and Mr Shaw as members of the European Parliament to replace Lord Chelwood, Mr John Hill, Sir John Peel and Mr Pounder.

Pursuant to Rule 3(1) of the Rules of Procedure, the Bureau checked these appointments at its meeting of 5 September 1974 and satisfied itself that they complied with the provisions of the Treaties.

It therefore asks the House to ratify these appointments.

Are there any objections?

These appointments are ratified.

I extend a warm welcome to the new members of our Parliament.
(*Applause*)

6. Membership of committees

President. — I have received a request from the European Conservative Group for the appointment of the following Members to the following committees:

Political Affairs Committee:

- Mr Scott-Hopkins to replace Mr Thomsen;
- Sir Douglas Dodds-Parker;

President

Committee on Budgets:

- Mr Kirk to replace Lord Bessborough;
- Lord Lothian to replace Sir Brandon Rhys Williams;
- Mr Shaw;

Committee on Social Affairs and Employment:

- Sir Brandon Rhys Williams to replace Sir
- Sir Douglas Dodds-Parker;
- Mr Dykes;

Committee on Agriculture:

- Lord St. Oswald to replace Mr Jakobsen;
- Mr Howell;

Committee on Regional Policy and Transport:

- Mr Dykes;

Committee on Public Health and the Environment:

- Lord Bessborough to replace Mr Scott-Hopkins;
- Mr Jakobsen to replace Lord St. Oswald;
- Mrs Fenner to replace Lord Lothian;

Committee on Cultural Affairs and Youth:

- Lord Lothian to replace Mr Brewis;
- Mr Howell;

Committee on External Economic Relations:

- Mr Brewis to replace Lord Lothian;
- Sir Douglas Dodds-Parker;

Committee on Development and Cooperation:

- Mr Shaw to replace Sir Douglas Dodds-Parker;
- Mrs Fenner;

Delegation to the Joint Parliamentary Committee of the EEC-Greece Association:

- Mr Brewis to replace Lord St. Oswald;

Delegation to the Joint Parliamentary Committee of the EEC-Turkey Association:

Sir Douglas Dodds-Parker;

Parliamentary Conference of the EEC-AASM Association:

- Mrs Fenner;
- Mr Shaw.

I have also received a request from the Christian-Democratic Group for the appointment of Mr Bersani and Mr Ligios as members of the Parliamentary Committee for the Association with the East African Community to replace Mr Antoniozzi and Mr Galli.

Are there any objections?

The appointments are ratified.

7. *Election of a new group chairman*

President. — The Socialist Group has informed me that it elected Mr Spénale as its new chairman at its seminar of 9 to 11 September 1974. It gives me great pleasure to congratulate Mr Spénale on behalf of Parliament on his election.

(*Applause*)

8. *Documents received*

President. — Since the session was adjourned I have received the following documents :

(a) from the Council of the European Communities, requests for an opinion on:

- the proposal from the Commission of the European Communities to the Council for a regulation on the common definition of the concept of the origin of petroleum products (Doc. 212/74).

This document had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Energy, Research and Technology for its opinion;

- the proposals from the Commission of the European Communities to the Council for

I. a directive on the approximation of the laws of the Member States relating to welded unalloyed steel gas cylinders

II. a directive on the approximation of the laws of the Member States relating to seamless aluminium alloy gas cylinders

(Doc. 216/74)

This document has been referred to the Committee on Public Health and the Environment as the committee responsible and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions;

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- the proposal from the Commission of the European Communities to the Council for a regulation on aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for 1974 (Doc. 217/74).

This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposals from the Commission of the European Communities to the Council for

I. a regulation on the financing of the beef and veal publicity campaign

II. a regulation on the financing of the system of premiums for the orderly marketing of certain adult bovine animals

(Doc. 218/74)

This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a second directive amending the Council Directive of 23 November 1970 concerning additives in feeding—stuffs (Doc. 219/74).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Public Health and the Environment for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a 1975 Community tariff quota for dried grapes falling within sub-heading 08.04 B I of the Common Customs Tariff in immediate containers of a net capacity of 15 kg. or less (Doc. 220/74).

This document had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposal from the Commission of the European Communities to the Council for transfers of appropriations from Chapter 98 to Chapters 12, 23, 26 and 32 (Doc. 221/74).

This document had been referred to the Committee on Budgets;

- the proposal from the Commission of the for a directive amending Council Directive No 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles (Doc. 223/74).

This document had been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a directive amending Council Directive No 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles (Doc. 223/74).

This document had been referred to the Committee on Regional Policy and Transport;

the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 803/68 concerning the delivery periods of imported goods (Doc. 224/74). This document had been referred to the Committee on External Economic Relations;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to materials and articles intended to come into contact with foodstuffs (Doc. 226/74).

This document had been referred to the Committee on Public Health and the Environment as the committee responsible and to the Legal Affairs Committee for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States on the reverse and the speedometer of motor vehicles (Doc. 227/74).

This document had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Regional Policy and Transport and the Legal Affairs Committee for their opinions;

- the proposal from the Commission of the European Communities to the Coun-

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cil for transfers of appropriations from Chapter 98 to Chapters 20, 21, 22, 23 and 24 (Doc. 228/74).

This document had been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a directive on the organization of a 1975 structure survey as part of a programme of surveys on the structure of agricultural holdings - Changes in the financial arrangements - (Doc. 229/74).

This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to anchorages for motor vehicle safety belts (Doc. 230/74).

This document had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Public Health and the Environment, the Committee on Regional Policy and Transport and the Legal Affairs Committee for their opinions;

- the proposal from the Commission of the European Communities to the Council for a regulation fixing the norm price for soya beans for the 1974/1975 marketing year (Doc. 232/74).

This document had been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 1009/67/EEC on the common organization of the market in sugar (Doc. 233/74).

This document had been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to statutory plates and inscriptions for motor vehicles and their trailers, and their location and method of fixing (Doc. 234/74).

This document had been referred to the Committee on Economic and Monetary

Affairs as the committee responsible and to the Legal Affairs Committee and the Committee on Regional Policy and Transport for their opinions;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States in respect of radio interference caused by equipment operating at radio frequencies in the range 10 kHz to 18 GHz—high-frequency industrial, scientific and medical equipment and similar apparatus— (Doc. 235/74).

This document had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee and the Committee on Public Health and the Environment for their opinions;

- the proposal from the Commission of the European Communities to the Council for a directive modifying the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles (Doc. 236/74).

This document had been referred to the Committee on Regional Policy and Transport as the committee responsible and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions;

- the proposals from the Commission of the European Communities to the Council for

I, a regulation amending the prices applicable in agriculture for the 1974/75 marketing year

II. a regulation amending Regulation (EEC) No 974/71 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuation for the currencies of certain Member States

III. a regulation fixing a new representative exchange rate to be applied in agriculture for the pound sterling and the Irish pound

IV. a decision on the level of the interest rate subsidy referred to in Article 8 (2) of Council Directive No 72/159/EEC of 17 April 1972

(Doc. 240/74).

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This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for transfers of appropriations from Chapter 98 to Chapters 31 and 36 (Doc. 249/74).

This document had been referred to the Committee on Budgets;

- (b) from the Council of the European Communities:

- a letter from the Council on the strengthening of the budgetary powers of the European Parliament (Doc. 213/74). This document had been referred to the Committee on Budgets as the committee responsible and to the Political Affairs Committee for its opinion;
- a questionnaire from the Council on the attainment of European Union (Doc. 214/74).

This document had been referred to the Political Affairs Committee;

- (c) from the Commission of the European Communities:

- a letter on the fixing of the maximum rate of increase for certain expenditure in the draft budget of the European Communities for the financial year 1975 (Article 203 (8) of the EEC Treaty, Article 177 (8) of the EAEC Treaty and Article 78 (8) of the ECSC Treaty) (Doc. 225/74).

This document had been referred to the Committee on Budgets;

- (d) the following oral questions:

- oral question with debate by Mr Durieux on behalf of the Liberal and Allies Group to the Commission on contacts between the EEC and the Arab countries (Doc. 205/74);
- oral question with debate by Mr Amendola and Mr Ansart on behalf of the Communist and Allies Group to the Council on the extension of the EEC headquarters in Brussels (Doc. 206/74);
- oral question with debate by Mr Amendola, Mr Ansart, Mrs Goutmann and Mr Marras on behalf of the Communist and Allies Group to the Council on the tripartite conference on the impact of the

energy crisis on the employment situation (Doc. 207/74);

- oral question with debate by Mr Martens on behalf of the Christian-Democratic Group to the Council on the deterioration of agricultural and horticultural incomes (Doc. 208/74);
- oral question with debate by Mr Martens on behalf of the Christian-Democratic Group to the Commission on the deterioration of agricultural and horticultural incomes (Doc. 208/74);
- oral question with debate by Mr Blumenfeld, Mr Härzschel, Mr Jahn, Mr Klepsch and Mr Schwörer to the Commission on the contribution by the European Community to the UN fund for developing countries with few natural resources (Doc. 210/74);
- oral question with debate by Mr Jahn, Mr Burgbacher, Mr Härzschel, Mr Klepsch, Mr Mitterdorfer, Mr Mursch, Mr Schwörer and Mr Springorum to the Commission on cooperation agreements with the Soviet Union (Doc. 211/74);
- oral question with debate by Mr Gibbons on behalf of the Group of European Progressive Democrats to the Council on the current plight of the farming community (Doc. 241/74);
- oral question with debate by Mr Gibbons on behalf of the Group of European Progressive Democrats to the Commission on the current plight of the farming community (Doc. 242/74);
- oral question with debate by Mr Amendola, Mr Ansart, Mrs Caretoni Romagnoli, Mr Lemoine and Mr Bordu to the Council on the initiative to safeguard the independence and freedom of Cyprus (Doc. 243/74);
- oral question with debate by Mr Hougardy on behalf of the Liberal and Allies Group to the Commission on the energy research programme (Doc. 244/74);
- oral question with debate by Mr Jahn, Mr Kirk, Mr Aigner, Mr Klepsch, Mr Alfred Bertrand, Mr Lücker and Mr Schuijt to the Council on the association with Cyprus (Doc. 245/74);
- oral question with debate by Mr Jahn, Mr Kirk, Mr Aigner, Mr Klepsch, Mr Alfred Bertrand, Mr Lücker and Mr Schuijt to the Commission on the association with Cyprus (Doc. 246/74);

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- oral question with debate by Mr Alfred Bertrand on behalf of the Committee on Social Affairs and Employment to the Commission on the current employment situation in the Community (Doc. 247/74);
- (e) from the committees, the following reports:
 - report by Mr Heinz Mursch on behalf of the Committee on Regional Policy and Transport on the communication from the Commission of the European Communities to the Council (Doc. 226/73) on the development of the common transport policy (Doc. 215/74);
 - report by Mr Ferruccio Pisoni on behalf of the Committee on Social Affairs and Employment on the proposal from the Commission of the European Communities to the Council (Doc. 70/74) for a regulation on the creation of a European Vocational Training Centre (Doc. 231/74);
 - report by Mr Peter Corterier on behalf of the Political Affairs Committee on the association between the EEC and Greece (Doc. 237/74);
 - report by Mr Pierre Bourdellès on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council (Doc. 150/74) for a regulation amending Regulation (EEC) No 2108/70 of the Council of 20 October 1970 determining the Community scale for grading pig carcasses (Doc. 239/74);
 - report by Mr Jan De Koning on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
 - I. a regulation amending the prices applicable in agriculture for the 1974/1975 marketing year
 - II. a regulation amending Regulation (EEC) No 974/71 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuation for the currencies of certain Member States
 - III. a regulation fixing a new representative exchange rate to be applied in agriculture for the pound sterling and the Irish pound
 - IV. a decision on the level of the interest rate subsidy referred to in Article 8 (2) of Council Directive No 72/159/EEC of 17 April 1972 (Doc. 240/74)
 - V. a regulation fixing the norm price for soya beans for the 1974/1975 marketing year (Doc. 232/74) (Doc. 248/74).

9. *Referral to committee*

President. — Contrary to the referral decided upon on 11 February 1974, the proposal from the Commission of the European Communities to the Council for a regulation on the European Cooperation Grouping (ECG) (Doc. 340/73) has now been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion.

10. *Texts of Treaties forwarded by the Council*

President. — I have received from the Council of the European Communities certified true copies of the following documents:

- Notice of the completion by the Community of the procedures necessary for the entry into force of the trade agreement between the European Economic Community and the Federal Republic of Brazil;
- Minutes of the notification of the completion of the procedures necessary for the entry into force of the trade agreement between the European Economic Community and the Federal Republic of Brazil;
- Agreement between the European Economic Community and the Republic of Peru on the supply of common wheat as food aid;
- Agreement between the European Economic Community and the World Food Programme on the supply of cereals as food aid to developing countries;
- Agreement between the European Economic Community and the United Nations relief and works agency for Palestinian refugees on the supply of butteroil as food aid;
- Agreement between the European Economic Community and the Hashemite Kingdom of Jordan on the supply of butteroil as food aid;
- Agreement between the European Economic Community and the Eastern Republic of Uruguay on the supply of common wheat as food aid;

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- Agreement between the European Economic Community and the Republic of Chad on the supply of skimmed milk powder and butter-oil as food aid;
- Act of notification of the completion by the Community of the procedures necessary for the entry into force of the trade agreement between the European Economic Community and the Republic of Uruguay;
- Minutes of the notification of the completion of the procedures necessary for the entry into force of the trade agreement between the European Economic Community and the Eastern Republic of Uruguay;
- Protocol laying down certain provisions relating to the agreement establishing an association between the European Economic Community and the Tunisian Republic consequent on the accession of new Member States to the European Economic Community, with Final Act;
- Exchange of letters amending Article 5 of Annex 1 to the agreement establishing an association between the European Economic Community and the Tunisian Republic;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the protocol laying down certain provisions relating to the agreement establishing an association between the European Economic Community and the Tunisian Republic consequent on the accession of new Member States to the European Economic Community;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the agreement in the form of an exchange of letters amending Article 5 of Annex 1 to the agreement establishing an association between the European Economic Community and the Tunisian Republic.

These documents are deposited in the archives of the European Parliament.

11. *Presentation of a petition*

President. — I have received from Mr Seppen, Mr Bertels, Mr Pot, Mr Rosenzweig, Mr Hofer-Kuyelman and others a petition on migrant birds. This petition has been entered under No 8/74 in the register provided for in Rule 48 of the Rules of Procedure and referred to the Committee on Public Health and the Environment for consideration.

12. *Decision on urgent procedure*

President. — I have received from Mr Gibbons on behalf of the Group of European Progressive Democrats two Oral Questions with debate to the Council and Commission of the European Communities respectively on the current plight of the farming community.

Pursuant to Rule 47(2), last sub-paragraph, of the Rules of Procedure, I propose to Parliament that these two Oral Questions be placed on the agenda for to-day's sitting, so that they can be dealt with in the course of our general debate on agricultural questions.

Are there any objections?

That is agreed.

13. *Allocation of speaking time*

President. — In accordance with the usual practice, I propose that speaking time be allocated as follows:

- 20 minutes for the authors of the Oral Questions with debate and for one speaker on behalf of each political group;
- 10 minutes for other speakers;
- 5 minutes for speakers on amendments.

Since Mr de Koning has to speak as rapporteur on five different proposals on which Parliament has been consulted. I propose, in view of the importance of the debate, that he be given 30 minutes' speaking time.

Are there any objection?

That is agreed.

14. *Order of business*

President. — The next item is the order of business.

In accordance with the decision taken by the enlarged Bureau at its meeting of 5 September 1974, I propose that the following agenda be adopted:

This afternoon and this evening at 8.00 p.m.:

- joint debate on agricultural questions on the basis of
 - the report drawn up by Mr de Koning on behalf of the Committee on Agriculture on five proposals from the Commission concerning the agricultural sector (Doc. 248/74);

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- the oral questions with debate by Mr Martens on behalf of the Christian-Democratic Group on the deterioration of agricultural and horticultural incomes (Doc. 208/74 and Doc. 209/74);
- the oral questions with debate by Mr Gibbons on behalf of the group of European Progressive Democrats on the plight of the farming community (Doc. 241/74 and Doc. 242/74).

I would remind you that we have already decided to add the two oral questions by Mr Gibbons to the agenda for to-day's sitting. Are there any objections?

That is agreed.

As this debate will probably last until very late to-night, I think that the break at the end of the afternoon must be kept as short as possible.

I propose therefore that the sitting be suspended at about 7.00 p.m. and resumed at 8.00 p.m.

15. *Time limit for tabling amendments*

President. — In view of the importance of this debate and the fact that before the sitting ends, which must be before daybreak to-morrow, we must vote on the proposals on which Parliament has been consulted, I propose that the time limit for tabling amendments be set at 6.00 p.m. this evening.

Are there any objections?

That is agreed.

16. *Statement by the President*

President. — Before we go on to deal with the rest of the agenda, there is one further thing I should like to say. Since the last part-session in Luxembourg new sound equipment and interpreting facilities have been installed in this chamber.

I should like to express my special gratitude to the staff. Their painstaking and unremitting efforts have made it possible for us to meet here to-day before the deadline originally agreed upon.

The competent services have informed me that the firm in charge of the work have carried out all the necessary checks very thoroughly. I hope, therefore, that all future debates in this chamber can be held without any difficulties.

17. *Regulations amending agricultural prices for the 1974/75 marketing year and on various measures in the agricultural sector—Oral Questions with debate by Mr Martens to the Council and Commission and by Mr Gibbons to the Council and Commission on certain problems in the agricultural sector (joint debate)*

President. — The next item is a joint debate on

— the report drawn up by Mr de Koning on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for

I. a regulation amending the prices applicable in agriculture for the 1974/75 marketing year

II. a regulation amending Regulation (EEC) No 947/71 on certain measures of conjunctural policy to be taken in agriculture following the temporary widening of the margins of fluctuation for the currencies of certain Member States

III. a regulation fixing a new representative exchange rate to be applied in agriculture for the pound sterling and the Irish pound

IV. a decision on the level of the interest rate subsidy referred to in Article 8(2) of Council Directive No 72/159/EEC of 17 April 1972

(Doc. 240/74)

V. a regulation fixing the norm price for soya beans for the 1974/75 marketing year (Doc. 232/74)

(Doc. 248/74)

— the oral questions with debate by Mr Martens on behalf of the Christian-Democratic Group to the Council and Commission of the European Communities on the deterioration of agricultural and horticultural incomes (Doc. 208/74 and Doc. 209/74)

— the oral questions with debate by Mr Gibbons on behalf of the Group of European Progressive Democrats to the Council and Commission of the European Communities on the plight of the farming community (Doc. 242/74 and Doc. 243/74).

I call Mr de Koning, who has asked to present his report. He has a total of 30 minutes' speaking time.

Mr De Koning, rapporteur. — (NL) Mr President, we are today discussing measures in aid of agriculture on the background of a very

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serious situation in that sector, and of the unprecedented farmers' demonstrations held over the last few weeks and announced for today again.

These demonstrations are an expression of the anxiety and discontent of farmers about the situation they have got into and of their loss of confidence in the common agricultural policy. The policy did not foresee this situation, and was not able to avoid it; in the opinion of many, it is itself responsible or at least partly responsible for it.

It is now the common task of the Commission, the Council and today the European Parliament, to recognize the seriousness of the situation in European agriculture, to analyse its causes, and to come to an opinion on the measures which must now be taken to cope with the situation and restore the confidence of farmers in the European agricultural policy.

What are the causes of the difficulties in agriculture?

I shall name some of them.

In the first place, the inflation which has been spreading for years has become a spate since the energy crisis, and agriculture is experiencing its effects in two ways:

- all costs are increasingly rapidly rising, and this applies above all to the cost of oil and gas, and products derived from them, like fertilizers and pesticides;
- moreover, as the percentage inflation rises, so also does the interest rate in all member states of the Community, though not to the same extent everywhere. I have been told that the interest rate in Denmark is already over 16%. The burden of this high interest rests heaviest on young farmers and enterprises which make many investments, that is on those people and enterprises on which the future of agriculture depends.

The second factor is the rise in animal feed prices. Last year the prices rose because of the fall in fishmeal production in Peru and the failure of the soya harvest. The rise is continuing this year and is being increased by a poor harvest of feed grains and soya beans in almost the whole of North America.

A third factor has to do with the market inside the Community. The high meat prices of the spring of 1973 are now a thing of the past and the market for almost all kinds of meat has completely collapsed. It has still not recovered. This is a doubly hard blow for the farmer: he has had to buy calves and piglets dear, he has had to feed, rear and fatten them on especially

expensive feed, and now he has to sell them at prices which involve a high loss. This unfavourable situation is made even worse by the devaluation and revaluation in the various member states. In countries whose currency is falling, agricultural costs have risen even more, and in countries whose currency is being revalued, the yields from agricultural products have been hit.

In brief one can say that over the course of last year a number of factors working in conjunction adversely affected agriculture, and as a result, hundreds of thousands of farms suffered heavy losses, and the vast majority of farms are talking of serious declines in incomes. This, of course, causes serious tensions, which become all the clearer when one considers that incomes in almost all other sectors of society are rising. While almost all groups in our society have been able to protect themselves against the consequences of inflation, agriculture has become the victim of a development which it did not cause and against which it cannot defend itself.

It is clear that a number of measures are necessary to combat the causes of the present slump in agriculture.

The Commission has made proposals relating to price policy, monetary policy, structural policy and the national measures taken by a number of Member States on behalf of their own agriculture. This package, in fact, covers the whole range of problems. Decisions must be taken in each of these areas.

On the basis of the motion for a resolution submitted to you by the Committee on Agriculture, I should like to go into some more detail on some of the points mentioned in it. The most outstanding point is certainly the percentage by which prices ought now to be increased. The Commission proposes 4%, to be applied all along the line and to all products covered by the regulations.

In the Committee on Agriculture, lengthy discussions took place on both elements of the proposal, the percentage and the mode of application.

We realised that the figure of 4% was an arbitrary one and that no good reasons could be adduced for it not to be 3% or perhaps 5%. We also realised that this was an interim price increase, in itself an extremely unusual occurrence, which will shortly be followed by the price proposals for the 1975/76 season. The Commission said that it would base these price proposals on the rises in costs over the years 1973 and 1974. The interim price increase of 4% proposed now is therefore something in the nature of an advance in connection with the exceptional rises in costs in the current year.

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According to the Commission, the price proposals for next year due in November will be able to take better account than now of the specific circumstances applying to each product.

The Committee on Agriculture did appreciate these points. Nevertheless, many of its members thought that because of the considerable rises in costs and the resulting problems for farmers, a considerably higher interim price review was necessary now. A number of members of the Committee on Agriculture was also of the opinion that an interim price increase for all products was undesirable and that there ought to be some differentiation between products.

These various views were incorporated in amendments to the two elements mentioned in paragraph 1 of the motion for a resolution. One amendment to fix the interim price rise at 8% was proposed, and adopted by the Committee on agriculture, although with the smallest possible majority. A second amendment urging the extension of the possibility of differentiating between products in this price rise was also adopted. However, when the amended paragraph as a whole was voted on, it was rejected.

In the end, after lengthy discussions, the Committee on Agriculture voted on the original text and adopted it. This is the text of the motion for a resolution as it stands now.

The reason why I am going into details of these procedural matters is that I wish to make it clear to Parliament that an important tendency in the Committee on Agriculture would like a higher price rise than 4%, and even higher than might be concealed behind the term 'at least 4%'—as it appears in the text. But others are against a price increase of more than 4% and even have objections to the phrase 'at least'. They want 'at most 4%'. The text finally agreed on, 'at least 4%', thus conceals very divergent views in the Committee on Agriculture as regards the most desirable percentage for an interim price increase. This also applies to the mode of application of the price increase. Here, too, opinions are very divergent, varying from price increases all along the line to price increases differentiating between products. The second reason why I am going into these procedural matters is that one of the members of the Committee on Agriculture raised objections to the voting procedure used.

So much for my observations on paragraphs 1 and 2 of the resolution, which are the most important.

I should now like briefly to deal with some of the other 26 paragraphs in the motion for a resolution before the members of Parliament.

Paragraph 3 of the resolution urges a price policy which will encourage European agriculture to contribute as much as possible to the solution of world food problems. This is a fairly general formulation, intended to give a picture of the sort of price policy which should in our opinion be followed: one which takes account of the possibility that the present conditions of shortage on the world food market are not an incidental phenomenon but of a structural nature. In European agricultural policy we are accustomed to having to take surpluses into account. For almost fifteen years we have had surpluses of agricultural products on the market, sometimes so large that considerable stocks were created. In the opinion of the committee, price policy for the coming years must take clear account of the fact that this situation is a thing of the past, if not forever then certainly for a number of years. We must consider that for a number of years we shall be faced with structural shortages on the world food markets. If that situation in fact occurs, the price policy we follow should encourage European agriculture to contribute as much as possible to solving the enormous, appalling problems in which scarcity on the world food market results.

In the second place, the Committee on Agriculture asks for the market policy on the European agricultural market to be adjusted. It must both ensure supplies on the European market and provide as large an income as possible for the producers. We went through a period when the market policy on cereal prices was criticized, and in our opinion justly. At the plenary sittings in July I had a thorough exchange of views on this with the Commissioner, following an oral question from myself, and on that occasion I listed all my objections to the cereal market policy. I need not therefore repeat myself here.

As I said, the meat market has collapsed. I certainly do not wish to attribute this solely to a poor market policy on the part of the Commission. A number of reasons can be given, on the producer side and on the consumer side, for the drama on the meat markets over the past year. It is however also clear in my opinion that the Commission's import policy, although it was later adapted to the actual market conditions, took far too long to be adjusted to the altered relationship between demand and supply on the meat markets.

Finally, a word on the system of reference prices for vegetables and fruit, about which there have been complaints for as long as it has existed. The Commission has repeatedly said that it will improve this system, but the complaints from producers on the fruit and vegetable market

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about the, in their view, inadequate operation of the reference price system continue. In my opinion it is possible to make considerable improvements here and on similar points without making any changes to the regulation, by handling the instruments at the Commission's disposal differently. In this connection, the committee on agriculture felt it ought to make one observation: that the European Community ought not to set itself up as autarkic or independent of other countries and that the Commission ought not without further ado to issue one-sided import or export restriction provisions. The committee on agriculture is of the opinion that in some cases there must be consultation with the third countries concerned and that, where measures are taken to protect the internal market against too many imports or exports, compensation should, where possible, also be offered to the countries which have to suffer the consequences. We are of the opinion that it would be wrong to solve the problems of European farmers at the expense of farmers in other countries. The EEC, as the largest purchaser on the market in agricultural products, has a great responsibility, which makes it incumbent upon the Community to be extremely careful to pay attention to the interests of those who are dependent on our purchases.

At the end of this series of paragraphs on price policy the proposal is made to approve the norm price for soya beans for the 1974-75 marketing year. This may seem an egregious appendage to the resolution, but the committee on agriculture had been asked for an opinion on the Commission's proposal for the norm price for soya beans. We considered it reasonable to incorporate that opinion into the motion for a resolution, so that this norm price could also be included in the interim price increase.

On this section I should finally like to ask the Commission the following question, whether as regards tobacco not only the intervention prices and the target prices but also the premium should be adjusted in the course of an interim price increase. The premium on tobacco is an important factor in the pricing of that product. An adjustment affecting only the intervention price and not the premium, would be inadequate to meet the problems tobacco producers have to struggle with.

As regards the Commission's monetary proposals, the Committee on Agriculture would like to observe that it considers the Commission correct in using this opportunity to reduce the monetary disparities which have arisen within the Community. This is important for economic development in general and of essential importance for the common market in agricultural

products. We are of the opinion that this first step by the Commission should be welcomed, but that the subsequent steps must not be left out. We also think that all the green currencies must be adjusted in such a way that a genuine common agricultural market can be formed again. In this connection, the Commission's proposals on the adjustment of the green Irish pound deserve special attention. It is proposed to adjust the green pound sterling and the green Irish pound by the same percentage. The Committee on Agriculture is of the opinion that this is inadequate to deal with the problems of Irish agriculture and also that it is advisable not to stop at adjusting the Irish pound by 7.5% but to bring about the adjustment in one go by a 15.3% devaluation, which will greatly help the export position of Irish agriculture. We are well aware that the uncoupling of the Irish pound and the pound sterling may have certain political and economic consequences. Nevertheless we think that the agricultural interests at stake at the moment are so important that these consequences must be taken into account.

The familiar and now notorious article 4(a)-2 of regulation No. 974/71 has often caused agriculture great problems. The repeal of that article in accordance with the Commission's proposal may normalise the cereal market in the Community again and put an end to all the unforeseen and unintended disruptions of competition caused by the article. The same applies to the 2% exemption the Commission proposes for the monetary compensatory amounts. These monetary compensatory amounts are a necessary evil that we have to put up with in the present situation. But it is certainly not the case that we are in all respects contented with the effects the existence of these monetary compensatory amounts have had on the competition situation between the agricultural sectors of the various Member States. A measure which limits its effect to some extent and encourages the flexible handling of this instrument certainly has our agreement.

As regards structural policy, the Committee on Agriculture was guided by the idea that the modernization of agriculture is a vital condition for its future. In an industrial society it is unthinkable for agriculture not to take on an industrial character and make as much use as possible of it. Certainly in view of the present difficulties in agriculture, the continued modernization of agriculture must not be allowed to stagnate. The Committee on Agriculture also welcomes the fact that the Commission intends to increase the maximum percentage of interest subsidies to enterprises which are modernizing themselves. It thinks only that this increase does not go far enough. We think that a maximum of

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6% is not high enough. In view of the current high interest levels in almost all Member States, a maximum percentage of 6% is too modest a concession to the need to raise money and invest it in the enterprise. We are of the opinion that an increase in that maximum percentage to take more account of the high rates of interest is necessary. We realise, of course, that a safeguard provision that at least 3% of the interest is paid by the farmer himself, must be built in. This means that if, as we hope, the interest rate falls in the future, the maximum will not be applied. In the context of the modernization of agriculture it is also important for the income criteria mentioned in the directive on structural policy to be adjusted regularly to the fall in the value of money and to the rise of income in other sectors than agriculture. If such an adjustment is made it will, especially in a time when the value of money is falling rapidly and incomes in other sectors are rising accordingly, have the effect that on the one hand more people will get the chance to take advantage of the modernization subsidy and on the other hand more people will get the chance to give up their farm early if they want to. Both factors are of interest for the structural improvement of European agriculture.

But this structural improvement, this modernisation cannot be achieved solely by granting interest subsidies or compensations for winding up farms. Modernisation must be seen in a broader framework, the framework of a developing regional policy, giving people who want to leave agriculture alternative employment opportunities outside it. This regional policy is still in the planning stage in the European communities. Especially as regards agriculture we feel that we must strongly urge these plans to be implemented as soon as possible so that a genuine regional development policy can be realised. The same applies to the directives on hill farming and less favoured agricultural regions. Perhaps it applies even more to such regions, since farmers in those regions have less chance than others to compensate rising costs by improving their farm management. This category in particular must be helped in other ways.

The Commission announces proposals aimed at lessening the problems of young farmers. We consider this a very urgent matter. Young farmers are at the moment facing relatively much larger problems than their older colleagues who have been farmers or market gardeners for a long time. The high rate of interest makes it especially difficult for the young farmers to meet their repayment obligations. They have farms which in many cases are in need of

considerable investments. Running the farm also requires more and more capital. Proposals aimed at relieving the financial problems of this category will certainly have the agreement of the committee on agriculture, and I assume that Parliament as a whole will be in agreement.

Finally the old wish which is beginning to sound like a new 'Delenda est Karthago': the Committee on Agriculture is of the opinion that the structural directives must be applied without delay in all Member States.

I should like now to make a few remarks on the national measures mentioned by the Commission. Our Committee is seriously concerned at the unilateral national measures which have been taken. We understand very well why the Member States thought during this summer that they had to take national measures to pour some oil on the troubled waters, by meeting the first and most urgent problems of the farmers affected. It must, however, be realised that by taking national measures we are moving away from a genuine Community approach to agricultural questions towards a national approach, which is a too small and too limited framework for a real solution. It plays off national interests against each other. It disrupts competition conditions and will in the long run be more likely to worsen than improve the position of agriculture. The Committee on Agriculture therefore energetically urges the absolute necessity for national support measures to be either withdrawn or incorporated in a Community policy as soon as possible. The order is not arbitrary. Our preference is for the national measures to be withdrawn. But we understand very well that in view of the political situation which has arisen in a number of Member States, this demand will not always be realisable. Precisely for this reason it is of great importance in those cases too no longer to take national measures on one's own, but to fit the measures already taken, even though in retrospect—it's not an elegant solution, but at least it's a solution—into the Community policy.

The objections to national measures with a direct effect on the costs and yields of certain products do not apply to the same extent against fiscal or social measures. The fiscal and social systems of the Member States may also of course be so divergent that in spite of everything, competition conditions may be distorted. But it is very possible to take measures in a fiscal or a social context which do not have such a competition-distorting effect, and our committee therefore agrees with the Commission that there are no overwhelming objections to these.

De Koning

Mr President, a mistake has crept into paragraph 24 of the resolution. In the course of the afternoon I shall submit a correction to it.

One final observation in closing. The matter we have to decide on today is an important one. The discussions we have had in the committee on agriculture have made me realise that it will not be so simple to arrive at a sufficient degree of unanimity. Probably no-one will be completely satisfied with the pronouncement Parliament will eventually make in the course of the evening, but each one of us will certainly be completely dissatisfied, if we do not manage to come to some majority standpoint. It is absolutely necessary, in the interests both of European agriculture and of the standing of this Parliament, for a meaningful resolution to be adopted, and if possible with a large majority, at the end of this debate.

Mr President, I trust that differences of opinion on details will not prevent us from reaching agreement on the main point.

(Applause)

President. — I call Miss Flesch, draftsman for the opinion of the Committee on Budgets.

Miss Flesch. — *(F)* Mr President, ladies and gentlemen, the Committee on Budgets considered the emergency measures proposed by the Commission for the agricultural sector at its meeting of 13 September, which was only last Friday. This left so little time before the part-session that the committee instructed me to deliver its opinion to Parliament in the form of an oral report.

The Committee on Budgets did not feel itself called upon to examine in detail the measures proposed by the Commission or their effect on the agricultural sector, as this was obviously a matter for the Committee on Agriculture. It confined itself to a brisk general discussion of the budgetary, financial and monetary aspects of the measures in question. I should like to remind you that the measures proposed by the Commission will not mean any increase in expenditure for the financial year 1974, partly because of the lateness of the date, 1 October, on which the measures come into force and partly because of the arrangements being adopted by the EAGGF for meeting the expenditures in question.

As far as the financial year 1975 is concerned, the general increase of 4% in common agricultural prices proposed by the Commission will involve an overall expenditure of 120 million u.a., but the monetary measures proposed to counteract this will effect a saving of 30 million u.a. so that we will be left with a total increase in expenditure of the order of 90 million u.a.

On the other hand, these same measures will bring about an increase of about 75 million u.a. in the Community's own resources for 1975, with the result that the net increase in expenditure in the 1975 budget caused by the Commission proposals will not be more than 15 million u.a. It goes without saying that if the measures finally adopted differ at any point from the package of proposals as we have them before us, then their financial implications will also be different.

Thus the removal of a ceiling from the monetary compensatory amounts, the famous Article 4A of Regulation No. 974/71, will have different effects according to whether this removal is or is not accompanied by a modification in the representative rate of the lira and whether the monetary compensatory amounts are calculated on the basis of a full rebate or a rebate less two points. Depending on the hypothesis adopted, the removal of a ceiling on the monetary compensatory amounts can result in a saving of 20 million u.a. for the expenditure of the Guarantee Section of the EAGGF or else an increase of about 95 million in the same expenditure. The measures proposed illustrate, if any further illustration were needed, how closely linked and interrelated the agricultural and monetary sectors are. There must be no question of monetary measures leading in some kind of round-about way to a breaking up of the Common Market in agriculture. My committee feels, therefore, that developments in the monetary sector must be watched very closely, and it seems to us that the Committee on Agriculture is amply justified in calling for a special effort to reduce the tensions arising from monetary disparities in trade between the Member States.

To sum up, Mr President, the Committee on Budgets is in agreement with the measures proposed by the Commission. Its approval is based on the feeling that the exceptional circumstances obtaining at this present time call for exceptional Community measures. The committee believes that if these measures are to be effective, they will have to have the agreement and support of all the Member States. The committee also takes the view that these are only short-term measures, a kind of palliative, and that in the long term the Community cannot but face up to the need for a fundamental review of the entire common agricultural policy. To put it plainly, agricultural problems cannot be solved by a prices policy only, and more thought will have to be given to the question of what measures can and must be taken in the matter of structures, and that within the framework of a regional policy to be implemented in the near future.

(Applause)

President. — I call Mr Martens to present the Oral Question with debate (Doc. 208/74 and Doc. 209/74) put by him on behalf of the Christian-Democratic Group to the Council and Commission of the European Communities respectively. The question is worded as follows:

Subject: Deterioration of agricultural and horticultural incomes.

On a proposal from the Commission, the Council raised the target prices for agricultural products for the 1974/75 marketing year by about 8.5% at the end of March 1974.

Following an unusually rapid rise in cost price factors on the one hand, and a disastrous slump in beef and pork prices on the other hand, income from agricultural and horticultural products will drop by 30 to 40% and fall even further behind non-agricultural sectors.

What measures does the Council/the Commission propose to counter this unforeseen and undesirable development as soon as possible?

Mr Martens. — (NL) Mr President, ladies and gentlemen, the origin of my oral question was the answer given by Mr Lardinois, the Commissioner for agricultural matters, to the question by Mr Durieux concerning the worrying situation in agriculture. Mr Lardinois made it clear that no interim price adjustments were possible though special measures in certain sectors might be required. As we know, this answer evoked strong reactions from agricultural producers and agricultural organizations and others, and also led to the taking of national measures in various Member States.

These reactions induced the Commission to propose measures to accompany the measures taken in the middle of July with a view to restoring the beef and veal markets.

What is now being proposed are price measures, monetary measures and measures to improve the structural policy. What we do not see in this is any recommendation or regulation in connection with market policy. It is clear that we are now entering upon a difficult year. We readily admit that agricultural incomes in 1972-73 were fairly good, but developments this year in consequence of the rise in production costs and the falls in prices of important products like beef and pork, which make up about 35% of agricultural income, have completely confused the situation. Some are talking of a reduction in incomes by 10 or 20%, others of 30 or 40%, and it is an undeniable lacuna in the proposal that it contains no figures and no indication of the real growth in the cost price element or of the real price formation. I can nevertheless

imagine that every country keeps a regular eye on the changes in the production costs and selling price indices. In my country at least, we have been able to state month by month what the production costs and selling price indices were. I am convinced that practically all countries are capable of this, and it would greatly surprise me if the Commission did not have the same data. I regret that these are not given in the explanatory statement to the proposal submitted by the Commission. To make things clearer: if I take as the starting point the situation in 1961-63, with an index at 100 then, the production costs index was 163 on 1 January, 1974 and 177 on 1 August, which means a rise of 14 points. Taking the selling price index, which was 150 on 1 January 1974, and 135 on 1 August 1974, we find that the difference between the two indexes was 13 in January and 42 on 1 August. It is therefore clear that agricultural incomes have been severely affected by these developments, and I therefore greatly regret that we do not have available the data to enable us at least to form an opinion about the extent of the price proposals to be expected. Mr De Koning asked whether this increase should be 4 or 8% or 5 or 3%. There is no certainty on this. Evidently the only reason why 4% has been proposed is the fact that the agricultural organizations at a certain point asked for 4%, and that this 4% was not granted in the price review for 1974-75 since account was not taken then of the rise in real costs in 1973.

The recitals in the price proposals for 1974-75 emphasize that market and pricing policy is, beside structural measures, the most important instrument of the income policy. Unfortunately we now realise that these structural measures are very difficult to get going. They should have been applied from 1972, but we are unfortunately still not much further on now.

Another consideration was that prices ought increasingly to be oriented to modern enterprises. But if I then inquire how many modern enterprises we have and how these are to be conceived, the question arises whether they are 15 or 30%. At any rate, I have the impression that European agriculture is still very much a matter of a very large number of small and medium-sized enterprises. The price increase must take place according to objective criteria, and we have found that for production costs a four-year average price development has been taken, so that the price increase proposed is indubitably too low. Account must be taken of the growth of production costs, which has not been done adequately, and with incomes outside agriculture, which has. Account has likewise to

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be taken of the market equilibrium in the various agricultural sectors, and furthermore the production of beef and veal had to be stimulated to cut back milk production. It cannot, however, be denied that the Commission's clock was somewhat slow, since it must have been clear to all then that we would have problems with beef prices and with the encouragement of production; that intervention would have to be resorted to. It has been found after the event that there is not even any machinery to give these intervention prices effect. Finally, it was emphasized that the price policy must fit into the common policy on combatting inflation. I should like to stop at this for a moment; this means combatting inflation at the expense of agriculture. If we had calculated the price proposals for 1972-73-74 and 75 according to objective criteria, we would have arrived at 8.4% for 1972-73. In fact it was 5.2%. In 1973-74 we should have come to 10.9%, but it was in fact 5.5%. For 1974-75 it ought to have been 12.5%, but it remained 8.5%. This means that over a period of three years, according to objective criteria, an increase of 31.8% ought to have been granted. We got 19.2% on paper, that is only 60% of the real increase. So it should not surprise now if agriculture is starting to protest against this treatment.

I know that Article 39 of the Treaty of Rome provides that it shall be an objective of the common agricultural policy to ensure a fair income for the agricultural community and to guarantee consumers food supplies at reasonable prices. I am fully in agreement with this.

But my question is now the following: what connection is there between the agricultural prices fixed at European level and the price the consumer has to pay, which generally emerges from a price control system which varies from country to country. I shall give you an example to make this clearer: our wheat price has remained almost unchanged since 1968. The bread price in Belgium in 1968 was 11.75 francs, in May this year 18.5 francs and at the moment it is more than 20 francs. This means a price increase of 57%, despite the stable wheat prices. Agriculture cannot be held responsible for this. In Germany, despite the revaluation of the mark, the rise was 155. We have found that the consumer has experienced almost nothing of the spectacular fall in the meat price this year on the market, by some 20, 30 or 40%. I could give other examples. In many cases the price is 3 or 4 times higher. Is it right to load cost rises in processing and distribution off on to agriculture? I think the time has come for us to look at this matter differently. Of course agricultural prices have some effect, but I am convinced that the

farmgate prices will increasingly less affect the final price to be paid by the consumer.

We should now like to ask the President-in-Office of the Council and Mr Lardinois what in their opinion have been the favourable repercussions on incomes of the measures taken in July on the beef and veal market. We said then that these were good measures, namely an import ban, welfare meat intervention, canning, promotion of exports by increasing the export refunds, and retention premiums. I find now, on the basis of last week's prices, that as far as meat goes we are getting only 86% of the target price, with fluctuations either side—in Belgium the price is I think 94 or 95%, and in Ireland around 68.83%, so that we haven't really advanced very much. I should like to hear from the President-in-Office of the Council and Mr Lardinois what increased receipts they expect from the proposed measures to increase the grain and feedgrain prices. What effects will there be on the meat market and the meat cost price?

How much will the measures affect the price of milk, sugar, poultry, vegetables and fruit? Might I first of all state that I am very much afraid, especially in view of the fact that the prices for maize and soya beans are to rise, that the proposed passing on of animal feed costs will perhaps have less effect for the producer than today. I am afraid that the repercussions of the resulting cost increases may well be more considerable than the price increases envisaged.

One more observation, on sugar. Sugar production costs rose by 27.9% between 1971 and 1974, 13.2% of this in 1974. The price increase over these four years was a total of 10.8%, far lower than the rise in costs. I should like to emphasize here—this is a problem which very much concerns farmers—that the present ex-works price will be around 13 francs, the world market price around 35 to 40 francs, that we have an export levy of 23.5 francs, and that with such a great shortage on the world market the producers cannot make any profit from it. On the contrary, even the advantage they had under the quota has been lost under these circumstances. You will have to accept, Mr Lardinois, that these regulations are not at all understood by the producers. But there is another aspect we must not forget. The intervention prices or the guide prices for sugar, ex-works, are calculated in Belgium at 12.60 francs, in the Netherlands at 12.60 francs for the intervention price. The Netherlands and a number of other countries take the basis of a guide price of 15.81. This means that the Dutch consumer pays around 3 francs per kilo more, and the Dutch sugar factories allow that and come to Belgium to buy

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sugar beet at 200 francs above the normal Belgian price.

I should like to know what the right solution is here. Is it the Dutch solution, which calculates the price to the consumer on the basis of the guide price, or is the right way what the Belgian Government does, calculating the price to the consumer from the intervention price?

This must be stated clearly. A regulation like this allows governments—I admit this is not your fault—to use or abuse certain situations or prices to create competition-distorting conditions.

One more question in connection with sugar. Is it true that discussions are taking place at this moment between the United Kingdom and Australia to import a quota of around 500 000 tons of sugar over 5 years? I have heard a price of around 25 francs a kilo quoted, or around twice what we are getting now. What does this mean? Is Britain going to buy raw sugar to keep its sugar industry turning and thus prevent European sugar beet producers from taking advantage of the chance to get more out of their production? We have discussed these matters over this year, and it has always been said that this is a conjunctural matter, but it is becoming increasingly clear that in fact it is a structural matter. I hope that at least one of the two gentlemen will answer my question about sugar.

I think my time is nearly up. I appreciate the efforts the Commission made in July and the proposals it has submitted now. I have to say, however, that the announcement that proposals for price adjustments for 1975/76 will be submitted early and that everything will be accounted for then fills me, I am sorry to say, with great scepticism. We shall have to wait and see, and I think I am expressing the opinion of the agricultural community when I say that they are extremely sceptical about the agricultural policy being carried on at present.

What are the reasons for this?

The agricultural community is finding that its income is more susceptible than that of people employed in other sectors. In 1973 we achieved around 93% parity but this year it is a little less again. What our people find it less easy to stand is that they are continually being presented as the cause of inflation, whereas it is clear that they are almost the only ones suffering from it. Another thing that annoys them is that when world prices—say for wheat and sugar—are high, export levies are applied, whereas no export levies are imposed on industrial products—I am thinking of fertilizers

for which the prices to third countries are also higher.

I do not believe that the Minister and the Commissioner will succeed with their proposal in bringing agricultural incomes to a reasonable level, and I believe even less that the crisis of confidence which has arisen will be overcome by these proposals. I hope that Parliament will recommend a higher price rise than 4%. I think it ought to be 8%. If no additional market measures are taken, I am afraid the result of these proposals will not be very much, and I hope that we can expect really practical improvements here.

(Applause)

President. — I call Mr Gibbons to present the Oral Questions with debate (Doc. 241/74 and Doc. 242/74) put by him on behalf of the Group of European Progressive Democrats to the Council and Commission of the European Communities respectively. The questions are worded as follows:

Subject: The current plight of the farming community

1. Is the Council/the Commission aware:
 - (a) that prices being paid for store cattle in certain regions of the Community are totally uneconomic and have been so for almost a year?
 - (b) that beef cattle in these regions cannot be sold even at 80 per cent of intervention prices?
 - (c) that in the past year all other producer costs, fertilizer, fuel, machinery, labour etc. have risen sharply?
 - (d) that farmers' credit is now dearer and harder to get than formerly?
2. What immediate and effective measures does the Council/the Commission propose to introduce to correct the situation?

Mr Gibbons. — Mr President, before I address myself to the subject matter of the question standing in my name, I should like to say that, as far as the resolution itself is concerned, my colleagues, Mr Cointat and Mr Liogier, will speak on behalf of my Group on that subject. I would like to thank you too for permitting my question to come before the House.

It is with the greatest regret, Mr President, that I have tabled this question, but, as we are all aware, the situation of dire crisis in which we find ourselves at the present time has been building up steadily since early this year. From these benches my colleagues and I have warned

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time and time again that the uncontrolled imports of meat from third countries could not but produce glut conditions and an almost total stoppage of the Community's internal market. It is in that situation that we now find ourselves.

This situation, as has already been pointed out, has also led to a disastrous drop in prices, and at a time when soaring production costs make an adequate and fair profit doubly indispensable. Already the cattle herd within the Community has suffered grave damage through the unnecessary slaughter of thousands and thousands of cows, which will in time lead to a sharp drop in the production of the meat required by the Community. This in turn will make the Community even more dependent on supplies from the Americans and elsewhere, where herds are being steadily built up while ours are being destroyed and run down.

Mr President, we must call a spade a spade. This is a crisis situation. I am afraid that I must say that I believe that there has been the grossest mismanagement of the meat market within the Community. Consumer prices have not dropped, not in the least, but prime Irish beef cattle, as has also been mentioned already, are now being sold at 69% and less of the intervention price and young store cattle are simply unsaleable. They cannot be sold at all at anything resembling a reasonable price. Although the prices being paid in Ireland for prime cattle going into intervention is so pathetically low, the fact remains that intervention is practically the only outlet we have. We are prevented from selling cattle in the rest of the Community by the MCA's although we produce meat more cheaply than any other country in the Community. But other members of the Community which are themselves large net importers are able to sell profitably in our main market, which is the United Kingdom. And they are able to do this because of the reverse operation of the same MCA's. Surely this is the wildest distortion of the market, allowing, on the one hand, what must be called profiteering and, on the other, an almost total collapse of the cattle trade in the Community's biggest cattle exporter, that is, my own country.

It makes nonsense, Mr President, of the very concept of a common agricultural policy. The implementation of the Committee on Agriculture's recommendation for the full 15.3% devaluation of the Irish green pound is absolutely vital, if movement is to be restored into the cattle trade and if the concept of fair trading on equal terms of competition is to be restored. The growing self-sufficiency of the British market makes it imperative that my country have free access into other Community countries

as well and that the free movement of supplies not be hindered, as it is at present, by the operation of MCA's. But that measure alone, welcome as it might be, would not be sufficient to repair the damage done by the appalling mismanagement of the past year or so.

Deputies may have seen a small group of people picketing outside this building as they came into the Parliament this afternoon. I know these men. These men are from my country. They are from the poorest part of this country—from North West Connaught and County Donegal. They are all poor men—that is one thing that they all have in common. They are members of the management committee of the North Connaught Farmers' Cooperative, and in their desperation they took the action that you saw yourselves, coming all the way from North Connaught to Luxembourg to make this case and to demonstrate their desperation to all of you here today. Immediate assistance must be given to the producers of young cattle when their market prices fall to an intolerable level. I would therefore ask that a system of guaranteed minimum prices be introduced as an adjunct to the intervention system. If this were done, I believe that it would transfer the benefits of low meat prices which might occur in the EEC from time to time and which Russian consumers now enjoy, while at the same time the producers would get a price that would be acceptable.

I was talking to these gentlemen that I referred to on my way in, and their request is this, and it is very reasonable when you consider the context in which it is made. They want a guaranteed subsidy of 25 pounds sterling per calf in view of the present absurd situation in my country, and when you consider that the price of a single calf at the present time can be as low as 50p, I think it would be worth the Commissioner's while to examine these peoples' case in depth. I would appeal to him to do that. I think that the introduction of the system I have mentioned, namely, guaranteed minimum prices in conjunction with the intervention system, would above all guarantee the fluidity of the cattle market and ensure that an even supply of Community cattle would come on the market throughout the year. We all know well that there are periods of glut. We are in one of them at the present time. It occurs every year at this time. By an intelligently operated system such as I am talking about, it would be possible to make it somewhat less profitable to put too many cattle on the market at the same time and thereby create an artificial drop in prices. I would also suggest that it is absolutely vital that intervention stores be immediately cleared and the disgraceful waste of Community food be

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stopped. I call it disgraceful because, as we all know, when prime beef is put into frozen storage it emerges simply as manufacturing beef and it has, without any drop in market prices, lost a great deal of its value.

Mr President, there has been some talk of resuming third country imports after the end of October. Surely this would be absolute and utter folly and would make the problem of intervention stocks quite unmanageable. You could only compare it to attempting to empty a bath with the two taps running at full force. I cannot imagine how people can be so unthinking as to suggest that the Community should resume third country imports, while at this very moment there is a ship lying at anchor in Bantry Bay because there is nowhere else to put the meat, a big freezer ship packed to the gunwales with prime Irish beef that will inevitably have to be sold at a loss. And that surely in itself is a striking condemnation of the conduct of the meat market within the Community in the last twelve months.

The feeble half-measures proposed by the Commission in this crisis are too little and too late. They are of little or no value. Some of them are of no value to certain countries, like the intra-subsidies scheme. This scheme, as we all know, does not operate in Great Britain nor does it operate in Ireland. I suppose this is because our governments have neglected to introduce the scheme to be of assistance to our people in our own countries, but, at any rate, it is of no value whatever to us. Others of the Commission's proposals operate unevenly like the VAT remission proposal, and none of them take any particular account of areas of acute distress such as that of the producers of young store cattle. Others, like those concerning structural grants and aids to mountain areas can only take effect after the passage of time and ignore the emergency now facing so many of our farmers. We welcome the gesture adjusting the method of determining MCA's which permits a 2% variation. The raising of the Irish and Danish butter intervention is also helpful. There are a few other little odds and ends, like the proposed aid to lime and fertilizers, which are helpful in themselves but which are so ludicrously small that one wonders seriously whether those who prepared these proposals are really aware of what is going on, or are really serious about the crisis that surrounds us. It is no wonder that the German Minister recently protested that the Common Market was being turned into a farce.

Mr President, if we are wise, we can turn this crisis to our own advantage, for it shows us the need for a truly common agricultural policy shaped and formed to provide for the needs of all the people of the Community. It shows us

the folly of petty self-seeking—and God knows we have seen enough of that—which, in spite of all the protestations of Community solidarity, is there for all to see. It shows us the folly of sailing without a compass, without well-defined objectives striven for equally by all. If we fail to achieve this objective, then the Community itself could well disintegrate. We must not allow this to happen, and I think that by careful management and a rational meat policy we can achieve the guaranteeing of the pledges given in Article 39 of the EEC Treaty.

I made reference, Mr President, in my question to the rising costs that are the other side of the coin in this sorry tale. While all this was going on and the prices of the products that my country sells were falling through the floor, bank interest rates as well as the prices of such things as fertilizers, pesticides, machinery, fuel, building materials and services all rocketed out of all control and all recognition. Surely one doesn't have to be a mathematician or an economist to appreciate the position of these men that you saw picketing outside in the most peaceful possible way, or to understand the point that they wish to make, especially when one realises the immense effort they had to make, out of their poverty, to come and make this point in the Europe that we Irish joined so readily a couple of years ago. Surely it must be becoming clear to even the most dim-witted bureaucrat in Brussels that the situation that we now have is intolerable. I want to ask the President of the Council and the Commissioner what they have to say by way of words of comfort to those men outside or to us who represent them. Thank you, Mr President.

(Applause)

Mr Bonnet, President-in-Office of the Council of the European Communities. — *(F)* Mr President, ladies and gentlemen, I should first like to reply to Mr Martens' and Mr Gibbons' oral questions. After that, with your permission, Mr President, I shall tell the House the position of the President-in-Office of the Council of Ministers of Agriculture at the beginning of this debate and on the eve of the Council meeting in Brussels this week.

Mr Martens and Mr Gibbons, the Council is following developments in the agricultural markets very closely on the basis of information regularly received from the Commission and the Commission's proposals. The Council is aware of the importance but also of the great complexity of the problems in this sector which, as you know, concerns a section of our populations which is particularly vulnerable to the effects of the present economic situation.

The Council is taking into account all the different aspects of these problems. Farmers'

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incomes can be properly protected only within the framework of a general policy for the maximum possible control of inflation; at the same time, the interests of the consumers are in all our minds. During its deliberations in July, the Council was particularly concerned with those sectors which seem most seriously affected either by the market situation or by the effects of inflation and particularly the effects of the rise in energy prices. In this context, the Council stressed the importance it attaches to the principles laid down in the treaties and in particular those of the common agricultural policy.

With regard to beef, the Council has followed developments very closely. At each of its meetings it has enacted measures to alleviate the difficulties stressed by our honourable Members. Thus in January it temporarily modified the conditions governing the application of intervention measures; in March it decided on a 12% increase in beef prices to be applied retrospectively from 4th March, extending the list of products covered by the certificate system; in April it agreed that certain transport costs for products eligible for intervention should be chargeable to the Fund. Finally, in July it adopted an emergency plan for correcting the market situation, the various details of which are well known. It comprises a series of measures affecting different areas such as the external trade system, the organization of the market, intervention, and ways to enable poorer sections of the community to get meat.

With regard to pork, the Council has adopted a smaller number of measures of a similar kind to those for beef. It has also acted in the viticulture sector where prices have been tending to fall. The intervention measures and particularly those concerning distillation provided for by the Community regulations have been implemented. In other spheres such as horticulture and fisheries the Council has got as far as considering the guidelines the Commission intends to follow with regard to possible temporary national aid to offset the rise in energy prices without creating fresh distortions of competition. The Council agreed in July to resume its consideration of the overall situation at its next meeting on agriculture. Because of subsequent events this meeting, which was to have taken place on 23 September, was brought forward to 3 September. There, the Council stressed the gravity of the situation in the Community's agricultural sector following the marked deterioration in agricultural revenue during recent months, the sharp increase in costs and the unfavourable market situation of certain products despite the Community measures I have just mentioned.

Having received the Commission's first communication regarding emergency measures in favour of agriculture, the Council has agreed to ask the Parliament's opinion on the Commission's proposals. At another meeting, which, as you know, will take place tomorrow, it hopes to adopt the measures now required, including those concerning prices and monetary matters as well as all those designed to improve agricultural revenue.

Mr President, I believe it is not usual for speakers to talk about this House. But today we are confronted with an exceptional situation and perhaps it would be of value if I digressed briefly in order to stress the importance which the Council of Ministers attaches to your part-session. Above all, Mr President, I should like to thank you and the enlarged Bureau of the Parliament for the trouble you have taken to comply with the Council's urgent request to bring this part-session forward despite a certain amount of practical difficulty and inconvenience. In contrast to the many complaints expressed in many different sectors and countries in this modern age of protest, and indeed not only of protest, but also, alas, violence, as you stressed at the beginning of your address, Mr President, the acute anxiety of many producers seems to me fully justified.

The increase in prices of products required for agriculture—fuel, fertilizers, animal foodstuffs and other things—is far greater than the increase in the price index. Distribution margins rent countries. And at the same time the selling price of many agricultural products is at a standstill, or is falling or sometimes—as in the case of pork in recent months—has touched rock bottom.

In the industrial sector wages are keeping in step with the rise in prices and often even ahead of it. There are some countries where wages in the second quarter of the year exceeded the increase in the price index. Distribution margins which are expressed as percentages are applied to products which are rising, sometimes steeply, in price. The rules applied in the public sector have resulted in a steady increase in wages and, furthermore, in some Member States particular efforts have been made to help old age pensioners.

Therefore, farmers and particularly stock breeders are at present experiencing greater difficulties than other social groups. This fact must be taken into account and any sacrifices called for in the fight against inflation must be distributed fairly throughout the Community. In contrast to what has sometimes or even often been the case in the past—let us be honest about this—, producers cannot today be blamed

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for inflation; because of the staggering rise in production costs due to reasons beyond their control and which are not reflected in their prices, they are victims of inflation even while they are playing their part in the fight against it, since consumers in the Community benefit from moderate prices for some products—I am thinking particularly of cereals and sugar—for which world prices are higher than those on the Community market.

If it were to continue much longer, the present grave crisis in agriculture in the Community, which is as much a crisis of confidence due to psychological causes as an economic crisis due to mechanical causes, would certainly lead to the reckless slaughtering which Mr Gibbons spoke of just now or to large numbers of farmers abandoning their profession to look for secure livelihoods and pleasanter living conditions or, at any rate, what are often imagined to be pleasanter for their wives.

If such a thing were to happen, it would be wrong from the economic angle, detestable from the environmental angle and scandalous from the social angle in a world in which there is an ever increasing shortage of raw materials which tends to affect agriculture as well as industry. It would be economically wrong I say, because the inevitable result of systematic slaughtering or an exodus of farmers and the consequent fall in production would be arbitrary increases in price, which, in conjunction with inflationary tendencies, would have an extremely bad effect on the economy; it would be detestable from the environmental angle, which, as recent enquiries have shown, is now a subject of real concern to the people of Europe; (has not the Community indeed just initiated a policy for mountain areas reflecting the concern now felt by most of the governments of the Nine with regard to land development?); it would be scandalous, because when so many people in the world do not get enough to eat it would be a great indictment of rich countries and their kind of society if they discouraged their producers.

A few days ago, Mr President, ladies and gentlemen, I received the leaders of the profession from the nine Member States. I was struck by the consensus of opinion expressed in their remarks which—we may be sure—had not been achieved effortlessly since they are each naturally concerned with different problems depending on their country and type of production. I was struck by the look of calm determination on their faces. I was struck—I must say this to Mr Martens—by the strength of their commitment to the common agricultural policy, in which, as Mr Martens has stressed, they must not be disappointed. It is for the Community

to demonstrate this week its ability to gain control over the present crisis. The Council of Ministers, as I have said, is very grateful to the Parliament for meeting so soon. It attaches great importance to its debates and to the opinion which it will be delivering with, I hope, the substantial majority Mr De Koning spoke of just now.

May I in conclusion express the wish that your debate may be touched by a little of that European spirit which has enabled us to achieve so much in the past, a little of that European spirit of which you, ladies and gentlemen, are very largely the guardians, the spirit which is essential for the new advance in Europe to which so many of us are committed and which alone can banish the shadows so easily created by national and sectoral interests.

Mr President, ladies and gentlemen, that is all I have to say. I have tried to keep within the allotted ten minutes. Our farmers—you are perfectly right, Mr Gibbons—want action, not words. Indeed, what need is there to talk at length when one is convinced, as I am—as I hope to prove to you—, that something must be done and is determined to act accordingly. *(Applause)*

President. — Thank you Mr Bonnet.

I call Mr Früh to speak on behalf of the Christian-Democratic Group.

Mr Früh. — *(D)* Mr President, ladies and gentlemen, it was with a debate on agriculture that this House adjourned for the summer recess and it is with an emergency sitting on agricultural problems that we are now resuming our work. I want to say one thing clearly at the outset, and that is that we have all, in recent days and weeks, been made fully aware of the bitterness felt by those who have progressed furthest along the way to Europe, that is our farmers. How great their disappointment is and how justified their anger has, I think, already been made clear.

The common agricultural market is in a serious crisis and its failure and the efforts made to rescue it have often been predicted. But I think we all agree that we cannot allow ourselves to look on while Europe is threatened or even destroyed by this agricultural policy. What I think we should remember is that it is precisely the agricultural policy that has ventured onto the thin ice of European integration where unfortunately, as I think needs to be clearly stressed, neither the monetary policy, the structural policy, the social policy, the taxation policy, nor the much debated regional policy has yet ventured. Finally, the disastrous failure

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to adopt a decisive energy policy has aggravated the agricultural situation at just this time and in fact brought the crisis to a head.

There is, unfortunately, a vacuum in all these really vital common areas: there has been no action, only proposals, plans, resolutions and documents. This is also the reason why this agricultural policy is so widely criticized and written about and discussed and in fact has become, so to say, a poor foundling child pushed about and constantly criticized. In areas where no decisions have been taken at European level, there is naturally nothing to criticize, it is only the agricultural policy that has taken this courageous step.

But, in any case, let me ask you: is this policy really so destructive as is always being said? Has it ever been? Is there really nothing more to it than butter mountains, freezer ships of beef, squandered millions, exploited tax-payers, enraged consumers and dissatisfied farmers—to name them all? Isn't it all too often a case of throwing away the baby with the bath water in an irresponsible way with insufficient understanding, so that the verdict is inevitably wrong? There are surely two sides to every coin and we know that there are many faults in this agricultural policy, but we shouldn't therefore stress only the negative side and quite forget and overlook the other, positive side. I should like to say something about this.

The agricultural policy has brought us in Europe free trade in agricultural products. And though that may sound farcical to some and Mr Gibbons or other people might complain that it has not even achieved that much yet, we should not surely be blaming those responsible for drawing up this policy, since we all know that if free exchange has not yet been completely achieved, it is because we have not succeeded—and I am not blaming anybody for this for I know how difficult it is—in establishing monetary union and working out a common economic policy in this difficult situation. It is these real problems that have put such dire stress on the concept of the agricultural policy, and all but threatened to rend it to pieces.

Let me say something else. The agricultural policy has brought about an improvement in the structure of agriculture in Europe; admittedly a more limited improvement than we would have wished. This is undoubtedly a process that will continue and which I think should not be rushed. But I am convinced that the reason this structural policy has not worked satisfactorily yet is rather—and I think you agree with me here—the lack of a definite regional policy so that people who should have left agriculture or wanted to leave have not

found an alternative livelihood. We cannot put the blame for this on the agricultural policy alone, since the supporting policy required is missing. And now I should like to say something which will probably be disputed.

I make so bold as to assert and indeed I am convinced that this agricultural policy, precisely because this was the objective in the Rome treaty, has greatly benefited the consumer. It has given him a large choice of foodstuffs and guaranteed him security of supplies such as, alas, all too few people can take for granted these days.

I shall give you a few figures from the Federal Republic of Germany which could certainly apply with minor adjustments to the other Member States: they are figures for expenditure on food, which has continually decreased in relation to the cost of living as a whole. There is one statistic which relates to the different income groups. It shows that the expenditure on food in households in the lower income groups amounted to 40% of their living expenses in 1966 and had fallen to 32% in 1973; in the middle income group expenditure on food had fallen from 31% to 24% of their living expenses while in the higher income groups it had fallen from 21% in 1966 to 18% in 1973. This seems to me clear proof that the agricultural policy has brought some benefits to the consumer and that it therefore warrants a more honest and realistic appraisal by us.

We must realize, too, that this drop has occurred despite the continual increase in trading, processing and distribution costs which account for the major part of food prices. Mr Martens has already referred to the vast and ever widening gap between production prices and ultimate consumer prices in our present day society.

Now, quite a different statistic which is perhaps important in this connection; just very briefly: the actual time which it takes to produce a given quantity of food has been getting steadily shorter. I shall give you just a few in 1972 exactly half that time, 12 minutes; to but we ought to look at a long enough period in order to make the point clearer—in 1950 it took 23 minutes to produce a kilo of bread and in 1972 exactly half that time, 12 minutes; to prepare a kilo of sugar—the contrast is even sharper here—54 minutes were required in 1950 and 10 minutes in 1972. I could give you a whole list: 10 eggs took 101 minutes in 1950 and 17.8 minutes in 1972. Two things seem clear to me from this: first, despite a continual improvement in quality, expenditure on food has become proportionately less, and, secondly, despite the rise in processing and distribution

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costs, food has contributed to the improvement in the consumer's standard of living.

Let me make one last remark here: anyone who puts his mind to it will know that the position with regard to foodstuffs depends on the world market situation and we are in danger of becoming involved in speculation or in a situation such as that following the energy crisis. I should like to quote Mr Boersma who suggested that if agriculture is neglected this could create a potentially catastrophic situation in which we would always be dependent on a particular harvest or the weather conditions in a particular part of the world.

In this uncertain situation I am of the opinion that we should be at pains to use a common language. I do not mean that we should gloss over the failings in the agricultural policy or that we should relax our joint efforts to improve it. On no account, however, should we be tempted to give our support to the cheap arguments which are heard so often nowadays, and here, Mr Lardinois, I have a particular request for you: I should be glad if, in this struggle to find a common approach to the agricultural policy in relation to the world market, we need hear no more about Europe being forced to take 50 million hectares of agricultural land out of production. This has been said not just by some unknown figure but by someone in your own office, and it has thrown us into great confusion, especially at a time when we know the United States are putting 20 million more hectares of land under cultivation.

After these rather more general remarks which, however, are very pertinent to the agricultural policy question, let me now say something about the immediate position.

A modern agricultural system—and this is what is being demanded by everyone, and the farmers themselves are making every effort to modernize—is tied up with the whole national economy. More and more inextricably. More than half its revenue is spent on means of production. A 'brutal explosion' in costs—I am quoting the Commission—has struck agriculture. Now you may say: this 'brutal explosion' in costs has struck the other sectors too. I do not need to go into detail here, for Mr Martens has already done so. Agriculture is in a unique situation in comparison with other spheres of the economy. While in other spheres you can often pass on costs so long as you dare—and this is indeed where the trouble lies and why we keep talking about prices—, this is impossible in agriculture and you know that it has resulted in this divergence in developments—continually rising, rocketing costs of production and stagnant or even falling prices for agricultural products.

I shall illustrate that with two sets of figures, once again from the Federal Republic but which could with a few adjustments of emphasis apply equally for the other countries: if we take the index number for producer prices for the year '62-'63 as 100, then the index number for this present year—and I am using the figures of our Federal Ministry of Food—is 111; if, on the other hand, we take the index number for fuel for the year '62-'63 as 100, the comparable figure for '73-'74 is 144. These two figures serve to show what a trial of strength agriculture is undergoing today and specifically modern agriculture, which as far as possible is using the means of production from the rest of the national economy.

To this I might add: do these figures prove that agriculture has contributed to inflation as it is often alleged or do they not prove quite clearly that one sector of the economy has helped in an exemplary way to reduce the effects of inflation? Anyway, we must certainly be aware that there is a limit to what it can do in this way; it accounts for too small a part of our gross national product to be able to carry the burden alone. The President-in-office of the Council has in a recent address to the Civil Service referred to rates of increase. I can make this clearer with another figure from the Federal Republic. Over the same period from '62-'63 until now, expenditure for the Civil Service has increased by 354%. I ask you to compare that with the index figures which I gave just now for agricultural producer prices.

Now, a few practical examples to illustrate the extent of the discrepancy. A farmer has to invest, has to modernize; we demand that of him. If we take the sum paid to a mason for one hour's work which amounted to 5.70 DM in 1960 and nowadays amounts to 18.50 DM, we have to reckon as the farmer must, how much he has to produce in order to pay that mason for his hour's work: in 1962 it would have been 2.5 kilos of pork and now, in 1974, 7.4 kilos. And to pay the mason for a week's work he would have to sell, for instance, 700 litres of milk in 1960 and today more than 1 800 litres.

The question naturally arises too: is the farmer not being forced to overproduce sometimes and create an imbalance on the market? I think we all agree that nobody can be expected to tolerate this distortion too long with the purchasing power from his products steadily decreasing, while what he has to buy becomes steadily dearer, so that he is in an intolerable situation. This is why farmers throughout the Community have been driven to demonstrate in the streets. It has also led to emergency measures being taken by the various governments and I think we must make one point quite clear here. No

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country should try by national measures to deal with what is a problem for the whole Community, inflationary developments. No country can succeed in the long run in eliminating trade deficits at others' expense by—shall we say—'slaughtering' production. This would finally end in the collapse of the Common Market and we would all be the losers.

In this situation the Commission—the Christian-Democratic Group recognizes this—has taken a bold step. When we consider that Mr Lardinois refused just before the recess (despite all the searching questions) to raise prices in the middle of the financial year, we must recognize in the proposals that have been made a definite step forward in the right direction, which, however, cannot even remotely offset what has happened in the meantime. We must be clear in our minds whether we wish to uphold the basic principle of the common agricultural policy which is once again stressed in the memorandum on this policy, the principle, that is, that producer prices must be related to modern production costs and that farmers' incomes in the Community must be based on the market policy and price policy. If this does not happen, and we have to assume such a situation, one thing is sure and that is that it is precisely the modernized farms that must suffer most from the massive increase in costs and that it is therefore essential—although indeed certainly too late for we have hesitated too long—to do something definite about the prices of agricultural products.

One cannot rely too far on predictions, but now I am not making empty prophesies but referring to computer predictions made in agricultural test stations in Baden-Württemberg which have up to now always proved pretty accurate. According to these predictions, if the present situation in agriculture with regard to prices and costs remains the same, the income of these test farms is in danger of falling below that of comparable concerns by the end of this financial year. For this reason the Christian-Democratic Group is of the opinion that the 4% price increase which the Commission has proposed, is not adequate in present circumstances. We have therefore tabled an amendment calling for an average price rise of at least 6% and appeal to the House to support this proposal. In view of the impending world situation agriculture must not be allowed to dry up. We have, if I may put it like this, every reason to be thankful in the present uncertain conditions for the good harvest we have been able to gather in.

Just a few more words, Mr President. I should like to add two points. The structural policy measures proposed by the Commission have our full support on condition that interest subsidies are increased further than 6%, and we think

that the important directives concerning hill farmers which were approved long ago by this House, should be put into effect as quickly as possible by the Council, so that the very people who are farming under still more difficult economic conditions and on whom we depend to care for the land in the interests of the environment and country side—as everybody knows—, may be able to find a standard of living high enough to keep the young people in these regions.

Let me conclude as follows: we call on the Council to implement measures quickly so that the farmers who—I stress this once again—have made the greatest progress on the way to European integration are not disappointed and so that all those who have made sacrifices on this way, may be able to see some purpose in their sacrifices. One thing is clear: unless we succeed in removing the farmers' bitterness and giving them fresh hope, we shall face not merely breakdown on the farms, but the danger that with the collapse of the agricultural market the whole European idea will be wrecked. None of us could justify that.

(Applause)

IN THE CHAIR: MR ARIOSTO*Vice-President*

President. — I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — (NL) Mr President, the problems of the agricultural sector have been dominating press, radio and television for some time. This is due above all to the steps which farmers and market gardeners have taken to counter the threat to their incomes.

There are a number of things which we find regrettable under the circumstances.

Firstly, the fact that the farmers have felt compelled to use illegal methods, methods which caused inconvenience and even harm to other citizens. The Socialist Group recognises the free right of citizens to demonstrate, but within the limits of the law. Only when justified demands receive no attention from the Government or the representatives of the people along the usual channels of democratic consultation, can civil disobedience be considered at all justifiable. And this stage has by no means been reached yet.

Secondly, I agree with my colleague Mr Früh that we cannot approve the action of Governments of Member States who yield to these demonstrations and take measures which are not

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compatible with the EEC Treaty. The Member States are themselves responsible, partly by decision of the Council, for fixing agricultural prices for the current marketing year. Although fortunately most Member States did not follow the poor example set by France in taking such measures, we note with regret that the blocking of roads and the occupation of buildings has spread like wildfire throughout the Member States. A pity, since France surely has better export products than these.

Another thing which we deplore is that the farmers give the blame above all to Brussels and in particular the Commission and the Commissioner responsible for these matters.

This does not mean that we Socialists consider the Commission and the Commissioner responsible for Agriculture infallible—even he does not have this opinion of himself. Considering the evolution of the present crisis, it is true that action was often taken too late, as for instance when the meat market collapsed. We should also have liked to see the Commission show a little more imagination and propose perhaps more original instruments than a linear price increase. But I will return to that later.

Mr President, the Commission stated a long time ago that a solution to the agricultural problems could only be reached if these were integrated in a comprehensive social, economic, monetary, regional, energy and development cooperation policy. The Socialist Group shares this opinion. It should also be remembered that the Commission has repeatedly submitted proposals to this effect, but that the Council and consequently the Member States have failed to take any decisions on these proposals. Take for instance the measures proposed for handicapped agricultural regions, for hill farming and in particular for the regional development fund: these would all have constituted if not a solution then at least appreciable relief for those farmers who were hardest hit. Mr President, I consider it an impertinence that Mr Bonnet of all people should appeal to the European spirit of this Parliament. The floating of currencies and re-valuations effected by National Governments often without prior consultation have also had an adverse effect on the agricultural market. This is why we feel that the Commission is not entirely to blame. The Council, on the other hand, would be well advised to do a little soul searching.

The European Parliament was pleased to hold the extraordinary sitting requested by the Council. However, the Socialist Group wishes to emphasize that the Council cannot simply appeal to Parliament once things have got out of hand, as they have now. It expects the Council to take the necessary steps within the next two days

to adopt measures with regard to hill farming and the list of priority regions, and to ensure that the regional fund is set up in the near future. However, we feel that the Council should do its utmost to encourage devaluation of the Green currencies, which constitute an obstacle to full implementation of the common agricultural policy. This would eliminate a considerable amount of bureaucracy in the agricultural sector.

Finally, we feel that the members of the Council should accede more readily to the Parliament's invitation to attend plenary sittings and should not allow themselves to be represented by officials. In this particular case it is regrettable that so few ministers of agriculture were able to attend this extraordinary part-session.

The Socialist Group has the impression that the Commission is allowing itself to be overcome by discouragement. It should not let itself be used as a sort of Secretariat to the Council, but should continue to strive energetically and creatively for adoption of the measures required for the further integration of Europe. The Socialists in this Parliament are all in favour of strengthening the Commission's position and will help it to resist all those wishing to curtail its influence.

Mr President, I come now to the proposals on which our opinion has been sought. First of all, I would emphasize that transitional measures are necessary and justified. As others have already pointed out before me, cost increases in 1974 for energy, animal feedingstuffs, fertilizers, insecticides and the like have had an adverse effect on incomes in agriculture. We must remember, however, that this effect varies considerably depending on the product and the Member State. In its communication, the Commission rightly pointed out that the breakdown of certain markets, the meat market in particular, requires special measures.

In discussing the measures proposed, I shall deal first with those which present relatively few problems for us. These include the monetary proposals. We approved the abolition of ceilings on the monetary compensatory amounts and the introduction of a 2% exemption in the calculation thereof: they bring us back to a more normal functioning of the common agricultural market.

The adjustment of the representative rates for the pound sterling and the Irish pound will also bring us a step further in this direction. The Commission's proposal means in fact a reduction in the monetary compensatory amounts for these countries from 15.3 to 5.8%, including the exemption. This is a step forward, but it does not reduce any of the red tape involved. Mr

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President, Ireland requests independent adjustment of the green Irish pound. However, the Commission feels that the British and Irish pounds should be linked. The Irish meat producers are in serious difficulties, more so than meat producers in other countries. Ireland is an exporting country, far more so than Great Britain. Even now, prices vary considerably between both countries.

This is why I am pleased that the Committee on Agriculture of this Parliament should have adopted by a majority an amendment by my Group, and now advocates in its motion for a resolution full alignment of the Irish green pound. My friend Mr Kavanagh will deal with this in greater detail. I urgently appeal to the Commissioner to support this recommendation, which is so important to Ireland. I also urge the Commission to make even greater efforts to bring about abolition of the remaining compensatory amounts so as to restore completely unimpeded operation of the common agricultural market.

Mr President, the Socialist Group expects that as a result of the Council's meeting tomorrow, the deposit scheme introduced by Italy on imports of beef and agricultural products which are not subject to strict market regulations will be abolished.

I have already spoken about the need for rapid implementation of the directive on hill farming and on priority farming areas.

The increase in the maximum interest rate subsidy from 5 to 6% for holdings in the process of modernisation is fair, but considering the high rate of interest, which varies from one Member State to another, both we and the Commission find it too low.

Because of lack of time and the careful preparation which it requires, we have not tabled any amendments on this point. But because young farmers in particular face increasing difficulties as a result of the higher rate of interest and consequently find their modern holdings, which are in principle profitable, gradually slipping into the red, we ask the Commissioner to submit a new proposal in the very near future.

This would involve investigating whether instead of an arbitrary maximum percentage a more flexible system could not be introduced. Member States could perhaps be authorized to raise or lower the maximum subsidy according to a specific formula and to the evolution of the interest rate. I should also be grateful if Mr. Lardinois would give us some more information

about the other measures announced for young farmers.

The majority of my Group considers the proposed interim linear price increase of 4% for all products so unfair that they have serious objections to it. Of course this proposal was elaborated in great haste and at very short notice, but we do wonder whether it will really bring any relief to producers, in particular to those who are hardest hit. No account is taken of the differences in cost increases between products and between Member States. Big and small farmers are treated alike, differences in inflation between the Member States are ignored. Cereal producers derive no benefit since their harvest has already been sold. And even if it was sold at prices above the guaranteed prices as a result of the favourable market situation, there is still room for profiteering. I should like to ask the Commissioner whether he anticipates any speculation on the cereals market. An increase in the meat prices will have no effect as regards restoring market equilibrium, the beef mountain is only likely to grow larger.

Mr President, our Group too is handicapped by lack of time. We would find a differentiated general increase of 4% fairer. If my Group must give in to the argument of lack of time, it will do so, albeit under protest, because it is a constructive Parliamentary Group. It demands, however, that account be taken of its views when the new price proposals for 1975/76 are formulated. It also expects the Commissioner to propose new and more imaginative measures, such as a selective aid for specific products, to be applied as and when necessary. Such aid would have been a better solution even now for the beef and pig meat sector. I should like to ask the Commissioner whether it is so terribly difficult to give us an undertaking now to that effect. Any national measures along these lines could then also be more easily incorporated in community policy.

My group is not giving in yet, we should like to hear the Commissioner's answer before taking a decision. Obviously, we reject the general eight per cent increase requested by COPA. This would only aggravate the lack of differentiation. Besides, it is not very considerate of an organization which holds such an important position in European agriculture to double its demands on the eve of a decision.

The new price proposals for 1975/76 must take account realistically of the cost increases experienced to date for 1973/74. The measures proposed now constitute only an interim solution. In discussing these proposals, my group expressed displeasure at the export of meat from

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stocks to certain third countries with high export subsidies. According to our present rules, such transactions are absolutely legal. However, we must ask ourselves whether these export subsidies, which are paid by the European taxpayers (as are the storage costs), could not be made to benefit all European consumers by charging them export prices for a few weeks. Stocks would then rapidly decrease. The Commissioner might well say that the dumping of meat on the Community's own markets is not desirable, but he does after all speak in terms of exceptional measures in his memorandum. I should like to hear his views on this. If he approves, European consumers would be grateful to him. A publicity campaign for meat would be more effective and might even not be necessary at all. The other possibility mentioned today, which requires less administrative work, would be to give consumers for one week double the amount of meat which they would normally buy for the same price. I believe that in this way we could liquidate the rest of our stocks in one week, but I should still like to hear the Commissioner's opinion.

We find it hard to accept the abrupt halt which has been called to imports without first consulting with the meat-exporting developing countries. This must be discontinued. Protectionism is the order of the day if we find ourselves in trouble; if we cannot solve our problem ourselves, we take it out on the developing countries. This does not improve the EEC's image in the world and particularly in the developing countries. Some sound agreements must be worked out. It is quite possible that a shortage of meat next year will have us knocking cap in hand at the door of these same developing countries. I should like to hear the Commissioner's views on this too.

My group remains convinced that the granting of bonuses to help achieve an income which is comparable with the incomes in other professional categories is not a viable proposition. Even the farmers do not want this. They feel that given sound market and price policies, with new instruments, and with a comprehensive structural policy, their incomes could be obtained from the market.

The chances of obtaining reasonable incomes for producers and at the same time reasonable consumer prices are limited by inflation, the lack of a European policy and the different stages of economic development prevailing in the Member States. This is why I think we should be cautious about enlarging the Community with countries which are economically very underdeveloped. Of course we must help the countries in question to build up a sound economy, but

the EEC might well not survive premature full accession of such countries.

The saddest aspect of the present agricultural situation is the fact that, justifiably angered as they are, farmers and market gardeners are no longer willing to sit down and talk. The fact that they are breaking away from their organizations and their leaders, and turning against their governments, must be seen as the writing on the wall. This lack of confidence must surely give these organizations and governments-*food* for thought. What is particularly noticeable is the astounding lack of information among members of national trade organizations. There is still a great deal to be done in this field. It will be difficult because some very complicated issues are involved, but nevertheless it will have to be done. Producers themselves must play a greater part in the decision-making process in their organizations and no longer leave everything to their leaders. Demanding unreasonable and even linear price increases as a result of pressure from demonstrations and the creation of action committees will not solve the confidence crisis between management and members: it raises false hopes and consequently leads to even more aggression. In addition, it means that if the agricultural organizations do not put forward reasonable claims, the governments and parliaments will no longer take them seriously and will proceed to take the decisions which they think fit, as is their duty. For decision-making in general, sensible consultation with the parties involved can be extremely useful for governments and parliaments.

It is also not surprising that the trade union movement is encountering increasing difficulties in connection with the agricultural crisis. Where there is little scope for real wage increases and extension of the collective agreements, increased expenditure in agriculture is bound to be a source of concern. Some Member States have an additional problem in that construction work is falling off or their car industry, for instance, is running into difficulties. There is unemployment in those sectors and the exodus of people from farming who often seek unskilled work increases the labour reserves in these sectors. In the building trade it is usually the unskilled ex-farm labourers who are dismissed first.

This in turn gives rise to friction which we cannot allow to continue. The Council, the Commission and the members of the European Parliament must find the courage to make a rational selection of medium-term measures in the interests of both producers and consumers. We cannot continue to pursue only national or electoral interests. He who feels that he cannot strive at European level to achieve a European policy

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which takes account of the interests of the different Member States must give up his place in the European institutions.

On one point we do have serious objections, namely the linear 4⁰/₁₀₀ increase. The Commission says that it is an exceptional measure of a political and psychological nature. As I understand it, it is intended to restore the relationship of trust between the Commission, the Council and the European and national farmers' organizations. The real debate, as I have already mentioned, will take place in November. I am by nature an optimist, but I do not see this trust being restored if a non-differentiated linear increase for all products goes through.

Besides, we socialists feel that it is more important to win the trust of the farmers and consumers themselves. This can best be done by helping most those producers who are hardest hit, in particular the weaker ones among them, by means of a differentiated policy on the basis of an average 4⁰/₁₀₀ increase, and at the same time by ensuring that the gap between producer and consumer prices is reduced.

Our vote will be largely determined by Mr Lardinois's answer to all these questions.

Mr President, I earnestly hope that this Parliament will be well attended tonight and that whatever happens we shall succeed in adopting a resolution. As a Parliament which is demanding greater responsibility—and justly so—we must not give any institution the excuse of hiding behind a powerless parliament. I repeat: my group will act constructively unless it is made utterly impossible for it to do so, as at the moment with unreasonable price demands. It is high time that these cost increases be placed on a realistic basis; after that, we shall see. Thank you.

(Applause)

President. — I call Mr Durieux to speak on behalf of the Liberal and Allies Group.

Mr Durieux. — (F) Mr President, President of the Council, Commissioner, dear colleagues, this special part-session, which has opened in rather a tense atmosphere, could have been avoided if the Commission had paid a little more attention to the warnings from parliamentarians. In the oral question put on behalf of the Liberal and Allies Group, I asked you, Commissioner, to put forward speedily proposals for a review of agricultural prices during the marketing year, in view of the massive increase in production costs. At the time you opposed this violently—this was in July—and you said—in your own words 'I think that is the height of absurdity, I

refuse to take part in such a farce, don't expect me to accept responsibility on behalf of the Commission for changing Community prices in autumn of this year.' Those are your own words Mr Lardinois, but I ask myself who is laughing now.

Unfortunately, what is at stake is too serious to be a laughing matter. The demonstrations by farmers which have been held today throughout the Community—we predicted them too, we saw them coming—re-read the debates, they are interesting—are clear proof of the serious crisis in agriculture.

It is always preferable to act coolly rather than under the pressure of events. Nevertheless, I rejoice at your late conversion and I would like without further delay to examine your recent proposals.

Mr De Koning, in his excellent report, informed us of the point of view of the Committee on Agriculture, and with the exception of one or two paragraphs, although these are important, I can express my agreement and the agreement of my group to some of his conclusions. The Commission proposals are of two kinds, technical and political proposals. As regards the technical proposals, we put our trust in the Commission. In this field, it is capable of showing a lot of imagination. You propose improvements to the system of compensatory amounts so as to correct the anomalies which have arisen in their operation. I know you are not in favour of compensatory amounts, which are a source of distortion of competition between Member States, and you are right. I too dislike them. Unfortunately, as long as Community currencies continue to fluctuate, this system will be necessary. It is for this reason, in order to return as quickly as possible to a system of fixed parities, that we must try to achieve economic and monetary union.

But that is not the theme of this debate. I will leave it to my British and Irish colleagues to express their opinion on the devaluation of the pound. The creation of this new 'green' currency is at Ireland's request. We hope, but we are not convinced, that the new rate for the pound will help to bring a partial solution to the problem of beef and veal, which is particularly important in Ireland where the rate is on average the equivalent of 75% of the guide price. In view of the hoped-for improvement of the economic situation in Great Britain and Ireland I think that a 7.5% devaluation in the 'green pound' is a reasonable solution. We agree with the rapporteur that for farms which undertake modernization an increase in interest rebates of more than the maximum rate of 6% proposed by the Commission should be granted, as Mr De Koning

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mentioned a moment ago. For many farmers, especially young ones, encouraged by our directive to install modern equipment, are at present experiencing great difficulty in repaying their loans in this period of inflation and falling currencies.

But this debate is about another matter. Our main anxiety should be to ensure a decent wage for farmers, on the same basis as all other citizens of the Community. In fact, the real problem now is to bring prices up to date. The Commission proposes an increase across the board of 4% from 1 October of this year: this is inadequate. You answer, Commissioner, that in July the farming organizations, COPA, had asked for just such an increase. But this is no longer July, and since then the increase in production cost has not abated. The crisis is worse, farming income has fallen by 12% to 15% in relation to 1973, as all recent speakers have said.

The increase in Italy is even greater than it has been at present in France. Because of the serious drought in the United States and the disastrous feed grain harvests in Europe, a stiff increase in animal feedingstuffs is feared. I will not quote any other figures, for figures can always be disputed. What we do feel—and members of Parliament are in a good position to realize this—is that the differential between farmers and other social-professional categories has again increased. If the purchasing power of wage-earners has kept pace with inflation, this is not true for farmers. The 4% increase is therefore political, since it is a specific figure proposed by the Commission and supported by no particular calculations. You feel that it will have a psychological effect on the farming world and that it will re-establish confidence. Indeed, in view of the foreseeable difficulties, working relationships between governments, the Commission and the farming organizations will have to be good. But 4% is not going to re-establish this confidence.

I propose another figure, which is also political, but closer to reality, the figure of 8%. The technical details will be gone into subsequently, when the Commission in November makes its price proposals for the 1975/76 marketing year, taking into account the increases in production costs in the years 1973/74, costs which have increased considerably for many reasons well known to all of us: galloping inflation, the oil crisis, raw material crises. But for the immediate future, Commissioner, the farmer should have a right to a guaranteed minimum wage. Wage earners for a long time have benefited from salary reviews during the year. Traders can increase their profit margins, and here I would

like to quote a personal example, for I too am a farmer. I received a note, 48 hours ago, from a supplier announcing that in view of the increases in transport costs and all other costs, he was obliged to increase the price of his products by X% for the month of September.

I think this is quite clear. Why should farmers in particular be at a disadvantage? They ought to be able to reflect in their prices the effects of inflation, just as industrialists or meat processors do. At present, farmers are the only producers for whose products the cost price has increased and the sale price has fallen. Non-farming salaries and capital income increased, on average, by 8% in the Community in the first six months of 1974, whereas on the other hand farming income decreased.

Now I would like to turn to Mr Laban—I see that he has left, but he can be given the message...—who criticises the national aid measures for certain products which have been taken by some countries, particularly France and Belgium, saying that they are incompatible with Articles 92 and 93 of the Treaty of Rome. He is right; they are expensive and farmers do not want them. They do not want charity. They are not beggars. That kind of thing goes against the grain, but if these measures have been taken by certain governments, it is to meet Community shortages. We must increase farm prices, ensure a just wage for farmers and abolish as quickly as possible all these national aids. Some people claim that it is as a result of your contacts with the American authorities, Commissioner, that you have become convinced that new proposals had to be made. I hope this is not the case and that the fate of the common agricultural policy is not determined in Washington. I hope that the Community will not have a heavy price to pay to avoid reprisals by some of the exporting countries.

I am thinking for example of the safeguard clause. We ask that the Community preference be fully respected and that there be effective consultation with the profession in the management of external trade. It is a fact that the United States, who provide us with 25 million metric tons of cereals and soya, will find it difficult this year to deliver as much as that and we know we will experience problems of supply in animal feedingstuffs. It is a fact that world sugar production is lower than consumption, and the recent panic buying in some countries of this commodity, and in other countries of pasta, betrays a state of mind which is spreading among consumers. These few facts have convinced me that in this period of world shortage, which is likely to continue, we must not only preserve what we have, and this is important for the preservation of our livestock herds, but

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also develop our production capacity for certain products.

This leads me to mention, as I know that other speakers in my group will also do, the problem of beef and veal. This item is not included in the Commission proposal. It will not be debated tomorrow in the Council, but I think that a few words are necessary. The measures which were adopted last July have not yet led to the long awaited increase in prices for beef and veal which at the present time, on average for the nine countries, is at 87% of the guide prices. At a time when the animals are about to be slaughtered, and in order to avoid any speculative activities, since stocks are already awaiting in free zones until 1 November to enter Community territory, we ask the Commission to extend after 1 November 1974 the prohibition on imports from third countries. We are aware that the maintenance of the safeguard clause affects a number of exporting countries like Argentina and Yugoslavia. It is therefore, proper to consult those countries when we take such measures. Let us not forget that a few years ago our policy was to rebuild livestock herds and that at the present time they are diminishing rapidly, especially in Italy.

Faced with these facts, farmers no longer understand the policy we are following. We must re-establish confidence by making a reasonable increase in prices. The Committee on Agriculture, as Mr De Koning has informed us, was initially in favour of 8%. In this connection let me tell you that the position of the Socialist Group, expressed by Mr Laban, surprises me somewhat. Perhaps the French farmers should be told about it, since Mr Mitterand, one of their spokesmen, for his part, only yesterday was asking for an increase of between 8% and 12%.

Let us then go on to deal with the real problems, because all the measures we are taking at present are only emergency measures. On the one hand, after this up-dating of 8%, farm prices will have to be kept in line with increasing prices. A lump sum refund of VAT on fertilizers, treating products and animal feeding-stuffs, would give partial compensation for the rise in production costs and this could be a part of a number of national measures. On the other hand—and I think this is very important—production and the markets should be organized. It must be left up to farmers to produce pigmeat or poultry, but free rein must not be given to those who are not in the profession. There was a time when it was necessary to put a quota on sugar production, and this was a good thing; now that there is a shortage of sugar, now that world rates are clearly higher than Community rates, we can take steps to abolish the quotas. After slaughtering cows to reduce milk pro-

duction, there was a shortage of milk powder and after encouraging fallow land, there was a shortage of cereals and sugar.

I am saying that all this happens, and I am serious about this, because in the Brussels swamp, crawl thousands of technocrats growing pale staring at statistics instead of finding out what the real burning issues in agriculture are. Believe me, I think I can say I have the countryman's common sense, I am a farmer myself; I say this and say it sincerely, since what we foresaw in July has happened today. I can also tell you that if we limit the increase to the 4% proposed by the Commission, there will be terrible repercussions in most of the Community countries, for there is now great solidarity among all the farmers.

Looking at the problem on a world-wide perspective, it is not over-production which is to be feared, but shortages, and dramatic shortages at that! European farmers know that they have a role to play in the third world. We must export our surpluses. I am convinced that a dynamic policy will lead us to find new markets in the developing countries, especially in the Arab countries. We must link our exportation of foodstuffs to our aid and development policy. We must show imagination. We must organize production. We must organize markets, encouraging a planned economy and adopting a long term policy which will enable us to know where we are going.

I have been told that there may be a shortage of feed grain this winter; we should be told this honestly. It may be necessary to slaughter part of the herds; if this is true we should be told so. Britain may experience difficulties in sugar supplies; this too we should be told. If there is bargaining with the American Government we should be told that too. The cards should be placed on the table and pretences dropped.

European farmers are aware of their responsibilities and the gravity of the situation. Livestock breeders in Europe should not be discouraged. The future will prove them right, I am convinced of that. We must not forget that it takes three years to produce a bullock. In this context, I think it is essential to ask the Commission to make a study of the beef marketing process. In France, a live animal is sold for 8 francs a kilo. The consumer pays 22 francs. This is an age-old problem, which caused many peasant risings in the middle ages. But I am sure that the process can be improved by developing, for example, long-term agreements.

I would like to say in conclusion, Mr President, that we must take account not only of economic realities, but also political and human realities.

Durieux

These should lead us initially to propose a more substantial increase in prices and we hope that, as last Spring, the Council will prove more generous than you, Commissioner. For we are convinced, that if this Summer has been heated, Autumn will reach boiling point. Dissent is growing in the countryside and no country is free from this discontent. Even today, all European farmers are trying to convince their governments and the Commission of the difficulties which millions of them are experiencing. And yet, by continuing to show their belief in Europe, by demonstrating on the same day, at the same time with the same slogans to protect their income but also to protect the common agricultural policy which they believe in, do not the European trade union leaders give an example to the politicians?

Mr President of the Council, you have been able to realise at your meeting with the thirteen heads of organizations—the first time this has happened—that they are in complete unanimity. You have moreover admitted this on French television; you have just reminded us of this and I think you are right to do so. Since you recognize that their demand for an increase of 8% in prices from 1 October was perfectly legitimate, do not disappoint the farmers, Mr President. Their hopes depend on the decisions which you will take tomorrow, do not be like the Commission, which woke up slowly and too late! We put our trust in you, the farmers put their trust in you to defend their livelihood tomorrow.

(Applause)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, Mr President of the Council of Ministers, Mr Commissioner, ladies and gentlemen, may I first say how delighted I am to see Mr Bonnet, the President-in-Office at the moment, attending this particular debate and giving the importance to it which he has during his speech. I was very encouraged by his words and although quite obviously at this stage he is not able to go into any definitive figures or decision, I was extremely encouraged by the way he approached the whole range of problems that we in the agricultural industry are facing at this moment.

Mr President, in the fifteen minutes at my disposal, it would be quite wrong to go into all the details which have caused this emergency debate to be held today. I think it is fairly

obvious that all of us know what the problem is, and indeed those honourable gentlemen who have spoken before me have with astonishing unanimity underlined the difficulties which exist in their own countries and which are being faced by everybody throughout the Community at the moment in the agricultural world.

Let me just give one figure from my own country, which I think says everything that needs to be said about the agricultural industry in the United Kingdom. It is almost certain that in 1974 the disposable income of farmers will drop by 400 m. pounds sterling, that is, to approximately half of what it was last year. A 50% cut is really a staggering figure in one year. Now, we all know the reasons, and I said I have no intention of going into the details of the various rises that there have been. Mr President, as I have said, there is no disagreement in this House concerning the dangers that face the farmers, and indeed through the farmers the consumers: let us never forget that we are not just talking about farmers and the lack of income that they have; we are also talking about the effect of what happens on the farm on consumers throughout the Community. Unless things are changed rapidly, we are going to face in 1975 in many areas grave shortages of farm produce, and we in Europe will have to go on to the world market to try and fill the gap if we wish to feed our own people. That is the danger that the consumer faces in the future.

The dangers which exist are, I think, underlined by the situation in the United States. We know full well that although the Americans have increased the amount of acreage and tillage this year, 1974, there has been a failure of crop over there, certainly as far as soya and maize are concerned, and as I understand it, they are asking Europe and other countries to cut their imports from the United States of fodder grains and protein, in other words soya, by at least 10%. As the honourable Members will realize, that is an important factor in this very unhappy equation, and therefore with all this agreement on and knowledge of the background, what we are debating here this afternoon on the basis of Mr De Koning's excellent report, is what we do about the situation.

With one or two exceptions, I agree entirely with what Mr De Koning says on the Commission's recommendations. But I think it needs to be said, and has already been said by other honourable Members, that the CAP as it stands will not do: it has got to advance and change in outline and in application. It has changed in the short time that I have been a Member of this House. But it needs a great deal more change, and it needs more change quickly. I think this particularly applies to the livestock sector. I myself believe

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that it would be an exaggeration to say that the CAP has failed; and the honourable Member from Eire, Mr Gibbons, was I think, exaggerating when he said that it had completely failed. I do not believe it has, but I do think it needs strengthening, and strengthening to a very large extent, particularly, as I said, in the livestock sector.

I would hope that the Commissioner, and indeed the Council of Ministers when they meet, will be able to go into this matter, and by this I mean not only what Commissioner Lardinois is proposing at the moment, but also other measures that can be taken in the livestock sector. Here I am talking about something which has been mentioned by a previous speaker, that is, a minimum price, particularly in the beef sector. I do not see why there should not be a minimum guaranteed price at the moment, introduced into this frail sector of our agricultural economy. The Commissioner and the House will remember the measure he introduced to try and keep a certain amount of beef off the market by a per capita payment, and this was adopted in my country. But what happened is that this per capita payment has gone, not to the farmer to boost his income by allowing him to keep cattle over the winter months, but to the wholesaler or retailer. It has not gone to the farmer. The price he receives in the market has been discounted by the amount of the premium payment. The net result is that he has been worse off, and there has been a greater collapse than there would have been if this per capita payment had not been made.

Of course, in my own country—and I hope the House will excuse me for briefly mentioning this—the situation has been made much worse over the past months by the fact that we do not use the intervention system. Not using the intervention system and not applying anything else in its place has resulted in a complete collapse of the market in the United Kingdom. This has caused the very grave problem facing the livestock producer in the United Kingdom.

I therefore hope, Mr President, that the Commissioner can be imaginative in proposing to the Council tomorrow that measures other than just an increase, such as the introduction of a minimum guaranteed price, should be taken. But the main issue so far has been whether or not, as paragraph 1 of Mr De Koning's report states, there should be an across-the-board increase of be it 4%, 6% or whatever Mr Durieux has just suggested, or whether there should be a differentiation in the price increases proposed. My group most strongly feels that it should not be an across-the-board increase.

At a moment when we have an adequate cereal crop throughout the Community—perhaps not

a bumper one, but a reasonable one—with prices at the height they are, not only in the Community, but on the world market as well, I find it difficult to understand why the Commissioner and we in this House should support an increase in the cereal level at intervention and guide price. I cannot believe that this is right. I think it would indeed be quite wrong to do so and would be contrary to the interests of the dairy, milk, pig and poultry sectors of the agricultural industry which use grain as feed.

My group is therefore most strongly of the opinion that the Commission should propose a differential price increase, and I would hope that in the case of cereals it will be a very minimal one of perhaps 1% or something like that. In my own view, 4% for livestock would not be sufficient; it would need to be higher than that. But I must remark here that, as the House will realize, this does not of course apply to my own country, because we have no intervention in the United Kingdom, and so here I am talking truly as a European.

I would now like to turn quickly, Mr President, has been made for imports into the Community from third countries not to be allowed in these difficult months. I do not believe that we could tolerate that at the moment.

I would now like to turn quickly, Mr President, to the second part of these proposals, that concerning monetary measures. I welcome the Commission's proposal on the devaluation of the green pound and the 2% in Article 4a. As far as I can see, making the British green pound equal to two units of account is a devaluation of just under 9%. If one adds to this the effects of Article 4a, which in fact will add another 2%, it means that the green pound will be devalued by just under 11%. The total devaluation in reality is of course 15.3%. This is leaving only a small step to be taken in the future.

I would accept this proposal from the Commission as a step towards realism. I have argued all my time here that monetary compensatory amounts are something which bedevil the common agricultural policy, and we want to see the back of them as soon as we can. But basically, it is not steps that Commissioner Lardinois can take which are going to eradicate the difficulty in the agricultural sector; the impetus is going to have to come from the Finance Ministers, or perhaps even the Heads of State, being able to agree upon movement forward in the field of economic and monetary union. This is where real progress is going to have to be made, but I nevertheless welcome the realism which is being shown by the Commissioner in taking this large step forward by bringing the green pound back to a more realistic level.

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If I may take one brief moment, Mr President, to address my Irish friends, who wish to go up to 15.3% and indeed to separate the Irish pound from the British pound, I would say to them, think again. I do not think that they realize exactly what damage this would do to the trade between our two countries. Over the years the amount of Irish livestock coming into the United Kingdom either on the hoof or on the hook has increased substantially. Breaking the link between the two green pounds would mean having monetary compensatory amounts between the two. Perhaps the Commissioner should be asked if he is prepared to accept the total cost on EAGGF funds which a full 15.3% devaluation of the Irish pound would mean. I have no figures at my disposal as to exactly what this would mean in terms of the drain on EAGGF funds. The drain is going to be bad enough for the EAGGF with both our pounds being devalued by just under 11%, it is going to be bad enough with the MCAs that will be involved.

I would ask the honourable Members from Eire to imagine the fiddles and swindles that will go on at that border about which we hear so much in Europe. Can you imagine the herds of cattle and pigs which will be driven over on a dark night from North to South in order to get the MCAs when they come back to the North again. I do not think we want to encourage that kind of practice, which I must confess I think our Irish cousins are only too good at. Therefore, Mr President, I would make the plea to my Irish colleagues that they should not press this separation. It may well be that if Mr Lardinois is prepared to accept, we would go up to perhaps 15.3% or at any rate a little further than 11%, but let us go hand in hand, marching together. After all, the purpose of being in the European Community is that we should come closer together, not drift further apart.

When talking about this green pound devaluation, we must not of course forget what it might mean both to the producer and to the consumer, and I hope the Commissioner, when he comes to reply in this debate, will be able to give us definitive figures as to exactly what it will mean, not only to the producer in the United Kingdom and Eire and other countries, but particularly what it will mean to the consumer. Of course, it would be absolute nonsense to say that the consumer will have to absorb the whole amount, but I cannot help but feel it does mean a certain increase in consumer prices. This is something I think that we have to accept; but I would ask the House to remember that in the case of my country and Ireland, when we are talking, as paragraph 1 of the report does, of rises across the board in the prices of

agricultural products, the increases which are going to result from devaluation and the repeal of Article 4a must be added.

There is a third part, Mr President, and that concerns the structural side, the third section of these proposals. I have become tired, over the months that I have been a Member of this House, of hearing these proposals, arguing about them, of their being debated by the Commission and then coming here to the part-sessions and going through amendments and supporting the motion at the end of the day, after which the proposal goes from the Commission to the Council with our recommendations on it, and the Council then kick it around and nothing happens. Hill farming is one particular example of this. Structural measures have been decided by the Council, with the support of this House, following the Commission's proposals, and yet they are not being implemented. We have drawn attention to this time after time until I am sick of it.

The only way we are really going to progress in the agricultural industry is by bringing into effect the structural measures. We do not want, as Mr Laban says, to prop up inefficient farmers; that is the last thing we want to do. This is not the vehicle whereby one can give help to those working non-viable farms. That is the function of the Social Fund or the Regional Fund, when it comes into being. It is through the structural directives which have come out of the Commission that we can help get these things really moving forward, and I would beg the Council to take definite action in the near future—certainly before Christmas—on these matters and make some progress in this field again.

In conclusion, Mr President, may I request that when the Commission put forward their proposals—for these are only interim measures we are discussing now—for November and December, they include a profound review of the structure, of the way that this CAP is working in the livestock sectors, that they do not close their minds to other methods of helping the farmers. We do not want to feather-bed—to use an expression which is common in my country—the farmers, but we do want to see that they have a reasonable prospect of making a fair return on their sweat and their capital. The present system is obviously proving to be inadequate; it needs strengthening; it needs innovation, and I would ask the Commissioner, when he comes in November or December to this House, after studying all the statistics, to put forward new proposals for strengthening the CAP in the years ahead. If that is done, the European Conservative Group will support the basic concept of those proposals, although we,

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of course, reserve the right to propose amendments to one or two of the paragraphs which are of importance to us.

(Applause)

President. — I call Mr Cointat to speak on behalf of the Group of European Progressive Democrats.

Mr Cointat. — (F) Mr President, President of the Council, ladies and gentlemen, 1974 will be remembered in the history of Europe and of the world as a difficult year. On the political level the disappearance of major Heads of States on the international scene and violent conflicts throughout the world; on the social-economic level, monetary confusion, worries about inflation and warning over supplies of raw materials. Agriculture has not escaped the troubles, and it was natural for the European Parliament to meet in a special session to help resolve the difficult and complex problems posed by an agricultural world in turmoil.

It is my task to state the position of the group of Progressive European Democrats and I am pleased to note that what I have to say in large part echoes what has already been said by those who have spoken before me in this debate. The politicians responsible are unanimous in admitting two things: first, that farmers' income still only represents 70% of the average individual income of Community citizens and it is therefore necessary for them to catch up to achieve the parity which they have been claiming so often for 15 years; secondly, that farm income is the only one, in a context of general inflation, which is falling, Market prices have fallen heavily, whereas the products necessary for agriculture have increased by 30% and even 40% in one year. Farmers have never been the cause of inflation, for the price of their products has always been regulated in the Community and has always been fixed subsequently. They have accepted the reasons for this, but their good behaviour should not make them the victims of inflation. This is then an intolerable situation, since the consumer continues to suffer, and my colleague Mr Kaspereit will analyse this problem later.

Consequently, faced with the disorder which marks the agricultural markets, faced with the despair which farmers are suffering, the list of those responsible must be drawn up, calmly but firmly. How have we come to be in such a plight, when the tendency to a recession had already started in September 1973?

In order to correct such a disastrous situation, bold, courageous solutions must be proposed, and these have been called for for many years in

this Parliament, but the politicians responsible, looking for an easy way out and forgetting the long term view, have not always paid attention to this.

First of all it is essential once more to recall some basic truths about this common agricultural policy which has too often been criticized by some people. The first merit of this policy is that it actually exists. The European agricultural policy is the only common policy, it is one of the essential conditions of the Treaty of Rome. This means, and great attention must be paid to this, that calling this agricultural policy into question would mean calling into question the whole construction of Europe itself. However, this principle in no way excludes the possibility of developing community agriculture in the light of experience, in the light of market conditions so as to improve the standard of living of our farmers, so as to make our farmers citizens like any others, with a right to the same hopes and so as to make agriculture, as the previous speaker said, an economic sector in its own right and not dependent on assistance, or on maintenance, as is still sometimes the case. On 14 January 1962, the Common Market in agriculture was constructed on three basic pillars: free movement of products within a single market, Community preference, and financial solidarity. No matter how much things may have changed since then these pillars can not be altered: they must remain, on pain of death for Europe, the foundations of our action.

For what reasons then is agricultural Europe ill? Fifteen years' experience and the way things have been run in recent months offer a certain number of explanations. Firstly, it is clear that the Community must participate in international trade and refuse to live as an autarchy. Europe's first aim was to abolish the hide-bound protectionism which had been rife since Bismarck and Jules Méline.

But the Community preference, it must be added, has not been respected. Our Community's import policy has left the door open to anarchy, speculation and fraud; at a time of short term surpluses, importation in 1973 of 16% of beef and veal production is intolerable and constitutes a grave error. In this field, it must be said too, even if only in a friendly way, the Commission has shown a clear lack of firmness and inability to take timely action. Secondly the multiplicity of the price systems, of which there are at least a dozen, and the multiplicity of the organizations of the market of which there are more than twenty, have created distortions which have become worse through the years between the various production sectors and therefore between producers too. As the first regulations of 1962 were left behind, the

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initial enthusiasm has been forgotten and an ever increasing laxness has overtaken the other sectors, to appease short term financial interests which were more petty than effective. We have passed from the structured and guaranteed markets like the cereals market to intervention systems as for beef and veal, pig-meat or milk products. Then, the Community was content with some base or reference prices or fragmentary incentives, as for fruit and vegetables and wine. Thus the main purpose of the Common Agricultural Policy has been lost to view, that is to say the improvement of the standard of living of farmers, and this has been done to the benefit of economic rules whose sole consequence is to attempt to reduce Community expenditure. The results of these changes are significant. Markets, like the wheat market, having a guaranteed price are successful in the agricultural common market; farmers have benefited from this organization. On the contrary, markets with no guaranteed prices, such as animal products, fruit and vegetables or wine, have been failures or semi-failures for the Community. Breeders, growers, and wine producers sometimes have the impression that they have been forgotten.

Monetary disorder is another of the causes of the present unease, whereas agriculture was the first sector to create in the unit of account a European reference currency, which one day will have to be extended to all transactions between central banks. Agricultural Europe can make no progress without monetary union. Customs barriers, because of the compensatory amounts—and I was particularly pleased at the remarks just made by Mr Scott-Hopkins on this matter—have in practice been re-established. Producers, lost in a financial labyrinth, cannot understand why in a period of surplus imports should be subsidized and exports taxed. Borders must be freed of these obstacles to free movement and we can only approve the Commission's proposals in this direction. But we are regretfully obliged to note that the Commission, and Mr Lardinois will please forgive me, merits some criticism in its management of the markets. It has been unable to take rapid and effective measures to make up for the shortcomings of the organized markets. Its hesitations, its delays, its attitude of wait and see have had disastrous consequences, in spite of the fact that for a long time numerous warnings have been given, in spite of the fact that price and production fluctuations obey economic laws which are now well known, as our group has repeated several times. The present deplorable situation is no different from the situations which we have lived through before and the experience of previous years makes it impossible to plead ignorance as an excuse. If we are to reproach the

Council for not taking the necessary decisions, the Commission must bear responsibility for not proposing the essential measures at the appropriate time.

Today yet again, we are disappointed with the solutions which are proposed because these measures, however interesting they may be, are only partial, short term, inadequate and do not fit into a global and vigorous policy. When you have an excellent car, you keep the engine, servicing it properly, but from time to time you change the tyres and do not rest happy as the Commission has done, with slapping a few puncture patches over the holes. This severely critical but objective analysis of the state of dilapidation of European agriculture has led the PED Group to propose the following action programme, the main points of which I will summarize.

The first proposal is to abandon completely the idea of a restrictive agricultural policy, even though for the time being, present surpluses in given sectors may superficially encourage a reduction in production. For agricultural production is cyclic and the 1974 slump is only short-term and must not hide the basic problem. The world has, as others have said before me, entered on an age of food shortages; already world cereal and sugar prices are higher than those in the Community. As a result of rises in people's standard of living, shortages can only grow more severe. In 1976, I believe, we will have a tragic shortage of meat on the world market and particularly on the Mediterranean market. It can already be forecast, and I am sorry that the experts did not say this, that from 1 January 1975, that is to say within four months, the international tendency for beef and veal will be reversed and I would advise Member States moreover not to rush to sell off their stocks dirt cheap; in a few weeks, they would obtain better bargains. And at the risk of surprising some people, I would add that in 1980 there will be a shortage of milk and butter. It is for this reason I was surprised to learn of the latest declaration attributed to Chancellor Helmut Schmidt, to wit that Germany no longer wished to finance agricultural subsidies. He is forgetting Community solidarity. He is forgetting that wheat surpluses are due as much to the Bavarians as to the farmers from Champagne. He is forgetting the compensatory advantages which he obtains in the industrial field. The EEC, the Economic Community is a whole. He is also forgetting that those who are at present importing cereals or sugar are doing so at a price lower than the world price. From now on, and I think this must be repeated, those who are financing the Community, are those who are exporting agricultural products,

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this is a new fact which must be stressed. So, in view of the foreseeable period of shortages, it is essential that Community agriculture be committed to expansion, that is to say to the liberalization of production, to the encouragement of the Community's potential. Europe must not only be self-sufficient in agriculture, but also committed to exportation, that is to say in regular surplus since the rest of the world will be becoming increasingly hungry. It is true that this solution will in the next two or three years cost more in the short term, but it is a way of ensuring the future, for one may well chop down a tree in a quarter of an hour but it takes a hundred years for it to grow again and as Mr Durieux just said, if it takes two minutes to kill a bullock, it takes three years to rear another one. In any case, my answer to financiers is that this period of shortage which we are entering will calm their fears on this matter.

However, to ensure this desirable expansion, four conditions are necessary so that surpluses in individual sectors may be avoided: a proper price hierarchy, firm production guidance, a coherent and dynamic export policy, and finally the setting up of necessary storage capacity; these obvious matters have sometimes been forgotten. The second concrete proposal is the harmonization of the at present disparate market organization. All the regulations must be realigned on the basic principles of the organization of the market in cereals, since this is the market which has given the best results in improving and stabilizing farmers' income. This means as my colleague Mr Gibbons has just correctly stressed, that it is necessary, in each production sector, to guarantee a fair price for farmers so that they do not suffer from the ups and downs of the economy and so that they do not fall into a state of pessimism. But this also means that in each sector a proper storage policy must be set up to soften the blows, to carry over surpluses due to the weather, to organize exports. The guarantee of a fair price and storage are the two basic elements of an effective market organization, but this policy does not yet exist for those sectors which are basically at the root of the farmers' discontent today.

The third proposal is even more fundamental: the Common Agricultural Policy must be supplemented by a true incomes policy. Price machinery alone has not been capable of solving all the problems. It has continued, and I have criticised this for a long time, in spite of efforts in given sectors, to give an extra cadillac to those who already have one. Even if on the whole real progress has been achieved, there are still many discontented farmers. We are not basically interested in the price of products but

in the human problem. What matters is whether the income of these men who work the earth is reasonable and if it is inadequate, it must be supplemented by the rest of us in one way or another through some solutions which must be drawn up. But this aid must be selective so that it helps basically the poor and the hard working as opposed to the rich and lazy. And to go back to the image of the cadillac, I would say that an extra cadillac should be given to someone who has only got a mini and that only an extra mini should be given to someone who has already got a cadillac. It is for this reason that I think it is important to get down to immediate study of this idea of an incomes policy.

I do not wish, Mr President, to prolong this debate and I will conclude. The PED Group feels that the Commission's proposals are inadequate, that prices should be raised by 8%, that the solution to the present unrest can be found by respecting the principles laid down on 14 January 1962. The expansion of production in a period of shortage, the harmonization of regulations in line with those on cereals and the drawing up of an incomes policy, these are the points which I wish to put forward on behalf of the Group of Progressive European Democrats.

(Applause)

President. — I call Mr Ansart to speak on behalf of the Communist and Allies Group.

Mr Ansart. — *(F)* Mr President, ladies and gentlemen, colleagues, allow me first of all to thank our President for having called this extraordinary sitting of the Assembly, thereby fulfilling the request made by our Communist Group. The essential value of this extraordinary sitting will in our view be to allow a discussion of the actual situation of farmers in the Community, the deep-seated reasons for their dissatisfaction and the demands expressed by them. Today is not the first time that we have warned of the extreme situation of the farmers. It is my duty to point out that if we had been listened to, the situation would not have attained its current critical level. Europe is facing a serious crisis, and that also goes for European agriculture. Unrest affected France, where there have been demonstrations by farmers of growing importance for several months, and now the movement has spread to Belgium, the Netherlands, the Federal Republic of Germany and Italy. Today we are confronted with a coordinated movement by farmers from every country in the Community demonstrating at the call of their Unions with the same slogans and the same demands.

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The situation means in effect that the Common Market which was supposed to organize the agricultural markets, facilitate production planning and steadily improve the farmers' standard of living has not achieved its proclaimed objective. We can see in reality that it was not able to achieve the necessary coordination of production or trade, and this explains why the farmers now are demonstrating, and amongst their demands is that the frontiers of their countries should be closed to competitive products from third countries, and indeed from other Member States of the Community. It will be conceded that the call for the closure of frontiers taken up by the unions is a harsh acknowledgement of the failure of a policy which was promised as ensuring the harmonious unification of European agriculture and prosperity for European farmers.

The central theme of today's debates and something which requires urgent measures is the fact that the farmers' standard of living has been hit by the growing imbalance between their incomes and the increasing burden of production costs. What is still more serious is that many of them are threatened quite simply with extinction by the growing number of large undertakings throughout the countryside of Europe. Today then, the farmers have come out to defend not only a fairer remuneration for their labour but also their very right to exist.

Thus in our discussions here in the Assembly we must take into account that in Europe today agriculture is not what it was in the past. Land economy has become closely dependent on the market not only for production outlets but also for supplies. In the past agriculture was self-sufficient. It has now become a buyer from other economic sectors, primarily to meet its need for agricultural machinery and fuel and feed for livestock. Farmers are now far more susceptible to buffeting by inflation and soaring industrial prices. It has been pointed out that the farmer cannot fix his prices in the same way as the industrialists. Agricultural prices are fixed arbitrarily at the beginning of each marketing year for a period of one year, whatever increases in industrial products might occur in the meantime. The Brussels prices are not the result of a close study of production costs but rather a political compromise between divergent national interests. We must also recognize that there is only one common resolve amongst the governments and that is to keep farm prices as low as possible in order to contain the wage demands of the national labour force.

Today, owing to the serious nature of the crisis in agriculture and under pressure from the farmers' demands, there is talk of an increase in

European prices of around 4% for 1 October and even this increase apparently will affect increases for the next marketing year. The proposal has been dubbed absurd and even shocking by some farmers' organizations and it in no way meets the demands for minimum guaranteed prices and only slightly makes up the ground lost in the purchasing power of farmers in certain countries of the Community, which in France for example has dropped by 16%.

Another important factor in the drop in farmers' incomes is the modernization of undertakings which has meant more extensive use of credit. The increase in interest rates hits small and medium farmers very hard, and particularly young farmers who lose their enthusiasm, many of whom have been obliged to face up to the prospect of having to leave their farms. Furthermore inflation and the rising demand for land has put up land prices, again taking France as the example, by 15% in 1973. Family farmers and young people attempting to set up on their own are finding that the land market is becoming increasingly inaccessible. The market is now dominated by people with capital seeking a safe investment. To put it bluntly, more and more land is slipping out of the hands of those who work on it and into the grasp of speculators. Finally, with the concentration of undertakings, which is just as common in agriculture as in industry and commerce, only large farms closely integrated into the commercial, industrial and financial circuits can keep their heads above water within the framework of the current policy. This has had extremely serious implications for the living conditions of country folk who are now faced with the problem of survival.

The situation calls into question the European prices policy and certain decisions concerning production taken by the Community. We have noticed a shortage of sugar in the shops in France during the past few weeks. Fear of widespread shortage has compelled consumers to lay in excessive stocks. Today the possibility of such a shortage is in the air. The situation which has arisen on the European and international markets clearly demonstrates the ineptitude of those who hold the reigns of capitalist society when it comes to thinking in terms of the future of mankind. Today we are faced with the spectre of hunger throughout the world when only a short time ago it was suggested that millions of acres of cultivated land would have to be laid fallow. Anarchy in production and on the markets is characteristic of our era and is one of the essential causes of the chaos we now face.

Quite frankly, what counts today—and I have heard little mention of this during the debate—is the transfer to the major centres of capital

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of profits gained from agriculture, even if this is bound to lead to the failure of the suppliers themselves and the development of the agricultural economy. In this Assembly there is often talk of a lack of enthusiasm in the working class for the construction of Europe. But how on earth are farmers to have confidence in a policy which leads to decisions that for the most part completely ignore their legitimate interests? How are family farmers supposed to see a place for themselves in the reality of a Europe in which between 1950 and 1970 more than 10 million of them have had to leave their land. First it was the miners, then the iron and steel workers of the ECSC, and now it is the farmers who are realizing that the Europe being offered to them is in fact the Europe of massed capital, representing great benefits for some, but sacrifices and austerity for the rest.

If the Common Market wishes to be recognized as an efficient organization by the workers and the farmers it must cease to be a means of helping capitalists to use and profit from inflation and the monetary crisis in order to put further pressure on the farmers and the people in general. In reply to those who today insist that in order to overcome the agricultural crisis we must go further towards European integration, the unification of prices, the regulation of markets, we feel obliged to say that it is possible and desirable to promote some regulation of the main markets, improve the organization of trade between all the countries of Europe and not merely between those of Western Europe. But as far as the Nine are concerned how would it be possible to progress towards unification of prices and the organization of markets given the current monetary chaos and disparity between currencies and conflicting interests? The meeting of Heads of State, last Saturday in Paris, provides further evidence. Instead of taking decisions a new conception of Europe is being instituted *in camera*.

Inflation and the monetary crisis have already started to undermine the basis for a common agricultural policy and the CAP is becoming more and more artificial. Several Member States have been forced by circumstances and indeed by the growing pressure of farmers' demonstrations to take national measures. The very fact that the farmers of certain countries in the Community are demonstrating and taking as their slogan the closure frontiers bears witness to various situations which really should be taken into account when seeking appropriate solutions for each country; for it must be recognized that the agricultural situation is not the same everywhere and therefore there can be no sole solution imposed on all the countries in the Com-

munity. From now on, no decisions should be taken in Brussels for general application without a margin of freedom for each country to apply them as it sees fit. That is why the way problems are dealt with today cannot meet our approval. There is a fundamental reason for this—we do not have the same conception of Europe as the Governments of the Nine. For us, European solidarity is a meaningful phrase which we do not reject, on condition that solidarity is not taken to mean a sacred union with multinational companies which are in fact—and nobody can deny this—the true bosses in Europe, on condition that it does not mean solidarity with the representatives of capital or the landowners.

In our view, what is desirable, important and necessary is solidarity between workers in town and country rejecting a harmful policy which hits them in exactly the same way throughout Western Europe. For us, Europe means the defence of popular interests and respect for the national independence of each country. I reaffirm that there is no need to do away with national independence and sovereignty in order to organize cooperation, European security, and defend the vital interests of the workers. On the contrary, we feel that the stronger the nations are, the more independent they are, the more sovereign decisions they take, the better will be their agreements, stronger and more lasting and less likely to be called into question as they are at present. All of this underlies the demonstrations by the farmers. The Europe we propose is a Europe of harmony, of security, of monetary stability in which inflation will disappear and social progress will continue, in which advances will be made unstintingly in science and technology. This presupposes the democratization of Europe and its removal from the domination of certain power groups and a few large multinational companies and landowners that have turned it into a means of securing profit for themselves, forcing workers in town and country to suffer austerity, sacrifice and permanent concern for their future.

This is why we wish to state today our complete agreement with the demands of the farmers. We believe that we are in a period in which farmers must be protected and given support to maintain their family farms, they must be assured of guaranteed prices and an outlet for their products. They must also be protected against speculation of every sort, especially land speculation, and once this protection has been brought about, farms should be better tailored to their needs.

If this were done, agriculture could finally get on with its true work, which is of course to provide food, but also to act towards the conservation of nature whilst allowing the farmers to

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live—not as they did a few decades ago, but as they should live at the present time—exchanging the fruit of their labour for the benefits offered by other sectors of society. Here you have an outline, Mr President, of our views on the situation of farmers within the Community. I must tell you that our group has appointed several speakers who will now take the floor in the general debate in order to make detailed comments on the proposals made by the Commission; and they will themselves make some precise proposals.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission of the European Communities. — (NL) Mr President, thank you very much for giving me the floor now. I can already see that this will not be the last time I shall be speaking this evening, since after this first round several speakers will still be opening fire this evening, against the Commission and myself in particular.

But I am delighted that I have the chance to speak now, since I can, in the presence of the President of the Council, reply in broad outline to what the rapporteurs have said, and also touch in passing on the most important questions raised by other speakers. I shall therefore not give all the speakers an answer now, especially in view of the time. For my first answer I shall restrict myself to half an hour, and deal with the questions I miss out now in my final answer this evening.

In the first place, I should like to thank you on behalf of the Commission for your so rapid compliance with our request to parliament for a special plenary sitting. I think that in exceptional situations it ought to be possible to take exceptional measures, and this special plenary sitting is, I think, the right answer by parliament to the request from the Commission and the Council.

The background to the present situation has already been sketched by the various speakers. I thank them for this, and will therefore not spend too long on it, except in the case of one product to be dealt with soon, when I speak about the situation in the meat sector, which is the one causing the greatest difficulties at the moment.

The Commission is fully alive to the acute problems facing European agriculture in general, and some specific sectors and areas in the Community in particular.

However, it is a little too easy and is going a bit too far to do as some speakers have and put all

the blame for the difficulties on the shoulders of the Commission. It is supposed to have reacted too late, not to have administered the markets properly, and so on and so forth. It is a little too easy to say that, although I certainly do not want to maintain that the Commission has had the right answer always and at every single moment. Nothing is less true. Nor is it true that the Commission has been perfect, or could not, with hindsight, have reacted otherwise in some cases. But let us acknowledge one thing in the first place: the crisis in the beef sector is not a question of Europe alone. It is a world matter, a worldwide question which is also greatly affected by the worldwide energy crisis.

The difficulties have also been caused in large part by the great problems we have had within the Community in this sector, on the two great import markets in the Community, in the first place the United Kingdom which has withdrawn from the system we have, after all, introduced to protect prices, the intervention price system. It is, of course, logical that it is the market which is almost exclusively dependent on the British one, namely Ireland, that is having the greatest difficulties now. In the second place, there is Italy. Let us recall what was said here a while ago. Without Italy the Community would be not a beef importer but even a net exporter. You know that all of our regulations did not work during the period when Italy was applying the guarantee deposit system. On the contrary, at that time there was even a sort of reversed preference in favour of third countries. Let us not forget all that, and do not look to the Commission for all the difficulties, since it does not have all the power, even to administer the markets.

I do not want to say too much about this, and will give only one example to show the way people are looking at it. Mr Cointat, who knows the common agricultural policy perhaps better than anybody in this parliament, says that for cereals and especially wheat, the market machinery, the management etc., are going extremely well. It could not be better according to him. It is particularly in respect of processing and in the meat sector that, according to him, there are shortcomings. Well, I come from Holland and in Holland I keep on hearing at demonstrations and the like that it is precisely in the case of wheat that the market policy leaves a lot to be desired, that market policy in that sector is no use, but that it works excellently for processing in most cases, especially for dairy produce!

What I want to say to you is that I think we must make it quite clear to farmers that the market policy is not there, as most farmers think, to maximise farmgate prices. That is not what

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it's there for. If the maximization of produce prices were the aim of the market policy, it really would have failed. The market policy is there to see that what we have guaranteed in fact takes place. In the case of intervention products, it is only the guide price that comes into it. So we can see at the moment that market policy in the cereal sector and the sugar sector is aimed at keeping the prices lower than they would normally be without intervention. In that way we export less and keep as much as possible of the products in the Community so as to maintain prices in our system. I have no problems with this policy, broadly speaking at any rate, but the farmer at the base does not understand it or often does not want to understand it. On these points what there is is a market policy for these products in favour of the consumer.

The market policy must also take costs into account. It will not do to say here that the Commission looks at costs too much. We know what the Commission was accused of by almost the majority here in parliament when costs got out of hand last year.

I would therefore urge you when evaluating the situation to take account of all factors, of what we have to do for the producer, what we have to do for the consumer and the cost limits. Of course, if you look at the thing from only one angle, you get the situation where the finance ministers say the agricultural policy costs too much, it has failed; the producers say the agricultural policy, especially market policy, has failed because they are not getting the maximum prices; and the consumers say the agricultural policy is a failure because they are not being charged minimum prices.

Neither the producers nor the consumers have objections when the agricultural policy costs more, but the finance ministers on the contrary pay most attention to that and much less to the effects on prices.

I think I must say in general that the market policy looked at from these three viewpoints can withstand criticism, or at least can be defended, apart from the beef and veal sector. In the beef and veal sector we have not been able to put our policy through and we are still not doing what we have in fact promised farmers. We can say now that that is the fault of the market policy, and we can perhaps also say that it is because of the fact that the Community in a period of shortage perhaps too lightly made farmers a promise which proved impossible to keep when it came to the bit.

I should also like to defend the Commission by stating that the proposal for permanent intervention in the beef and veal sector did not come

from the Commission. I am not saying that to defend me personally, since I was myself President of the Council when this proposal was made there and imposed on the Commission. To my knowledge, and I spent almost eight years in the Council, this proposal with its so far-reaching consequences did not come from the Commission. It came from the Council and was imposed on the Commission, on the Community. And what we are finding now is that the Community cannot keep these promises at a time of crisis like the one we are going through at the moment.

Mr Gibbons said that the most simple way to solve the problem is to stop imports. In the past the Commission made the mistake of allowing too many imports. In 1972 and 1973 the Community imported almost one million tons of beef and veal, both in 1972 and in 1973. That means that the third countries who were the traditional exporters to our countries, are in fact getting the first blow now. They will have to do a lot to help solve the Community's problem. But the problem will not be solved by that alone. We ourselves shall also have to bear a lot of costs. To cover the costs for the beef and veal sector, as I said to you here in July, 40 million u.a. are included in our budget. In our budget for 1974 this 40 million will become 300 million. That will be the real expenditure in 1974. Moreover, we have already decided to spend 100 million u.a. in January and February next year. In this connection, therefore, a large part of the consequences of this situation in financial respects are being taken by the Community. In my opinion, we cannot expect the exporters to the Community to absorb this problem alone. There are exporters who have now been supplying beef to the Community, at least in peacetime, for more than a hundred years.

We must be cautious with this kind of import ban. I do not wish to say that we can never have recourse to them. That is not my position. At the moment we are in fact in an exceptional situation. However, the Community, not only the Commission, decided in January that there would be no import ban. Alternatives were developed then. These alternatives did not work badly, and had certain advantages over the present system. But the advantages of the present system as regards imports cannot so easily be replaced by another system in the middle of all the difficulties.

Like Mr Laban I am of the opinion that we have to come to as good a discussion and as good an agreement as possible with the most important exporters to the Community. We can no longer allow ourselves to announce or extend an import ban the way we did just before the recess. The Com-

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mission is also of the opinion that in the short term there must be discussions with all countries which export to the Community on the question of the best system to apply if imports can be brought back at least to a certain level again. That is the most important thing. We must develop alternatives. On the other hand, we cannot simply allow imports without further ado, as was usual, since in the present world situation it would cause chaos here. The Commission's opinion is that we cannot resume imports by 1 November. We shall therefore have to apply the import ban in November too, until some date still to be fixed. We cannot yet say when the import ban can or must remain in force until. For that there have to be discussions with the countries which export to the Communities, and these discussions must cover a broad area. Then we shall not hesitate, as soon as these discussions have given us the right information, to decide as soon as possible the conditions under which imports can be brought back again.

Mr De Koning, as rapporteur, and Mr Martens, have asked why the price increase ought to be 4%. Well, after many hesitations, by myself among others, the Commission at a certain point decided to bring a price proposal. When the Commission took the decision to propose 4%, the demands of European organized agriculture were before us. I think that it would have been a slap in the face of the joint agricultural organizations and of the COPA if the Commission had then put forward a higher proposal. At least I cannot see it otherwise. The reason for the 4% is therefore clear. It was clearly meant as a political gesture, meant to benefit the necessary discussions at a later stage. In fact, Mr Durieux, my visit to the United States convinced me that that was the way we ought to act; not at the wish of the United States authorities, since we did not talk about that then. Nor does the matter concern the United States. I did however become convinced in Washington that we could expect a hard winter, since we as the largest importer of their animal feedstuffs would experience the effects of the failure of the maize harvest and the small soya harvest. It is therefore important to create a framework of discussion in Europe which will enable us to get over the possible crisis situation in the stock-raising sector better. That is why we are putting our foot down. For rational and purely economic reasons, I think that our proposal for 4%, or even 5% or 6%, is not all that important. I am still of the opinion that we need not have made this proposal for such reasons, and I said so to this parliament at the end of July. But agricultural policy is, after all, more than just economics. That, and the developments mentioned on the world market in some very sensitive areas, brought me, after a

lot of trouble, to the decision to bring forward this proposal. It sometimes takes more trouble and more courage to change one's mind than to keep to it, even if you think that purely rationally you have done rightly.

In view of the time and in view of the fact that I shall be speaking again this evening, I should not like to make this speech too long and would just like to say one more thing to the rapporteur. I thank him for the very balanced report, which had to be drawn up in a very short time. I am very well aware how difficult it was to come to a unanimous position or a majority position, I should however like to observe that the Commission does not consider this proposal the solution to the present difficulties; we shall be putting forward much more far-reaching proposals for that, as we have already announced for November. For the moment it is a matter of interim proposals, so that differentiation between products is impossible. Opinions always differ on this, not only in this parliament, but also in the Member States, as we know from years of experience. Some countries only want an increase for cereals and other countries only for processing products, milk, sugar or pig-keeping. We are aware of this, but that kind of proposal can only be made on the basis of cost developments for the various products. We wanted to confine ourselves at the moment to a reasonable political gesture to agriculture and to at least a partial removal of the abnormal situation arising from the monetary compensatory amounts. I would like to have done more, but here too we have to walk before we can run. We must bear in mind that here too we can only advance step by step. But I can say to you that the monetary proposals amount to more than 4% or 6% for the incomes of most of our farmers in the Community. For example, as regards Ireland and Great Britain we are proposing not only a 4% measure but also the monetary proposals, which will make the total effect for these countries 13-14%. For Italy, too, and, though to a lesser extent, for France, the final effect is more than 4%. For countries like Germany and Benelux the proposal amounts to a maximum of 4% and for some products even less, since the market conditions are such that the prices we are now proposing have already been reached on those markets. As a result of all these circumstances, the effects for consumers are also very varied. Since Mr Scott-Hopkins has asked me to, and since it is a most important element in all the considerations, I will give him the accurate figures. The price proposals and the monetary proposals have together the following effect on the cost of living in the various countries: the average effect for the whole Community amounts to 1/3%, varying from 0.1% in France

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to 0.7% in Ireland. I shall read you them. Germany 0.5%, France 0.1%, Italy 0.2%, Netherlands 0.4%, Belgium 0.4%, Luxembourg 0.3%, the United Kingdom 0.5%, Ireland 0.7% and Denmark 0.2%. That is the effect of our proposals on the cost of living in the various countries. The enormous differences are mainly in consequence of the monetary measures, which for countries like France for instance considerably bring down the cost of living since cereals in particular are cheaper there. For Ireland, thanks to the considerable rise, the effect, for farmers too, is still larger.

I think time compels me to confine myself to these observations. I should however like further particularly to thank Miss Flesch for the opinion she has delivered and for her encouragement to look for other possibilities of stimulating production in our common agricultural policy. Above all I thank her for the connection she has made with regional policy and structural policy. I should like to assure her and Mr Scott-Hopkins that in November we shall not hesitate if necessary to bring forward proposals like the ones they have indirectly spoken for. I can make no promises on that at the moment, but I am convinced that the normal machinery has not yet been fully exploited at the moment.

(Applause)

President. — Thank you, Mr Lardinois.

We will now suspend our proceedings and resume them at 8.30 p.m.

The sitting is suspended.

(The sitting was suspended at 7.15 p.m. and resumed at 8.45 p.m.)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — The sitting is resumed.

18. *Allocation of speaking time*

President. — During the temporary recess, I have consulted the chairmen of the political groups. With their agreement, I propose that speaking time for the rest of the debate, in view of the fact that there are no less than 30 speakers, shall be limited to 5 minutes for each speaker.

Are there any objections?
That is agreed.

19. *Regulations amending agricultural prices for the 1974/75 marketing year and on various measures in the agricultural sector — Oral Questions with debate by Mr Martens to the Council and Commission and by Mr Gibbons to the Council and Commission on certain problems in the agricultural sector (joint debate) —*
(continued)

President. — The next item on the agenda is a continuation of the joint debate on Mr De Koning's report and the oral questions by Mr Martens and Mr Gibbons on certain problems in the agricultural sector.

I call Mr Jozeau-Marigné to speak for five minutes.

Mr Jozeau Marigné. — *(F)* Mr President, colleagues, there is no doubt that the farmers were the first supporters of this European Economic Community, and I think we can state that the common agricultural policy was the spearhead of the construction of Europe. We now face serious protests and we see farmers turning no longer to the Community, but to their own governments in order to obtain national measures, which for obvious political reasons but also for reasons of justness and fairness their governments cannot refuse. In my own country we were astounded to learn that the Council of Ministers, at its meeting of 3 September, had been unable to reach an agreement. Today we must all be aware of the seriousness of the problem and we wonder whether this agricultural policy, which in the past was the basis for the construction of Europe may not become the focal point of the destruction of a Europe it has hoped to build. The situation and the reasons for that situation could be explained in a speech or a text for that particular purpose, but today in this discussion they have been mentioned sufficiently for me to pass on to other things. The main points are of course increase in production costs by 20% and the impossibility for many farmers of paying back loans taken out for modernization.

Let us consider farmers as a whole. In one region it is the producers of fruit, vegetables, wine who are worried about competition and the distortion of European preferences caused by agreements planned with other European countries or associated states. Elsewhere there are dairy farmers and workers who are in an especially serious situation and we know that in all our countries milk production represents the income of the small farmer.

Meat producers are particularly affected. And yet they were encouraged to produce more to eliminate the shortage in the Community. They

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invested and borrowed and bore the brunt of an unprecedented increase in the cost of feed-stuffs which are very short in the Community. Then, in order to bring down the price of imported produce, the Community in 1972 applied the shortage clause and you know what this has led to. Just now Commissioner Lardinois pointed out to us that in 1973 almost a million metric tons of meat were imported. At the same time consumption did not follow the same trend as meat production and is even slowing down, for even if prices have dropped at production level the prices in the butcher's shop are still very high—which is quite incomprehensible.

It is true that measures were taken on 15 and 16 July, but at the end of August the marked situation in adult cattle had worsened further and prices were roughly 87% of the guide price. That means that the measures of 16 July which were taken to ease the market were ineffective. What can be done? The producers are wondering whether the decision-making process of the common agricultural policy is not too unwieldy to allow efficient reactions to situations as they arise. They are wondering whether the Commission was really aware of the actual market situation and whether it is capable of administering their sector with the necessary flexibility. It must be realized that often measures taken to control the markets are taken in a fragmentary manner, often late and often faulty. Thus the decision-making procedure at Community level should be simplified in order to adapt decisions to the rapid developments on the market.

Just a short while ago, before the sitting was adjourned, we heard Mr Lardinois defending himself against accusations on the control of the markets, but he had to make an admission of guilt regarding the production of beef and veal, conceding that he had not kept the promises made for this sector. Around May he proposed 4%, and I must tell him that if we felt in July that it was too late, then in September we have every right to consider it too little. In order to resuscitate the farmers' confidence, it is indispensable for them to be able to achieve an income at least equivalent to that which they attained last year and in order to do this even an 8% increase would seem to be the very minimum.

Commissioner Lardinois said: 'I was courageous because I adapted to the new situation and I took this decision'. By doing this, Mr Lardinois did not surprise us, for I have known of his courage for a long time and I should like to pay tribute to that courage. But I would also like to say that we feel that any politician must always have the courage to announce that he once

thought one thing and owing to new developments, circumstances compel him to change his mind. Just now when you wanted to justify your proposal you said 'I wished to make a political gesture' and you added 'how could we have done otherwise at the time when this decision was taken, given that the agricultural structure made provision for this figure of 4% for a possible crisis'. I would reply to you that in addition to the courage you showed you will have to have the courage today to accept another rate, the rate proposed by the committee, because you still think the same way, and because the agricultural structure that caused you to change your mind and accept the figure of 4% which was proposed in the eventuality of a crisis, this is the same agricultural structure which tells us today that the 8% figure is the barest minimum. And I should also like to add that you would not be inconsistent to change your position because the possible crisis, even if you recognized it and accepted the 4%, is now a genuine crisis and a very wide-ranging economic crisis. We are also facing a political crisis. If we stick doggedly to this figure of 4%, I am compelled to say along with the representatives of the other groups that we are going to face a very serious confrontation.

You see the situation through your documents, but we are surrounded by representatives of the farmers and we can follow developments from the moment that you evolve your ideas. I agree with you when you extend the ban on meat imports beyond 1 November. I welcome this step and indeed would have demanded it. But I beg you to follow the same progression where the increase rate is concerned, since this is a measure which is indispensable both economically speaking and politically speaking.

I would also add that it is not a panacea. We have often been told that this remedy is insufficient. Furthermore, and this is where perhaps I would agree with you, we must adopt the monetary measures which allow a reduction, and if possible the elimination, of compensatory payments which at the present time are the main cause of large scale distortions in trade within the Community. Also, French livestock breeders request the Commission, just as they request their government, to improve the meat distribution circuits in order to put an end to the intolerable disparity between the prices paid by the consumer and the prices received by the producer. Urgent measures of this sort have today become indispensable, because the common agricultural policy has reached a dead end owing to the fact that the Community has not made progress in other sectors at the same rate as in the agricultural sector. In order to bring about a long-lasting improvement in the situation action must not merely be taken in the

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agricultural sector but we must also make progress in all the areas outlined in the Treaty of Rome. To do this we need an economic resurgence, but that will be impossible if we do not have the full support of all the people of Europe and, above all, the confidence of the farmers.

(Applause)

President. — I call Mr Kavanagh.

Mr Kavanagh. — Mr Chairman, I hope to be able to stay within the timelimit you have set for us, because my colleague, Mr Laban, who spoke earlier for the Socialist Group, has very adequately and firmly put the case for the measures which we in the Group consider to be necessary at this time and because other speakers have gone into some detail on the problems of farmers in the EEC countries.

I will limit my remarks to the third proposal of the Commission to the Council of Ministers that a regulation fixing a new representative exchange rate to be applied in agriculture for the pound sterling and the Irish pound should be introduced. The sharp increase in input cost to producers as a result of the energy crisis, coupled with monetary instability in individual Community countries, has resulted in a decline in farming incomes of about 30%. On the other hand, other economic groups in the non-farming sector received substantial increases in income. This has led to an appreciable widening of the gap between farm and non-farm incomes. In my own country, Ireland, this is an intolerable situation, because agriculture which is so important economically and socially accounts for 17% of the gross national product, and one person in every four is employed directly in agriculture. The Commission is well aware that the crisis in agriculture is more marked in Ireland than in any other Community country and, indeed, Mr Lardinois adverted to this earlier today. Ireland reacted positively to the desire of the Commission to change to beef production in a very extensive way. As a result there are now, at the moment, seven and a half million cattle in the Republic of Ireland, and it is estimated that over the next winter there will be feed for only 5 to 6 million of them. The intervention stores are full, but in any event, greater storage space would not be the answer to the problem of millions of starving cattle or mass slaughter of calves and young cattle. If this were allowed to happen, it would bring about a dramatic loss of confidence in farming and the beef industry and turn farmers away from beef production to less desirable forms of output. At its seminar last week, the Socialist Group felt this to be a great threat to the red meat supplies of the Community and came to the conclusion that the Commission's answer to

devalue the representative rate of the pound sterling and the Irish pound by 7.5% was not sufficiently effective for the Irish situation. Its members on the European Parliament's Committee on Agriculture were directed to propose an amendment at last Friday's committee meeting seeking a full devaluation of 15.3% for the Irish pound. This, I am happy to say, was accepted by the committee.

The main argument for this decision is, firstly, that there would be a true economic value put on Irish agricultural production. Since we entered the EEC the value of the pound has dropped and for the last year has always been 10% or more below the representative rate. In the last three months this reduction has been around the 15% level and is now actually 15.3% below. There is little likelihood in the foreseeable future of this position improving. In fact, the opposite is more likely. One of the more positive results of devaluation at the full rate would be the removal of the monetary compensatory amount charges applying to our present main agricultural exports to non-U.K. destinations. These charges are a serious burden on our exports. Indeed, it is completely illogical to be charging these on beef exports to third countries when there is a surplus in the Community. This single act, which the Commission in its document before us today admits to be entirely realistic, namely, the reduction of the representative rate for the Irish pound by 15.3%, would have very favourable and far-reaching consequences, not only for Irish farming but for the whole Community for many years to come. It would allow for reduction in the number of cattle in Ireland and relieve some of the pressure on fodder stocks during the coming winter by accelerating the export of cattle.

There are many objections being put forward by the Commission and others against taking the full step of devaluation at one time for the Irish pound. One is that to break the monetary union which exists between Ireland and the U.K. would be detrimental to European unity as a whole. In fact, the link between the Irish pound and the pound sterling, on which the Anglo-Irish monetary arrangements rest, would not be affected at all by the green pound. The two currencies would still be freely convertible on a one-for-one basis. The United Kingdom can, if it wishes, make a similar request for devaluation at any time. If it refuses to do so at this time, it is because it sees advantage for itself in maintaining its present rate. It is said also that the operation of two independent rates in Ireland and the U.K. would result in an enormous technical and administrative problem. Well, Mr President, as I said to the Committee on Agriculture, I believe that the U.K. with its long international trading tradition would be well able to handle

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this problem. As for the Commission, they have been accustomed to cross-border trade calculations and will also be well capable of overcoming these problems. Another argument against the move to grant the full reduction rate would be that different prices for farm produce in the Republic of Ireland and in Northern Ireland would cause complications at the border. Once again, let me say that these problems have existed at this border for many years and will continue as long as that artificial border remains. Perhaps the whole island of Ireland would be a more appropriate unit for consideration in this regard than the present position. I am sure the farmers of Northern Ireland would agree.

So, Mr President, the European Community's Committee on Agriculture requests the Parliament to have a new representative rate for the Irish pound, and I believe this request is justified. In conclusion, may I say that when Ireland joined the EEC, it was accepted in the Community that she was, economically speaking, the weakest entrant. She looked forward to a vigorous regional policy, an adequate social policy and various initiatives in agriculture policy, such as a hill farm directive in the sheep market, which so far have not emanated from the Commission. The stubborn social and economic problems resulting from lack of attention to these matters—I am about to conclude now, Mr President—have resulted in increased unemployment since our entry. The measures proposed by the Committee on Agriculture for the Irish pound will bring back a measure of confidence to the Irish farmer and in that way to the whole economy of Ireland.

President. — I call Mr Cipolla.

Mr Cipolla. — (1) Mr President, Honourable Colleagues, these are important days for European agriculture and for the Community, not so much because of the Commission's proposals, which are somewhat out-of-date, nor because of the decisions which we shall take tonight or the measures which the Council of Ministers may take tomorrow, but because a new debate on the Community's agricultural policy is being launched among the peasant masses of all the countries of Europe and among Europe's political forces. We have heard new and important ideas from quarters with which at other times we have been in profound disagreement.

The importance of the recent demonstrations lies not only in the political significance—which we Communists can never overestimate—of seeing gathered together in the same square workers from countries which 50 years ago clothed them in the uniforms of opposing warring armies, but also in the fact that these

Community's existence were frequently used to defend interests not their own, are beginning to realize, in the grave crisis which we are now undergoing, who are their true enemies and who their possible friends.

There were some very interesting placards carried in the demonstrations I saw passing through the streets of Luxembourg this morning; only a few, in fact, demanding the 8%. They were so interesting not just because they stressed the difference between producer and consumer prices, between the purchasing power for agriculture produce and for industrial products, but because of some illuminating comments they provided. One of them, Mr Lardinois, said that the Brussels bureaucrats were the new feudal lords. The peasants have now recognized this foe.

I shall take the liberty of saying, however, that the bureaucrats in Brussels are not the new feudal lords, they are, if anything, the vassals and vavasours of the true feudal lords, of the profiteers of Community policy, that we have often enough pointed out; of Unilever, of the sugar potentates, of the big grain exporters. These have been the real beneficiaries, not the peasants who have been used by them. Now the peasant masses are beginning to see this, and this is very important.

The fact is, as many colleagues have warned, that we are now facing a completely new situation. When we were beginning to build, when you were beginning to build, this Community policy, European prices were considerably higher than those on the world market. We were in an era of surpluses, of stable currencies and industrial progress; in all the countries there was the need to get the peasants off the farms and into the factories. Today the situation has completely changed, and in the new circumstances the objectives of peasants have changed also.

We, the Communist Group, were talking today with the representative of COPA, one of the most dedicated supporters of the policy so dear to Mr Lardinois. Even COPA is beginning to see that markets cannot continue to be managed as they have been managed so far, for the benefit of Unilever and other big producers who have been buying, at the Community's expense, butter at 200 lira per kilogramme for which the Community was paying 1 000 lira to the farmer, or for the benefit of the sugar concerns and other industrial giants.

We have heard some very important statements from our socialist colleagues, as we have from Mr Cointat—who, in my opinion, should have begun by saying that he was about to confess his errors. It might have occurred sooner to Mr

Cipolla

Cointat, and to the movement he represents, to admit that wine growers in the South of France or of Italy are treated differently from grain producers, it might have occurred to him sooner to say that fruit growers are treated differently from the dairy farmers. It might have occurred to him sooner, but I suppose we must be grateful that it has occurred to him now, perhaps in the light of recent experiences. Perhaps also from political necessity. What matters is that he has realized that all the sectors must be given equal consideration, that he has said that there must be an agricultural incomes policy, that price policy must not be the only criterion. What matters also is what our socialist colleagues have said in tabling some amendments. That makes a new start. And, Mr Lardinois, may I tell you in the friendliest possible way that, unfortunately, at a time when the Commission is asking for the tenth chair at Mr Giscard d'Estaing's symposium, the Commission is not performing the function which it was fulfilling in the past. While all the political forces are looking for new solutions, the Commission comes up with the old policy once again.

What is the use of 4⁰/₀? None. And it will not do, Mr Lardinois, to go on quoting the COPA paper of some months ago. You know perfectly well that the 4⁰/₀ does not represent any real reduction in the disparity between the costs of industrial production and the vastly increased prices that not only the worker, but the peasant himself, the housewife, and the peasant's wife have to pay for processed agricultural products. Are not the farmers of the greater part of Europe being taken for a ride again, if you will pardon the expression, Mr Lardinois, with this proposal for an all-round 4⁰/₀ rise in prices, when we know that most of the peasants have sold their product and that the 4⁰/₀ will go to the speculators? Will you tell me what use is the 4⁰/₀ increase to the wine grower, when 30⁰/₀ of last year's output still remains unsold at last year's price? Will you tell me how much this uniform price throughout the Community is worth, when there are regions where the costs are so very different: the hill-farming areas, Corsica, the Italian South, even the valley of the Po...

There was supposed to be a unified market. Before, there had been a single duty; now that we have the Community policy, we have ended up with an import levy and an export levy, with one compensatory amount in this country and another in that. This is why, Mr President, we are against the Commission's proposals, which we believe to be inadequate, and why we are of the opinion that Parliament should reject them, not to prevent the Council from taking a decision tomorrow, but, on the contrary, to leave it full freedom to make up its mind. The Commission, in fact, has not proved up to its task, it has not

been able to draw up proposals that would represent at least one little step forward in the right direction. All it can do is to repeat the same old mistakes that will no longer be tolerated either by the peasants, or the consumers, or the tax-payers of Europe.

(Applause from the Communist benches)

President. — I call Mr Nolan.

Mr Nolan. — Mr President, we have heard many opinions expressed today; we have had people criticize the common agricultural policy; we have had people praise it; and indeed when Mr Scott-Hopkins was speaking, he said that my colleague, Mr Gibbons wanted to have the common agricultural policy scrapped. Now, this is incorrect. Mr Gibbons, I myself and indeed every member of the Group of European Progressive Democrats are fervent supporters of the common agricultural policy and want it to continue: it is the only decent policy that the Communities have, and it is now the corner-stone of the EEC. It has always been a sound base from which the Communities could expand, and it must continue to be a strong base for Community progress.

However, the common agricultural policy is going through a period of severe strain at the moment. Unfortunately, this is not without reason. The farming community and particularly those dealing with young beef cattle and calves are suffering disastrous losses of income. This points to a weakness in the common agricultural policy. We all know that a price support system for beef is part of the common agricultural policy. But what the farmers—those people who are supposed to benefit from this system—know is that it is not working to their benefit. As other members of our group have pointed out, this is a good time to study alternative methods of price support for beef so that the farmer gets the benefit intended. It is also a good time to consider other means of improving the common agricultural policy. The experts tell us that there will be a considerable shortage of beef next year. This means that the consumer is going to have to pay high prices for meat once again. Something positive must be done to avoid this, and it must be done at Community level.

One of the proposals put forward by the Commission at the last meeting of the Council of Agricultural Ministers was that the directive on hill farming should be speeded up. This is a very desirable move as it will give welcome support to farmers trying to seek an existence on bad or hilly land. However, it does nothing to offset their present losses. These farmers are among the worst hit by the present crisis in my country, because they have many young cattle which they cannot sell.

Nolan

These farmers are involved in the sheep industry as well, which is also facing disaster at the moment. Prices for sheep and lamb are running at a very low level due to lack of confidence in the future of the industry, a lack of confidence which has spilled over from the beef crisis. I would like the Commissioner to indicate when he proposes to introduce a common policy for sheep, as promised by him during a debate here last year. Such a policy would restore confidence in many farmers depending on sheep for a living. They are supplying mutton, lamb and wool, which are essential consumer goods, but while these products are not governed by the common agricultural policy, they suffer from misguided production resulting in fluctuating prices. These people deserve a better deal, they deserve a stabilized market giving them a fair return, something which will be more certain when there is a common policy for sheep.

The sheep farmers are not the only people suffering from the indirect result of current beef prices. You all know that when the farming community suffers any loss of income it has direct repercussions on the rural community as a whole. At the present time in Ireland small firms supplying machinery and goods to farmers are closing down because of lack of orders; when farmers are losing money, they cannot afford to invest in the development of their farms. This is disastrous in itself, but it is also a disaster for rural industry, the development of which is paramount to the survival of rural life as we know it today. We cannot allow the countryside to be stripped of its population as has happened in the past. I would urge the Commission and the Council to propose reasonable measures to carry these rural industries over the present crisis.

As for the price rise of 4% proposed by the Commission, this is totally inadequate, yet there are people who have the cheek to say that it is too much. How can these people say such a thing with a clear conscience when on the one hand we have massive increases in farm costs? I ask those people how they can begrudge the farming community, the producers of our most valuable raw material, food, the pittance of 4% in prices in a period of crisis. I would point out that this increase is not being backdated, which is very common for incomes in other circles.

Finally, I wish to thank all those speakers who have supported Ireland's request for a 15.3% devaluation of the pound. I know that Mr Scott-Hopkins said that the two currencies must be tied together, that if it is reduced by 15.3% for Ireland, it must also be 15.3% for Britain, because our two currencies are linked. But I think the time has perhaps come for Ireland to think anew on this, and if our British colleagues

do not accept the 15.3% reduction, it is possibly time for Ireland to go it alone. He also mentioned that it would cause problems in connection with the political border that divides Ireland. This border was put there by politicians, and it can be removed by politicians. And if it is going to interfere with the 15% devaluation of the pound, now might be the right time to do it.

President. — I call Mr Frehsee.

Mr Frehsee. — (D) Mr President, I shall confine myself to making a few fundamental remarks. However much I may regret it, I do understand the need to limit speaking time because of the number of speakers. I would, however, like to point out that this is an extremely important debate. It could be that we are holding this debate at a time when the common agricultural policy is at the crossroads. I say that in all earnest, and I believe that the Council of Agricultural Ministers should pay very close attention to this debate and everything said here today when it starts its discussions tomorrow. A great deal has been said about the dissatisfaction of agricultural producers and of food consumers, and a great deal has also been said here about the annoyance of the Ministers of Finance, then the common agricultural policy has been praised whenever anyone has spoken up for it.

Surely we all agree that this common agricultural policy is one of the two pillars of Europe and the European Economic Community. The other pillar is the customs union. And one of these two pillars has begun to sway. We recommended last spring that agricultural prices should be substantially increased, the Agricultural Ministers decided on an average of 8.3%, and now, half a year later, we find that producer prices are lower than they were before the most recent rise in agricultural prices. Producers' incomes have fallen, but consumers are paying more, and the Finance Ministers are paying more. Mr President, it would indeed be a misfortune if this sitting were to pass without the correct conclusion being drawn from this occurrence.

It can be seen that two of the objectives of Article 39 have not been attained. Anyone who examines and analyses the question, as many already have done, including Mr Lardinois, who is after all an independent thinker, will come to the conclusion that the fault lies with the agricultural market system. This system is not functioning to the desired extent and its only decisive element is the policy on prices. Price policy alone is not sufficient for the future. The price proposals which have been made here

Frehsee

today are extremely important psychologically. All experts know that they have no actual, practical significance except, perhaps, that they may cause speculators to begin their business again. Mr President, we can see that this price policy has not raised incomes. I am afraid that the 4% which has now been suggested here will also fail to raise producers' incomes. It is clear that those price proposals which have recently been decided have not prevented producers' incomes from falling; on the contrary, the producer's share of the final price of his products has fallen still further. All these, however, are negative things. The point has been reached where the consumer responds by not buying. We can surely all see that, and those are negative points, and we who are responsible for one of the two pillars of Europe must not adopt a policy of burying our heads in the sand, but we must draw conclusions. There are a few which we have brought up here over and over again.

I would appreciate it if Mr Lardinois would comment on the question of quantity control. It works for sugar, where it is laid down by law. It works for meat, poultry and eggs, where it is voluntary. We must introduce this system of quantity control for other products of which we have surpluses. That has all been said already in the memorandum on the adaptation of the agricultural policy. That memorandum has not been fully discussed. We must also, perhaps, look into the proposal made by the Secretary-General of the French farmers' union for the regionalization of agricultural production, and we must make further efforts to find a way of introducing direct income subsidies, where no other agricultural policy measures are of advantage. Finally, Mr President, although it is right to say in this motion for a resolution that a common economic and monetary policy is necessary for the functioning of the agricultural policy, we must always remain aware of the incompatibility between a planned economy at producer level, which is an integral part of the common agricultural policy, and principles of market economy at the processing and trade level. This is a problem which must be solved. We cannot stand idly by forever, Mr President, and so I shall finish by making an appeal to all concerned; I blame no-one, since we are probably all to blame, from the Heads of Government in Member States to the Commission's sources of information. I do not wish to name any body; I merely wish to appeal to the Commission, the Council and all of us here finally to realize that something must be done to stabilize this shaky pillar of Europe.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I should like, first of all, to compliment the Commission on requesting this special session of Parliament and thereby giving themselves the advantage of getting a firsthand account of the agricultural situation throughout the Community from the members of the European Parliament. I am confident that in time the Commission, and the very excellent people that work there, will be able to solve the problems of agriculture. However, I do think that an effort should be made to make the Commission and the common agricultural policy a little more flexible. I know that the Commission should not endeavour to react too quickly to every fluctuation; nevertheless, I think there is room for a little more flexibility on the part of the Commission, and I do not think that situations should be allowed to develop and carry on for almost twelve months without more dynamic corrective measures being taken.

If I may deal very briefly with the biggest problem facing my own country, the current difficulties in the Irish agricultural sector are intensified by the monetary compensatory system, and this, of course, is accepted by everyone in the Commission document and in the Council itself. This system was designed to deal with the temporary widening of the margins of fluctuations for the currencies of Member States. However, for most of the past year, the market exchange rate of the Irish pound has been at least 10% below the representative rate for the pound, while since May of this year, the difference has been 15% and indeed more. Differences of such magnitude, over such a long period, clearly do not indicate the temporary margin of difficulties referred to in the basic regulations for monetary compensatory amounts. The use of the representative rate, which is more than 15% above the market exchange rate of the pound, means that agricultural prices in Ireland are about 15% lower than they should be. Farmers' incomes and the country's export earnings are reduced as a result of the charging of 15% monetary export tax on Irish agricultural exports to all destinations other than the United Kingdom. Although the use of the present representative rate is keeping down farmers' incomes, they have to meet the full effects of the depreciation of the pound on the cost of farm inputs imported from non-United Kingdom sources. In addition, some markets are entirely closed to Irish exporters by the very existence of these charges, while in other markets Irish exports are rendered uncompetitive. Although there are no monetary charges in the Irish-UK trade, Irish exports face competition on the United Kingdom market, traditionally our best market, from third country products which benefit from the

McDonald

monetary imports subsidies. In fact, Mr President, I should like to stress that some of these third countries products are now receiving more favourable treatment than they received before the UK joined the Community.

The effect of using the present unrealistic representative rate in connection with the value of Irish exports generally is all the more serious because of the steadily rising costs of imports and the severe pressure on the country's balance of payments. This should reach some 8% this year in our gross national product which will, I think, be possibly the highest in the Community. A severe deterioration in the terms of trade is responsible for almost all of this deficit. Import prices are expected to rise by 31% and on the other side the value of our exports would only go up by half that amount, a mere 15%. Now the main reason for this very low rate of increase in export prices is the predicted decline in agricultural export prices, and when you remember that agricultural exports account for some 40% of our trade, you will see that we are in a unique situation. I take it that you accept that. However, the proposals the Commission has made to the Council do not, we feel, appreciate the gravity of the situation.

As regards Mr Scott-Hopkins' request that the Irish green pound be not devalued, all I can say to him is that the condition of the Irish producer, especially the cattle producers, and that means practically all Irish farmers, both north and south, is so bad that only a full devaluation can meet the crisis in farming in my country. With regard to the confusion in agricultural trade which my honourable friend Mr Scott-Hopkins mentioned as existing on the Northern Ireland border, I would only tell the House that these price differences already exist under the Association Agreement. They apply, for instance, to the dairy section and for a period during this very year already, they applied in the cattle section when the United Kingdom did not make the common increase in beef prices. For those reasons—and I wish to abide by the terms of the agreement—I ask this House to give favourable consideration to the document before it. My colleagues and I will put two or three simple amendments which we think are the absolute minimum needed to salvage a large section of our population from bankruptcy. Go raibh maith agat.

President. — I call Mr Kaspereit.

Mr Kaspereit. — (F) Mr President, Honourable Members, I have asked to speak tonight for two reasons.

Firstly, I do not think we should confine our discussion to farmers. There are millions of

craftsmen, contractors and tradesmen on whom farmers are dependent for their normal daily life and the successful completion of their work. They, like the farmers, are suffering the effects of the present difficulties, lower exchange rates and inflation, and like them they are in debt and faced with bills they do not know how to meet. I therefore ask you to take those people into consideration in the discussion. I have tabled an amendment to this effect with Mr Nolan.

Secondly, we must not forget the consumers. Agriculture and stock-farming are not ends in themselves. As with all economic activities, the aim of these activities is to satisfy the consumer. It is obviously essential to come to the aid of an economic sector in difficulties. It is also a social and a moral duty. But as the cost of such aid is borne by the population at large, in other words the consumers, it is also our social and moral duty to ensure that they are not at a disadvantage compared with others who might profit from the complexity of the production and marketing systems.

Let me explain. We are experiencing a phenomenon which, while not new at least in my country, is nevertheless disconcerting. For some months now production prices have been falling and at the same time consumer prices have been rising relentlessly. This is a state of affairs we can no longer tolerate. It is all very well to grant aid to farmers in a probably temporary situation. It is often necessary to control retail prices, but these are merely palliatives and an agricultural policy that does not include an organized meat distribution network would not provide a solution in the years to come. I know very well that the idea is not new and that many such attempts in France at least have all failed.

But meat is in such a position in current consumption that it is no longer possible to delay action. I am well aware that meat is not a manufactured product and that it, of all products consumed, is the one that is subjected to the most complicated trading systems and most processing before it arrives on our plates. I am well aware that the problem is not the same everywhere and that people do not have the same customs or prefer the same cuts, but perhaps advantage should be taken of that fact. If we want production to be more systematic, we should make an effort to introduce some organization. It is quite possible to imagine how easily there can be string-pulling and speculation from the time the meat leaves the farmer via the fatterer, the cattle-dealer, the slaughterer, the forwarding agent and the wholesale butcher until it reaches the retail butcher. We have spoken of the excess meat that the Community

Kaspereit

has imported. I should like to know what has happened to the meat that has not been re-exported since it has in no way affected retail prices.

Mr President, Honourable Members, in agriculture we are faced with the problem of meat. We must ensure that sufficient quantities are produced and allowed to be consumed at prices suitable to all concerned. Let me make a comparison. We are faced with a problem of raw materials; the energy specialists are well acquainted with the rules leading to solutions. They are called availability of supplies and the fairest possible consumer prices. There is no hope that supplies will be available unless the producer receives a fair price, otherwise there will be a shortage that will create more serious problems than those we are now experiencing. How could there be any economic equilibrium in Europe and how could we hope for it to become richer and for social peace to reign if industry alone were to be allowed to prosper and farmers were to become poorer. But let us understand quite clearly that the consumer must not pay twice, in other words once by financing aid to agriculture and again by paying consumer prices that are too often unjustified. That, however, is what is happening just now.

I am not in favour of centralization, Mr President, but I feel that if we succeed in standardizing our health regulations we will have made considerable progress. If we succeed in disseminating information on the quantity and quality available in various places and on practical prices, I am sure that the rates would rapidly make themselves felt throughout Europe as a whole and that such information would be of benefit to producers and consumers alike. We have just been told that we will soon be faced with a shortage and I think that is true. And shortage entails increased prices and speculation. We are entering a period in which everyone, State and individual alike, must economize. Let us not be content this evening with trying to save those who are drowning; let us rather try to settle the problems as a whole by eliminating fraud and injustice.

(Applause)

President. — I call Mrs Fenner.

Mrs Fenner. — Mr President, Mr Commissioner, ladies and gentlemen, it is possibly a little presumptuous of me to speak at my first attendance of the European Parliament, but I believe this to be a very important part-session: there can be no doubt of the need for some interim measures in the crisis facing the agricultural industry in the Community. I listened most carefully to

the words of Mr Bonnet today; he pointed to the Community's responsibility for not only looking after the agricultural industry, but also for avoiding stoking the fires of inflation and particularly protecting the consumer. Many other speakers today have made the point that we have these twin responsibilities.

I spent some months in government myself treading this very tightrope, this delicate balance between an adequate return for the producer and that very protection of the consumer with which we all concerned today. Mr Commissioner, you referred, in connection with the somewhat guesswork percentage of 4%, to the need at this time to take some urgent measure which is rather rigid in approach. I join with my colleague, Mr Scott-Hopkins, in hoping that this rigid approach will be strictly limited to this interim measure because I believe that this rigid linear payment will not in fact secure that return of confidence in the farming industry which we are seeking in the Community. If we are not careful we are going to get the worst of all worlds. Perhaps the American was right who said, 'if you believe that the housewife will grumble about the price of food, you wait until she cannot get it'. In my country I have seen the concern of consumers as they look for bags of sugar, and this has concentrated the consumer's mind on the need to do everything possible to ensure both the continuity and the availability of supplies. It must surely be our task to restore confidence in the agricultural industry so that we can reassure the consumer of just that continuity and availability. I believe now we have the support of the consumer and that the consumer is beginning to understand that it is in his interest to support our agricultural industry so as to ensure that availability.

After 1973, when throughout the world we saw this dramatic increase in commodity prices and food prices, the housewife consumer in my country received a considerable shock. The many speakers today have referred to the portents for the world supply of food, and it is clear that the world has to come to terms with supplying food for its expanding population. I am sure that the Community will have a great contribution to make in the debates at the World Food Conference to be held later this year.

I would ask Parliament here today to ensure that we do not get the worst of all worlds. The consumer now understands that it is also in his own interest to support our agricultural industry. After all these years of the common agricultural policy—I am making no criticism, Mr Commissioner, of the task you have had over these years—I would ask you, in the light of the current world food situation, when you look

Fenner

at this in the longer term again in November, to exercise some flexibility and not make a rigid, across-the-board increase, because this may well result in our undermining the understanding of our consumers. If they see on the one hand over-compensation of sectors of the farming industry where we know it is not so necessary, and on the other hand, an underestimation of the help that is required to ensure availability of supplies, I believe we shall lose that tenuous understanding that is growing now between the consumer and the world food industry.

I am grateful to you, Mr Commissioner, for giving figures on the direct impact on consumers. Although you said that the effect on the cost of living index in the United Kingdom would be 0.5%, it must be stressed that this is the effect on the cost of living index and that it will be higher in the case of the cost of food index. In my country the average man spends about 18.9% of his income on food. Many women think the figure should be slightly higher. And so I would ask you, Mr Commissioner, to be a little more flexible when you are looking at the situation again in November, with the benefit of time, although I do understand what has prompted the Commission to suggest this across-the-board arrangement in this short-term measure.

(Applause)

President. — I call Mr Deschamps.

Mr Deschamps. — (F) Mr President, Ladies and Gentlemen, the conditions in which we are holding this discussion are undoubtedly not those in which we would have liked to discuss such a serious problem. This discussion has been arranged in haste, under the pressure of events and because of the legitimate anger of those who are the prime victims, millions of European farmers. We are holding our debate in the presence of only the member of the Council and the Commission who are responsible for agriculture in Europe, whereas, as you so rightly pointed out, Mr President, we would have preferred the presence of members of the Council and Commission who could have taken part in a dialogue with us on the multiple facets of the problem that the present situation of agriculture in Europe gives rise to. Instead we are using as the basis of our discussion a proposal to the Commission for short-term measures only and of a purely economic and financial nature, whereas we should have been able to discuss the essentially social and structural aspects of the tragic situation with which European farmers are confronted. My first request is therefore that a debate should be held as soon as possible on the main aspects of European agriculture.

The need for such a debate should not however make us neglect immediate objectives. Nor should the positive aspects of the present situation, and fortunately there are some, be neglected.

The first positive aspect is the importance that public opinion in Europe attaches to the proceedings of the Parliament in Luxembourg. We have often hoped, Mr President, that the representative nature of the European Parliament would receive greater recognition and be better appreciated. Today we have the opportunity. Let us not miss it. This debate is of prime importance from a political point of view.

The second positive aspect is that the demands of European farmers have been put to us jointly by agricultural associations in the nine Member States of the Community. They have jointly decided to demonstrate on the same day, with the same objectives and the same slogans and, contrary to the claims of the spokesman for the Communist group, their objectives are not national or at variance with each other, or likely to divide the Community; they are on the contrary basically Community objectives.

Last year in Copenhagen, trade unions in Europe overcame their philosophical or political differences to present a European trade union front and became valid, powerful and truly representative interlocutors. Today we have a European trade union front challenging us on behalf of the farmers. Thus, at the beginning of a year which we hope will be a year of social progress in Europe, we have two solid pillars representing both the workers and the farmers of Europe. If we are to be considered by them now and in the future as efficient interlocutors, we must not disappoint them. What are their requests, Mr Commissioner and Mr President of the Council? That prices fixed before the international events occurred that completely distorted agricultural production costs should be reviewed. In principle, we are in agreement. Mr Lardinois has told us that he is too. What is important is that it is a success in principle. The spokesman for the Christian-Democratic group has just said—and we agree—that the proposed four percent. is inadequate, and we hope that this Assembly will be able to reach agreement on a percentage more in keeping with the wishes of the European agricultural associations. The main thing, I repeat, is that we agree in principle to a review of prices.

What else do the European agricultural associations ask for? That the changes in prices should be decided on tomorrow. Mr Bonnet has just told us that he too hoped that the Ministers would decide tomorrow on the important changes ne-

Deschamps

cessary in agricultural prices and that effective steps would be taken tomorrow for agriculture.

The third demand of European farmers is that prices for 1975 should be fixed by the Community now and approved by the Council as soon as possible. The Commissioner has expressed his agreement to that too. He also agreed that when prices for 1975-1976 were fixed account should be taken of actual production costs in 1973-1974. All that remains is the extension after 31 October of the suspension of imports of meat. The Commission has not pronounced on this point and I know that the members of the Socialist group have not adopted a position that could correspond to the wishes of the farmers.

I hope that this debate, the high standard of which I welcome, will make them reflect, and that Parliament will be able to reach unanimity since—and this is my last point, Mr President—I hope that the European Parliament will not disappoint the confident expectations of the European agricultural organizations. The farmers have today been proof of and have carried out the difficult experiment of joint trade union action. It requires discipline on their part and confidence in their leaders. They are not accustomed to it as are labour associations. I hope that the confidence they have today placed in their representatives will be rewarded by Parliament's support of the main claims common to all farmers in Europe. Thus, when the main demands are put to the Council of Ministers tomorrow, the Minister representing agriculture, who will have followed our debate, heard our conclusions and noted our decision, will be able to rely on these deliberations which I hope will be as broad as possible and to count on the greatest possible support from Parliament when requesting that decisions be taken tomorrow that are worthy of the confidence that the agricultural population has placed in its representatives.

President. — I call Mr Concas.

Mr Concas. — (I) Mr President, Honourable Colleagues, I hope that I can make a contribution to this interesting debate that the European Parliament is holding in the face of the grave agricultural crisis which has struck the producers throughout the whole Community, itself in the throes of the process of integration in this field.

Ladies and gentlemen, I believe we must face the facts. The relationship between the world market and the Community has changed radically, to the point where references to the past become irrelevant. There is no longer a surplus of Community agricultural produce and prices

in the Community have on average fallen below those on the world market.

In these conditions it is essential and urgent to examine seriously and critically the appropriateness, efficacy and timeliness of the proposed provisions.

I do not believe that we can cope with a situation changed and deteriorated as much as this by relying solely on outdated methods, incapable of remedying the grave damage resulting from decisions that were mistaken or at the very least have proved in the past—and all the more so today—inadequate for a solution of European agriculture's problems.

I do not mean by this that I am completely against the proposal for raising prices; but this provision, which of necessity we shall have to adopt, means very little in practical terms and is no more than a palliative, or simply a subsidy which will only partly aid the farmers, unless we also find the courage and the will to abandon the policy of unconditional price support as the sole means of guaranteeing farming incomes, and are able to launch a policy of restructuring the farms, the production methods and the market, a policy which experience shows to be perfectly feasible.

The European agricultural crisis has very different roots and requires very different remedies from a simple price increase! And even this proposed increase needs to be carefully considered and applied in a more subtle and positive way if it is not to reduce to stale and sterile demagogy.

The farmers' demonstrations, spreading throughout the countries of the Common Market, testify not only to the new spirit of militancy and European solidarity among the peasants but are evidence, above all, of the deterioration and crisis of Community agriculture.

Ladies and Gentlemen, these are the people who have one of the lowest standards of living. We all know that agricultural products show a low return at the producer end and only shoot up to the skies at the consumer level. These two social classes—producers and consumers—that ought to be protected and defended are all too often left defenceless, though it is they who suffer the greatest economic damage.

A fair and decent Community agricultural policy should have as its main targets equalization of incomes in agriculture with those in other productive sectors and containment of the growing cost of living.

I shall list briefly possible measures to this end that I should like to bring to the attention of

Concas

the Parliament and of the governments of the Community Member States:

- control of the technical means of production (food, machinery, fuel, etc.)
- introduction of Community rules establishing on a new footing the relations between producers and the processing industries
- reduction of VAT rates on raw materials and services needed by agriculture
- credit facilities for the improvement of the production conditions in family holdings and for the development of truly agricultural cooperatives, in order to increase the bargaining power of agricultural primary producers
- recognition of equal social rights for farmers and workers
- speedy implementation of a policy of intervention for the benefit of the most disadvantaged and backward regions.

Mr President, Honourable Colleagues, I am convinced that these measures that the farmers demand could become the start of a new policy that would be not only fairer, but, above all, more likely to resolve the many problems besetting Community agriculture.

President. — I call Mr Brewis.

Mr Brewis. — Mr President, most of the problems of British agriculture have been made worse by our refusal to operate the intervention system and also by our government taking all its measures in the interests of the consumer. I do not think that the consumer realizes the catastrophe which could be caused to livestock farmers in Britain. We have only something in the order of 170 tonnes of beef in intervention, and I think we will rue the day when we decided not to adopt the intervention system because we have no buffer stocks with which to manage the market.

Added to that is the bad harvest in America where feed grain production is down 15%, and this is going to face us all with a serious problem: how to retain our beef and dairy herds through the winter. What I fear is that too much stock will be slaughtered and the land next year put into cereals. If this happens, we are going to be literally faced with a famine in meat production, and probably a mountain of cereals; I do think we have to look ahead and take this very carefully into account. I do not therefore approve, even as a gesture, of raising the cereal prices, as is being suggested by the Commissioner, Mr Lardinois. I think the correct system is the headage payment which he announced at

our last meeting. But I do not think it should be on a headage basis; it should be paid by weight. If it is on a headage basis, it will only encourage the farmer to slaughter immature animals, which is, of course, the last thing we want for the future of meat supplies in Europe.

is to get the housewife to buy more meat. A very small increase in the amount of beef eaten would greatly help to solve the problem. And I have often asked for an investigation into the distribution system from the farm gate to the retailer. I am sure that an increase in the publicity on marketing would also be a considerable help.

As the last speaker said, let us see in what way we can reduce costs to the farmer. One way might be to subsidize the use of fertilizer and lime because when the farmer is hard up, these are the items on which he economizes and, of course, this is very short-sighted in the long run. I would also like to add to what Mr Concas suggested, the idea that we might temporarily reduce or suspend value added tax on farm inputs, which would help the hard-pressed farmer at the moment.

I hope very much that the farmers in Britain and in Ireland understand the effects of a devaluation of the green pound. It means that competing imports, which have done so much to break our market in the last few months, will in future come in at a higher price. It could too be reflected in the intervention prices, but of course in the United Kingdom we do not employ the intervention system at the moment.

I would urge the Commissioner to give the decision on prices as much publicity as he possibly can so that the farmers realize that it is not 4% in the United Kingdom, but something much more like 13,5%.

Finally, Mr President, I would like to say that I am sure that the last course we should take is to retreat into independence or isolation. Both my country, Scotland, and Ireland, produce more livestock than they consume, and I think any retreat into national measures would just be a complete disaster.

IN THE CHAIR: MR HANSEN

Vice-President

President. — I call Mr Zeller.

Mr Zeller. — (F) Mr President, the present state of agriculture has been described in sufficient detail, and I shall without further ado inform the Commission and the Council of my concern,

Zeller

not so much about the past as about the future. If in fact we were to be faced in a few months or years with the same situation we are in today, it would certainly be the end of a fine idea, the idea of the common agricultural market. It has often been said in this Chamber that the market, particularly the market in beef and veal, has been badly managed.

It would be quite unfair, in my opinion, to accuse the Commission alone. It is common knowledge that Member States' interests differ. It is worth recalling that there is at least one country that has not implemented or even started to implement the tentative measures decided on last July.

I should like to ask the Commission whether, in order to avoid administrative mistakes in the future, it thinks it will have sufficient information in six months' time or a year to forecast production trends. You will tell me that the climate has to be taken into consideration; nevertheless, farmers act and react. We tell them to produce beef and they follow our advice; they even follow it too closely. I for my part feel that it would be quite irresponsible of us not to make a serious effort to increase the wealth of our knowledge in order to remain credible in the eyes of the farmers. We should also increase our knowledge in an attempt to get through a stage which in my view is necessary to the organization of the markets and which, to my regret, Mr Lardinois did not mention, along the lines of what Mr Frehsee has just said. I do not think we can avoid some sort of flexible, non-bureaucratic planning of production. Some years ago, the Commission had the idea of setting up interprofessional authorities that would assume responsibility, under Community control, for the management of the markets. I am convinced that those bodies would have been more competent than any bureaucracy, regardless of their worth. I should very much like to know what became of that idea in the Commission and the Council.

But I think that the present situation is more serious: I have listened very attentively to the very basic things Mr Lardinois said about its conception.

According to him, the aim of the market organization is not to guarantee the producer the maximum income; it is not even to guarantee the fair price expected by farmers. If I have understood correctly, the market organization should be a sort of safety net to jump into when things go too badly. I fear whether this notion, which is based on a genuine economic philosophy, does not seriously contradict the demands of the farmers.

I have before me a set of leaflets that they forwarded to us and that come from all trade union levels. What strikes me is the common and general demand for greater security and fair and guaranteed prices. Here I think there are two conflicting ideas: that of the Commission and that of the farmers, and perhaps of the small farmers especially. I ask the Commission whether it wants to impose its idea, or thinks that it should adapt to the increasingly serious demands of the agricultural community. Security, guarantees and justice are the modern demands, and I should like to know whether the Commission intends to meet them or whether it intends to hold to the safety net philosophy, trying to prevent the most serious crises and sometimes not even succeeding in doing that.

My third and last point is the short-term strategy of the Commission. The Commission has proposed a price increase of 4 per cent. It has at the same time just brought at least one Member State and perhaps others before the Court of Justice; they had implemented measures at national level that in some way constituted a breach of the legislation, particularly the Treaty, and that were not even notified. I quite understand that the Commission cannot ignore a violation of the Treaty. In my opinion, it deserves the wholehearted support of Parliament.

On the other hand, it must also appreciate the specific effects of its actions in the agricultural world. A four per cent price increase and the suppression, supposing it is possible, of national measures, once more show the Community in an unhealthy light, and give it the appearance of a policeman who wants to prevent farmers from being compensated in some way for their loss of income.

In my opinion it is essential that the Commission should very quickly propose a Community system under which compensation could be paid. Such compensation could in my opinion take the form of personal aid of which Mr Cointat has spoken.

In conclusion, therefore, Mr President, I fully expect such proposals so that the Community no longer appears as an obsolete legal entity, but as a body that is deeply aware of the concern of the farmers. A politician—Belgian, I think—said: 'I act and then I think'. I feel that in our present situation we must do both things at once and very quickly, otherwise we will be faced with the end of the common agricultural market and even the idea of Europe.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I am sorry that Mr Lardinois is not here because I wanted to address to him two very short questions: now I shall have to put them to his colleague. First, I wanted to ask whether this increase in prices will also affect the subsidies on tobacco; secondly, I should like to suggest that the proposed increases be implemented immediately and—on the principle that is observed in Italy of 'all are children of one father'—that it should also apply to wine.

Having said that—in the form of simple questions—I should like very quickly to contribute a few observations to this discussion which is substantially a new edition—I do not know whether an amended one—of the one which was held in July. I often think that the Community's agricultural policy can be pictured as a ship in the midst of a storm. The storm is the monetary crisis; it is the devaluation of the dollar with all its consequences; it is the energy crisis, it is the rebellion of basic commodity producers which were once colonies and now intend to reduce us, the western countries, to the state of *their* colonies in turn.

If that is the situation, we should not be surprised by certain events we are witnessing. In my view all three, the Council, the Commission and we in Parliament, if we do not want to be talking into thin air, must always remember this image of the ship in a storm and remember that we must hold on and not allow ourselves to be overwhelmed. The Community's agricultural policy was founded on monetary stability: once that has gone, little wonder that we grope in the dark and rush forward blindly, the prey to terrible fears. It was a policy based on the availability of crude oil at no cost, at very low prices indeed: imagine, then, the consequences for agricultural products, food, fertilizers and so on, of a situation in which today the whole world waits in suspense to see whether the OPEC conference will decide to raise the price of oil now or in three months' time. That is what we have to face. If we do not face it we shall be producing demagogical rhetoric, empty words. But while we appeal to the Community conscience, while we call upon the Council of Ministers, on our governments and on the Commission to save this ship from foundering in the storm, we should nevertheless ask ourselves whether the ship itself is not of faulty construction. I should like to point to two defects in its design.

First, the argument presented by Mr Cointat to which Mr Cipolla immediately replied. Mr Cointat had said that the system of guaranteed prices should be extended. But I am afraid it is the system of guaranteed prices, that is the

system which applies equally to grain and butter, which has led to the most serious rigidities in the Community and has resulted in the notorious surpluses. Well, I believe that the system of guaranteed prices could be maintained, but not extended, but on one condition: that ceilings be placed on stocks and that these limits be never exceeded. We are now experiencing a period of shortage, while before we had surpluses: if we accept *laissez-faire* we shall never achieve an ordered Community policy. Woe betide us, therefore, if the system of guaranteed prices should in practice be extended to all the remaining products—as it ought to be in theory.

The other question is to some extent an answer to the idea of the 'safety net' which Mr Zeller was criticizing a little while ago. Let us be clear: it is one thing to satisfy the farmers' demand that they should not be encouraged one day to raise cattle and the next to slaughter it on disastrous terms; to be forced to grow one crop today and have it rejected tomorrow; to have premiums on the slaughter of cows one day and premiums on increasing their number the next. It is, as I say, one thing to meet this requirement for a stable policy, but it is something else to wish for an immobilistic society in which the Community is supposed to guarantee the means of overcoming conjunctural fluctuations. We have a free market and it is free as much for agricultural produce as for industrial products. But, Mr President, and Ladies and Gentlemen, what we should not forget is the problem that we in the Community have not even begun to tackle let alone solved. The problem of the notorious disparity between agricultural costs and incomes, a problem that brings distress and ruin at both ends of the chain.

At one end we have the rise in the cost of industrial products, dearer raw materials, dearer labour; at the other: the disparity between what the producer receives and what the consumer pays, or the notorious agricultural distribution costs.

In my country, and I believe in all the countries of the free world, certainly in the free Europe that concerns us here, this is the most serious difficulty. Some time ago in my own country, Italy, there was published a celebrated book which examined the problem of general agricultural markets: that is their systematic exploitation by criminal organizations and large concerns, which, by manipulating distribution, were able to squeeze out the agricultural producers, virtually taking over the production revenue due to them *and* the revenue from consumers.

Cifarelli

When this issue exploded in Italy, only a few democratic groupings insisted on the need for reform. The great mass organizations, both on the right and the left opposed any change, so that in this respect, in Italy, we still have practically the old system unchanged. That is, extremely elevated, frequently iniquitous distribution costs.

It is to this that I should like to call the attention of Mr Lardinois and his colleagues who are listening to me now and to ask them to remedy the situation, but not by means of directives—in the functioning of Community Europe directives are like tepid water, not even cold water—but by means of regulations. If a regulation can be used to raise and lower a subsidy on cows or calves it should surely be possible to adopt a regulation, that is, rules that are immediately applicable, also for structural reform, at least on some essential and basic points and do something for agriculture and farmers. It is essential that we fight against the waste, the abuses, the malfunctioning and—let me say it—the criminality, that are found in the gap between what is received by the producer and what the consumer pays, because the problem of distribution costs has not been solved.

These were the reflections that I wanted to submit to the Assembly. I thank you, Mr President, for allowing me to do so.

President. — I call Mr Laudrin.

Mr Laudrin. — (F) Mr President, I shall confine myself to three quick comments. One supplements the excellent speech made by Mr Michel Cointat and the other two concern the economic deficit that I have just noticed in my region.

Leading economic authorities recognize that world agricultural income in general represents 70 per cent of average individual earnings in Europe and that the farmer, who is in no way responsible for inflation, is the main victim. It is thought, and experts have given us their reasoned claims on this point, that after the 6 per cent granted to them in spring they still need another 8 per cent to catch up. This reasoning is so simple that it enrages the farming community. Until they regain their economic equilibrium, I hope that the Commission will, under pressure from Parliament, agree to propose that a decision be taken immediately on increases to bring about peace in our rural districts. But we request that this benefit should be adjusted for the least-favoured sectors. The linear increase requested by some is in our opinion unfair.

Special mention has been made in these debates of the market in beef. As a Breton deputy, I should like to mention the importance of the production of pigmeat. The market is neither organized nor protected. It is an established fact that whereas pig breeding normally provides the best revenue for small farmers, each farmer has lost 70 francs per pig since the beginning of the year, and since quite frequently the number of pigs bred is 300, for several of them the loss has already amounted to 5 or 6 million francs this year. It is absolutely essential to remedy this economic variation which is so serious for our countries, by means of interventions on the cost of feeding-stuffs, and financial measures concerning credit, by encouraging cold storage, by introducing new methods for safeguarding frozen pig carcasses and also, I think, by considerably expanding the cold-storage industry. It is essential to be in a position to promote the pig industry and to enable our breeders to live in comfort.

In addition, and this is my last remark, pig breeding and poultry breeding have both been left out of the arrangements made for meat although they are faced with the same difficulties. Both are of considerable value in our rural communities in that they create jobs and stabilize the farming community in each of our communes. If we let both disappear we will lose the jobs that enable our constituents to stay put and earn supplementary wages. I should like to believe that the politicians that constitute this Parliament will be able to go beyond the economic rigours of the work, obviously a difficult task, with the necessary justice and dignity. We must not disappoint them this evening. Thank you, Mr President.

(Applause)

President. — I call Mr Howell.

Mr Howell. — Mr President, Mr Commissioner, I am very honoured to be able to make a contribution here today on this, my first day in the plenary session of this Parliament, and I am only sorry that I find myself disagreeing with the proposals which have been put forward. I understand how difficult a task Mr Lardinois has in trying to deal with this very difficult problem, a problem which nobody has found the answer to in years. But this problem must be tackled now, as our livestock farmers are in very, very serious difficulties.

I have here a local paper from East Anglia which says that a 48% pay rise is being asked for by the farmworkers of Britain. Now I am sure that all of this will not be granted, but there will be a considerable increase in costs

Howell

right across the board for fertilizers and machinery. We all know of the enormous costs a farmer has to contend with, and I believe that to offer a straight 4⁰/₁₀₀ across the board is totally unacceptable. For one thing, the cereal producer, whether he has sold his grain or not, will get no benefit from this 4⁰/₁₀₀ increase because the price is already above it and the cereal producer's need is not as great as that of many other people. There must be flexibility and selectivity in these increases, and I do implore the Commissioner to think again, because I believe that this figure of 4⁰/₁₀₀ across the board will do nothing but aggravate the farming community.

My colleague, Mrs Fenner, spoke about the consumer. I, too, am interested in the consumer. We all are, because they are our customers. But it is in the interests of all consumers that there should be continuity in supplies because in the long term the consumer has to pay cost plus eventually. If we have a period of very low disruptive prices, it is inevitably followed by a period of very, very high prices, and in the end the consumer pays more than if there were more level prices throughout. Thus, it is in the interests of the consumer that we should have prices at which farmers can make a reasonable profit and continue with their enterprises. In addition, we do not need to be reminded of the fact that if something is not done to make farming, live-stock farming in particular, and sugar growing profitable, then there will be very serious shortages indeed, which will cause havoc not only in Europe but elsewhere.

I do believe that we should recognize what the problem is: we are trying to do something in government which is simply impossible. As I said earlier, I have the greatest sympathy with the Commission in their efforts to arrive at the solution. This is only an interim measure, and they are telling us that in November something more real will be done, but I don't believe that it will be any easier to arrive at an answer then. Whatever decisions are made are made too late. Now that we are in such a large Community, even if a decision is only slightly wrong, it can have very serious consequences. We have, indeed, made mistakes, both in my country and in Europe, in encouraging people to produce beef. We were saying and I was saying on platforms that beef would always be in demand, that there would never be too much beef any more. This, however, was an exaggeration and caused trouble not only in the beef market, but in the pig market, the poultry market and other areas. I believe that it is quite idiotic to do what has been done, namely, to vastly increase the beef production herd without thinking of the effect this is going to have. In Britain alone,

we increased our beef herd by 35⁰/₁₀₀ in three years, by 14⁰/₁₀₀ last year alone. Of course, this is going to cause disruption; similar things happened in other parts of the Community.

Now, this leads up to the real point I want to make, namely, that no government and no Commission will ever get anywhere by means of interim price reviews, even regular price reviews. I believe, Mr President, that we did find a partial answer in the form of our Milk Marketing Board in Britain. Why we have not tried this with cereals and meat I cannot understand. I believe that the real answer to this problem is to concentrate on finding some way in which we can have statutory European marketing boards for the entire area of meat and cereals, so that we have some sort of pooling of prices which will even out price peaks and valleys as has happened over the last forty years in the case of the British Milk Marketing Board. I have been a dairy farmer for 26 years and this Board has served us well. I believe that this is the only answer to the problem. I believe, too, that unless we tackle this problem with foresight, we will put the whole of the EEC in danger. I think that the entire agricultural malaise, apart altogether from the magnitude of the problem with which we are confronted today, is so grave that we really must look for something new, something which has not been tried before. I believe an extraordinary situation has developed and I believe that extraordinary measures will have to be taken to meet it.

President. — I call Mr Creed.

Mr Creed. — Mr President, I will be as brief as possible although it is very difficult to develop points in the time allotted to speakers.

I am glad that the Commission called this emergency part-session of Parliament, because it highlights the seriousness of the subject matter which we are now discussing. Even though I accept that the situation is very serious for the farming community in my country, I would not accept for a moment that it is hopeless. This discussion will be useless unless something concrete emerges from it, and I am waiting anxiously to hear the Commissioner reply in this debate later this evening.

I would say that I was pleased to hear that he has an appreciation of the seriousness of the situation in Ireland and that he realizes in fact that it is more serious than in any of the other Member States. I was also glad to hear him say that there will be a further ban on imports of meat to the Community from 1 November of this year. I think that is a step in the right direction and at least something that has

Creed

emerged from the debate, and when one examines the situation where this year, 1974, 300 000 tonnes of meat has been imported into the Community, I think this, too, is one of the major factors which has brought about this very serious situation. I want in the short time at my disposal to re-emphasize what has already been said by my Irish colleagues this evening, because I myself believe that Members of Parliament really appreciate the critical situation in which our farmers find themselves.

It should be remembered that agricultural produce accounts for 40% of our total exports and almost 50% of our total work force are employed directly or indirectly in agriculture. This is an indication of how serious this matter is for the Irish farmer.

The huge increase in production costs is, of course, one of the main factors responsible for our serious problems. These costs are likely to be some 30% higher in 1974 than in 1973. In our case the impact of the increases in the world prices of fertilizers, feedstuffs and energy has been aggravated by the depreciation of the Irish pound. At the same time the return to farmers has been depressed by the collapse of the beef market and the burden of the monetary charges on exports. The overall effect of these is a substantial decline in farm incomes. On the other hand, incomes in non-agricultural sectors will rise significantly this year, and so the gap between farm and other incomes will widen enormously. Bearing in mind the importance of agriculture in Ireland, this is a very serious situation.

We have in fact spent quite a lot of time in this Parliament talking of inflation, and we are in a very serious world inflationary situation. It is, in my opinion, wrong that the people who have contributed least to inflation, the farming community, are penalized most, because in this inflationary situation incomes outside agriculture are raised to offset this serious inflationary situation.

I have great hopes that the common agricultural policy can be improved and tightened up and that difficulties, problems and wrongs can be rectified. But I would like to put this point to the Commissioner: it is incredible to think, in a situation where we are talking about European union, about monetary union, about a closer-knit Community of the Nine, that the housewife in one part of the Community will pay ten times more than the Irish farmer will receive for the beef he has produced. Now, I ask the Commissioner is there something wrong with our marketing organization? Should it be strengthened? Is our market management wrong? Surely any situation of this nature deserves

examination at least, and this is where something, in my opinion, could be achieved.

I would like also to mention the opposition of Members from the United Kingdom to devaluation of the Irish pound. I would appeal to those Members to bear in mind that this is of vital importance to Irish agriculture and ask them to think again before opposing this devaluation because for almost 50 years the Irish tax-payer has subsidized food supplied to the British consumer. And I would ask them to bear in mind that this is a situation that we never intend to revert to again in Ireland. We believe that the common agricultural policy can be improved and, whilst it gives rise to quite a lot of disappointment and despondency, we intend to improve it, and the Irish Members of this Parliament intend as far as possible to assist the Commission in every way, to make sure that the farming community throughout Europe will at least receive a just reward for their labour.

President. — I call Mr Marras.

Mr Marras. — (I.) Mr President, I am particularly struck by the fact that, in his long speech, Mr Lardinois asserted that, without Italy, the common market would not on the whole be in the red as regards beef and veal production. From a statistical point of view, this is stating the obvious but, if in stressing this fact the commissioner wished, for example, to infer that Italy has not followed a zootechnical policy, as it should have done in these years, or that it is right and proper that Italy should remain behind in zootechnical production, the point is worth going into more thoroughly.

During 1974 a phenomenon new to the common agricultural policy arose. The prices of animals, particularly bovine herds, collapsed and stocks of 170,000 tons of meat were built up. In a question dealing with this point, my colleague, Mr Gibbons, has asked the Commission and Council what immediate practical measures they propose to take in the face of this situation. Commissioner Lardinois made some reference to this matter but, if he speaks again, could he spell out in detail a few more points, particularly as concerns my country? Though the veto, operative as from 31 October, on imports of bovine animals from extra-Community countries is of decisive importance, other measures were taken at the same time. For example, a decreasing premium was granted for the postponement of slaughter of calves and involved a heavy financial burden on the EAGGF. It is a well known fact that other Community governments have adopted measures reducing or eliminating VAT on meat, further measures have also been taken to distri-

Marras

bute the meat surplus to old-age pensioners and there has even been talk of distributing a 'social steak' to certain categories of citizens. Though this may be the situation in other Community countries and it may be true—the estimate is probably not far out—that the Commission has earmarked 2,000 million for a television and press campaign, promoting the slogan 'eat more meat' in all the languages except Italian, in Italy the government is promoting the slogan: 'eat less meat'.

Thus the French, who consume approximately 95 kg of meat per head, will be encouraged to further increase their consumption whereas the Italians, who consume about half this amount, will be asked to do the opposite. In actual fact VAT on meat in Italy was raised from 6 to 18 per cent in August and a non-interest bearing precautionary deposit is required for meat imports.

This situation therefore seems fully to deserve the title of Zeller's famous book on the agricultural chaos of the Common Market which caused such a stir.

President. — I call Mr Liogier.

Mr Liogier. — (*F*) Mr President, although each of the measures the Commission of the Communities has today proposed to the Council has its particular interest, it will have escaped no one's attention that the most far reaching and urgent, and indeed in our view, indispensable of them is the one amending prices in the agricultural sector for the marketing year 1974/75. The Commission has thus, under the pressure of events, been obliged to change its mind for political reasons, as Commissioner Lardinois has indeed admitted. For the first time indeed, in the existence of the Common Market in agriculture, the Commission has agreed to apply for a general increase in agricultural prices. An exceptional situation requires exceptional measures, we have been told by way of justifying this step. I shall confine myself to replying: 'errare humanum est, perseverare diabolicum'. It is right that past mistakes should be forgiven when they have been admitted, for it takes courage to admit them, and a show of courage merits forgiveness.

Of course we could gain an easy advantage by reminding our colleagues and the Commission of the many speeches, the sometimes angry speeches we made in the past, when we stated our most basic convictions, whether on agricultural structures, on the various memoranda or on prices and arrangements for fixing prices product by product.

There is a considerable shortage of basic agricultural produce in Europe, Mr Lardinois told our committee on agriculture just a few days ago. To cope with it we need an extra 15 million hectares. Was that not what we said to his predecessor Mr Mansholt, who seemed to think we were dangerous utopians or jesters and hoped to set us to rights by preaching the cure-all of turning over millions of hectares of arable land to afforestation or simply letting them lie fallow, convinced as he was that there was over production, that more was being produced than was in the Community's interests and that it had to be cut down for the good of the Community and the world?

As regards regional policy, help to underdeveloped or hill farming regions, have we not made repeated appeals and proposals and always been ready to fight for their implementation and development? We have constantly given warnings on these benches and in committee, we have produced diagrams showing real and predictable needs, which many felt were mistaken, which were much too disturbing, but which will soon have been shown to be correct and have indeed already been overtaken by reality, the reality of world underproduction. We therefore conclude, without the least vanity, that events have shown us to be completely right.

We feel it is our duty to turn again to the Commission and give a further warning. True, it has already taken a first step, but unfortunately, it intends to confine the increase in agricultural produce to 4%, a figure which bears no relation to the catastrophic increase in production costs over these past months, not to mention the unsatisfactory market situation in important agricultural products.

We therefore feel that the request by the Committee of Professional Agricultural Organisations for an overall increase of at least 8% is entirely reasonable and is far from making up for the real increase in costs. There was wide debate in the Committee on Agriculture on the percentage increase to be applied when Mr De Koning's report was discussed. And now the committee has voted for a straight-forward 8% increase. We shall explain this when we submit our amendment on this point. That was the nub of the debate; it is what is most essential and most urgent. There can be no denying that there must be differentiation and priorities in pricing, just as there must be generous VAT concessions especially for fertilisers, fodder, farm machinery, fuel, energy for agricultural use, in order to reduce production costs which the increase requested is far from meeting. But at present, priority must be given to the beef and veal sector where rates are falling drastically. The

Llogier

Commission of the communities has indeed told us that it would consider these proposals product by product between now and November. We shall bear this in mind. But price increases in theory are not everything: we could, for example increase beef and veal prices by 15% without this increase having any real effect unless there were firm determination to insist on appropriate market conditions, to uphold the safeguard clause and stop excessive imports and to ensure that the Community preference and the reference prices were respected where necessary. Charity begins at home.

What applies to beef and veal also applies to many other farm products such as wine, fruit and vegetables. There is a new regulation on these which must be extended; but it must first of all be observed. Commissioner Lardinois is not unaware that in fishing for example, especially in the first half of July, Community frontiers, especially in Germany, had, despite our previous warnings, become like sieves and took the bottom out of the entire market, whereas this produce should never have got inside our frontiers at a price below the reference price plus transport costs to the place of sale.

The Commission raises its eyebrows in disapproval when a member state, under the pressure of events liable to lead to serious unrest and disorder, takes, in an emergency, a few timid measures intended to restore calm but not 'exactly' pursuant to the Treaties; but should it not rather admit its own mistakes and not force the blame onto others by continuing to pursue short and medium term policies, often under pressure from events, while neglecting long term policies with consequences that are only too clear. What is happening today in the sugar and cereal sectors will happen tomorrow in the beef and other important production sectors. If we do not accept the protective measures we now need shortages will soon become general and everyone will suffer, beginning with the consumer, whether he belongs to the Community or not. With this in view, everyone here must face up to their responsibilities. I wish to make it clear that we are facing up to ours with the conviction that events will once again prove us right.

President. — I call Mr Dunne.

Mr Dunne. — Mr President, in its memorandum to the Council the Commission has set out special measures to deal with the present economic situation in agriculture. The difficulties and the reasons have been clearly enumerated: rising costs of fertilizers, fuels, feedstuffs and labour together with farming prices for stock

and other produce have made it a disastrous period for those engaged in agriculture. The present deterioration of the cattle situation within the Community and the adverse effects on the farming community in Ireland mean that many there are facing bankruptcy. Over the past six or eight months Ireland has suffered several hammer blows with the failure of the EEC to ensure guaranteed prices for beef, thus causing a depression in the sale of store cattle and calves.

Before the referendum carried out in Ireland on the question of entry into the EEC, the major farming organizations, the Irish Farmers Association and the Irish Creamery Milk Suppliers Association, campaigned jointly and vigorously for entry, as they felt that it was an opportunity for the agricultural sector to raise its standard of living and ensure itself a guaranteed annual income comparable to other sectors of the Community. They have now been disillusioned by the recent period of setbacks and feel like many other public representatives who campaigned for entry that Ireland would have been far better off with associate membership, or even better to be classed as a third country. The latter category would give us concessions as a developing or underdeveloped country. It appears that the larger countries, by importing frozen meat from third countries, are ratting on smaller and weaker partners, which is contrary to all the principles of membership. Great Britain is on the eve of another General Election, and because of this she is the principal offender. If we have to wait for stability there, Ireland will be in a very bad state, especially as there seems to be a political stalemate and hesitancy and fear among the electorate.

The beef mountain will be reduced to a molehill within two years or less if present policy prevails, as farmers, not only in Ireland but also in other affected Member States, will cease to produce cattle. Then the policy of some Member States to provide cheap food will boomerang to the detriment of the consumer. Some may say that supplies will be obtainable from third countries at reasonable prices. I say that these third countries will, like the oil producers, increase their prices when there is a dearth within the Community. At this stage I feel survival of the EEC depends largely on the Commission taking practical steps to correct the present disaster being experienced by the agricultural sector. The introduction of the green pound in order to offset the present monetary compensatory amounts is indeed essential to my country. Anything less than 15.3% cannot be entertained if the farmers are to survive. I shall not go into further detail on this as my colleagues have already made their case, except to say that in the opinion of the experts the 15.3% devaluation

Dunne

of the pound would mean a 4.2% increase in British consumer price index.

The question of sugar beet is a further headache confronting our country. The present price being paid is no incentive to grow this crop which, due to climate, is labour-consuming. It has to be harvested when the weather is at its worst, and it is not practicable to use machinery. Especially now with a world sugar shortage imminent, the Commission should be directed to grant a substantial increase on the present basic price; otherwise beet-growing will cease.

Having made these few points, I will conclude by asking Parliament to make every effort to ensure that the farming community, the main cog in the hub of every country's economy, is given what is its right, thus ensuring that militant action will not have to be taken to secure that right.

(Applause)

President. — I call Mr Brøndlund Nielsen.

Mr Brøndlund Nielsen. — *(DK)* Mr President, the Commission has proposed a general price increase of 4% and, even though I can support that, I must say that it seems to me to be far too primitive a way to control the Community's agricultural policy when the problems of rising production costs become too insufferable, to introduce rather hastily a general price increase of this sort in the middle of the marketing year. I would underline that it is very important that what is decided can be implemented and that a coherent common policy is pursued and soundly administered.

In my country we had great expectations on entering the Common Market. Amongst the things I looked forward to were first and foremost stability and security in agricultural prices and production conditions. However this is something which at the present time is threatened and I should particularly like to emphasize the national measures taken in a number of countries to support agriculture. I wish to say that I find such action completely unacceptable since this is something which undermines the Community's agricultural policy. In this sector of Western European cooperation within the Community, in which we have made the most progress, a number of countries have begun to undermine this cooperation by taking national measures. I further recognize that there may be very important problems underlying this but it does not change the fact that this is a threat, and a very serious threat, to the Community. It must be possible to implement the decisions that are taken. We must have an efficient administration, and this is something we have lacked. I

believe, for example, that the intervention system for beef is virtually only working efficiently in Denmark. At the same time as we have a surplus of beef we are still giving subsidies to farmers to encourage them to go over to beef production and we have also seen the late but nevertheless drastic effects of having recourse to imports from third countries.

I should also like to say that unrest on the currency market has had a detrimental effect on the agricultural policy and also helps to undermine it. It changes the agreed price levels and price relationships when, for example, there is to be a devaluation of the pound, and the effect on agricultural producers in other Member States become severe when limits are set on the calculation of compensatory payments.

In conclusion I should like to say that what in my view is the most decisive factor is that there should be a sound and efficient implementation of agricultural policy. This is something which is particularly necessary for more efficient farmers: for those who wish to build up a modern and efficient farm have to make vast investments and this becomes quite impossible when the situation is unstable. As a warning it must also be said that it is precisely these efficient farmers who will find it easiest to leave the industry and that would be a great pity. If the common agricultural policy—or perhaps even worse, national measures—are set up according to the weakest and most unprofitable sectors of agriculture in Europe, then that policy will be a further burden on the economy of Western Europe, on the economy of the Community and this at a time of great economic hardship.

If we continue to take as our objective the encouragement of progress in industry and agriculture so that the economically healthy and modern undertakings are getting sound conditions in which to develop their competitiveness, then Western European agriculture will be able to make a major contribution to economic stability and progress within the Community.

President. — I call Mr Lemoine.

Mr Lemoine. — *(F)* Mr President, we are again meeting to discuss farm prices and the common agricultural policy. We are doing this at a time when there is talk on all sides of serious agricultural crisis in Europe and doubt about the common market in agriculture; when in the Europe of the Nine, hundreds of thousands of farmers are demonstrating and we know that they are angry. Why, indeed, should they not protest when production costs have increased by 20%, there is no holding galloping inflation, the value of money is falling more sharply than ever, fod-

Lemoine

der, fertiliser and fuel costs have risen spectacularly and purchasing power is liable to be cut by more than 15% in 1974 alone, prices for stock farmers have slumped and stagnation is being aggravated in some areas by drought.

Once again, it is under popular pressure and as a last resort that the Commission is submitting new proposals; and in doing so, it again, despite our warnings, bargains and delays. The Commission representatives are talking of psychological action, of restoring confidence; but in present conditions is the offer of a flat rate increase of 4% which means the same for small as for large undertakings and for all agriculture prices, the best way to achieve this? As soon as it was announced this proposal was unanimously opposed by all farmers, by all their trade union and professional organisations. 4% for both cereal and stock farmers is inadequate, unfair and ridiculous; it will solve none of the problems and the situation, especially for stock farmers, will go on deteriorating seriously. This is going to affect millions of farm workers and it is the least fortunate who will be most severely affected, especially the young.

At a time when there is every reason to expect growing demand for agricultural produce in the world and everyone admits that a period of shortages and deficiencies in relation to real needs is approaching, this policy risks causing irreparable damage to agricultural production. The common agricultural policy, as at present defined and applied, is leading to the disappearance of farming undertakings from whole regions. This reflects the willingness of important capital interests to put the future of agriculture and of our country's food supplies at risk. In France for example, ten years ago there were 1,400,000 beef and veal stock farmers; in 1973 there were only 890,000; more than a third have disappeared in five years and more than half those who are left are over fifty. What do we expect will happen in ten years if there is no change in present policy? But I should like to come back to the Commission proposals and to Mr De Koning's report. We cannot be happy with it. Mr Lardinois' justifications for the updating rate and for the choice of a flat rate have not convinced us, and we favour a minimum increase of 8%, differentiated to help less favoured areas of production. I do feel it will be a step forward if the new price proposals in November for the coming marketing year take changes in production costs into account. But we rather fear that this may be no more than a promise, and we fear too for the extension of the restrictions on imports of foreign beef and veal. Mr Lardinois has been careful not to give a set date for the removal of restrictions, but it would seem to be not very far from 1 Novem-

ber. And the statement this afternoon by the President in office of the Council will not change our opinion; we do not think that is the way to restore the farming community's confidence. The situation in the beef and veal sector is already dramatic, and is liable to become extremely serious when present production is put on the market.

To conclude, I should like to state that we feel a lot of attention must be paid to protecting the farming community, for it too is dominated by monopolies. We call on them to join together, as they themselves are increasingly doing, with other workers in a united movement, which alone is capable of bringing about the necessary democratic change. We are convinced that such change alone can lead to progress in agriculture and put an end to the present situation in the Community and the various member countries. We must pay fair and guaranteed prices which reflect production costs, by improving production conditions in family undertakings, all of which presupposes, among other things, dealing with the problem of property and improving cooperation in agriculture. No one can afford to underestimate the seriousness of the present situation. There must be no delay in listening to and understanding the claims of the European farmers.

(Applause from extreme left.)

President. — I call Mr Lenihan.

Mr Lenihan. — Mr President, I am going to be very brief as you have asked us all to be. I would like to bring the discussion back to certain basic matters of Community solidarity that are involved in this very important issue.

First of all, what the agricultural producers of the Community, and we in Ireland in particular, are seeking in this matter is not something extraordinary or something special, it is something very basic. It has to do mainly with a matter on which I am glad to note that the Committee on Agriculture has supported us, and that is a recognition of the fact that, as far as sterling is concerned, to which we are attached, a devaluation has taken place of 15.3%, a devaluation that has not been caused by the Irish pound but has been caused largely by the deterioration of the British pound. Thus, the fact of the matter is that Irish agricultural exports outside the United Kingdom are at present being taxed to the extent of 15.9%. The distortion of currencies within this Community, the distortion of the lira, the franc and the mark, the fact that these currencies are floating, the fact that British sterling is not tied in with them properly, these are all monetary distortions that have not been

Lenihan

caused by our country. Our currency, if properly assessed, would be stronger in exchange value than the pound sterling.

This is recognized in the Commission document; it is recognized specifically that that is the order of difference between sterling, Irish sterling in particular, and the units of account in which compensation is paid at the present time. This means, in effect, that on the basis of the Commission's own assessment of the exchange rates that should obtain between currencies in this Community, we in the Republic of Ireland are entitled to a special rate of 15.3%, and not merely a special rate but a real effective working rate. We are entitled, as of right, to that rate operating visibly in the area of units of account and monetary compensation. Anything less than that, such as, for instance, the rate of 7.8% which was suggested by the Commission still leaves us, in effect, in a position where our exports to Community countries other than the U.K. will be taxed to the extent of the difference between 7.8 and 15.3%. These are basic unpalatable facts that have to do with Community solidarity. I am not going into the various aspects of the farmer's plight as other speakers have done; I want to insist on that fundamental right.

I will mention one other fundamental matter on which we intend to table an amendment to ensure that justice will be done. The 4% increase across-the-board is simply not adequate in a situation where we, as an agricultural country faced with the agricultural export taxes I have mentioned within this Community, have been brought to a situation where farm income is down by 30% in real terms in the current year—13% in absolute terms, 30% in real terms. Faced with that situation, brought about largely by the total breakdown of the monetary compensation amount system leading to a situation where we have been taxed to the extent of 15.3% on our agricultural exports to the Community with a consequent 30% drop in farm income, we regard 4% as entirely inadequate to meet the needs of the case. I would regard 8% as a more real figure.

I would like to say in conclusion that we want to be cooperative in regard to this matter. We regard the CAP as basic to the survival of the Community. Improvements are needed, and we can work out these improvements, but basic facts such as I have mentioned must be emphasized. We feel, and indeed the Commission has emphasized the fact, that very real changes will be needed in the structure of aid in future and that beef, in particular, must get aid over and above other items of agricultural produce, if there is to be fairness across the board in European agriculture.

Thank you very much for your indulgence, Mr President, and I hope that this Parliament will adopt the proposed rate of 15.3% for the green pound and will agree with our amendment aimed at an increase of 8% in real prices. I hope, too, that the Council of Ministers, in particular, will take real note of what this Parliament is saying here today in a democratic fashion.

President. — I call Mr Van der Sanden.

Mr Van der Sanden. — (NL) Mr President, I have a few brief remarks to make which might, if I have read the memorandum from the Commission of the European Communities to the Council properly, fall somewhat outside the scope of the present debate. But what is this debate about? It is about farmers who are protesting and demonstrating, but it is not only the farmers who have come out into the streets in all nine countries of the Community; market gardeners are also affected by rapidly falling incomes which in some cases no longer cover their expenditure.

None of the proposals submitted by the Commission to the Council which we have before us this evening deals specifically with market gardening or, more particularly, glasshouse horticulture. We do however have two hard facts, the first being the fact that horticulture has been badly hit by the developments in the Community this year and in particular in the last few months and the second being that glasshouse horticulture is suffering a serious setback from the exceptional increase in energy costs.

We also have before us, although it is not on today's agenda, Mr Lardinois' memorandum on energy. This also covers other matters relating to the period up to 1 July 1975. As this debate is, after all, concerned with the development of incomes in agriculture and horticulture, I would like to press the Commission to note the special significance of the energy factor which is causing difficulties to glasshouse horticulture in a number of Community countries. I would therefore, in this debate today, urge the Commissioner to give favourable consideration to granting a generous period of adjustment for this sorely afflicted sector. I believe that if we are talking about our agriculture we should not forget horticulture and we should include it in our debate today. The main topic of this debate is perhaps other sectors of agriculture, but I do not believe that the hundreds and thousands of market gardeners who have appeared on the streets of our cities and villages in the last few weeks would understand our overlooking this sector here today.

(Applause)

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, Mr Commissioner, ladies and gentlemen, this evening we are dealing with a complex subject and we will have to deal with many of similar intricacy in this period of far-reaching transformations. This is immediately obvious. On one hand we have five or six million agricultural producers in the Community and on the other hand, 200 or 250 million consumers. These two bodies behave in their respective fields in a more or less homogeneous manner. For example, when producers perceive an increase in the price of meat they raise more cattle or pigs whereas, when prices increase, consumers reduce their consumption of the goods subject to the largest price increases. Taken together the behaviour of these two groups results in certain fluctuations which we must regard as inevitable. In addition, there are elements extraneous to the desires of these two groups, such as the climatic factor, which also have an influence and, in addition, other unforeseeable factors, such as the energy crisis, which have resulted in certain increases referred to this evening by other colleagues. It is therefore inevitable that the system should be subject to certain fluctuations.

I should like to use an image from the hydraulic sector which I find a very relevant analogy because, to some extent, it clearly shows up the Commission's responsibilities and the limits within which it must operate if it wishes to avoid error.

Consider a hydro-electric plant with a penstock and a piezometric well above. This well has a certain diameter. The water inside it continually fluctuates as a result of stimuli which may be compared to those I referred to above in talking of the meat market. If its diameter is small the waves will be too large and the turbine below will be affected. The planner must therefore make the diameter such that these waves are contained within supportable limits. I consider that the Commission's task—by no means easy—is precisely to contain the fluctuations within reasonable limits. In the last few years we have had tidal waves. We passed from the 1969 butter mountain to a butter shortage in 1971. The same applies to cereals—we had a surplus in 1969 but now in 1974 have a deficit. The meat situation, which is perhaps largely responsible for today's discussion, is even more serious. In 1973 there was a shortage in the Community and, now, in 1974, there is a general glut except in my country. These shocks are rather violent if we think in terms of waves and are difficult to support. We must therefore try to smooth them out. Obviously, in such a situa-

tion we must take rather unusual measures. Today Mr Cointat talked about the possibility of further opening up the market and linking it to external markets. I think that this is a good idea. We need information in order to keep this matter under control. The modern development of information data and the rapid processing of the data collected suggests that it may be possible to act more rapidly. I realise that in the absence of political unity decisions may be taken too slowly but there is no doubt that the only way to control these fluctuations is to act fast enough.

The proposed measures concern prices and I think that they are more or less irrelevant for my country because in Italy the price system is such that these increases will give no advantage to producers. We shall vote in favour of them all the same because we understand that they may be helpful in other countries. However, we clearly anticipate further measures in the future. Of all the urgent measures involved, I should like to draw Commissioner Lardinois' attention to direct action in local situations. For example, the French measure of granting a maintenance premium for up to a certain number of bovine animals for breeding seems to me both useful and intelligent. May I suggest that Commissioner Lardinois adopts similar provisions, particularly considering that Italy is in a difficult position with advanced zootechnology, and certain undertakings visited from overseas which are so well organised, existing side by side with farmers who are forced to sell animals because they cannot make ends meet. Mr Cointat said that this glut is only temporary and that we must expect future shortages. Politicians must therefore try to avoid adopting measures which are purely contingent and might prove harmful in the future. In other words, we must take measures which will maintain the bovine herds rather than accelerating their dispersal in countries such as mine.

I should like to refer to two other points.

I urge Commissioner Lardinois to pay attention to the premiums on tobacco as well as the price because it is the premiums rather than the price which provide the real return on this product. I also ask him not to delay application of the increase in the price of wine until the end of the year but bring it into force at the same time as the other increases because our stocks are quite large. In conclusion, I hope that it will be possible to give Community agriculture greater technical support so that it may overcome its present difficulties.

(Applause)

President. — I call Mr De Sanctis.

Mr De Sanctis. — (I) Mr President, ladies and gentlemen. I should like to sum up my ideas and keep within the time limit by recalling that, on 6 April 1973, in this very Chamber, in speaking in the debate on agricultural prices, I, as I hope Commissioner Lardinois will confirm—was amongst those who opposed the Commission's proposals.

At that time, general conditions were different but the worries which we mentioned, on which the majority in this Parliament was based, concerned consumers in particular, looking at the problem in the context of the struggle against inflation and the increase in the cost of living. So, Mr Lardinois, there is no contradiction if now, referring to the preoccupations which I expressed then and will not repeat, I come out against the increases in agricultural prices proposed by the Commission. I stand with those who affirm that in fixing new agricultural prices we need to apply flexible criteria. The 4% across the board proposed seems inadequate. Though I do not wish at present to discuss other more or less adequate percentages, I share the concern, felt I think unanimously by this House, that this percentage should be as large as possible. I should like to remind Commissioner Lardinois—I speak to him in particular in that the debate held about a year ago dealt with just these points—that, though there may have been some changes in the general European and world situation following the energy crisis and political events of the last fifteen months, certain facts which we referred to on the previous occasion still hold true. We drew attention to the fact that it was not enough to resolve the question which arose over Community policy from a contingent point of view but that it had to be seen in an overall context with a general and constructive political vision. We asserted that there were basically two political models related to serious and efficient facts. On the one hand, agricultural policy must not mean largely or exclusively a price policy but should be more a structural policy and, on the other hand, regional policy, which in the last year and a half seems to have been marking time, must be rationally developed. At that time, the members of this Chamber amongst others seriously and heartily criticised the decrease in the share of the Community budget ear-marked for credits for regional policy. Furthermore we must respect another fundamental rule, which is a subject of constant attention of governments, this House and the Commission, viz. the principle that we will not be able to resolve the problems of the economy as a whole, or of agriculture in particular, unless we have a

real monetary policy. If we are not to stick our necks out we must remember that there are economic laws which govern the will, desires and hopes of men. An overall vision of European affairs must therefore be readopted not in order to re-establish mutual faith but in the light of an organic balance. We simply cannot allow contingent limitations which depend on events outside our European will to tie our hands leaving us without the capacity or the political will to act, i.e., to use political jargonese, to develop a full scale plan at the Community level. This is the only way in which national egoism may be overcome and, in particular, the only way in which we may be able to discuss any silver lining behind the black Italian cloud objectively recalled by my colleague, Mr Noè, and other Italian members.

The Italian agricultural situation is dramatic not only for reasons connected with its internal situation but because this situation has been further aggravated by the lack of an intervention policy for which the Commission above all should have provided the will and the means. The revival of the Community cause, on which feeling in this Assembly seems to be unanimous, is closely linked, in the specific field under discussion, to the possibility of providing effective support for agriculture, bearing in mind not only the unanimous tendencies of the masses, which we have recently both seen and recognized, but also the need for the Commission to exhibit the will and ability to intervene which in this last period—from 6 April 1973 to the present—it seems to have lacked. In this spirit and with this hope we await a balanced solution to these problems.

(Applause)

President. — I call Mr Leenhardt.

Mr Leenhardt. — Mr President, I wish to say on behalf of the significant socialist minority that we feel it is perfectly right and justified for the farmers to be exasperated at hesitation, delays and mistakes on the part of the Commission and indeed of the Council of Ministers, for we must bear in mind that it has often been the Finance Ministers who have refused to take necessary decisions. The situation in which farmers in most of the member states find themselves is disastrous because of the exceptional rise in the price of products necessary for their work and the loss of balance in certain markets. The reduction in farmer's purchasing power puts them in a critical position with regard to the debts they have taken on to modernise their undertakings.

Of course, an immediate review of prices will not solve the problem. We know that it is no

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more than a conjunctural policy measure, comparable to giving a sick man oxygen, but it is essential. That is why the socialist group minority will vote for the amendments granting a price increase of at least 8%.

Despite certain evaluations of the situation, working class trade unions in most Member States are not hostile to the farmer's claims. They know that the standard of living in the farming community is even more poorly protected against inflation than their own, and that a narrowing of the gap is justified. They also know that the price paid to producers is only a small fraction of the retail price.

There has not been enough stress put in this debate on one of the main causes of the depression of certain markets: bad management of external Community trade in the form of imports which are as huge as they are inconsidered, which are prompted by unseen and unseemly forces, and lead us to the conclusion that there must be concertation with professional organisations. Nor has there been enough emphasis on the crying need for the increases in stocking capacity needed to regulate the markets.

But the most important and most urgent task seems to us to be that of achieving progress in and widespread application of cooperative organisation of production. This alone can free farmers from the feudal economic interests by which they are too often exploited, both in the sale of production equipment and the purchase of their production at non-guaranteed prices. Much has been made, Mr President, of instances of national selfishness. As the gospel tells us. 'Judge not, that ye be not judged', I am sure I speak with the approval of our colleague, Father Laudrin.

(Laughter)

Farming, dear colleagues is more than a profession, it is a way of life which is indispensable if active populations are to go on existing in certain regions. The rural exodus must be halted for economic, for social and for human reasons and in consideration, as several speakers have rightly stressed, of the awful fact of shortages to which the world will be exposed in the near future.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission of the European Communities. — *(NL)* Mr President, in my second speech today I would like to offer my apologies to Mr De Koning, Mr Martens and Mr Gibbons who opened today's debate as the

authors of the report and questions. In my first speech I only made occasional attempts to answer their various questions and I hope that Parliament will allow me to take up the matter again and discuss those points which I omitted. Mr De Koning asked me a very relevant question: he asked me, as Mr Noè and Mr Cifarelli also did, what the position was in the case of tobacco. Were the intervention price and guide price for tobacco to be raised while the premium remained unchanged? I am unable to answer this point at the present moment. I can only say that a working party is due to meet tomorrow morning in Brussels to study specifically the problem of tobacco. If this working party, chaired by the director of the Commission's directorate on market organization, should come to the conclusion that good market management requires the premium for tobacco harvested this year to be raised, I shall then make a proposal to this effect to the Council. In other words I do not reject a rise in the premium for tobacco if this is in the interests of good market management. This is therefore my reply to Mr De Koning, Mr Cifarelli and Mr Noè.

Mr De Koning also spoke about market management. I have already said something on this point to the effect that market management must be looked at from three aspects; consumers' rights, producers' guarantees and finally the position of the tax-payer. These aspects often conflict with each other. Mr Martens has already given an example of this. Last year farmers would have got a better price for their wheat if they had exported more. If our target, therefore, had been the highest possible price for wheat, our last year's wheat policy would have been nothing less than a catastrophe —of course it was not. What we did do last year was to follow a market policy which aimed at holding the internal market prices for wheat within the margin between the intervention price and the guide price. This was the target not only of the Commission but also of national governments which play their part in market policy by way of the so-called management committees. I can even disclose to you that for a large part of the last year, up to July this year, not inconsiderable disagreements on this policy arose between the Commission on the one hand and, on the other hand, the Member States which are the largest exporters of cereals and wheat. It was the constant desire of the Commission to export somewhat more wheat than Member States in fact permitted within the framework of the management committees. Acting on a simple majority the management committees take their decisions once a week and the Commission must take note of these decisions. It has happened, and this in connec-

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tion with the not inconsiderable quantity of 600 000 metric tons, that a vote was taken and one of the countries which was outvoted consequently imposed an independent export ban until the Commission prohibited this ban the week after and the Member State then in fact withdrew it. There is a constant conflict between the Member States who are compelled by present circumstances to give priority to combating inflation above agricultural interests and have to put guaranteed supplies above farmers' incomes and the Commission which has to act as arbitrator and at the same time coordinator of the various interests. I therefore wished to emphasize explicitly that I am unable to accept any accusation that the Commission is managing the market badly. Given that we have to bear all these aspects in mind, that we have to cooperate with national governments, that we are unaware of how the market situation will develop one month hence and that therefore margins of safety must be built in all along the line, I believe that any expert will consider the policy we have conducted to be a careful and well adjusted market policy.

This does not of course mean that it may not, in this conflict between the Member States, be necessary to draw different lines at a given moment between the interests of the consumers and the producers. For example, to be quite frank in this House, I fear and expect that there will be even more conflicts this year than last concerning the export of cereals from the Community. We shall have to export even less this year, and at least this winter, than last year unless there is a change in the situation as it appears at present. The conditions on the world market make it necessary for us to take the minimum of risks with regard to supplies for the coming winter. This means that for the sake of guaranteeing supplies we must try to keep in the Community those cereals which are already in the Community and not only or not primarily in order to guarantee supplies to cattle farmers who are so dependent on imports, there being less available for import this year than in any year since the last war.

In other respects we believe that more has to be done for the farmers. With respect to sugar, to mention a product about which Mr Martens put a question, it is in fact no longer reasonable at the present time for ministers of economic affairs to oblige sugar refineries in their country to sell sugar to the consumer at the intervention price. Present market conditions require that, within the framework of the sugar market organization, the national governments should leave it to sugar refineries to decide whether to allow the price of sugar to increase to the target price. Under the terms of the regulation

the price must be allowed to move freely between the intervention price and the guide price. In view of the lack of sugar which we are also experiencing at present within the Community since the Commonwealth countries are no longer supplying sugar to Great Britain, the normal situation at present is that the sugar refineries charge the price laid down as the guide price in the sugar regulation. This means, Mr Martens, that, for example, in Belgium the sugar refineries are able to pay 15% more for sugar beet than they do at the present time. This is something I have also mentioned in the Netherlands where the Minister of Economic Affairs was pursuing a similar policy to that now being pursued in Belgium. It is not acceptable in these circumstances that farmers should rise against the Commission and accuse it of mismanaging the market whereas in fact these conditions have been created by the intervention of ministers of economic affairs, for understandable reasons, but contrary to the regulations. I am of the opinion that given the present circumstances Community sugar producers must make a sacrifice and be satisfied with one-third of the present world market sugar price. This is a sacrifice which is due from them because it is reasonable and morally tenable since they have for several years now been obtaining a sugar price which was three or four times as high as the world market price. Now conditions have changed it is indeed reasonable that the sugar producers should receive the price mentioned as the target price and laid down as such in the regulations. This is in fact the greatest asset of the agricultural policy.

At the present time the sugar price on the world market is 16 times as high as it was six years ago. Six years ago the sugar price on the world market was one-quarter of the EEC price. It is now four times as much as the EEC price. It is my opinion that the primary task of the agricultural policy is to work as a buffer against these enormous fluctuations; we must attempt to create the greatest possible stability for both the producer and the consumer. Of course this is not always successful. If there is an absolute shortage in the world market in maize and we have to import 50% of our requirements then we are not going to be successful; if, as last year, we are net importers of beef, then we are not going to be successful. But we can achieve a lot in respect of essential commodities with our apparatus which produces, according to product, a degree of self-sufficiency between 80 and 105%. If we can prove that then we shall also be able to sell the agricultural policy in those countries which are primarily concerned with the consumer and only secondarily with the producer. If we look at this matter

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objectively and present it to the producer honestly then we must be able to reach a compromise.

Mr Früh gave what I consider to be a very balanced exposition of our agricultural policy and I am pleased to see that it was he who did this since, in all honesty, I myself am greatly concerned about the dissemination of information about the agricultural policy, in his country in particular. I also noticed this in Mr Frehsee's intervention which I hope to go into later in greater detail. He pointed out the confusion about the common agricultural policy which there is at the present time in Germany especially.

Mr Martens also asked whether talks were going on at the present time between Great Britain and Australia on sugar imports. I can answer in the affirmative. I have no objections to this—I believe that it is purely a British affair—in as far as it concerns the import of sugar up to 1 March of this year, in other words the British arrangements within the framework of the Commonwealth Sugar Agreement. Should however these talks show that a long-term contract is necessary then this would concern the Community and the Community would then judge it on its merits.

Mr Martens asked why there should be export levies for agricultural products and not, for example, for fertilizers. This is a good question which has also been put by many farmers. Well, in bad periods we accepted a guarantee price for sugar, wheat, other cereals and rice, for which there are now export levies. We did not have such a guarantee for fertilizers when their price was low on the world market. In other words first the horse and then the cart. In my opinion we can only intervene in the export of fertilizers when supplies within the Community are no longer guaranteed. When this happens we will also have to intervene in the export of fertilizers.

I found Mr Laban's intervention supported the Commission's position. This is very agreeable even although it is politically incidental. The most important thing is what he said about the institutions of the Community within the framework of cooperation between the nine countries. I agree with him that if we are to work towards intergovernmental cooperation in Europe, however good this cooperation may be, we must understand fully that this is no more nor less than a plea for a return to 19th-century conditions in Europe, though not including the war situations of which we have known so many. It is no more nor less than a negation, in the long run, of Europe. Furthermore the smaller Member States of the Community in particular

would very quickly come to the conclusion that there was no place for them in such a Europe. Even for the larger countries this is a path which cannot be followed permanently. I am particularly grateful to the Socialist Group and to Mr Laban for the fact that this topic has been broached. It will be the dominant consideration in discussions in Europe on the choice between intergovernmental cooperation or a Community system, discussions which must take place next year. This is the central theme with which we must concern ourselves now and during the coming winter.

Mr President, I would concede to Mr Laban that when we return here in November with our package of price measures and related measures we shall bear in mind his observations concerning a general price round, the insufficient investigation of alternatives, attempts to find new paths and give new impulses. I hope that between now and November we shall have the time to achieve some constructive work in this field. I hope that he and his group will accept my word that this is our intention and our desire.

He made a very interesting suggestion which was that the supplies of meat should be made available to the consumer for one week at the normal export price. Not so long ago I had another suggestion: a very charming person, whose identity I am able to reveal, the wife of the American Ambassador to the Community, said to me at a dinner when she heard that our supplies amounted to approximately 1 1/2 pounds per head *'Well you don't have a problem. Make one beefday in Europe and you have solved it.'* Taking this simple view of things one could indeed say let us make one day, for example, 'Sinterklaas', 5 December, a 'beefday'. Make the meat available either free or at whatever price the consumer is willing to pay and if everyone were to consume a good portion we should be rid of the meat. This is a tempting proposition and I would gladly follow it up, but I am afraid that something of this sort cannot be done without preparation and that it requires a great amount of organization and that for one week before and one week after this day consumers would eat no beef at all so that the problem at the end of those two weeks would be more serious than before. At all events this is, in my opinion, not the proper solution to our difficulties.

Mr Jozeau-Marigné once again urged me to adopt the figure of 8⁰/₀, as did many others, especially members of the Liberal and UDR parties, I must admit that I am not entirely committed to 4⁰/₀ or 5⁰/₀; I have told you frankly why we proposed 4⁰/₀. It is an important political

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gesture, and was intended to be. The important thing is—and none of the speakers mentioned this—that we said that we should take the rise in costs in 1973 and 1974, taking into account the measures already taken in March of this year and being taken now, as the price increase for next year. This is the figure that we will take. Of course we shall have to make allowances for the different sectors also on the basis of cost developments. That is the important thing, not whether we make the figure 4% or 5% or 6%. All in all our proposal does indeed amount to 8%. It is 4% for everything. It amounts to 13% for the United Kingdom and Ireland. We also propose that the prices of, for example, milk, which is a very important product, should take effect not from 1 April but from 1 February. At your next part-session you will be able to debate the proposal that the price increase for pig meat, another very important product, should take effect not on 1 November, but on 1 October. And this is without taking into account the fact that we gave an extra price increase in July of 12.5% for Italy. If you look at the package again and what it really contains then it corresponds, taking the earlier dates, etc., with an average throughout the Community of about 8%.

What you wish to see is an overall figure of at least 8%. I do not understand why you wish for this figure. In the country where I come from, the Netherlands, the agricultural organizations are not asking for 8%; they are satisfied with 4%. This is the tradition in their agricultural policy. Once they have staked a claim for of 4% they do not change it. Even now. Of course they are behind COPA but they are asking their minister, who is due to come to Brussels tomorrow, to ask for 4%. Did you really think that, in Germany, for example, it would be reasonable to give 8% now after the 9% which came into effect on 1 April? This would represent 17% for Germany, a country with less than 7% inflation. Did you really think that would be politically acceptable?

I genuinely hope that you will not endeavour to—let me be completely frank—disburden the problems of a country such as France on to a Community which is unable to support them. I also believe that it is very difficult at the present time to accept a figure of 4% in France. For this reason we also agreed that we should abolish 2% of the monetary compensatory amounts. But 3 or 4 or 5% would suit me far better. In other words, we must not try to solve our problems with higher percentages whether they are necessary or not.

I can only say this: I can claim one thing in the Community. Despite all the mistakes that I have made in the past there is one point on

which I was not mistaken, namely that since 1969 I have been the greatest and most fervent opponent of monetary compensatory amounts and that I still am. And this is my answer to the Irish delegates in particular. Most of the Irish delegates took this as their main point. Mr Gibbons was the first but then there came Mr Kavanagh, Mr McDonald, Mr Dunne, Mr Creed, Mr Lenihan and Mr Nolan. They all spoke about the exceptionally difficult situation in Ireland. The other members and also the Committee on Agriculture supported their colleagues' demand for a figure of 15.3%. I fought against these monetary compensatory amounts long before Ireland was a member of the Community. I believe that we should abolish them as soon as possible. There is no doubt that we should be against abolishing them completely in the case of Ireland because of the financial implications. There are of course financial implications but those I find secondary. The main thing is to get rid of them. But here I must take one thing into account namely that there is a real tie in the market conditions between Great Britain and Ireland. This is not something I have invented. In the past it has been our repeated experience that Great Britain wished to grant a subsidy for beef or pigmeat and it was stated every time that this would not be possible unless Ireland also received the same subsidy. So Ireland was continually granted a benefit withheld from other countries and the Community paid out of its own pocket since it was realized that these two markets were historically integrated and still are today.

I shall endeavour to have the Council decide on a solution which leaves the percentage which may be granted to Ireland as high as possible considering also the political and economic implications this will have for Great Britain. If full abolition is not possible at present the Commission will try to propose a possibly necessary second step in the not too distant future. In any case the 15.3% is, of course, a propaganda figure. Italy requested the complete abolition of the monetary compensatory amounts in July with of course a margin for the daily fluctuations of the lira. Of course similar allowances must be made for the pound. It is difficult for us now to agree to an adjustment of 15.3% if next week an Arab may decide to invest a large amount in Great Britain and put the value of the pound up. We would then suddenly be faced by the fact that our measure had not devalued the Irish pound but revalued it. I hope you will allow for the fact that this safety margin must always be included even if the theory of your seven colleagues were adopted in principle.

Lardinois

Mr Cipolla said that the Commission was the vassal of the large cereal exporters. I would like to put his mind at rest. If that is what we are, Mr Cipolla, then the vassals have worked very badly this year since a very small amount of cereals, if any, are to be exported at all this year. Perhaps you would bear that in mind when you consider launching a similar attack on the Commission in the future.

What does the 4% mean for the vine-growers? If the Council decides to increase the price of wine as from 1 October I shall not object but it must of course not be forgotten that we fixed a price increase for wine in March which is due to take effect from the middle of December. That is the start of a new year. It would therefore be difficult for us now to introduce the 4% increase which would take effect earlier than the March price decision. But if this point proves to be important and the Council reaches agreement then I have no objection to the 4% taking effect from 1 October. This in turn would have certain implications, for example for distillation and the distillation premium which we grant for certain wine surpluses as exist in the major wine areas at this moment. I believe that Mr Cifarelli also put this question and this observation is therefore addressed to him. A Community policy for mutton and lamb was also mentioned. Once again, I would like to adopt such a policy and the Commission agreed to such a policy last year but this year we have had so many difficulties that we have simply not been able to do it and I must tell you in all honesty that as long as we are faced with these dreadful monetary compensatory amounts I would prefer the open market for mutton and lamb which exists today. It would of course be the best thing to have this without monetary compensatory amounts while maintaining a Community responsibility for mutton and lamb. As soon as we have time to prepare this question we shall do so since this is what the farmers and the poorer areas of the Community have every right to expect.

Mr Frehsee expressed a desire for even more *Mengensteuerung*. I have never been a great supporter of this but the economic situation could develop in such a way, Mr Frehsee, that a situation might arise in which for economic reasons the sale of agricultural products might stagnate and in some sectors we would have no choice but to resort to this so-called *Mengensteuerung*. In the long run *Mengensteuerung* makes production dearer. Production is dearer since it is impossible to adjust as quickly. In the short term it represents a solution for certain difficulties but in the long term it means dearer production; this was the case before the war in the time of crisis, and in some countries even

after the war, but I do not exclude the possibility of our being forced to take such a measure in certain sectors and I would not be able to object on principle.

I wish to pay a special compliment to Mrs Fenner for the way in which she spoke, and an even greater compliment for the content of what she said. I know that she did have a major responsibility in the sphere of price policy at a very difficult time in one of the large countries of our Community. She said that an increase of 4% was a rigid approach. I would not deny this fact, but we have not had time to make this approach more flexible as should be the case particularly in view of the difficulties arising in the Council where there is always concern for a certain product or against a certain product. I promise her that we shall make amends for this rigidity in November. I consider what she said about guaranteeing supplies, in connection with food prices, to be very important. I also believe that if the European agricultural policy is presented properly in this situation in which there is a genuine scarcity of essential food there is a chance to regain the confidence of the consumer which has been damaged for so many years in times of abundance even by part of our own press. And I would like to tell Mrs Fenner that I am grateful for what she has said in her maiden speech, both from the point of view of consumer policy and of agricultural policy in the narrower sense.

Mr Deschamps made a plea for an import ban; I said in my first speech that the Commission, given the present circumstances, has unfortunately had to come to the conclusion that we shall not be able to abolish the import ban on 1 November and that it will doubtless have to continue through November: on the other hand I also said that it is absolutely necessary that we make the best use possible of the month of October to consult with the large and smaller traditional suppliers of the Community in order to create together a policy which respects their fundamental interests. At the same time we would want to be reassured that our markets will no longer be over-supplied as has unfortunately happened often in the past. When we talk of imports we must also bear in mind the matter of exportation; it is not right to demand that the Community should not import products but that it should export products. There are always two sides to a coin. For the first time in the history of the Community and of Western Europe, exports this year will probably be at about the same level as imports. We must also take account of the export interests of those countries which at the moment are unable to provide supplies for the Community. The world has become so small, especially with regard to

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the import and export of food products and we have all become so sensitive that I am afraid that anyone who believes that the European Community can do what it likes in this sphere will get a nasty shock sooner or later. There is something to be learned from talking with people from outside Europe about this kind of subject. We shall of course bear in mind the impossible position in which parts of our Community and parts of our population, our farming population, now find themselves. This is only possible if we also bear in mind the well-founded interests of traditional exporters, i.e. developing countries, South American countries and also some of the Eastern European countries. For example, we are able to export to Eastern Europe by virtue of the fact that we import goods under approximately equivalent conditions from the same area. I believe that the export and import trade with Eastern Europe is a good thing for Western Europe and for West European agriculture.

In my first speech I paid a compliment to Mr Cointat. He was dissatisfied and since then I have had a personal talk with him; I believe that he should not make the mistake—he himself must know why—of demanding a kind of guarantee system for every agricultural product. A guarantee system that may for example be suitable for dairy products is not necessarily suitable for eggs or poultry since the production conditions in that sector are such that a guarantee price system would lead to an untenable position within six months. Almost the same could be said of vegetables and fruits and many other products. We have to bear in mind that a guarantee price system is not tenable in the long run for production reasons. As for dairy products, we have often felt that we have gone too far.

Mr Brewis is afraid that cattle will be slaughtered which we will later prove to need and that too much land is given over to crops. I also believe that in some parts of the Community and especially in Ireland and Great Britain such encouragement has been given to beef production that with hindsight, I admit, we must draw the conclusion that the policy that was conducted and had its effects before these two countries acceded to the Community seems to have exceeded its target. When I now hear that the Irish cattle population is too large to be fed by present-day production methods, I believe this is not only due to inadequacies in our Community agriculture policy but also to over-optimism before Ireland joined the Community.

To my satisfaction Mr Zeller endeavoured to protect the Commission against attack. He

knows the background and methods of the Commission's work better than many other Members of this Parliament. For this reason his words have extra significance, at least for me. He asked for more planning in our production policy, something which the agricultural organizations have frequently asked for in the past. Since I have been a Member of the Commission I have been even more hesitant about this than I was before. Planning in this sphere, given present-day society and the present uncertain situation, is an exceptionally dangerous business; you have all been able to experience the consequences of an error in the case of beef. This unfortunate development was caused partly by circumstances outside the Community, including the energy crisis, but the consequences have been felt by the various countries and the consumers. As a result this kind of planning has lost credibility to such an extent that we cannot allow ourselves much more latitude on this point in this sensitive Community.

Mr Cifarelli asked for an investigation into the margins existing between the consumer prices and producer prices. I have also received a similar request from the Council. However, I believe that the Community at present does not have effective control over consumer prices. This is the work of the national member states which, furthermore, have much better equipped institutions than the Community. I also believe that the Member States should be initially responsible, given present circumstances, for the investigation between differences between the price received by the producer and the price paid by the consumer. I am however prepared, as I have promised the Council, to coordinate these activities and to try to help countries to benefit from each other's experience and to ensure that the Community draws suitable conclusions. We, however, do not have the machinery to carry out such an investigation, as I have already said, whereas the national institutions do.

Mr Nielsen spoke of the stabilizing function of the European agricultural policy. I was very pleased to hear this. My statement on this is by and large in line with his comment.

Mr Lemoine once again urged that we should adopt a figure of 8⁰/₀; I have already answered that point.

Mr Lenihan spoke of monetary distortion. I have already answered that point too.

Mr Van der Sanden made a plea for a solution to problems existing particularly in glasshouse horticulture. I can reassure Mr Van der Sanden that the Commission is at present engaged in a study of this matter. It believes that the prob-

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lems facing glasshouse horticulture cannot be solved by influencing prices. For this other measures would be needed. I cannot say at the present time precisely what measures, but we hope to present a package of proposals in November. I would also like to point out that horticulture prices also come under the 4% measure and this is bound to have some influence on the reference prices for example.

I would like to thank Mr Noè for his observation that we could make more use of modern information techniques. I agree with him that these techniques could teach us a lot but I must say that it will be some time before we have at our disposal the techniques which we really need.

I have already answered his question on wine prices.

Mr Marras wonders why there has been a publicity campaign for beef consumption in France but not in Italy. Now, I do not need to tell Mr Marras what problems we have with the importation of meat into Italy and what problems we have experienced there during the past few months. He must know the answer to his own question.

I would like to tell Mr Liogier that we do not conduct a policy of reducing the land devoted to agriculture.

In reply to Mr Früh I would consider it a blessing for Europe if we were to have not—as was proposed in 1969 when we had surpluses—5 million hectares less but on the contrary 10 million hectares more.

I am grateful to Mr Howell for his speech. I am very interested in exploring possibilities at the European level of giving producers and industry a greater say in management of the markets. I do, however, believe that the realization of such a policy will take some time. In the long term, market management should be partly in the hands of those most directly concerned and their organizations, and should not be the preserve of bureaucrats.

Mr Creed said that the consumer price was often ten times the producer price. I deny this. Mr De Sanctis asked for a larger price increase and Mr Leenhardt said that a Socialist minority was also in favour of a larger price increase than 4%. He was also against the rural exodus. We must remain sober here; we must certainly see that very sensitive areas, such as hilly areas, retain the necessary minimum population and one and a half years ago we did in fact make proposals on this, but on the other hand we must realize that the improvement of agricultural structure is impossible without a certain

decline in the farming population. This is the process confronting Europe at the present time and it is one of our tasks to see that this process evolves in a humanitarian way and that economic factors should not be the most important but should take second place to humanitarian considerations. I believe that in this matter the European Communities have developed a policy which Parliament has already largely approved. I can reassure this Parliament that our efforts in this will not decline: on the contrary I hope that when this structural policy, developed in 1972, has been introduced in all Member States, I shall be able to present proposals for its improvement on the basis of the experience which we have gained.

Mr President, please excuse me for taking up so much of this Assembly's time. I have, however, attempted to answer all your questions as fully as possible.

IN THE CHAIR: MR BERKHOUWER

President

President. — I call Mr Martens.

Mr Martens. — (NL) I shall be very brief. I thank Mr Lardinols for his positive reply on the problem of sugar and fertilizers. I note, however, that he was unable to give an answer on the real effect on the market of cost increases and lower yields, and that it is now difficult to say whether the price increase should amount to 4,6 or 8%.

I would however like to say a word about the unfriendly tone of the justification of the 4% figure, in respect of the agricultural organisations. I consider that they should conduct their own defence, but I do believe that they have been consistent. They started by asking for 12,5%; they were granted 8,5% and subsequently asked for 4% extra and if they had been given what they were demanding at the appropriate juncture, they would have had two allocations. We would then have had a whole series of problems. I would like to underline the fact that the agriculture organisations have acted fairly. Their claim is justified in every respect and none has proved that there is no justification for it.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution contained in Mr De Koning's report.

President

On the first six recitals of the preamble I have no amendments or speakers listed.

Does anyone wish to speak?

I put the first six recitals to the vote.

The first six recitals of the preamble are adopted. On the seventh recital of the preamble I have Amendment No 6 tabled by Mr Liogier on behalf of the Group of European Progressive Democrats and worded as follows:

7th recital.

Delete the words: 'at least in part'.

I call Mr Liogier to move this amendment.

Mr Liogier. — Mr President, the seventh recital is as follows: 'Concerned that measures should be taken in agricultural policy which will tend at least in part to neutralize and alleviate the grave consequences for European agricultural incomes of the constant rise in production costs and the fall in producer prices.'

We feel that the consequences of the rise in production costs and the fall in producer prices should simply be alleviated, not alleviated in part. We therefore propose that the words 'at least in part' be deleted.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, it may be wondered how realistic it is to suppose that in view of the losses which have been suffered in certain sectors, full compensation is at all possible. On the other hand, I am certainly in agreement with the intentions of Mr Liogier's proposal.

I have no objections to the amendment.

President. — I call Mr Laban.

Mr Laban, acting chairman of the Committee on Agriculture. — (NL) Mr President, I agree with the view that in the fight against inflation all professional groups must make sacrifices, including agriculture. We trust that the Member States and the trade union movements will see this, and so accept that though the full adjustment of agricultural prices to the increased costs of the means of production is not on the agenda today, it will be in November. I therefore feel that we can agree with what the rapporteur has put forward in his resolution. This has been accepted by the Committee on Agriculture. What we are concerned with now is an emergency measure and we are therefore sticking to the original text of the seventh recital. For this reason, we oppose Mr Liogier's amendment.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is adopted.

I put the seventh recital, thus amended, to the vote.

The seventh recital, thus amended, is adopted. On the eighth, ninth and tenth recitals I have no amendments or speakers listed.

Does anyone wish to speak?

I put these recitals to the vote.

The eighth, ninth and tenth recitals of the preamble are adopted.

After the tenth recital I have Amendment No 7, tabled by Mr Cointat on behalf of the Group of European Progressive Democrats and worded as follows:

Add an 11th recital worded as follows:

'—bearing in mind especially that the present situation should not obscure the fact that the world is entering a period of food shortage, and that in the interest of consumers and producers Community agriculture must therefore continue to expand; this requires guaranteed fair prices for farmers and a genuine incomes policy.'

I call Mr Cointat to move this amendment.

Mr Cointat. — (F) Mr President, Amendment No 7 is a direct consequence of the statement I had the honour of making in the general debate. We must not allow our present problems to make us forget that we are entering a period of food shortages and that the need is for an expanding European agriculture. To bring about the necessary expansion it is essential to guarantee producers a fair price, just as it is essential to work out and implement a genuine producer incomes policy. That, Mr President, is the objective of the amendment.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, I think the scope of Mr Cointat's amendment is already contained in paragraph 3 of the resolution. It is questionable whether the last phrase, 'and a genuine incomes policy', has such a wide scope of meaning that it becomes a completely new idea. In my opinion it is not. I do not therefore have much need of the amendment. On the other hand, since I was pursuing the same idea in paragraph 3, I do not have any overwhelming objections to it. I shall leave the decision to the Assembly, and abstain.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, on behalf of the Socialist group, I should like to emphasize

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that while we sympathise with the drift of the amendment in itself, what we are discussing today is an ad hoc measure. I am in full agreement with the rapporteur that the elements Mr Cointat wishes to incorporate in his amendment are already contained in the resolution. I also really do not think that we should be talking about an incomes policy today. Fundamental matters of that kind will be on the agenda in November and December. I therefore find the amendment in itself rather superfluous. Accordingly, I think that we can abstain.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is adopted.

On paragraph 1 of the motion for a resolution I had six amendments tabled. However, Amendment No 18 has been withdrawn by the author, so that there are now only five amendments remaining, and they are:

Amendment No 4

by Mr Bourdellès and Mr Durand, worded as follows:

Paragraph 1.

Replace the words: 'at least 4%'
by: 'at least 8%'.

Amendment No 8

by Mr Bourges on behalf of the Group of European Progressive Democrats, worded as follows:

Paragraph 1.

This paragraph should read as follows:

'1. Considers it necessary to introduce rapidly a price rise of 8% in order to cover the exceptional cost increases in agriculture;'

Amendment No 10

by Mr Martens on behalf of the Christian-Democratic Group, worded as follows:

Paragraph 1.

This paragraph should read as follows:

'1. Considers it necessary to introduce rapidly an interim price rise of at least six per cent on average in order to cover the exceptional cost increases in agriculture; feels that in view of the special circumstances affecting certain products, it should be possible to deviate from the general rate of increase in prices;'

Amendment No 22

by Mr Laban on behalf of the Socialist Group, worded as follows:

Paragraph 1.

'1. Considers it necessary to introduce rapidly an interim price rise averaging 4% in order to cover the exceptional cost increases in agriculture; is nevertheless of the opinion that it should not be linear but differentiated in order to support as strongly as possible those

producers that are hardest hit; deplores also that no proposals have been worked out to give direct support in certain sectors with the necessary safeguards; wishes that this should be done as quickly as possible in the beef and pigmeat sectors, since a linear price increase will not restore the equilibrium on these markets;'

Amendment No 24

by Mr Noè, worded as follows:

Paragraph 1.

At the end of this paragraph add the following text:

'...; moreover, this rise should have corresponding non-linear effects on tobacco premiums;'

These amendments can be considered together.

I call Mr Bourdellès to move Amendment No 4.

Mr Bourdellès. (F) Mr President, I am on the list of speakers for the general debate but I wanted to wait until this amendment came up, because I feel it is the crucial point in this evening's discussion.

The increase of at least 8% in European agricultural prices which Mr Durand and myself are proposing as an amendment will have at least one advantage; it will meet with the consent of the trade union organizations in the nine Community countries. But I honestly believe—despite the assurances we have just been given by Mr Lardinois, with whom I regret to say, I cannot agree, because he has not convinced me—that to accept an indiscriminate 8%, or any other figure, for all agricultural products, must be regarded as a mistake, because it cannot solve the problems of the day, nor can it ensure that farmers receive a decent wage. One of our colleagues recently told the Committee on Agriculture that this increase in agricultural prices was no solution to the crisis. It would not be a satisfactory means of controlling inflation. But I would just ask: is increasing workers' wages, increasing officials' salaries, increasing the price of motor cars, the price of tractors, of fertilizer, of fodder, the way to control inflation? And yet we are all powerless to act as all these increases occur, the farmers perhaps even more so than most.

We have no right to apply double standards. Just try getting the farmer to agree to the price of his product remaining unchanged—when it is not actually falling, as is often the case these days. Is not the price he receives for his products his sole source of income? Of course it is, and Community farmers are demanding, and will increasingly go on demanding, entitlement to their full rights as citizens of the Community. That is a fact which we must take into account when we draw up our proposals this evening. And I would add that, just as it is essential to

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bring agricultural prices up to date, it would be inexcusable to wish to increase all of them at the same rate. Some producers are less affected by inflation than others, usually the ones who have the biggest undertakings. In nearly all cases it is the small farmers engaged in stock production who are having to meet the cost of the present situation and who are seeing their standard of living, which was not high in the first place, going down from one day to the next.

The time has come for all those in a position of responsibility in the Common Market to examine their conscience. The initial objective was to ensure that farmers had equality of income with other professional social categories. Has this objective been attained? The answer, in my opinion, is straightforward: no, it has not! And by the end of 1974 it will be further from attainment than ever. My dear colleagues, it is a matter of urgency to review and adjust European agricultural prices, not by some uniform percentage, but by taking account of the real costs of production with the farmers agreement that modern undertakings should be used as test cases in determining cost prices. Mr Lardinois, who only recently refused to support any proposal amending prices during the marketing year, has changed his tune. I congratulate him in the hope that he did so as a matter of principle, and not because of the threat of riots from the farming community. I hope he is convinced by now. The times we live in are times of such rapid change that we cannot lay down rules fixing the prices of everything for an entire year. Just as wages, salaries, industrial and commercial products change incessantly, agricultural prices must change on the same lines. Surely that is a question of basic fairness?

I should like to devote the rest of my time to giving a warning to the Council and to the Commission: gentlemen, if you refuse to pay the farmer the real value of his products, if you cause the farmer to lose heart, especially the small farmer, the one who works hardest at producing milk, beef pork, eggs, poultry, if you make him feel that he has been let down, he will eventually throw in the towel, lose interest in his profession and go and look for something better. Let us therefore be careful: soon Europe will be faced with a crisis, a very serious, perhaps insoluble crisis where we could end up with a black market in foodstuffs; and we all know what that would mean.

(Applause)

President. — I call Mr Liogier to speak on the amendment.

Mr Liogier. — *(F)* We are in agreement with Mr Bourdellès on the matter of the 8% increase,

but I must now explain exactly what happened three days ago at the meeting of the Committee on Agriculture. The crucial point of the debate centred on paragraph 1 of Mr De Koning's report on prices, which reads as follows: 'Considers it necessary to introduce rapidly an interim price rise of at least 4% in order to cover the exceptional cost rises in agriculture; this price rise shall apply to all products unless market relations oppose it'.

This text met with a host of amendments from various members or political parties in the Committee on Agriculture. Paragraph 1 raised two problems, equally fundamental in their different ways. The first concerns the overall percentage increase to be applied, the second the manner in which the rise is to be applied, whether it should be flat rate or differentiated according to product, as is immediately clear from the amendments submitted. It should, therefore, have been dealt with as two separate items; proposals for an increase of between 1 and 8 percent, and flat rate or differentiated application. The chairman, Mr Houdet, therefore proposed that voting should be on two separate sections of paragraph 1, the first reading:

'considers it necessary to introduce rapidly a price rise of at least 4 per cent in order to cover the exceptional cost rises in agriculture.'

This wording was rejected. The chairman again put this point to the vote, replacing 'by at least 4%' with 'by 8%' in accordance with the amendments which differed most from the original wording. This wording was adopted by a majority. It read as follows: 'Considers it necessary to introduce rapidly a price rise of 8% in order to cover the exceptional cost rises in agriculture'.

The essential point therefore is that a general increase of 8% was approved and passed by the Committee on Agriculture.

On the second section—flat rate or differentiated increase—there was somewhat confused debate, after which Mr De Koning proposed the following compromise wording, in an effort to reconcile the different points of view:

'this price rise shall apply to all products unless market relations oppose it; nevertheless, in certain circumstances derogations may be allowed'.

This wording was also approved and passed by a majority. The chairman, Mr Houdet, then put the proposal to the vote as a whole, each of the two parts having received a majority vote in favour under the conditions I have described. Unfortunately, Paragraph 1 as a whole was rejected. But as definitive agreement had been reached on the principle of an 8% increase, and

Liogier

there was now disagreement only on whether this increase should be flat rate or differentiated according to one formula or another, I proposed dividing Paragraph 1 of the Koning report into two distinct points, and since agreement had been reached on the first point, on the increase of 8%, trying to find some form of agreement on the interpretation to be given to the increase, on whether it should be flat rate or differentiated.

This proposal was not even put to the vote, although I protested, and after some commissioner had left, the chairman of the Committee on Agriculture left it to Mr De Koning to explain what had happened in the plenary sitting, putting us in a position where we are obliged to vote against his report.

This explains why you are now faced with a first paragraph in the De Koning Report which is identical to the initial wording, that is:

'Considers it necessary to introduce rapidly a price rise of at least 4%', although the Committee on Agriculture voted outright—and I defy anyone to contradict me—for the following wording 'considers it necessary to introduce rapidly a price rise of 8% to cover the exceptional cost rises in agriculture'.

Your amendment, aimed at restoring precisely—I am about to finish, Mr President—this wording by voting...

President. — Mr Liogier, you have exceeded your speaking time.

I call Mr Martens to move Amendment No 10.

Mr Martens. — (NL) Mr President, on behalf of my group I submitted an amendment lying between the two figures already proposed, since there was no agreement among us on either 8% or 4%. But our fundamental reasoning was as follows: 8% is justified, but we must take into account the fact that in July the Commission adopted measures to which the whole Parliament gave its approval. We therefore think that we must be able to evaluate these measures correctly. We therefore think we can say, 'good, 8% less 2%, that comes to 6%.' We think the 6% takes account of the measures which have been taken. I think that the effect of the measures taken in July is being felt now, and that the situation has not deteriorated at all. I would even go so far as to maintain that for the last two weeks the trend has even been if anything upwards. For these reasons we propose 6%.

President. — I call Mr Laban to move Amendment No 22.

Mr Laban. — (NL) Mr President, I am afraid that after Mr Liogier's statement I must as acting chairman of the Committee on Agriculture make some observations in order to avoid the creation of myths. It was in fact the case that the Committee on Agriculture voted on the two sentences making up paragraph 1. 4% in the first sentence was in fact amended to 8%. Then, in order to reach a compromise, our rapporteur amended the second sentence in such a way that if circumstances were such that an allround price increase was undesirable, there could be some differentiation. That was also accepted. The whole paragraph was then voted on, and the only reason why it was rejected is that Mr Liogier and his political friends, among others, voted against it, and therefore also against the 8% they were in favour of. There was nothing else to do then but, with the agreement of the Committee on Agriculture, vote on Mr De Koning's original proposal, which was accepted. That was what actually happened, and I am not going to say another word about it.

President. — Mr Laban, as President of this Assembly I wish to make a ruling that there is to be no further discussion of the genesis of this text. The Assembly has before it the text of paragraph 1 as adopted by the committee. We are concerned only with amendments to the text as we have it before us.

Mr Laban. — (NL) On behalf of the Socialist Group, I should like to defend amendment No 22. I have already made it clear that we have serious objections to the wording 'at least 4%', since that opens the road to 6, 8 or even more per cent. We have made it clear that in itself a general price rise for all products can give rise to injustices. We can agree to an average price increase of 4%. That is the limit, and it may therefore very well be that some products are increased by 8% and others by 2%. We think that this gives the hardest hit producers a chance. We also think that it is essential, particularly in view of the situation in the meat sector, for it to be possible to subsidise products under certain conditions. We feel that this is better than a general 4% rise in that sector. We therefore regard it as particularly important for the amendment we submitted to be adopted.

President. — I call Mr Noè to move Amendment No 24.

Mr Noè. — (I) Mr President, I am satisfied with what Commissioner Lardinois said a little time ago about the object of my amendment and I therefore withdraw it.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, with reference to the incident between Mr Liogier and Mr Laban, I should like to ask you to refer the problem which has arisen and may come up again as a procedural question to the Legal Affairs Committee. The chairman of the Committee on Agriculture, Mr Houdet, also expressed a similar opinion—not in this specific case but with reference to what may occur each time a similar case arises—and since legal certainty about application of the regulation must be established it is better that the Legal Affairs Committee should reach a verdict. In other words, I have future cases in mind rather than the present problem which seems to have been resolved.

I also, Mr President, wish to talk about the content particularly since in this matter I find myself in agreement with the Committee chairman who is certainly a person of great balance and vast parliamentary experience. So far as the various amendments tabled by some of the Italian colleagues of my group are concerned, I must say that we do not feel that we need adopt a definite position on the question of 4, 6 and 8% because we have criticised the system used by the Commission and consider that our point has been proved in the debate. The Commission proposes introducing an imprecise and uncertain generalised increase for, as Commissioner Lardinois admitted, products in countries with different rates of inflation and hence different requirements as regards the change in agricultural prices. It also applies to countries which, for structural or regional reasons, have widely different costs of production and to products governed by different systems of regulation, as my colleague Mr Cointat has pointed out this evening. In the face of such a situation it seems that talking about an increase of 2, 4, 6, 8 or 20% largely involves pulling the wool over the eyes of the peasants. Now the peasants, faced by the reality of life, cannot live off illusions because they reject them and therefore we have serious reservations about this type of measure. We also hold reservations about the price policy—in other words, we feel that a policy which exclusively or largely incides on prices cannot possibly resolve the problem of peasant income and bring it into line with the wages of other categories of workers. These are all reasons for voting against the measures but we have seen the reactions to them, we have seen the commitment there is, today we have spoken to the representative of the categories and have therefore decided to abstain on these amendments which fix figures intending this abstention to be interpreted in the sense of a hope. We hope thus to find in the forces which defend the rights

of the peasant movement, overcoming the obstacles criticised by the Commission in this Chamber, the general lines of an agricultural policy which is both complete and comprehensive, dealing with all Community farmers and involving a system of provisions and initiatives capable of really affronting and resolving the agricultural question.

President. — I call Mr Terrenoire.

Mr Terrenoire. — (F) Mr President, are we to understand that the Socialist Group is against the 8% increase in agricultural prices and the Communist and Allies Group is in favour? Is that right? We are having trouble with the acoustics.

President. — I call Mr Spénale.

Mr Spénale. — Mr President, the majority of the Socialist Group is against the 8% increase; but the group is not homogeneous and members are allowed to vote independently.

President. — I call Mr Lemoine.

Mr Lemoine. — Just a word, Mr President, in reply to Mr Terrenoire's question. I refer him to my statement earlier this evening. He will see that, speaking for myself and on behalf of my friends, I spoke in support of an increase of a minimum of 8%.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, as has been stated and as I also explained this morning in my explanatory statement, an amendment replacing 4% by 8% was in fact put forward in our committee. This amendment was accepted by the smallest possible majority, but was then rejected in a somewhat broader context. This hardly gives your rapporteur any basis for a positive or negative opinion. Personally, I shall vote against amendment No 24.

The same reasoning applies to amendment No 8 from Mr Bourges, which also mentions 8%. Amendment No 10 from Mr Martens was not discussed in our committee, but in view of the voting which took place on the various amendments for 4 and 8%, I have the impression, speaking suppositiously, that there would be a majority, and probably even a fairly large majority, for this amendment in the committee. I am therefore inclined to approve amendment No 10.

In my opinion amendment No 22 from Mr Laban on behalf of the Socialist Group does not make

De Koning

it sufficiently clear that the majority in the Committee on Agriculture would like to go further than 4%, and some even considerably further. I therefore think that it would not have obtained a majority in our committee if it had been voted on there.

Mr Spénale. — (F) In the Commission's text we have the words 'at least 4%'. It is for the President, is it not, to put to the vote first the amendment which departs furthest from the text. In the present instance this is the amendment of Mr Bourdellès and Mr Durand which reads: 'at least 8%'. After that there is the amendment of the Group of European Progressive Democrats: 'a price rise of 8%'. There follows Mr Martens' amendment recommending 6% and then the Socialist Group's amendment. These amendments must be put to the vote in this order. If one is adopted, the matter is settled. (

President. — Mr Spénale, what you have in fact been saying is that you support my proposal to begin by voting on the first part of the sentence. I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Very quickly, Mr President, and with the greatest respect. I think that we may be making rather a mountain out of a molehill here. What we have got are amendments to this paragraph. I would submit to you, Mr President, and to the House that we do not want to start splitting up sentences at semicolons and so on. What we want to do is, as has been suggested, to take the amendment that is furthest away from the original text as submitted to this House and put it to the vote. Now, there may be a difference of opinion as to which is the furthest away from the original text but it is not for me nor for the House to decide that. As the person in the chair, it is your prerogative to decide which, in your view, is the amendment furthest away from the text. We may disagree with you, but it is nonetheless your prerogative to so decide. I would therefore suggest that in order to save time,—after all, it is now half past one— you make the decision yourself as to which is furthest from the original text. That amendment should be put, then the next and then the next—we do not start dividing up sentences, we just take the amendments straight through, I beg to submit.

(Applause)

President. — I think that the amendment by Mr Bourdellès and Mr Durand should come first. If the Assembly agrees, I will now put Amendment No 4 to the vote.

Amendment No 4 is rejected.

I put Amendment No 8 to the vote.

Amendment No 8 is rejected.

We will now go on to vote on the first part of Mr Martens' amendment, which is worded as follows: 'Considers it necessary to introduce rapidly an interim price rise of at least six per cent on average in order to cover the exceptional cost increases in agriculture'.

I put this part of Mr Martens' amendment to the vote.

I call Mr Scott-Hopkins to speak on a procedural motion.

Mr Scott-Hopkins. — With the greatest respect to you, this is not the amendment submitted by Mr Martens. The amendment submitted by Mr Martens you have in your hand; every member has a copy of it. That is not what you have read out, and I really do suggest that this Parliament will get into an awful mess, if the chair starts chopping up amendments as it wishes and putting them separately. What are you going to do after that? Are you going to put the second half of the Socialist amendment as being further away from the text? What are you going to do? Combine a bit here and a bit there? Mr President, with respect, take the amendments as they are tabled. A great deal of trouble went into the drafting of them and, bless you, would you please do that now.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I think that Mr Scott-Hopkins, with the agreement of this House, has made it clear that it is your prerogative to put the proposals to the vote, and I am in full agreement with Mr Scott-Hopkins that the amendments cannot be chopped up. Moreover, I think that if we are taking the amendments in sequence of those which go furthest, the next one to be put to the vote should be one I put forward on behalf of the major part of my group, fixing an average price increase of 4 per cent, but with differentiation and product-linked subsidies. I think this amendment should be put to the vote first, and only then the one for 6 per cent.

President. — Since the Assembly is agreed on this, I shall now put Amendment No 22 by Mr Laban to the vote.

Amendment No 22 is rejected.

I put Amendment No 10 to the vote.

Amendment No 10 is adopted.

After paragraph 1 I have Amendment No 9,

President

tabled by Mr Cointat on behalf of the Group of European Progressive Democrats and worded as follows:

After paragraph 1, insert the following new paragraph:

'1a. Feels that this rise should not obscure the need for different levels of prices corresponding to the present requirements of animal production;'

I call Mr Cointat to move this amendment.

Mr Cointat. — (*F*) I fully respect the opinion and decisions of the European Parliament, but I am bound to tell the Commissioner, Mr Lardinois, and the Council that if an increase of at least 8 per cent is not agreed on in the Community, there will be a revolt in my country. If I say this, it is not, as some may suggest, because I am no longer a Minister: when I was responsible things did not go too badly, since revenue increased by 10 per cent the first year and 14 per cent the following year. I wonder who can do better than that.

President. — Mr Cointat, please would you explain your amendment.

Mr Cointat. — Since 1971, everyone has been agreed, Mr President,—and perhaps I deserve some of the credit for this—that there must be different price levels, and that animal production has to be given special encouragement. This is why we have tabled this amendment, seeing that the principle of different price levels has always been accepted since 1971, not only by the Council of Ministers and the European Parliament but also by the professional organizations.

President. — I put Amendment No 9 to the vote.

Amendment No 9 is rejected.

On paragraphs 2 and 3 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

On paragraph 4 I had an amendment tabled by Mr Bourges on behalf of the Group of European Progressive Democrats, which aimed at replacing the word 'reasonable' by the word 'fair'.

I have discovered, however, that this adjustment has already been made in some of the official versions and I shall ask the Secretariat

to have all the versions of the text coordinated along the lines indicated by Mr Bourges.

I put paragraph 4, subject to this correction, to the vote.

Paragraph 4, subject to this correction, is adopted.

On paragraph 5 I have two amendments:

Amendment No 5 by Mr Bourdellès and Mr Durand, worded as follows:

Paragraph 5.

Add the following to this paragraph:

'Believes, nevertheless, that in order to avoid any speculation on a fall in prices on the beef market between now and 1 November 1974, the Commission should forthwith state its intention to maintain the suspension of imports from third countries to all the Member States for as long as the market situation demands;

Believes also that resumption of imports at the very moment when cattle are leaving the meadows to be sold would inevitably result in a potentially disastrous slump in prices on the beef market.'

Amendment No 11 by Mr Gibbons and Mr Laudrin, worded as follows:

This paragraph should read as follows:

'5. Is concerned on the one hand that the producers' entitlement to the preference guaranteed them should be respected and feels that consultation with third countries should take place whenever necessary; considers it indispensable on the other hand that the Council should state its intention to maintain the suspension of beef and veal imports from third countries and that it should rapidly take similar measures to curb imports of pigs and poultry for as long as the market situation demands;'

These two amendments can be considered together.

I call Mr Durand to move Amendment No 5.

Mr Durand. — (*F*) Mr President, honourable colleagues, the amendment tabled by Mr Bourdellès and myself supplements paragraph 5 and asks that the suspension on meat imports from third countries to all the countries in the Community be maintained for as long as the market situation demands.

I wish, therefore, to stress the point that if the 4 percent increase is inadequate for the other forms of agricultural production it is even more so with regard to beef and pork production.

How is a stockbreeder going to react to an increase of 100 francs on the price of an animal worth 2,500 francs? He will just think he is being taken for a ride. If it is really agreed that something ought to be done, as indeed it must, then the increase must be on a much larger scale. But we must not forget that the cata-

Durand

strophe that has struck the meat sector is due to large quantities of meat having been imported into the Community without justification or need. Suspended as they are, at least on paper, for four months, these imports must not on any account be authorized until the market situation allows. This is the crux of the matter. What is the point of intervention measures to relieve the market if, at the same time, large quantities are being imported, so large that they have to be disposed of at reduced prices! If we go on in this way, all the other measures proposed, whether relating to structure or interest subsidies, measures which in any case have come too late to be effective, will be in vain and the stockbreeders will become more discouraged than ever.

This is why Mr Bourdellès and I have tabled this amendment, recommending that our frontiers remain closed after 1 November. The report suggests that it would be desirable in this case to offer financial compensation to those from whom we have been buying meat. I must confess I fail to see why. Naturally, it is never pleasant for anyone to lose a market for his goods, even only temporarily, but is one supposed to pay compensation for no longer buying articles one no longer needs? Isn't a certain amount of resentment among exporters to be preferred to despair among the Community's farmers? I leave you to decide, ladies and gentlemen, but we sincerely trust that, in the interests of the farmers and of the Community, you will support our amendment.

(Applause)

President. — I call Mr Gibbons to move Amendment No 11.

Mr Gibbons. — Mr President, there is very little difference between Mr Bourdellès' amendment, to which he has just spoken, and the one which I now move. It is the opinion of our group that the sentiments expressed in paragraph 5, though laudable in themselves, to some extent distort the meaning that we would wish to convey, in expressing anxiety for the possible difficulties of third countries exporting into the EEC and at the same time seeming, possibly inadvertently, to take less account of very real difficulties of the Community's own producers.

It is with that feeling in mind that we have tabled this amendment, in the belief that one of the main sources of the present crisis in the cattle industry were the imports from these third countries, about which paragraph 5 at present expresses anxiety. We do not in any sense wish to see the interests of third countries treated in any cavalier or roughhand way, but we do want to emphasize that it should be the

concern of the Community, having been seen to be giving fairplay to everybody, to give the final edge of preference to the Community's own producers. I therefore move Amendment No 11.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I oppose this amendment, and indeed the two amendments, as I do not think they are necessary. The House will remember Commissioner Lardinois saying during his hour-long speech earlier this evening that he was suspending imports and would continue the suspension until the end of November. During that time there would be negotiations with the countries exporting to the Community, and he was fully alive to the danger of allowing imports through at too high a level. Indeed, beef imports had been cut down from 1 million tonnes to just under 320 thousand tonnes this year.

I would therefore suggest to those moving these two amendments that they are unnecessary in view of the assurance which has already been given by the Commissioner that imports are in any case suspended until the end of November. Both authors of the amendments, or certainly the honourable Member who has just spoken, has said that he agrees that negotiations should take place. This, too, I would have thought, obviates the necessity for these amendments, particularly when we all know about the dangers, the troubles of our farmers, especially those in the livestock sector.

The amendment we have already passed to paragraph 1 gives an average of 6%, so should go much higher than 6% on some and lower on other products. As the authors of these amendments are worried about this, it is easy to see that if the Commission adopted our suggestion, it could indeed go much higher in the percentage increase, owing to the amendments which have been made to paragraph 1 and the amendment which we have accepted from Mr Martens to safeguard the livestock producers.

I therefore hope this House will not pass either of these two amendments.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I must say that I cannot understand why there was applause after the explanatory statement by the proposer of the first amendment to paragraph 5. If there is one reason now for the developing countries to accuse the EEC of hypocrisy, it is that we as rich countries, which we are in Europe by comparison with the developing countries, shut the

Laban

doors without any consultation as soon as there is 2 or 3 days meat supply in storage. I simply cannot understand how one can still dare to put forward amendments like this! I think that Mr Lardinois is in agreement with us in principle, and I agree that he should as soon as possible start consultations with the developing countries, to avoid scandalous situations like this arising again. Mr Gibbons wants to go even further, with poultry and so on. I have not been able to consult my group, but I assume that the major part of the Socialist Group will be against these amendments.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — Mr President, as regards amendment No 5 from Mr Bourdellès and Mr Durand, I can only underline the statements already made, that the amendment is completely superfluous after what Mr Lardinois has had unfortunately to say in all clarity.

As regards amendment No 11 from Mr Gibbons and Mr Laudrin, I think that in the first place the right of producers to their guaranteed preference is put far too absolutely, as if that was the only right we know in the EEC. That is one side of the matter, but there are still a number of other sides which must be brought into harmony with each other. The second element of the amendment is much the same as the previous amendment. It is therefore just as superfluous. The Commission is further asked to take urgent measures to curb imports of pigs and poultry. I should like to hear from Mr Lardinois what the Community balance of trade as regards pigs and poultry is like. I don't have the figures in my head, but I am well aware that very few pigs come into the Community, but that my own country, the Netherlands, alone sends 200 million guilders worth of canned pigmeat to the United States. So I have the feeling that we shall suffer gravely from curbs on imports of pigs and poultry, if others start curbing our exports of pigs and poultry. I would therefore advise that both amendments be rejected.

President. — Mr Lardinois, do you want to say anything at this point about these two amendments?

Mr Lardinois. — (NL) Mr President, I have already said in the first instance that the Community will this year, probably for the first time in the history of western Europe, no longer be a net importer of beef and veal; for poultry and pigmeat, the Community is a net exporter this year.

President. — I shall put Amendment No 11 to the vote first, since it is further from the Commission's text.

Amendment No 11 is rejected.

I put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

After paragraph 6 I have Amendment No 1, tabled by Mr McDonald, Mr Creed and Mr Dunne and worded as follows:

After paragraph 6, insert a new paragraph 6a.

'6a. Considers also that in view of the sharp increase in the cost of farm inputs and in order to ensure that the level of Community food production is not endangered, Community measures should be introduced to encourage the use of lime; in addition, steps should be taken to maintain the usage of fertilizers and pesticides, which is so essential to the maintenance of an adequate level of output;'

I call Mr McDonald to move this amendment.

Mr McDonald. — Mr President, I will be very brief on this particular amendment.

The Commission—at least I read it in one of the reports—are forecasting that we may very well have a scarcity of agriculture production in the next eighteen or twenty-four months, and I think that an early stage is the time to try and stabilize agriculture production.

Fertilizer prices have increased by 250% in the last year; they may be lower in one country than in another, but this increase has been fairly consistent right across the Community, and I would strongly urge the Commission to endeavour to convince farmers that this is not the time to cut back on their agricultural inputs because the price situation may not be favourable, but that they should be encouraged to use additional lime, fertilizers and pesticides. Pesticides would not constitute a problem for Irish farmers, but I do accept that it would be a problem for some of our European colleagues.

I would therefore ask the House to consider adopting this amendment in an attempt to stem the trend towards decreased agricultural output and so that we do not find ourselves in two years' time coming back to this Parliament

McDonald

bemoaning the fact that we have a scarcity of various agricultural commodities, be it beef or grain or some other crop. I think that what farmers probably want in agriculture at the present time is stability in the market, and farmers must be reassured that their future is safe under the CAP. I think that this is an opportunity for the Commissioner to encourage farmers right across the Community to stick with agriculture, to continue investing in agriculture and to show them the better possibilities by keeping up top-class farm husbandry. With those few remarks, I submit this amendment to the House.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I will be brief. I want to say that I appreciate very well the intentions of my Irish colleague in moving this amendment, but I would like to ask him why he confines himself to fertilizers and pesticides. Why, for instance, did he not continue to recommend that, say, stocks and other commodities, building materials, should be included in this amendment as well? Possibly he will be good enough to tell me. I do not intend to oppose this amendment, but I think it is only a partial one.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I ask the House to reject this amendment on two grounds. First, it is out of step with the Commission's three basic proposals: increase in prices, monetary arrangements and structural arrangements. It is out of step with these particular issues, which we have been discussing for twelve hours. Undoubtedly what is necessary—as was said by my honourable friend just now—will be one of the main aspects which Commissioner Lardinois will be bearing in mind. I hope he will say that he will do this, when he comes to make his annual determinations in November/December of this year. That is the time when I hope the suggestions of my honourable friend will be considered by the Commissioner, but not now. I ask the House to reject this amendment.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, we are in sympathy with the principle of the amendment, but as lime is available in some areas in large quantities and can be used for agriculture, this is in my opinion a matter for the Member States and not a matter for the Commission to get involved in. A subsidy on fertilizers and pesticides means support to industry and producers

of fertilizers, who make considerable profits and who can keep the price up with the existing demand.

Mr Gibbons has already shown how far we are slipping. I think the farmers ought to show that they can use a bit less of these products for a year, and then the producers' prices will fall. This is why we are against this amendment.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, I can share the objections raised from various sides to the amendment. I think that if we want to take this direction such a measure would at any rate have to be fitted into a Community policy. I could well imagine that for some areas in the Community a liming project in the context of structural policy could have a point. When it is a matter of granting subsidies, especially consumer subsidies, for fertilizers and pesticides, we must in the long run realize that what we probably have to do with in the case of these products is a structural price rise. That would therefore mean a permanent subsidy, and Parliament must realize that the costs of that will be very large, in view of the area of the Community where fertilizers and pesticides are used.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I should like to withdraw the amendment.

President. — Amendment No 1 is withdrawn.

On paragraph 7 to 10 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 7 to 10 to the vote.

Paragraphs 7 to 10 are adopted.

On paragraph 11 I have Amendment No 23, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group; this amendment proposes that this paragraph be deleted.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Mr President, the House will know our view that the English pound and the Irish pound should keep in step and be devalued together. Paragraph 11, as it stands, highlights the Irish pound and goes beyond what the Commission is proposing for the English pound. In light of what I said when I was speaking earlier this evening and what has

Scott-Hopkins

already been said in this debate, I therefore beg to move this amendment.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I would ask the House to reject this amendment totally. I would recall to the memory of Members that what we are asking for, and what is being recommended in this paragraph 11, is the recognition of the reality of the value of this pound sterling, whether it is Irish or not; and what is implied in what the Commissioner said earlier this evening and what the honourable gentlemen who has just sat down has been saying is that the fate of the Irish pound will be dictated by the choice and the whim of the United Kingdom government. We do not wish to accept this at all. The realities as far as my country is concerned, and we are the biggest cattle exporter of the Nine, is that we are actually and completely debarred from access to European markets for cattle or meat because of the necessity to meet monetary compensatory amounts, though we cannot get into any European market at all profitably while these exist.

Nothing less than the adoption of paragraph 11 as it stands is of any value to the Irish cattle market, and I think the Commissioner knows that very well. I was astonished to hear him say earlier tonight that the Irish themselves were to blame for the rapid build-up of cattle in Ireland and the likelihood of a shortage of fodder. I would respectfully submit to the Commissioner that the fault must surely lie with the management of the meat market and I would ascribe the responsibility for this to the Council of Ministers, some members of which are always ready to pass the buck and make a whipping boy of the Commissioner. I do not accept that myself; but I do say that the cause of the stagnation of the Irish cattle trade and the failure to export cattle is this very imposition of MCAs which we are seeking to get rid of.

The Commissioner did say that he has always hated MCAs and I ask him now, would he please give the Irish, who are suffering more than anybody else in this area, the benefit of that hatred and devalue the pound properly. We do not wish to be tied hand and foot to the British Government at all. Anybody that knows anything about Irish history must know that the close ties that have bound us and Britain through the centuries, have not been very fortunate for the Irish, and while we wish to be friendly with our neighbours across the Irish Sea, we do not wish to be their vassals in any way, and we will not be.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I would ask the House to reject the amendment tabled by Mr Scott-Hopkins, because I think it completely distorts the situation. Our British colleague would have the House think that if this full devaluation should come about, it will introduce new, thorny problems into trade between our two countries and indeed between the Republic of Ireland and Northern Ireland. This, I should like to assure you, is not so, because this year, a few short months ago, there was a differential in price—because the UK Government chose not to operate the intervention system—between the price of cattle both sides of the Irish border. Even at present we have, under the Accession Agreement, in the dairy product section a differential in price.

To put it very concisely, I think that some of our colleagues here do not really understand the kernel of the situation. If I want to export a fat beast to anywhere in Europe, I have got to send with it at least 70 pounds sterling in various charges, made up of the MCA and the accession compensatory amounts. You must bear in mind the fact that the price of fertilizers are constant in practically all parts of the Community, that the price of grain is the same in my country as it is in yours and that fuel is roughly the same price throughout the Community. So we have almost the same costs, whereas, if you export from Germany to the United Kingdom, you get a bonus of 60 to 70 pounds per beast, on top of the fact that beef here in Europe is over five pounds sterling per live hundredweight more expensive than it is in our country. We are therefore forced to produce prime beef, and the Irish farmer is only receiving something like 22 to 28 pence per pound for that.

It is not our fault if the housewife in Germany or France, or any other part of Europe, is paying 250 pence per pound. What we want is that the Irish farmer should not have to suffer this full devaluation of 15% because no other farmers in the Community are suffering the same disability. Why should the United Kingdom government treat Ireland differently from the way it treats the other seven Member States?

All we ask is justice, and I would therefore ask this House to reject utterly this motion. It will not affect the economies of any other country in the Community and completely misrepresents the situation. We are only dealing with the green pound; it will not affect our currencies, because after full devaluation our pound will still be exchangeable on a pound for pound basis.

President. — I call Mr Lenihan.

Mr Lenihan. — Mr President, I intend to be very brief, because this is basically a matter of

Lenihan

Community solidarity and we are putting it to this Parliament that, as far as the Community is concerned, it has recommended it. The Commissioner in his report mentions the fact that there is this devaluation of 15.3%; the Commissioner here this evening said that he wished to get rid of monetary compensatory amounts.

The proposal that it is now being sought to delete, in effect, recognizes a devaluation which the Commission in its report accepts does exist, and what we are merely seeking to do is recognize this distortion that has arisen by reason of the floating currency situation within the EEC. If currencies are floating and if distortion has taken place because of that, why should we be penalized in Ireland? I would mention, too, to the other countries whose parliamentarians are here present, other than the United Kingdom, that the effect of this distortion of 15.3% in regard to our monetary compensatory amounts, through the distortion in the relationship between the unit of account and pound sterling, is that our agricultural exports into every one of the other countries of the Nine, every one of your countries here present, are penalized to the extent of 15.3%. In other words, our agricultural exports into the Benelux countries, into Denmark, into Germany in particular where the penalty is very high and into Italy and into France, right across the board are subject to a 15.3% penalty. If we do not insert this provision recommended by the Commission and if we go along with the amendment that we are now discussing, it means that we are going to continue the penalization of agricultural exports from an agricultural producing country; and that in a situation where we have free trade within the Community in industrial goods. The suggestion, is in effect, that we adopt this amendment and continue a system of penalizing exports, and we retain what Commissioner Lardinois has told us here today is the distressing system of monetary compensatory amounts. That is why on the basis of Community solidarity and on the basis of recognition of a penalization that has grown from currency distortions over which we have had no influence, on the solid basis of Community loyalty, we are entitled to follow the Commission recommendation in this respect.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, the majority of the Committee on Agriculture was for the adoption of an amendment which brought this paragraph 11 into the text. Against this, Mr Lardinois in his answers to the questions has stated very explicitly that he would put in a plea for as great a devaluation of the Irish pound as possible. I think that

ought to go a long way to meet the material content of the wish expressed by our Irish colleagues. As rapporteur of the Committee on Agriculture, I cannot put the position of the Committee on Agriculture on this point as positively as I would have done as regards the statement by Mr Lardinois. Personally, I shall abstain from voting.

President. — I put Amendment No 23 to the vote.

Amendment No 23 is rejected.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

On paragraph 12 to 14 I have no amendments or speakers listed.

Does anyone wish to speak?

I call Mr Brøndlund Nielsen.

Mr Brøndlund Nielsen. — (DK) Mr President, I should like to request a separate vote on paragraph 13.

President. — Mr Brøndlund Nielsen asks that each of these paragraphs be voted on separately.

I put this proposal to the vote.

Are there any objection?

That is agreed.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

On paragraph 15 I have two amendments; they are:

— Amendment No 2 by Mr McDonald, Mr Creed and Mr Dunne, proposing that this paragraph be deleted;

— Amendment No 12 by Mr Gibbons and Mr Nolan on behalf of the Group of European Progressive Democrats, worded as follows:

Paragraph 15.

Add the following text to this paragraph:

“Feels, however, that if the British Government refuses to accept the full 15.3% devaluation recommended in paragraph 11, Ireland will not feel obliged to accept a level of devaluation determined by Great Britain;”

President

These two amendments can be considered together.

I call Mr McDonald to move Amendment No 2.

Mr McDonald. — Mr President, I wish to move Amendment No 2, that is, that paragraph 15 should be deleted. It's not a matter that I am terribly upset about, but, nevertheless, some people see ambiguity or a clash between paragraph 11 and paragraph 15. I should just like to say that the Irish pound and the English pound are two separate currencies and I think they will always remain so. My personal view is that I have not any great objection to paragraph 15, but as some of my colleagues have, I would just put the amendment to the House.

President. — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

I call Mr Gibbons to move Amendment No 12.

Mr Gibbons. — Mr President, there is no fundamental difference except this, that in the article as it stands paragraph 15 has nothing that I can see that we would object to. But we would like to amend it in the manner set out in Amendment No 12, in order to ensure that our own country has complete independence in this and that our monetary policy is not dictated to us by other countries in the Community. There are no valid grounds whatever on which Ireland can be unwillingly tied to the apron strings of the United Kingdom, and therefore, Mr President, I move this motion in my own name and in the name of Deputy Nolan.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — If I may call the attention of the House to the fact, I believe that this amendment is out of order. In point of fact, it deals with a hypothetical question which is conditional on something which has not happened. It is a purely hypothetical question as to whether or not the British Government would refuse. However, if the House would look at paragraph 11, it says that the devaluation recommended in paragraph 11 refers to the Irish pound and not the British pound. Therefore, the amendment is really out of order. While I understand my honourable colleague, who has just sat down and appreciate his views and, it seems, those of all his colleagues, I really do suggest that this is a little unnecessary. Let us try to go forward, taking the words of paragraph 15 as they stand. Let us try to go forward together in solidarity to form a better Community, rather than squabble over green pounds and Irish pounds and British pounds.

President. — I call Mr Thornley.

Mr Thornley. — Could I just speak on a point of order? I completely agree with Scott-Hopkins. Having already rejected the Scott-Hopkins amendment to No 11, I see absolutely no necessity for carrying the addendum suggested here by Mr Gibbons.

President. — I put Amendment No 12 to the vote.

Amendment No 12 is rejected.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

On paragraph 16 I have Amendment No 13, tabled by Mr Bourges and Mr Liogier on behalf of the Group of Progressive Democrats and worded as follows:

Paragraph 16

Add the following text to this paragraph:

'..., and to give such undertaking the possibility of deferring payment by one year;'

I call Mr Liogier to move this amendment.

Mr Liogier. — (*F*) Mr President, this is a supplementary provision to enable undertakings which are modernizing themselves to defer payment of loans to help them over what we all agree is a difficult period.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (*NL*) Mr President, this amendment was not submitted to the Committee on Agriculture and obviously therefore not discussed in it, but I should like to point out that it is difficult to declare an amendment like this, if we were to accept it, applicable in the whole Community. It has to be realized that credits are not extended by the state everywhere, but that in by far the majority of cases, credit is extended by private banks. I am therefore against the adoption of the amendment.

President. — I put Amendment No 13 to the vote.

Amendment No 13 is rejected.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

On paragraphs 17 to 19 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 17 to 19 to the vote.

President

Paragraphs 17 to 19 are adopted.

On paragraph 20 I have Amendment No 14, tabled by Mr Kaspereit and Mr Nolan on behalf of the Group of Progressive Democrats and worded as follows:

Paragraph 20.

Add the following text to this paragraph: '... and requests a study at the same time of all possible measures to assist craft industries and commercial undertakings operating in a rural environment where the consequences of the present agricultural situation have serious repercussions for them.'

I call Mr Cointat, deputizing for Mr Kaspereit, to move this amendment.

Mr Cointat. — (F) Mr President, paragraph 20 concerns assistance to young farmers. However, as some speakers have already stressed, there are entire communities in the rural areas and farmers are not the only ones who live there: craftsmen and traders in country districts are affected by the same economic conditions. There is a danger that, if aid is given to farmers and the other social groups are overlooked, a rift will be created between these different sections of the community. This is why Mr Kaspereit and Mr Nolan have tabled an amendment on behalf of our group drawing the Council's attention to the need to do something for the whole rural community and not only for the farmers.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, what Mr Cointat says is unquestionably correct, but that does not mean that we have to add to the paragraph in the manner proposed. This resolution deals with the agricultural policy, and I do not think we should bring in the whole economic policy or the whole social policy as regards various groups of enterprises or various social groups. In this case I should advise against adoption of the amendment.

President. — I put Amendment No 14 to the vote.

Amendment No 14 is rejected.

I put paragraph 20 to the vote.

Paragraph 20 is adopted.

I have Amendment No 15, tabled by Mr Kaspereit on behalf of the Group of Progressive European Democrats and worded as follows:

Paragraph 20a (new).

After paragraph 20, insert the following new paragraph:

'20a. Considers it essential to implement a policy of coordination, organization and informa-

tion with respect to distributive networks and their operating conditions in order to ensure a better guarantee of prices for both consumers and producers.'

I call Mr Cointat, deputizing for Mr Kaspereit, to move this amendment.

Mr Cointat. — (F) During the general debate a great many speakers have drawn attention to the relationship between production costs and consumer prices. They have all stressed the fact that consumer prices do not always follow the same curve as production costs. Something had to be done about this, so Mr Kaspereit has tabled, on behalf of our group, Amendment No 15, asserting the need 'to implement a policy of coordination, organization and information with respect to distributive networks and their operating conditions'. Mr Kaspereit has tabled this amendment in response to the feelings expressed by a great many speakers.

President. — What is the rapporteur's position?

Mr De Koning, rapporteur. — (NL) Mr President, there are no objections to the contents of this amendment in itself. I should merely like to draw attention to an error in the Dutch text. The last sentence speaks of a guarantee of prices for both 'verbruikers als consumenten'. These are however the same thing, albeit the one word is better Dutch than the other one.

Once the error in the Dutch text is corrected, I do not think there are any objections to the adoption of this amendment.

President. — I put Amendment No 15 to the vote.

Amendment No 15 is adopted.

On paragraph 21 I have Amendment No 21, tabled by Mr Gibbons on behalf of the Group of Progressive European Democrats and worded as follows:

Paragraph 21.

Add the following text to this paragraph:

'... and therefore urges the governments of Member States which do not as yet operate interest subsidy schemes to introduce them as quickly as possible in order that producers in these countries can benefit from this measure.'

I call Mr Gibbons to move this amendment.

Mr Gibbons. — Mr President, I will be very brief indeed.

Among the proposals made by the Commission is one for the augmentation of the interest subsidy scheme. The point that I make in this

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amendment is that there are certainly some countries—there is certainly one, my own,—which do not operate this scheme. Through our own fault—it is matter for the national government, I realize that—but through our own fault a benefit is being conferred on all the farmers of the Community except ours, and I therefore move this amendment in order to urge on our government, and any others who may not be operating the scheme, to get it into action as quickly as possible for the sake of their own nationals.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, this amendment is a typical piece of unnecessary work. There is absolutely no difference from paragraph 21 of the resolution, except that Mr Gibbons' amendment is longer. I prefer the short text.

President. — I call Mr De Koning.

Mr De Koning, rapporteur. — (NL) Mr President, I fully agree with Mr Laban. When the structural directives are introduced, the interest subsidy also automatically comes into force in the country concerned. I do not think we should separate the structural directive and the interest subsidy regulation it contains.

President. — I put Amendment No 21 to the vote.

Amendment No 21 is rejected.

I put paragraph 21 to the vote.

Paragraph 21 is adopted.

On paragraphs 22 and 23 I have two amendments: Amendment No 16, tabled by Mr Bourges and Mr Liogier on behalf of the Group of Progressive European Democrats and worded as follows:

Paragraphs 22 and 23.

Replace these two paragraphs by the following text:

'22. Considers that in the present situation the measures taken by certain Member States result from the breakdown in the administration of Community agricultural policy and therefore requests that, within the context of controlled and efficient Community action, Community measures to assist farmers directly should take the place of the national measures taken in the recent crisis situation;'

Amendment No 19, tabled by Mr Früh on behalf of the Christian-Democratic Group and worded as follows:

Paragraph 23.

This paragraph should read as follows:

'23. Considers it imperative that the aid measures required to cope with the present crisis should be taken at Community level and that all national aid measures should be suspended;'

I call Mr Liogier to move Amendment No 16.

Mr Liogier. — (F) Mr President, we are referring here to national measures. We propose that Paragraphs 22 and 23 should be replaced by the text you have just read, which will then become Paragraph 22.

As I pointed out earlier, Mr President, such and such a Member State may have been induced—rather I should say compelled—to counter catastrophe by taking emergency measures in contravention of the treaties, which they need not have done if the Community authorities had taken the same measures at the right time.

Our amendment recognizes this, requesting that Community measures be introduced quickly to replace the national measures which were taken simply to avert disaster during the recent crisis.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) We agree with this amendment and welcome the occasion to remind the Commission that, in the present difficult situation, the attitude of the Brussels bureaucracy which blocks the laws of the various countries and regions designed to help peasants must change. It is an insult to Italian agriculture to see, in the face of the disastrous situation touched on by my colleague, Mr Marras, in the stock-breeding sector, that when certain Italian regions, such as Lazio and Lombardia, try to divert some thousand millions to peasants in difficulty a request arriving from Brussels to annul the laws and application being made to the Court of Justice. This reminds me of the Italian proverb about the gardener's dog who gives no assistance himself but will not allow others to help. We support this amendment because we agree with its spirit. We must put an end to this for once and for all! The Commission must not be allowed to prevent national states and regions from helping farmers. Mr Lardinois, you must understand that you are not Europe's boss and that, in behaving in this way, you endanger not the measures taken by the individual countries in dire straits but the Commission's very existence—which is much less serious.

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, we wish to leave paragraph 22 as it is. Our amendment refers only to paragraph 23, where we simply wish to strengthen Community measures. We are afraid that if the text is left in its present form, there is a danger that national measures will be taken, which it will then be impossible to revoke and which will finally have to be taken over by the Community. We are afraid that this text might give rise to a confusion of national requests which it will later be impossible to revoke and which will then rebound on the Community. We therefore recommend that our amendment to paragraph 23, to strengthen the common agricultural policy, be adopted.

President. — I call Mr De Koning to speak on these two amendments.

Mr De Koning, rapporteur. — (NL) Mr President, Amendment No 16 from Mr Bourges and Mr Liogier seems to me in the first place to contain accusations against the Commission's policy which must at least be regarded as one-sided, and largely also unfair. Secondly, I do not find any encouragement in the amendment to the withdrawal of a number of unilateral national measures. In this respect I am much more in agreement with Amendment No 19 from Mr Früh. In the motion for a resolution what Mr Früh has put into words is formulated somewhat more cautiously, but caution is not always a virtue, especially in the case of measures which really ought not to have been taken and of an urgent request to rescind them in the shortest possible time. I would therefore advise Parliament to reject Amendment No 16 and adopt Amendment No 19.

President. — I call Mr Deschamps.

Mr Deschamps. — (F) Mr President, I wish to speak because after hearing the French translation of Mr Früh's and Mr De Koning's remarks, I think there is some discrepancy between the French text and what the author of the amendment wishes to say. The idea that Community measures must be taken to replace the national ones is not conveyed in the French version. It was included in the original text of Paragraph 23 but has now been omitted. But this is what is meant. We want to condemn the principle of national measures and to see them replaced as soon as possible by measures taken at Community level. We are not saying, as the French text might suggest, that national measures must be suspended without being replaced by Community measures.

President. — I put Amendment No 16 to the vote.

Amendment No 16 is rejected.

I put paragraph 22 to the vote.

Paragraph 22 is adopted.

I put Amendment No 19, which refers to paragraph 23 only, to the vote.

Amendment No 19 is adopted.

Paragraph 23 then is worded as it is drawn up in Amendment No 19 which has just been adopted.

On paragraph 24 I have two amendments:

Amendment No 17, tabled by Mr Bourges and Mr Liogier on behalf of the Group of Progressive European Democrats and worded as follows:

Paragraph 24.

This paragraph should read as follows:

'24. Considers fiscal measures such as, for example, a harmonized rise in the exemption in VAT for the most important agricultural inputs (machines, fertilizers, energy, etc.) and social measures with a purely internal effect justified in order to improve the income situation in agriculture.'

Amendment No 20, tabled by Mr Früh on behalf of the Christian-Democratic Group and worded as follows:

Paragraph 24.

This paragraph should read as follows:

'24. Considers, however, that Community measures of a fiscal nature and measures of a social nature having a purely internal effect could be justified in order to improve the income situation in agriculture.'

Both these amendments can be considered together.

I call Mr Liogier to move Amendment No 17.

Mr Liogier. — (F) This, Mr President, is a minor amendment to Paragraph 24 which at present reads 'Considers, however, that fiscal measures... are justified, etc.'

We think the words 'however' and 'that' superfluous and that it would be more normal to write 'Considers fiscal measures... justified, etc.'

President. — I call Mr Früh to move Amendment No 20.

Mr Früh. — (D) We merely wish to stress, Mr President, that as is stated in the original text, fiscal and social measures are important in improving the state of agriculture; we do, however, emphasize that these measures should

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be taken as far as possible on a Community basis, because it is becoming increasingly clear that divergent measures on the part of individual countries lead to differences in the agricultural situation. I feel that this would be an important task for the Community's common financial and social policy and that it could make a very important contribution to a sound and in the long term effective agricultural policy. I would request, therefore, that this amendment be adopted.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I find myself in agreement with Amendment No 17. It is a very minor one, merely taking out two words, leaving the substance of the text of paragraph 24 as it stands. I would ask Mr Früh to consider withdrawing his amendment because I think that it really rather diffuses the purpose of this particular paragraph. As it is drafted in the De Koning Report, it is much more specific in what it says about exemption from VAT, and then it goes on to the most important things and so on. It specifies what particularly the rapporteur is aiming at and whilst I think there is very little divergence in fact between what Mr Früh is trying to get at and what is actually in the main text by the rapporteur, I would have thought that from every point of view it is better to be more specific rather than to haze and blur the issue over, because otherwise everything that Mr Früh said in his short intervention is in point of fact in the main text. So I hope that the House will accept Amendment No 17 and regretfully not accept Amendment No 20 if Mr Früh should go through with it.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, very briefly to Amendment No 17. If I am still seeing properly at this early hour, there is a clear connection between paragraph 23 and 24, and at least in the Dutch text, the word 'however' is absolutely in place. I am therefore against this amendment. Moreover, we, like Mr Scott-Hopkins, find that paragraph 24 of the resolution puts our feelings well. We therefore do not need Amendment No 20 from Mr Früh, since as far as I can see the necessity for harmonization is not expressed in it. We therefore prefer the original text.

President. — I call Mr De Koning.

Mr De Koning, rapporteur. — (NL) Mr President, I agree with what Mr Laban has said as regards Amendment No 17; the intention of the

word 'however' is in fact to connect paragraphs 23 and 24 with each other, and I should certainly like to maintain this connection. As regards Amendment No 20, I think that after attentive rereading of paragraph 24 in the old version and of the text proposed by Mr Früh, my preference is for Mr Früh's text. The old text of Article 24, the original text, gives VAT as an example. It would seem, however, that VAT legislation in the various Member States is too varied to be brought easily together in one text. The Dutch text as it stands at the moment is utter nonsense, but the German text—with the literal translation—is fine. The Dutch text ought to have reduction of the VAT tariff for the most important means of production, or a rise in the VAT exemption rate, and that is all. As it stands it is quite impossible; I already said at the beginning of the day that the Dutch text would in any case have to be revised but it will be rather awkward to keep an identical text in the various languages when we have different taxation systems to deal with. For these reasons I think Mr Früh's text is preferable. It has the same purport and dispenses with the necessity for a complicated adjustment of the Dutch text and perhaps texts in the other languages of Article 24.

Mr Lardinois. — (NL) I would urgently advise the proposers of this amendment to make it apply only to third countries. In that case, it might be studied and perhaps adopted by the Commission. Within the Community, however, the consequences of this amendment would be so bad for the situation in other areas that I must absolutely advise against it. In other words, if the proposers in fact want to achieve their aim, I urgently advise them to confine themselves here to third countries.

President. — I put Amendment No 20 to the vote, since it is furthest from the Commission text.

Amendment No 20 is adopted.

The adoption of Amendment No 20 makes Amendment No 17 superfluous and Mr Früh's Amendment No 20 now determines the wording of the new paragraph 24.

After paragraph 24 I have Amendment No 3, tabled by Mr McDonald, Mr Creed and Mr Dunne and worded as follows:

After paragraph 24, insert a new paragraph 24a.

'24a. In view of the unmarketable supplies of young cattle in certain areas, calls for a proposal for a temporary subsidy towards the cost of transporting such cattle to other Member States where facilities for finishing the cattle are available and also to third countries.'

President

I call Mr McDonald to move this amendment.

Mr McDonald. — Mr President, very briefly, we have submitted this amendment and we feel that the Commission could possibly implement something like this. The precedent is there in as much as there is a transport subsidy being presently paid on intervention beef and this amendment, if adopted, will certainly be of benefit to the peripheral areas, especially in many parts of the Community. We are convinced that part of the present problem in the West of Ireland, where indeed only store cattle are produced, could be greatly alleviated if it were possible to provide aid in the form of a temporary, might I say transport, subsidy to other parts of the Community where the facilities to finish or fatten this type of store are presently available. I recommend this amendment to the House.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I oppose this amendment not because I do not sympathise with the honourable gentleman who moved it or with his farmers, far from it, but purely because I think it is out of place in this particular motion which we are debating this evening. I do believe that it is something which the Commissioner will wish to bear in mind and bring forward when he is making his review in November, and that is after all only 2 1/2 to 3 months ahead. The point has been made by the honourable gentleman; it has, I am sure, been taken by the Commissioner, I would have thought that it was out of place here, and so I hope the House will not support it.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) I should like to advise the members who have tabled this amendment that they should limit its scope to third countries only. If they do so, it can be studied and possibly adopted by the Commission. Within the Community, however, it could have less happy consequences for certain areas. At any rate, I do urge the members to limit their amendment to third countries.

President. — The text proposed by Mr Lardinois and the Commission would then read:

'In view of the unmarketable supplies of young cattle in certain areas, calls for a proposal for a temporary subsidy towards the cost of transporting such cattle to third countries'.

Is this text acceptable to you, Mr McDonald?

Mr McDonald. — We will accept the Commissioner's suggestion.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — You really cannot do this, Mr President, I respectfully suggest. The chair has not the right to change amendments which have been submitted. Neither has the honourable Member who has tabled it. He should have thought of this before. I have sympathy with him, but that is not the amendment which is being submitted to this House, and it would be out of order, Mr President, with the greatest respect to you, for you to start changing it yourself.

President. — I call Mr McDonald.

Mr McDonald. — I withdraw the amendment, Mr President.

President. — Amendment No 3 is withdrawn.

On paragraphs 25 and 26 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 25 and 26 to the vote.

Paragraphs 25 and 26 are adopted.

Does anyone else wish to speak?

I call Mr Lardinois, who wishes to make a statement on behalf of the Commission.

Mr Lardinois. — (NL) Mr President, in the first place, after this long sitting of this House, which has been carried on with great interest, I should like to adress a word of thanks to you for having convoked Parliament today in a special sitting and for having so excellently conducted it. Secondly, I should like to thank Parliament for the interest which it has shown until after 3 o'clock in the morning. The whole time I have been a Commissioner we have never had a discussion on agricultural problems where so much interest has been shown until this late hour. Thirdly, I should like to state that the author of the resolution on which you are now going to vote, the rapporteur of the Committee on Agriculture, Mr De Koning, has carried out his work in a manner for which one can have nothing but admiration.

(Applause)

Briefly, I think that the level of discussion in this Parliament and the manner in which it has sought to fall in with the main lines of the Commission's proposal obliges the Commission, despite the departures from our original proposal

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which the resolution contains, to do its absolute best tomorrow, the day after tomorrow and perhaps on Thursday to get this resolution—if you adopt it—its full due in the Council, as fully as possible. I promise you that.

(Applause).

President. — Thank you, Mr Lardinois.

Any member who wishes to give an explanation of vote may now do so for not more than five minutes.

I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, my intervention is not an explanation of voting intentions. I wish to say this: we have been following this debate with the keenest interest; but the present situation is very serious. A short time ago the Commission was considering structural problems and the question of aid for farm incomes when aid for produce was no longer adequate. We believe these things all need looking into again. We in the Socialist Group, at any rate, mean to study them more deeply. We ask the Commission to do likewise so that we may all sort out our ideas, for we feel that, in the agricultural policy as it stands at present, we are confronted implicitly with divergencies in economic and monetary developments which present increasingly intractable problems.

Speaking for myself, I now find myself for the first time unable to tell farmers in my country that the difficulties they are experiencing would be worse if the Community did not exist; up to now I have been able to tell them that; today, I cannot, and this distresses me deeply. I believe, therefore, that we must, together, take a new look at all the possibilities as I have said, and I simply ask the Commission to help us in this.

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I should like to echo the observations of Mr Lardinois as regards our rapporteur. I feel I must say that he has defended the motion for a resolution from the Committee on Agriculture in an especially loyal manner, and spoken in an extremely objective and expert way on the amendments. I should like especially to thank him for this.

We have now a 26-paragraph resolution in front of us. In the voting you will have seen that part of my Group is in full agreement with this resolution. A majority of my Group does have overwhelming objections to paragraph 1 as it has been adopted. Originally we were of

the opinion that we ought to vote against this paragraph and therefore also against the resolution as a whole, but I think that we, or at least the majority of my Group, in view of the outcome of this discussion, ought not to vote against the resolution, since it does very largely fall in with our wishes. The part of our Group which has objections to paragraph 1 will in this case abstain.

President. — I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, this debate has been of vital importance; penetrating observations have been made on the distressing situation in agriculture. The debate has produced positive results in the 26 paragraphs of the resolution and members of the Group of European Progressive Democrats have contributed to the discussion.

We believe, however, that two moves must be made in the immediate future to calm the anger of the Community's farmers and restore some peace of mind. These two moves are: an immediate and extraordinary increase in prices and the adoption of different price levels in favour of animal production. Now, we are bound to observe that the request of the Community's farmers for an 8 per cent increase expressed through the Committee of Agricultural Professional Organizations, has not been met in paragraph 1; furthermore, there is no explicit statement that animal production would be favoured in relation to other forms of production. This is why the Group of European Progressive Democrats cannot vote in support of the resolution as a whole. We shall therefore vote against it, Mr President, despite the value of today's debate.

President. — I call Mr Cipolla.

Mr Cipolla. — *(I)* Mr President, while the political groups are announcing their vote I should like to say that the general tenor of the debate and some of the decisions taken, particularly on the basis of amendments tabled by the Christian Democratic group, have actually worsened the Commission's text and represent a step backwards rather than forwards. We are going backwards because these amendments imply a vision of a functional Europe based on the Community bureaucracy. We are going backwards because this vision is based only on the price policy, which is why even the Gaullist Group supported them, whereas it is obvious that this needs supplementing with other openings. It is really surprising to find the ideas of the Christian Democratic Group fixed on a twelve year old policy. But this is the attitude

Cipolla

which takes practical form in its amendments and the sentiments expressed by the Commission member of Christian Democratic conviction, Mr Lardinois.

I am sorry to have to point this out because my Italian Christian Democratic colleagues know that we have faced the problems of Italian agriculture in a spirit of collaboration with notable contributions from members of the Italian Christian Democratic Group. I also regret having to make this remark because there is no doubt that Christian forces represent a large element of the peasant world and, in the face of the need for renewal dictated by the changed situation, lack of their support will make itself felt.

I must therefore repeat, as I said in my previous speech on the vote on Article I, that the conclusions of this debate as such are not important. The situation will not change if the Council of Ministers adopts 4%, 6 or even 8% to-morrow. The value of this discussion is that it may contribute—and there are already some signs of this in the speeches made by Mr Spénale and the European Progressive Democrats—to effecting a fundamental change in the common agricultural policy and we Communists have always persistently and heartily supported this process of change.

So we are voting against this motion for a resolution in order to stimulate this very process of reform and because we want our vote to be in favour of changes in the situation in the European countryside.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, I have not spoken all evening. I did not intend to speak at this point, since I feel that we owe it to our colleagues to end this sitting as soon as possible, and if it had been up to me it would have ended sooner than it will now. We constantly speak of our social preoccupations; we should sometimes act accordingly. However, Mr Cipolla's remarks have prompted me to say a few words.

According to the German interpretation, Mr Cipolla, you said that that which the Christian Democrats, Mr Lardinois as representative of the Commission and my political group, had brought to the vote this evening, and which was approved by the majority of this House, was a step backwards rather than forwards. That is how it came over in the German interpretation, just as bluntly as that.

Mr Cipolla, you personally may believe it is so. Others will judge differently. I listened to

you too with great interest this evening. I must confess—although no doubt it is because I was unable to follow your lofty train of ideas—that I saw neither a step forwards nor a step backwards in what you said; I got no impression of what you actually wanted. I do not wish to introduce an unnecessarily sharp tone into the proceedings, but when you say at the end of a debate such as this that the Christian Democrats are pursuing a policy of evident retrogression—as I have said, that may be your personal opinion, which you may express in public—I feel I must reply that what we have adopted this evening is certainly a suitable solution to the problem, otherwise we must assume that the majority of this house was unaware of what it was adopting and what it wanted. And I would like to reject that reproach utterly.

(Applause)

President. — I put to the vote the motion for a resolution as a whole, as amended by the amendments which have been adopted.

The resolution is adopted.¹

(Applause)

The agenda has now been dealt with.

20. Agenda for next part-session

President. — The enlarged Bureau proposes that the next part-session be held in Luxembourg from 24 to 26 September 1974.

Are there any objections?

That is agreed.

In accordance with the instructions given me by the enlarged Bureau at its meeting of 11 July 1974, I propose that the following agenda be adopted:

Tuesday, 24 September 1974

In the morning:

— meetings of political groups;

2.30 p.m.:

- statement by the President of the Commission on current problems in the Community;
- report by Mr Spénale on internal arrangements for examining the draft budget for 1975;
- report by Mr Pisoni on the creation of a European Vocational Training Centre;

¹ OJ No C 118 of 3 October 1974.

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- report by Mr Ligios on forestry measures;
- report by Mr Thornley on a tariff quota for eels;
- report by Mr Gibbons on compensatory payments in the fishing sector;
- report by Mr Bourdellès on pigmeat;
- report by Mr Cifarelli on the publicity campaign for beef and veal;
- report by Mr Ligios on the sugar market.

Wednesday, 25 September 1974

9.00 a.m. to 10.00 a.m.:

- meetings of political groups;

10.00 a.m. and 3.00 p.m.:

- statement by the Commission on action taken on the opinions of Parliament;
- report by Mr Mursch on the common transport policy;
- report by Mr Premoli on the prevention of marine pollution;
- oral question with debate by Mr Durieux to the Commission on contacts between the EEC and the Arab countries;
- oral question with debate by Mr Hougardy to the Commission on the energy research programme;
- report by Mr Willi Müller on the noise level of tractors;
- report by Mr Schmidt on the margins of fluctuation of currencies;
- report by Miss Flesch on the Staff Regulations;
- oral question with debate by Mr Broeksz to the Commission on youth questions.

Thursday, 26 September 1974

9.00 a.m. to 10.00 a.m.:

- meetings of political groups;

10.00 a.m. and 3.00 p.m.:

- Question Time;
- joint debate on

- oral question with debate by Mr Amendola and others to the Council on the independence of Cyprus;
- oral question with debate by Mr Jahn and others to the Council on the association with Cyprus;
- report by Mr Corterier on the EEC-Greece Association;
- oral question with debate by Mr Corona to the Commission on Portugal;
- joint debate on
 - oral question with debate by Mr Amendola and others to the Council on the impact of the energy crisis on the employment situation;
 - oral question with debate by Mr Bertrand to the Commission on the employment situation in the Community.

I propose that Parliament allocate speaking time during the next part-session as follows:

(a) for all reports:

- 15 minutes for the rapporteur and for speakers on behalf of each group;
- 10 minutes for other speakers;
- 5 minutes for speakers on amendments.

(b) for all oral questions with debate:

- 10 minutes for the authors of the questions;
- 5 minutes for other speakers.

21. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

22. *Approval of minutes*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 3.35 a.m.)

