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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

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Establishment of a European agricultural marketing organisation

Motion for a resolution
tabled by Mr François de MENTHON and other members of the Assembly

Explanatory Memorandum

Ladies and Gentlemen,

One of the essential foundations of Europe's economic unity would he the organisation of markets for basic agricultural produce within the European framework.

It is apparent from the work done by the Organisation for European Economic Co-operation (0. E. E. C.) how serious and urgent the problem is. In a Report drawn up by 0. E. E. C. experts in November 1949, it was stated that even if the production programmes formulated by member countries could have been fully realised Western Europe's food deficit would still, taking increases in population into account, amount to approximately 5,000 million dollars (2,500 million dollars from the dollar area) in 1952 when Marshall Aid ends, which is almost equal to the 1947 figure.

If this deficit were not reduced, Europe would be forced to lower its food consumption when Marshall Aid came to an end. The increase in agricultural prices would once again cause a cycle of inflation with all the economic, social and political consequences entailed. All hope of building up and uniting Europe would have to be abandoned.

Consequently, the Council of the O. E. E. C. has invited member countries to consider making an additional effort to raise their agricultural production beyond the estimates laid down in the original national programmes, with the idea of reducing the amount of imports payable in dollars from 2,500 million to 1,250 million dollars.

These objectives can only be attained if European fanners are willing to make substantial efforts. Each country will be obliged to grant them the necessary material means for increasing their production. And, to begin with, there must be the will to produce more. The 0. E. E. C. experts themselves noted in their Report of November 1949 that there was a risk of the expansion of agricultural production being impaired by the " paralysing suspicion on the part of the farmers ".

Since 1948, the year during which the food shortage ended in most European countries, it has only been necessary for surplus foodstuffs to appear momentarily on certain markets for prices to be reduced, sometimes, on an excessive scale, a fact which has re-awakened in the minds of a good many farmers their former conviction— encouraged by the memory of earlier crises—• that over—production is the farmer's greatest threat. Thus paradoxically, at the very moment when the 0. E. E. C. is emphasising the necessity for raising Europe's agriculture to levels hitherto unreached, a feeling of anxiety, all too justified by the recent slump, is threatening to check agricultural expansion and even to curtail production.

In order to remedy effectively this contradictory situation, there is really only one thing to be done : to restore the farmer's confidence by giving them the assurance that the additional productive effort required of them will not mean their ruin. Agricultural production can only develop under secure conditions. Experience teaches, however, that the price and market guarantees already given to farmers in certain countries will cause

difficulties. Although such difficulties are sometimes insoluble on the national scale, they can be met if a wider market—for instance, a European market-—were created where supply and demand were more equally balanced.

If the great European agricultural markets arc to be organised in a smooth and efficient way, suitable institutions must be set up to ensure a regular outlet for goods together with stable markets, if necessary by the stocking and carry-over of goods; by the export of surpluses and a countervailing import of goods to the joint account of the participating countries; finally, by co-ordinating the production plans drawn up by the various countries, where necessary.

Such institutions should be conceived and directed in the common interest of producers and consumers. They would both ensure security to producers, without which no expansion of production would be possible, and would guarantee that consumers were protected against shortages and extreme price fluctuations.

In principle, these institutions should operate not only in Europe, but also in the overseas territories of Member States. Thus, while increasing the possibilities of compensation and the prospects of balancing supply and demand, Europe will at the same time be fulfilling its trust vis-à-vis the overseas peoples whose standard of living it is its solemn duty to raise.

The necessity of setting up a European agricultural marketing organisation was acknowledged by the European Movement at the Conference of Westminster in April 1949.

It was also recognised by the Committee on Economic Questions of the Council of Europe in December 1949 when it recommended the establishment of Produce Committees the aims of which would be to

organise markets,

assimilat e surplus stocks,

analys e market prospects and production conditions where the farmer is free from intermediaries.

The time has now come for practical measures. It is for the Council of Europe to call upon all countries striving for the European economic co-operation to join in this new creative venture.

First of all, a European Grain Office must be set up. This step seems to be particularly needful and urgent; the consumption of grain in the member countries of the 0. E. E. C. (excluding their overseas territories) is estimated to amount to 47 million tons annually for the years 1949-1950. Of this total, an average of 15 million tons is to be bought from non-member countries, which will cost Western Europe 1.100 million dollars. It is estimated that grain deficits in 1952 will amount to 13 million tons (costing 950 million dollars).

It is abundantly clear from these figures that Europe's grain production must be developed. Now the existence in some countries of large carry-over stocks is already a threat which in some people's minds justifies measures for restricting production. If we were to proceed on those lines, however, we should be betraying our duty, which is to promote European solidarity.

The creation of a European Office responsible for total production and the guarantee of an adequate market to producers would be an enormous encouragement to production, and a decisive contribution to Europe's economic balance and unity.

Steps must also be taken to organise the following markets on a European scale : milk products, meat, fats, cattle-fodder and sugar.

Obviously, special technical means must be worked out for each of these types of produce, with due regard to the particular nature of the problems to be solved. In all cases, however, the aim should be to ensure adequate production to meet consumer's needs.

Certainly there will be difficulties, but it is the duty of those who are concerned for the future of Europe to face them. The statesmen of Europe have no greater duty than to protect the peoples of Europe and its overseas territories from the food shortages which would threaten them if agricultural production were to be allowed to stagnate or even to decline.

There are doubtless many other problems to solve in the vast field of food and agriculture. Trade must be developed not only for the types of agricultural produce mentioned in the present Resolution, but also for other commodities which have an important place in producer countries; wines, fruits, vegetables, etc.

It is essential to find new outlets for these products through trade agreements or ' liberalisation. This implies the creation of new export facilities for such industrial goods as may be exchanged for agricultural goods.

The aim of the foregoing proposal is merely to establish, by the creation of new European institutions, the necessary conditions—-even if they are not always adequate — for an expanded production of basic agricultural foodstuffs in the framework of a unified and organised European market.

The problem we are trying to solve is essentially an economic problem, since all efforts undertaken in other ways to render Europe economically viable would be in vain if food shortages were once again, as in the past, allowed to cause price instability and inflation. The endeavour to unite Europe economically would also be in vain if the agricultural markets, instead of being expanded and put under a joint organisation, remained in watertight compartments under the influence of disparate national policies. As in the case of the joint administration of coal and steel, we feel that the common organisation of the major agricultural markets is essential to European unity.

In the final resort this is a human problem, for it is a question of ensuring secure conditions to producers and stability of purchasing-power to consumers, and also of satisfying the elementary needs of the associate peoples who would be unable to defend their liberties if reduced to penury.

Motion

The Council of Europe recommends the creation of a European agricultural marketing organisation to be composed of the following :

a. a European Grain Office responsible for production and for guaranteeing adequate markets to producers;

b. european institutions responsible for organising the following markets on a European scale : milk products, sugai', and meat.

These European bodies would be placed one and all under a single joint authority.

Signed (see overleaf)

Signed:

MENTHON François, de, France