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Institution of a single Agricultural Market for Europe and the Creation of a European Authority for Agriculture

Report
Committee on Agriculture and Rural Development
Rapporteur: Mr René CHARPENTIER, France

1. Introduction

The idea of establishing a European Organisation to be responsible for creating a single agricultural market for Europe is not new.

Without going back too far into the past, in April 1949, at the Westminster Conference, the Rapporteur of the European Movement was already proclaiming the need to endow Europe with some Organisation of an institutional character for the supervision of the principal agricultural markets.

In June 1950 the Executive Committee of the O. E. E. C. proposed, with a view to fostering the development of agriculture in Europe and the liberalisation of trade under conditions which would ensure security for the agriculturalist, that an organised market should be established in Europe for certain basic agricultural products.

M. PFLIMLIN, French Minister of Agriculture, with the co-operation of representative agriculturalists, sponsored a further study of the problem with the purpose of achieving the systematic organization of the Agricultural Market of Europe.

M. MANSHOLT, Dutch Minister for Agriculture, examined the same problem and proposed a plan mor e particularly dealing with dairy products.

In August 1950 the Assembly of the Council of Europe approved the reports submitted by ist Committee on Economic Questions and especially recommended to the Committee of Ministers that :

" A European Organisation should be set up consisting, together with the Ministers of Agriculture, or governmental experts of the various Member States, of Representatives of the Assembly and representatives of leading national or international agricultural organisations, whose task it would be to examine and propose the setting up of appropriate Authorities for the organisation of production and agricultural markets. "

In the course of its Second Session in November 1950 the Consultative Assembly, adopted a Recommendation with regard to Specialised Authorities (Doc. 154, 1950) and decided at the same time that there should be set up a committee consisting of seven members, appointed by the Bureau and instructed to submit to the Assembly at its next Session texts relative to the establishment of a Specialised European High Authority for Agriculture.

The present Report first of all enumerates the aims that such a High Authority should pursue, followed by its tasks and finally its structure including consideration of its relations with a certain number of specialised sections dealing with individual products on which it would be based.

2. Aims of the High Authority

2.1. The establishment of one of the basic institutions of a European Federation

The systematic organisation of European agricultural markets will contribute to the economic and political integration of the European nations and to the development of a genuine European solidarity.

The creation of a High Authority for Agriculture provides the best means of interesting public opinion in European problems.

2.2. The advantages to be obtained.

2.2.1. Social

It will lead to an improvement in the position of :

1. The agricultural producer : whose production will be stimulated thanks to the fact that his markets are guaranteed.
2. The agricultural worker : whose fate is linked with that of the producer, and who will benefit from a general evening-out of social conditions.
3. The workers in industry and trade : Commerce and industry have important customers in those who work in agriculture. The latter can contribute to the maintenance of full employment, whereas a fall in the demand of the agricultural community often leads to economic depression and thus to unemployment.
4. The consumer : who will benefit by more stable prices. At the present time prices are subject to fluctuations as a generalrule falling slowly and rising sharply, often as the result of speculation.

An increase in production will benefit the consumer leading to a fall in prices and an improvement in quality.

He will be insured against shortages which otherwise may develop. Such shortages do in fact already exist since there are considerable differences in the level of food consumption, not only between different countries[1] but also withinc each individual country.

The shortages are liable to increase because population figures are rising steeply (there has been an increase of 10 % since 1938).

What are the results of these shortages?

(a) A far higher rate of infant mortality and of illness[2] ;

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(b) A considerable fall in the expectation of life :

This is twenty-seven years for a native of India with an average consumption of 2021 calories, and sixty-seven years for the New Zealander with a consumption of 3,261 calories

(c) A lowering of physical resistance :

Prevention of illness is better than cure (high cost of health services).

If no action of a social nature is taken, the result will be that the average standard will fall and the existing differences in standards will become even more exaggerated.

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1. Calculated in « basic calories », that is to say, by replacing animal calories by their equivalent vegetable calories, the ratio, for instance, between Korea and New Zealand is as 1 to 4.
2. The following data on the subject has been obtained from the Registrar-General for England and Wales.

It is essential that, within the framework of a European Organisation, action of a social nature should be taken over a wide field.

a. With a Hew to reducing the existing inequalities within any one country by encouraging the consumption of agricultural products with superior food value by the " vulnerable groups " (e. g. the distribution of milk to children and to old people). A number of experiments in this connection have already been carried out in the United Kingdom and Scandinavian countries.

b. With a view to reducing the discrepancies existing between countries by doing all that is possible to assist those populations which are undernourished[3].

2.2.2. Economic

So long as the essential conditions of security exist (and European agriculture cannot be built up on the ruined foundations of national agricultural systems), so long as a policy favourable to technical progress and the rationalisation of production is adopted, considerable new wealth can be created in Europe[4].

The general level can be raised while leaving room for competition between the agricultural economies of participating States.

The organisation of agricultural markets can lead to other economic advantages such as :

a. Increased opportunity for the establishment of a balance between production and consumption as a result of the increase in the size of the available markets;

b. The evening-out of price fluctuations attributable to sharp variations in the volume of production;

c. The disappearance of the need to transport produce over long distances.

And finally the deficit in the balance of trade if the European countries could be reduced by at least 50. % as the result of a reduction in imports and an increase of exports[5].

2.2.3. Ethical

The organisation of European agricultural markets involves a rationalisation of the import- export policy of the countries concerned, and the removal of artificial factors which tend to aggravate natural variations in prices; (such as subsidies, dumping, etc.).

3. Conclusions

The present level of food consumption in European countries, must, in fact, be maintained before any attemp tis made to improve it.

If European agricultural markets are not systematically organised, the level of food consumption would without doubt be adversely affected.

Such is the opinion of 0. E. E. C. experts.

The latter consider that if the increase in production is taken into account on the one hand the increase in population on the other, the Western Europe deficit in foodstuffs will amount to five billion dollars in 1952, at least half of which will have to be made good from the dollar area.

Such is the opinion of the F. A. 0.

Bearing in mind an increase of 25 % in population since 1937, and the improvement in the standard of food consumption which should be regarded as essential, the F. A. 0. considers that, in comparison with the figures for the period 1934-38, production should by 1960 have been increased in the following proportion :

Cereals - 21 %

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3. On 24th January last in Baltimore, Mr. Samuel Hayes, Director of Planning for the Technical Cooperation Administration, emphasised that : « The production of foodstuffs, which was intended to be a most important element in the initial plan proposed in the Fourth Point of President Truman's speech, will require to become oven more important... »
4. Agricultural production in European countries is estimated at approximately 20 billion dollars : i t should be possible to raise it to some 24 billion dollars within a few years.
5. The present deficit amounts to approximately five thousand million dollars.

Tubers - 27 %

Sugar - 12 %

Fats - 34 %

Dried Vegetables - 80 %

Fresh fruit and Vegetables - 163 %

Meat - 6 %

Milk - 100 %

(Proposal for a World Food Board and World Food Survey October 1st, 1946).

What are the reasons for a possible shortage in the amount of food available?

1. A tendency to " Malthusianism. "

2. If we fail to set up the desired Organisation, national surpluses will tend to lead to underproduction.

3. An increase in population.

4. An increase which amounts to over 10 % since 1938.

5. The reduction or elimination of imports from certain countries for the following reasons :

6. (a) Political and economic reasons :

7. Imports from Central Europe and the U. S. S. R. have to all intents and purposes been eliminated for political reasons.

8. Even were the barriers set up by the U. S. S. R. to be removed, imports of foodstuffs would probably be small owing to that country's increased industrialisation, larger population and low food consumption level.

9. (b) Economic and social reasons :

10. Imports from countries that are " economically weak ", among them territories within the French Union (Africa) and the Commonwealth (India), will no doubt be reduced.

11. Imports of their food products in the past at very low cost were the result of low social standards.

12. Apart from the growing tendency in these countries to embark upon essential industrial production (e.g. wool, cotton, rubber) or production which is complementary to the metropolitan economy (e.g. coffee, cocoa), the raising of their social standards will at once lead to increased local consumption[6].

13. It will be the duty of Europe gradually to improve living conditions among the most pover-ty-stricker populations by raising wages, by developing the production of foodstuffs as a result of irrigation and drainage...

14. It will be the duty of Europe, in so far as it is able, to help them by supplying them with part at least of its possible surpluses in certain products...

15. (c) Economic and financial reasons :

16. For the reasons stated above imports from the countries of the dollar area are on the increase; they amount to almost one-third of European imports but are likely soon to amount to one-half of these imports.

17. Between 1934 and 1938 Western Europe took 80 % of world cereal imports of which 18 % came from North America.

Between 1947 and 1948 Western Europe took 74 % of world cereal imports of which 60 % came from America.

Can such imports be increased?

An affirmative answer cannot be given with certainty...

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6. The import from Africa of vegetable oil products has decreased from 25 % t o 16 %.

(a) For economic reasons.

Production in the United States has already greatly increased since 1945 [7].

Although some further increase in production may be possible, the ravages of erosion must be borne in mind[8].

The American farmer is not sufficiently disposed to consider the soil as a positive capital asset; he is only now beginning to pay serious attention to the problem of humus.

(b) For financial reasons.

Imports from the dollar area will become extremely difficult to negotiate owing to the shortage of dollars, particularly as from 1952 when Marshall Aid comes to an end.

Faced with such prospects a heavy responsibility would fall on those governments which refuse to give consideration to the organisation of the European agricultural, market.

Countries whose agricultural production was insufficient for their own needs were accustomed up to 1939, to speculate on food surpluses sold at an abnormally low price, more often than not as a result of a dumping policy carried out by the exporting countries, and they ignored the risk of being unable to obtain supplies of foodstuffs because such risks did not then exist.

These countries will to an increasing extent be faced with the problem of finding sources of supply on which they can rely.

Since agriculture can only be dealt with on a long-term basis, quick action must be taken.

3.1. Task

The High Authority should not lose sight of the ultimate goal, namely, the unification and integration of the European agricultural market. It should continue to strive after the social, economic and ethical advantages described above.

It cannot, however, embark on a policy, which would lead to a radical alteration of the situation which exists today in the various countries.

On the basis of the situation as it exists it must follow with discretion the path we wish it to take, using its powers of persuasion as its principal weapon.

It will therefore have to progress in easy stages pausing at the end of each to prepare the next.

What should these stages be?

18. A balance between supply and demand.

19. Its first task should be to establish a balance between supply and demand.

20. Various situations may arise :

21. (a) The High Authority may be faced with national surpluses which are nevertheless insufficient to meet European deficits.

22. It should then, by a system of priorities, reserve the available sui'plus production of one or more of its Members for the benefit of the other Member Countries according to their known requirements and, where necessary, it should proceed to allocate such surplus production.

23. If the solidarity of Europe were expressed in practical terms, such shortages would in certain cases be an advantage, and, moreover, might even stimulate the " redistribution of a deficit "[9].

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7. An increase of 40 % over pre-war production.
8. Dr. Bennett considers that in the United States 110,000,000 hectares have become unproductive; 31,000,000 hectares are in the process of being lost. (It should be borne in mind that erosion is also taking its toll in Africa, Australia and South America).
9. Between 1939 and 1946 severe sugar rationing was applied in France in order to ensure that North Africa received sufficient supplies of sugar.

24. Such a redistribution may well from time to time become a necessity; and, in the same spirit, importing countries should be willing to take over from other Members surpluses of which they stand in need.

25. This distribution of surpluses should not, however, have priority over normal and traditional exchanges with overseas territories which in fact represent an overseas extension of certain European countries.

26. It should on the other hand have priority over imports of products coming from " third-party " countries even though such products may be offered at lower prices.

27. National surpluses, furthermore, will generally speaking be small and could, if necessary, be limited by the re-direction of production.

28. It should be added that, from another point of view, this scheme of production constitutes an element of security for Europe.

29. An excessive limitation of one of these sources of supply would lead to a rise in world prices which might compel Europe to buy at a higher price than its own cost of production.

30. Finally, abnormally low prices for certain products (e. g. sugar from Cuba) will gradually be brought into line with European prices in accordance with the improvement in the standard of living of those who produce them[10]

31. (b) The High Authority may be faced with a permanent surplus production.

32. It would then be open to it to redirect its production in order to set a limit to its surpluses; to increase its own consumption; to organise the export of its surpluses — if possible by long-term agreements; or to decide to come to the assistance of the less-favoured countries, by means of the distribution of part or the whole of the exportable surplus.

33. (c) The High Authority may be faced with temporary European surpluses owing to a particularly good harvest. It could take action as described above.

34. In either case it would need to establish stocks. Such stockpiling may be carried out either for reasons of security or for economic reasons.

35. The High Authority should act as arbitrator, stockpiling a product when the price falls beneath a given level and releasing stocks when the price of the product in question tends to rise above a fixed ceiling price.

36. Mortgage credits would be required in order to finance stockpiling.

37. (d) The High Authority may be faced with a permanent deficit.

38. Quite apart from the development of production in Europe itself, the High Authority should decide what imports are required to meet the needs of the Member Countries.

39. The measures which will be involved, including the adoption of a common policy covering imports, exports and the aid to be given to less-favoured countries, are of fundamental importance to any effort to ensure the security of the producer and of the consumer.

40. Special negotiations will be required in order to :

40.1. reconcile existing commercial Agreements with the system which is envisaged and to make allowance for general production Agreements (such as the Washington Agreement on wheat, Havana Agreement on sugar),

40.2. examine the measures to be taken by the importing countries as a result of their imports of agricultural produce,

40.3. examine the question of the transferable funds required to finance exchanges between the Member Countries.

41. The establishment of European prices and the suppression of national quotas.

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10. The production cost of cane sugar in Martinique, Guadelupe and Guiana has risen to a considerable extent since these areas became French Departments, and is almost equal to the price of French-grown beet sugar.

42. The second task of the High Authority will be in the first place to establish a European price for every agricultural product exported from one Member country to another, including a ceiling price and a minimum price.

43. This European price could either be lower or higher than world prices; it should not be calculated entirely on the basis of supply and demand but should approximate to the average cost price of the European producer countries.

44. There would thus be, in every country, a domestic price and a European price.

45. The High Authority should then do away with national quotas.

46. The question of exchange equalisation not having been settled at that stage, the High Authority should introduce compensatory taxes. The latter should be based on the difference existing between the European price and the domestic price in the case of both the importing and exporting countries.

47. This tax would, at the outset, provide an insurance against a collapse in the market as far as concerns those countries which have high production costs.

48. The High Authority should fix the level of the compensatory taxes with the idea of fostering technical progress and thus ensuring that the consumer may reap the benefit of a lower cost price and an increase in quality.

49. The High Authority should itself fix and collect the total of the taxes to be paid, and not the countries concerned, otherwise a country selling at a lower price for what may be artificial reasons could embark on considerable capital investment and thus gain an abnormal advantage over other countries.

50. Definition of a European agricultural policy.

51. At a third stage the High Authority should indicate the aims to be pursued through a European agricultural policy.

52. Though it may be necessary to take into account the element of security and the economic value of a varied productivity, and to maintain that variety, it is also desirable that each country should more especially be directed towards the type of production (in crops or stock) for which it is most suited.

53. The High Authority would be required to co-ordinate the national production programmes.

54. In this penultimate stage it should stimulate technical progress, encourage vocational education and enable the knowledge of the technical side of agriculture to become more widespread.

55. It should maintain contact with :

a. That sector of industry which works for the agricultural market (agricultural machinery, fertilizers, etc.), and which should pay as much attention to the requirements of agriculture as to its own production problems.

b. That sector of industry which makes use of agricultural products in order to co-ordinate agricultural production with its demands and to obtain better quantitative results.

56. Finally, the High Authority should establish a coherent policy of capital investment and a credit policy intended to assist the agriculturalist to make the effort required of him.

57. Organisation of agricultural production.

58. The final stage will be the unification of agricultural markets. In its Report of 6th February it was stated by the E. C. À. that :

59. " Th e need on the part of Member Countries of the Marshall Plan to accentuate defensive preparation has increased rather than diminished the urgency of efforts to be made with a view to the setting up of a single European market...; it is imperative that measures taken by the nations with regard to the use to be made of their resources should be coherent and should be complementary to each other rather than that a return should be made to the dangers of competitive stockpiling and camouflaged productionism. "

60. Re-armament should not, states the Report, be carried out at the expense of the standard of living of low income groups.

61. In order to achieve this unification, the High Authority should stage by stage harmonise production costs and social and fiscal charges.

62. The High Authority could then do away with the compensatory taxation, and introduce the free movement of agricultural produce throughout Europe at a price which it would fix.

63. To achieve such results, will it be necessary for the High Authority to establish an administrative organisation? This should be decided in the light of experience. In implementing the High Authority's political decisions use should be made as far as possible of the authorities and Organisations which already exist.

3.2. Structure of the High Authority

The creation of a High Authority would seem to be the only way in which to establish such a unification of European agricultural markets and to realise the social economic and ethical aims defined above.

The method of bilateral or multilateral agreements between Member States of Europe would be doomed to failure.

Do not such agreements already exist through the medium of organisations such as the O. E. E. C, the F. A. 0., etc.?

Even in the case of so simple a social task as the despatch of powdered milk to an undernourished country, a United Europe could achieve results which an individual country could not.

By the same token it follows that without a European agricultural policy, there can be no large-scale development of production and no co-ordination of capital investment. The food situation in Europe will thus become progressively more difficult, and Europe will become more and more dependent on the dollar area.

The creation of a Authority is therefore imperative; the Consultative Assembly of the Council of Europe has, moreover, clearly declared that it supports its creation.

This High Authority may one day become the European Ministry of Agriculture.

In order to bring about a High Authority of the greatest possible effectiveness, and in order to make possible its control by a parliamentary Assembly, of which the upper chamber would be a Committee of Ministers, and the lower chamber a special Assembly drawn from the Council of Europe, the structure of the High Authority might be as follows :

1) An Executive Committee.

It would be composed of a limited number of members, less than the number of the High Contracting Parties. They would be appointed by the Committee of Ministers on a majority decision and would have to be confirmed in their powers by the Special Assembly.

The Executive Committee would be assisted by an advisory body composed of representatives of producers, processing firms, traders and consumers.

The Executive Committee would have power :

a. To pass resolutions on matters within its competence. This would have to be defined by a Convention. Such resolutions would be immediately enforceable in the territories of the High Contracting Parties. The Ministerial committee might be entitled however, by a majority which it would be necessary to determine, to suspend a decision of the Executive Committee for a certain period, particularly when such decision would be liable to do serious harm to one of the States.

b. To give advice to the Governments of the High Contracting Parties which it would no be obligatory for the latter to implement.

c. To submit bills. To be given the force of laws, the bills must be passed by the two chambers (upper chamber and lower chamber) by a majority to be determined.

The upper chamber and the lower chamber would have the right to amend the bill, the final decision lying with the upper chamber.

The Executive Committee, in the person of its Chairman or its representative, might accept them, dispute them or, staking its existence, reject them.

Conversely, the lower chamber would be able to adopt the same procedure in submitting a bill.

A European law having been passed, the decree for its implementation would have to be issued by each Member country within a month.

If this decree did not accord with the spirit of the law, provision could be made for it to be repealed by the Court or Justice.

The upper chamber or the lower chamber might pass motions or issue advice which would not be in any way binding on the Executive Committee.

At each session the Executive Committee would submit to the two chambers a report on its policy, and it would then be possible to propose a vote of censure on the Committee. If the Committee obtained a majority on this vote, its mandate would thereby be confirmed.

In taking its decisions the Executive Committee would be assisted by specialised technical sections.

These sections :

1. Would have at their disposal
    a. A statistical service;
    b. An information, educational and publicity service.
2. They would : Lay down the standard quality of agricultural and food produce;
3. Classify and enforce respect for trade marks ;
4. Examine for each product separately the problems :
    a. of production (means of development; need for the organisation or where necessary the limitation of production) ;
    b. of protection against disease of crops and stock (permanent inspection posts could be set up in addition to an inspection service concerned especially with foodstuffs, imported or destined for export).
    c. of consumption (its development; and the study of social problems);
    d. of stockpiling;
    e. of the essential imports and exports from and to countries outside the European Pool.

As far as the administration of the High Authority and its various sections is concerned, the logical thing would be to consider attaching the Authority for administrative purposes to the Secretariat-General of the Council of Europe, in the same way as the European Payments Union is administered within the framework of the 0. E. E. C.

2) A Parliamentary Assembly, composed of :

a. The Ministerial Committee constituting the Upper Chamber. The Ministerial Committee would be composed of the Ministers of Agriculture, or their delegates, from each Member country. The participation of each country should cover all the products which are dealt with by the Authority.

b. The Ministerial Committee constituting the Upper Chamber. The Ministerial Committee would be composed of the Ministers of Agriculture, or their delegates, from each Member country. The participation of each country should cover all the products which are dealt with by the Authority.

The Parliamentary Assembly, composed of the two chambers, would hold its session in May, but would be empowered to hold extraordinary sessions on the request, either of the Executive Committee or of the Ministerial Committee.

3) The Court of Justice.

A Court of Justice would be established in order to ensure the observance of the law both in the interpretation and enforcement of the Treaty establishing the High Authority for Agriculture.

This Court of Justice might be identical with that which it has been decided to establish in connection with the Convention on Human Rights.

3.3. Alternative proposais submitted to the Special Committee on Agriculture by Mr. ECCLES[11]

64. Explanatory Statement.

65. During its Second Session in November 1950 the Consultative Assembly, adopting a Recommendation relating to Specialised Authorities (Doc. 154, 1950), decided to create a Committee of seven members appointed by the Bureau, to be responsible for submitting to the Assembly at its next Session various texts relating to the establishment of a specialised European Authority for Agriculture.

66. At their meeting in January, 1951, the Special Committee had before it a Report submitted by M. Charpentier (AS/SA (2) 2) which described in general terms the functions and structure of a European Authority for Agriculture. The proposal followed closely the original Schuman Plan for coal and steel. The Authority to be set up was to be supranational in character with power to take decisions by majority vote wich would be binding and enforceable in the territories of the Member countries, subject to certain reservations at the hand of a Committee of Ministers.

67. Th e Special Committee also considered a summary of the Mansholt Plan which agrees with the Charpentier Plan in calling for a definite surrender of sovereignty over such matters as tariffs on the import of food.

68. Believing both that this type of supranational Authority would not secure the support of all the Members of the Council of Europe, and that the nature of the agricultural industry was unsuited to such an Authority, certain members of the Special Committee asked that a paper be submitted to their next meeting describing an alternative structure for a European Authority based upon the inter-governmental principle. The Report that follows has been written to fulfil this request.

69. Aims of the European Authority.

70. The reasons for setting up a European Authority for Agriculture are :

a. to raise the living standards of European consumers and producers, and though the expansion of the European economies to assist in banishing undernourishment from the rest of the world;

b. to promote the solidarity of Europe.

71. At all times and in all countries an adequate and balanced diet is the foundation of health. To-day, governments and peoples face a growing pressure of population upon the available supplies of food, for during the last decade world population has increased by three hundred millions, roughly equivalent to one extra Soviet Russia plus one extra United States. In the same period the population of the Members of the Council of Europe has increased by over seventeen millions[12]. These new mouths must be fed and a determined attack must be made upon low standards of nutrition wherever they exist.

72. Thus it will be seen that the main function of a European Authority will not be to dispose of surpluses in order to maintain prices, but to increase consumption by organising the intér-European market in efficiently produced food and feeding-stuffs.

73. An essential instrument of this policy of expansion will be stable prices for that portion of the production of food which enters into international trade.

74. Once we accept the over-riding need for more food of better quality and at reasonable prices it becomes clear what kind of Authority has to be set up. Our aim could not be achieved by a small body of experts acting as Europe's clearing house for food already produced. The Authority must be able to stimulate production as well as to find markets. Success will therefore depend on winning the confidence of the many millions of agricultural producers who, from Norway to Turkey, work on land of warying quality, with different methods of cultivation and different standards of life, and with an independence of character which has been strongly marked since the beginning of history.

75. Fortunately it is possible to associate these producers with the Authority since in many countries they are already highly organised. They are most likely to trust an European institution if the representatives of their organisations are full members of the governing body and of its subsidiary organs.

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11. After discussion, the alternative proposals submitted by Mr. ECCLES -wore rejected by the majority of the members of the Special Committee. Having regard to the provisions of Rule 41 of the Rules of Procedure of the Consultative Assembly, it was, however, unanimously agreed to insert them in tho Report of the Special Committee in order that the views of the minority might be brought to tho notice of the Assembly.

12. This figure covers the years 1940-1949, those for 1950 not being available.

76. Principle of A Single Market rejected.

77. It is necessary at the outset to establish the principle on which the Authority is to begin its work of increasing the supply and stabilising the prices of food in Europe, while at the same time securing a fair return to producers. Suggestions have been made that the correct long-term aim is to pull down Customs barriers, equalise costs, with the temporary assistance of a network of compensation taxes, and thus allow the forces of a single competitive market to reshape the pattern of production over as large an area as possible.

78. This may be attractive in theory but in practice the political, social and economic arguments against a single market are so formidable that, were this long-term aim adopted, it is doubtful whether an Authority would ever be set up with adequate powers to do any useful work.

79. The existing obstacles to a single market are something more than manifestations of commercial protectionism. For the last twenty-five years every Government represented in the Council of Europe has been trying to give stability to its agriculture. A great variety of legislation, price policies and import controls are now in operation. Many of these acts of State intervention have their origin in the peculiar nature of agriculture itself, and can be classified under three heads :

a. the soil is robbed of its fertility if it is cultivated only for profit or only for volume of output. Experience has shown that security of markets is the best guarantee that the rules of good husbandry can and will be observed.

b. however well land is farmed the productivity will fluctuate in volume and quality far more unpredictably and violently than in manufac- .turing industry; and these changes in supply cause much more than corresponding changes in prices unless conscious regulation is applied to the market.

c. a balance of production (e. g. between live-stock and arable) is the traditional policy on millions of farms ; and many States also hold that a balance of products in the aggregate output of their agriculture is desirable on social, economic and strategic grounds, and that the numbers employed on the land should not fall below a certain proportion of the working population.

80. Even if world peace were firmly established it is doubtful wheter many Governments could be persuaded to destroy these carefully defended equilibria in favour of a single European market, and it is still more doubtful wheter the organisations of agricultural producers would co-operate in carrying out such a policy.

81. It may be argued that the function of a European Authority is to take over from national Governments the three tasks of maintaining soil fertility, regulating markets, and holding a balance between products. Ideally this may be true but it will be seen that such a function could only be performed by a European Government to which the social and strategic as well as the food policy of Europe had already been transferred. Agriculture is not a sector of Europe's life which can be lifted from its context, federated, in isolation, and administered by an Authority endowed with supranational powers.

82. Characteristics of a Practical Authority.

83. Since it is desired to set up a European Authority at a time when no European Government exists arrangements must be made inside the Authority for giving expression to the requirements of the social and strategic balances which are part of the policy of many States.

84. It will also be necessary to make arrangements for giving expression to the requirements of a balance between products when considering the expansion and marketing of a particular kind of production. For, although Governments and farmers must look at their international decisions regarding prices and markets, it is necessary to study each product separately.

85. Wheat or sugar or butter has to be detached from its complex of production, and estimates made for stocks and prospective supply of the product in isolation. Thus the territorial principle of good husbandry is in conflict with the commercial principles of prices and markets.

86. Conflicts of this kind can be resolved only if the Authority is organised to review the commodity studies and other expert recommendations with the full knowlege of the requirements of the national and agricultural balance in each country. It follows that the Authority must be composed of persons competent to speak both for Governments and for the organisations of agricultural producers.

87. Imports of Food from Outside Europe.

88. A closed European market for food is unthinkable. The Authority must therefore also be competent to consider the possibilities of importing a particular product from all sources in the world.

89. There are governments represented in the Council of Europe who have long-standing, intimate and important trading arrangements with countries outside Europe. It is hoped that these Governments may be persuaded to discuss these arrangements in a European Authority, but it is most unlikely that they will consent to hand over to the Authority any power to modify the source, volume or price of their imports from countries not Members of the Authority.

90. The importance of these extra-European interests must be taken fully into consideration if it is hoped to get all the Members of the Council of Europe to join the Authority.

91. Conclusion

92. The conclusion is reached that :

a. the nature of agriculture itself, and

b. the extra-European interests of the Members of the Council of Europe. rule out a supranational Authority invested with powers to change the pattern of production and import in the Member countries.

93. Instead, Part Two of this Report recommends an inter-governmental Authority composed of the representatives of Governments and of the producers' organisations, which will have no power to interfere with the individuality of national markets, but will use persuasion and goodwill to expand and rationalise the production and consumption of food in the area of its Member States.

94. Recommendation to the Consultative Assembly

95. The views of Governments and of the organisations of agricultural producers must be co-ordinated before the text can be drafted of a convention setting up an inter-governmental European Authority for agriculture. Since the Authority will have no power to enforce its decisions it is important to secure as allies those who will have to persuade Governments and agricultural producers to carry out its decisions. Their representatives should have a hand in drawing up the functions and rules under which the Authority will begin to operate.

96. Accordingly it is recommended that

97. The Council of Europe shall at the earliest possible time call a conference of Governments and agricultural organisations to determine the functions and powers of a European Authority for Agriculture.

98. With the hope of assisting the work of this Conference, suggestions are made below concerning the principles on which European agriculture should be organised.

99. General Considerations.

100. The Conference should accept as a basis for its work the following propositions :

a. every effort should be made to include in the Authority all the Members of the Council of Europe;

b. there is a general need for a higher level of food production in Europe than before the war. The Authority will therefore have to be expansionist and not restrictionist in character;

c. the most effective instrument for securing increases in production is a stable price-level and the best assurance of carrying out programmes of expansion is to obtain in advance the support of governments and of the organisations of agricultural producers;

d. the import of food from outside Europe must remain the responsibility of individual governments.

101. The Authority must learn to walk before it can run.

102. The Conference will be aware that the organisation of European agriculture will be a slow business. It will therefore set up an Authority charged to do first what can be most easily and quickly done to increase the supply and broaden the market in food, and it will deliberately leave the Authority to discover in which directions it can most usefully expand its work.

103. The Main Business of the Authority.

104. The main business of the Authority will be to take over from the 0. E. E. C. the examination of national production and import programmes and to make recommendations to governments, producers and traders for rationalising and expanding these programmes. It will use its good offices to encourage the making of long-term contracts which will give confidence to producers to expand their operations.

105. A List of Functions of the Authority.

106. Among the functions which the Authority shall be organised to carry out are :

a. Studying commodities and making recommendations through the governing body of the Authority to national Governments, farm organisations and traders for expanding and regulating the marketing of food between Member countries. Regulations of this type include definitions, grading, quotas, tariffs, etc. Particular study should be made of the special problems attached to securing stability for the European horticultural industry.

b. Recommending policies and plans for the storage of non-perishable foodstuffs, and preservation of perishable commodities and other facilities for trade in agricultural products.

c. Recommending policies and plans for improving the terms and supply of credit to agriculture (e. g. the Danish system of co-operative credit deserves espacial study).

d. Promoting the exchange of technical information regarding the production and marketing of food and maintaining liaison with the agricultural advisory services of each constituent country,

e. Examining methods by which consumption of certain foods particularly those which are prone to surplus conditions could be permanently increased. Anything which can be done, to raise the level of nutritional standards in both exporting and importing countries must contribute in some measure to the long-term solution of the problem of stabilising the relation between supply of, and demand for, food.

f. Promoting a campaign against waste in food.

g. Examining on behalf of participating Governements the methods and terms on which they could participate in international commodity agreements covering those countries outside the Authority.

h. Maintaining relations with other international bodies such as the F. A. O., O. E. E. C, and the I. F. A. P., whose work is in some degree connected with food production and trade.

i. Promoting studies of the ways in which supplies of agricultural equipment, fertilisers, etc., could be made available in required quantities to agricultural producers in each participating country.

j. Collection and analysis of statistics relating to production, imports, exports, stocks, prices, markets, etc., and acting as a clearing house for suggestions for improving or changing the methods of collecting statistics.

107. Composition of the Authority.

108. The Authority will be composed of representatives of Governments and of the organisations of agricultural producers.

109. Where a government includes separate ministries for Agriculture and for Food both departments shall be represented on the Authority.

110. Decisions of the Authority.

111. The decisions of the Authority will take the form of recommendations to Governments.

112. If there is goodwill the rule of unanimity will prove no obstacle; if goodwill is lacking no form of paper constitution laying down voting by a majority will secure better results.

113. Commodity Sub-Committees.

114. The Authority will set up commodity sub-Committees composed of those Members who are interested in the product under review. It shall have power to invite to serve on these sud-Committees the representatives of countries outside Europe whose trade in the commodity under review is of importance to Europe.

115. Annual Report.

116. The Authority shall be required to make an annual report of its work to the Council of Europe, which should be debated in the Assembly.

117. Right to put questions to the Authority.

118. Members of the Assembly shall have the individual right to ask questions of, and receive answers from, the Authority in writing.

119. Consumers' Interests.

120. The representation of consumers' interests will be achieved in two ways :

a. The Ministers who are members of the Authority would hold a watching brief for consumers.

b. A Consumers' Advisory Council should be created, composed of representatives of the various groups of consumers, such as women's organisations and bodies representing those with special needs, which should have clear rights to ask for enquiries into the quality and prices of food, and the Advisory Council should undertake consumer research on behalf of the Authority.

121. Products to be studied.

122. M. Charpentier, suggested that among the first products to be studied should be wheat, sugar, milk, dairy products, wine, meat, cattle-fodder, fruit and vegetables, tobacco, fish, etc. While not disagreeing with this list, it would seem best to leave to the Authority the task of drawing up an order of priorities in such a vast field of operations.

3.4. Comparative study of the majority proposals of the Committee and of the alternative proposals submitted by Mr. Eccles

The Special Committee, having decided by a majority vote that it had received a mandate from the Assembly of the Council of Europe to draft a plan for the creation of a Specialised Authority with limited but real powers, accordingly rejected the alternative proposals submitted by Mr. Eccles and adopted the plan presented by the Rapporteur of the Committee.

In the course of its meetings on 26th and 27th February, the Special Committee instructed M. Charpentier, the Rapporteur, to submit for information to the Committee on Economic Questions a comparative study of the Report as adopted by the Committee and of the alternative proposals submitted by Mr. Eccles.

The following study, while following the general lines of the Rapporteur's Report, will endeavour to bring out the differences which exist between it and the alternative proposals of Mr. Eccles.

3.4.1. Aims of the Specialised Authority :

3.4.1.1. The establishment of one of the basic institutions of a European federation.

Mr. Eccles is opposed to such a conception even as a long-term objective; his alternative proposals, however, emphasise the need for a greater degree of European solidarity.

3.4.1.2. The realisation of certain social, economic and ethical advantages.

The alternative proposals submitted by Mrs. Eccles are intended to achieve the same social and economic results; Mr. Eccles recognises the urgency and grave importance of the problems referred to at the end of this first part of the Report.

But although the alternative proposals may correspond to the Report in so far as the aims to be achieved are concerned, there are wide differences between the two in respect of the methods to be employed.

In the opinion of the majority of the Committee these aims cannot be achieved, even progressively, except through the establishment of a Specialised Authority with a clearly defined field of action and possessings positive means of carrying out its mandate.

What, in fact, are the objections raised by Mr. Eccles to the tasks of the Authority as indicated in the Report?

1) A balance between supply and demand.

The alternative proposals do indeed, in paragraphs 7 and 18 (c), call for the stabilisation of prices which such a balance implies, but they make no mention of the methods by which this stabilisation may be achieved. The merely state that : " the most effective instrument for (securing increases in production is a stable price-level and the best assurance of) carrying out programmes of expansion is to obtain in advance the support of Governments and of the organisations of agricultural producers. "

They are furthermore opposed to the methods proposed in the Report and more particularly to the possible limitation of imports from Third-Party countries. No balance between supply and demand can, however, be otherwise effectively realised.

How is European solidarity to be attained if such imports are to be made to the detriment of European producers?

It is not a question, moreover, of suspending imports from third-party countries, for this would give rise to difficulties in connection with the problem of the goods produced in exchange for such imports.

Food shortages in Member countries cannot indeed be entirely met by increased European production in view of the increase in the numbers of the population and of the rise in the average level of consumption which it is hoped will take place.

The Specialised Authority could furthermore, should it acknowledge the need to import one or another form of produce from outside Europe, direct European production into other channels which would be more advantageous.

Will Europe have the necessary financial means to pay for increased imports, in the absence of a European Organisation?

Will Europe possess the necessary volume of industrial goods to exchange against such imports at a time when the needs of rearmament and, more important still, the level of capital investment which is required in the various European countries and their overseas territories can with difficulty be met by European Industry?

Finally, there is also the risk that countries outside Europe will have a smaller surplus of food at their disposal as a result of the rise in their standard of living; and, should our demand for this surplus increase at the same time, food prices may well take an upward trend.

2) Stabilisation of European prices and elimination of national quotas.

Mr: Eccles is opposed to the establishment of a European price. At this stage, however, it is a question of a European price for products which are exported from one Member country to another, and not for those consumed in the domestic markets of Member countries.

It is possible that such prices would allow for a certain margin.

Mr. Eccles is also opposed to a European price which might in certain cases be higher than the world price; to his mind it should at the most be equal to the world price.

If an increase in production and a reduction in the cost-price is to be obtained, the producer must, however, be assured of receiving a price which, while being as reasonable as possible, s still profitable to him; a price which must therefore be fixed independently of the law of supply and demand and may well be either above or below world levels. In fact the stability of European prices and the increasing adoption throughout the world of long-term contracts will help to stabilise world prices.

At this same stage the Report provides for the elimination of quotas; Mr Eccles opposes such elimination unless the Governments agree to it.

He is also opposed to compensatory taxes which however would only apply to products exported from one Member country to another.

3) The orientation of European policy.

Mr. Eccles is opposed to any orientation which has not been agreed to unanimously; and is still more opposed to :

4) The organisation of agricultural production through the unification of markets.

(a) This is however the goal of the recommendations finally adopted by the various international Organisations such as the 0. E. E. C. and the E. C. A.

The alternative proposals of Mr. Eccles envisage the creation of what would in fact be an organisation similar to the 0. E. E. C. but limited to Europe.

(b) Experience has shown that it is possible to establish even over a wide area a single price with a limited range, which allows for the establisment of regional prices.

What in fact is the position in the U. S. A.? In his interesting Report on European Agricultural Policy, Dr. Linthorst Homan writes :

" I t may be most instructive to examine the degree to which agricultural policy in the United States, which must take account of such wide variations of soil, situation and climate, continues in fact to deal only with this vast continental entity as a single whole.

But despite the wide regional variations, regional prices do not exist in the United States. Professor Grass of Harvard University uses this terminology in his History of Agriculture in Europe and America, having particularly in mind the seasonal differences. This latter factor, in Western Europe also, naturally presents a problem of its own. Early vegetables come on to the market from Italy far sooner than they do from Belgium and Holland. Professor Grass nevertheless concludes that each region should, in the long run, not only specialise, but to a certain degree attempt to be self-sufficient.

He states in fact : " As the result of a whole series of factors and circumstances which have led to the gradual growth in the importance of the agricultural market it may be observed that •—• with a few exceptions — agricultural production tends to reach a balance on a regional basis and to be sufficient to satisfy the basic local demand. "

" I t is our opinion that the agricultural policy of Western Europe should be based on the distribution of tasks in accordance with the characteristics of the soil and its geographical position, the climate and the experience of the population concerned. It would, however, appear unnecessary to develop this specialisation too far. In view of the fact that the question of regional prices is of paramount importance it will be useful carefully to study this problem as it arises in the United States, since it is closely connected in more ways than one with the problem of the choice of an agricultural policy for Western Europe ".

3.4.2. The Structure of the Specialised Authority.

The alternative proposals submitted by Mr. Eccles contain certain preliminary criticisms :

1. The agricultural industry is not a suitable industry in which to establish a supra-national authority; there are too many agricultural producers. There would appear to be no foundation for this criticism. The problems involved will be studied product by product. The interests of the agricultural producers are similar and their ideas the same when they are dealing with one and the same product.
2. The fertility of the soil must be safeguarded-This applies to all European agricultural producers; there is moreover no erosion problem in respect of the land under cultivation in our various countries.

The alternative proposals of Mr. Eccles furthermore lay emphasis on :

1. the variations in the amounts harvested. This involves the recognition that a policy of stockpiling is necessary.
2. the need for a balance between crops and stock. Quite apart from any consideration of national security, this is necessary from both an economic and a social point of view.

Balance and security can, however, both be achieved while simultaneously directing effort towards the production of a given product.

There are an infinite number of different systems of rotation which can ensure the necessary balance between stock-breeding and crop-growing.

The Specialised Authority would be composed of :

1) An Executive Committee.

The alternative proposals of Mr. Eccles provide for the presence in the Executive Committee of representatives of the agricultural producers. This would be of small importance if, as suggested by Mr. Eccles, the Specialised Authority were powerless to take any decisions, and could only make recommendations when its members were unanimous.

In the circumstances foreseen in the Report the contrary would be the case, and the participation of the agricultural producers in framing the decisions taken would appear to favour their interests at the cost of the consumers.

The Ministers of Agriculture, of whom the Committee of Ministers would be composed, could be relied upon to know what the agricultural producers wanted.

Would not the latter moreover be represented in the Consultative Committee?

The agricultural producers would also be represented within the specialised sections.

Finally, there are agricultural producers to be found among the Representatives to the Assembly of the Council of Europe.

The Executive Committee would have power :

A. — To pass resolutions.

The alternative proposals of Mr. Eccles on this point differ fundamentally from the conditions implicit in a plan based on the creation of a Specialised Authority.

Mr. Eccles allows the Executive Committee the power simply to make recommendations having no mandatory character, which must be adopted unanimously and communicated to Governments as well as to the producers and the merchants.

It woidd only be necessary for one Member country alone to oppose the idea of a European Organisation and not one single recommendation would ever see the light of day !

This is tantamount to providing for a veto on the expression of opinion!

Although the Plan adopted by the majority of the Committee provides for decisions being taken in the form of resolutions, it nevertheless contains many safeguards :

a. Decisions would be taken by a two-thirds majority (for the first few years at least),

b. The scope of the Executive Committee would be limited. This scope would gradually be increased with the assent of a majority in the Executive Committee and in the Assembly mentioned above. It would include powers of both an executive and a legislative character.

c. The implementation of resolutions adopted by the Executive Committee may be delayed[13],

d. The Assembly can dismiss the members of the Executive Committee,

e. The Executive Committee would be composed of responsible politicians who would carefully weigh their decisions,

f. Public opinion has a great influence in our democratic system ; and this influence could be brought to bear through the Assembly and the Consultative Committee.

B. — To express opinions.

C. — To table Bills[14].

The Specialized Authority would also consist of :

2) A Parliamentary Assembly

composed of :

a. a Ministerial Committee equivalent to an Upper Chamber, and

b. an Assembly equivalent to a Lower Chamber.

3) a Court of Justice.

According to the alternative proposals of Mr. Eccles the desired goal can be attained through the medium of an inter-governmental organisation and thanks to a system of long-term contracts, even if the organisation has no powers of its own.

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13. Resolutions referring, for example, to stockpiling, and to imports and exports.
14. Concerned, for instance, with the question of capital investment.

Long-term contracts have indeed a great importance, but they are not enough.

Moreover, can a country alter the general direction of its production for a period which is, generally speaking, of only five years?

In conclusion all countries should be able without apprehension to participate in a Specialised Authority of the type outlined in the Report.

If certain countries should wish to remain outside the Specialised Authority they should find some formula which would allow for their association with the Authority and should enter into long-term contracts with it.

It is in this spirit that the Committee unanimously requests, in accordance with the alternative proposals of Mr. Eccles :

1. that a Conference be convened;
2. that an organisation be created, as suggested by M. Benvenuti, Chairman of the Special Committee, on the lines indicated by Mr. Eccles, with a view to ensuring the necessary liaison between the member countries of the Specialised Autho-tiry and other countries not members.