

'Green Union?' from Handelsblatt (2 April 1952)

Caption: On 2 April 1952, the German economic daily newspaper Handelsblatt criticises the plan for a Green Pool as envisaged by the European authorities.

Source: Handelsblatt. Deutsche Wirtschaftszeitung. 02.04.1952. Düsseldorf: Verlagsgruppe Handelsblatt GmbH. "Grüne Union?".

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Green Union?

What is referred to as the ‘functional integration’ of Europe, that is, unification in accordance with branches of industry with the assistance of European bureaucracies, was open to the objection, even at a very early stage, that it would separate Europe from the global economy rather than bringing Europe into that economy. Trade barriers in Europe are certainly being eliminated, but more to create a zone intent on self-sufficiency than to promote increased division of labour in the world economy. The actual matter of concern here, namely to ‘have a clear out’ in Europe and to rationalise its economy by means of increased division of labour, is not necessarily guaranteed by this.

These doubts are now also being aroused by the attempt to create a ‘uniform European market for agricultural products’, which is currently the subject of negotiations in Paris. The viability of Europe depends on a far-reaching division of labour with countries overseas, that is, on the exchange of European industrial products for low-priced raw materials and agricultural products. There is now a growing danger that what is known as the ‘single market’ in the ‘Green Union’ is simply intended to provide European agriculture with a gigantic protected market that artificially excludes cheaper products from overseas. The ‘Green Union’ would then really be a large-scale system of preferential markets operating to the detriment of agriculture overseas and constituting a blow to the European, and predominantly German, industrial export trade. To call a spade a spade, it would be a serious abuse, because it would result in cooperation between high-cost producers against overseas agriculture, to the detriment of European consumers. What kind of inter-European rationalisation may be expected of it if it is operating more for the benefit of a self-sufficient European bloc than for genuinely competitive cost reductions? After all, the individual green fronts in the various European countries would not have much effect, even without customs duties.

The protectionist nature of the objectives is already apparent from the products that are in the vanguard of ‘green integration’. The intention is to include wheat, dairy products, sugar and wine. Europe is a significant buyer of all these from cheap overseas sources, which are now to be replaced by European ones that are more costly to operate. That may well result in investment and labour being misdirected and in European industry losing important overseas markets. At the same time, the imminent expansion of overseas agricultural production, which could offer a considerable sales base for our mechanical engineering industry, etc., would be considerably restricted.

We ourselves are now threatened by a different kind of danger: the agricultural union would rob us of an important bargaining chip in trade-policy discussions with our European neighbours. Europe has always been our major industrial market, but we were only able to keep it open as long as our trade policies were offering European agricultural products greater access to our own market. But how would we be able to slow down the industrial protectionism of France, for example, in the future, if we had to open up the agricultural market in this country without some trade concessions in return? The hope of a general European industrial community being established — similar to the agricultural union — would be of little comfort and could hardly be brought about for the moment.

The example of the agricultural union illustrates very particularly the limitations — not to say dangers — of liberalisation restricted to Europe, because there is a danger here that the previous national agricultural protectionism is simply being replaced by similar protectionism on a European basis. This kind of community would increase rather than reduce the production costs and the cost of living, because the partners are agreed only on the exclusion of other continents from the European single market. Talks about an agricultural union are useful only if they are directed at an increase in efficiency. But there remains a question here as to whether the increase in productivity is more dependent on measures taken by the individual governments, which would finally have to direct their efforts at bringing per capita output in farming up to the level of that in industry, instead of systematically obstructing this increase in productivity by artificial state protection and overcharging consumption. A ‘European policy’ that restricts output instead of promoting it is not completely unknown to us, from our policy towards south-eastern Europe in the 1930s. We did not fear the farmers of south-eastern Europe, because their costs were far above those of Canada, Australia or the USA. We pursued ‘regional policies’ and still remained protectionist. However, the present ‘regional policy’ of Western Europe does not even give us the opportunity that we gained at that

time from the south-eastern policy, which was the opening up of industrial markets. In this instance, the effect may unfortunately be the opposite.

European agricultural policy would first have to change over from the principle of protection to that of efficiency, and European integration should never progress more quickly than global economic integration. Europe does not need a 'traditional European farming estate' in the form of overpriced agriculture, it needs an agricultural system with teeth that is capable of competing on global markets and of reducing living costs in urban areas. This is also what is meant by Paul R. Porter of the Paris MSA when he told the conference of the agricultural union in Paris that he hoped for a plan for agriculture that would 'genuinely contribute to the strength and the prosperity of Western Europe'. In expressing this hope, Porter was also issuing a warning.