

'1 July, a seminal date' from the Luxemburger Wort (1 July 1967)

Caption: On 1 July 1967, the Luxembourg daily newspaper Luxemburger Wort describes the entry into force of the European common market in cereals, pigmeat, poultrymeat and oilseeds and analyses the new implications of the common agricultural policy (CAP).

Source: Luxemburger Wort. Für Wahrheit und Recht. 01.07.1967, n° 182/183; 120e année. Luxembourg: Imprimerie Saint-Paul. "Stichtag 1. Juli", p. 1.

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Commentary

1 July, a seminal date

F. R. 1 July 1967 is one of those dates that will go down as permanent milestones in the ever turbulent history of the European Economic Community. For today is in many ways both start and finish. The goal that EEC Agriculture Ministers set themselves in Stresa nine years ago has essentially been attained. For the first time in economic history, six countries, differing in climatic conditions, ground composition, size of holdings, degree of mechanisation, productivity and production structure, have succeeded in establishing a common agricultural policy and unified agricultural market. The difficulties and resistance that had to be faced through to the end were often considerable, making the successful outcome more laudable still.

1 July is, at the same time, a step into a new era; perhaps also a descent into the unknown for many an anxious farmer. From the beginning of this month, all agricultural policy and other trade barriers on 40 % of agricultural produce worth 650 000 million francs come down between the six countries. Grain dealers, for example, will now be able to buy and sell their products wherever they want within the Community. Farmers will no longer produce for their national markets but for a market of 180 million consumers. The same goes for the pig, egg and poultry sectors. Complete liberalisation of the other agricultural sectors will follow over the next months.

As from today, the European Agricultural Guidance and Guarantee Fund will also take over the full financing of the common agricultural policy. National subsidy policies will be replaced by the European structural and orientation policy. This financial sector handles payments for structural improvements, grants aid for exports to third countries, intervenes in the market to take up production surpluses and guarantees minimum price levels.

In the past, farming officials in Brussels came in for often severe criticism for their overly perfectionist and dirigiste approach to agricultural policy. Exaggerated market regulations, it was suggested, were inhibiting the free interplay of supply and demand, opening the way to the economic inefficiencies of the command economy. In fact, European agricultural policy is a carefully judged mixture of agrarian interventionism and untrammelled liberalism, a principle that is beginning to prevail in other areas of economic policy, too. Competition continues to act as a market regulator, but only within fixed upper and lower price limits, which function to some extent as safety valves, at one end for consumers, at the other for producers. Here the cost profile or productivity of agricultural undertakings remains a crucial consideration. In the Community's traditional high-price countries, such as Luxembourg, far-reaching transformations will no doubt be necessary.

On a closer look, it soon becomes clear that, in many regards, political and sociological considerations are eclipsing purely economic criteria. The blame for this lies not so much with the Commission as with the Council of Ministers. The former had to perform a permanent balancing act in order to obtain unanimous support from the body with the power of decision, that is to say the Council, without flying too blatantly in the face of economic sense and consumer interests. This led to the so-called 'bad' compromises, which, though not ideal, in practice represent the only feasible way of reconciling the often fundamentally diverging financial and agro-political interests of the Six. Even a bad compromise was better than none at all. Moreover, EEC agricultural policy is not some kind of unalterable fact, some rigid mechanism, but rather a project that has to be constantly adapted to changing economic conditions.

Experts even claim that the agro-political difficulties with which the governments in the six Member States have had to contend, have been instrumental in securing an early solution to the agricultural problem at Community level. This, in their view, also explains why agricultural policy is by far the most advanced sector as far as integration is concerned. Assuming this is true, there would be good reason after all to warmly recommend the common agricultural policy as a model to the Economy, Finance and Transport Ministers.