

Note from the French Government on agricultural integration in Europe (Paris, 25 March 1952)

Caption: On 25 March 1952, the French Government submits to its European partners, meeting in Paris for a European agricultural conference, a note emphasising its determination to support agricultural integration in Europe.

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Note from the French Government on agricultural integration in Europe (Paris, 25 March 1952)

1. On 9th May, 1950, the French Government proposed to the countries of Europe that they should make a Pool of their coal and steel production and entrust its management to a European High Authority. This initiative showed that France remained faithful to the foreign policy which she has pursued consistently for over twenty years, that is to say, the achievement of the economic and political unification of Europe. As was emphasised in the statement of 9th May "Europe will not be built in a day, nor in one single structure. It will first become united in fact as a result of concrete achievements."

2. THE FRENCH GOVERNMENT BELIEVES THAT A FURTHER STEP FORWARD TOWARDS THE ECONOMIC UNITY OF EUROPE SHOULD HAVE AS ITS OBJECTIVE THE JOINT ORGANISATION OF THE PRINCIPAL AGRICULTURAL MARKETS.

3. This is no arbitrary choice. Agriculture and food supplies represent a field in which the economic organisation of Europe is most essential. This was acknowledged by the Council of Europe when it approved the procedure of Specialised Authorities and mentioned agriculture as one of the three sectors in which integration was most urgently required.

Europe constitutes one vast agricultural area. Both from the economic and the social point of view, the fate of European countries is dependent on the state of their agriculture. In Europe more than elsewhere and today more than ever, agricultural production is a vital occupation and the market afforded by agricultural consumers for European industry is an essential basis for the development of the latter.

4. The existing state of agriculture in European countries, however, falls short of its possibilities and of the requirements of the European economy. Agricultural production is insufficient. The population of Europe, which is extremely dense - and, moreover, growing appreciably relies for its food to a great extent on overseas markets; its supply therefore remains at the mercy of political and financial hazards.

5. The cost of production in certain branches of agriculture is too high. The level of productivity which is often too low deprives the peasants of fair wages and deprives consumers of an improved standard of living.

6. The expansion of production to reduce the European food deficit and the lowering of costs to improve the standard of living of producers and consumers are technically possible. But one great obstacle lies in the way, namely the mistrust shown by agricultural producers. Under present conditions in Europe this mistrust is justified. The last thirty years have taught agricultural producers that abundant harvests only too often mean a slump in prices and selling at a loss. Far from affording them the promise of prosperity, expanded production means an increase of those risks to which they are normally exposed.

7. Insecurity for the producer is, indeed, the result of factors peculiar to agricultural economy: seasonal rotation which makes impossible an immediate adjustment to the conditions of the day, the time-lag between the beginning of production and sale, unforeseen crop variations, sharp fluctuations in prices resulting from variations in supply and fixed demand, the dispersion of producers and consumers which renders very difficult the maintenance of stable markets.

8. It is not surprising that under such conditions the fear of over-production and the risk of unfair and unregulated competition should drive producers to seek to protect themselves from crises, and indeed sometimes from ruin, by a malthusian reduction in productivity and measures of protection for their trade. Such a development must surely be inadmissible so long as the problem of feeding Europe has not been resolved. Nevertheless, it is a certainty that agricultural producers will not, in fact, commit themselves to a policy of expansion, except insofar as it proves to be possible to establish and maintain a stable market ensuring for them fair remuneration for their efforts and an adequate yield on their investments.

9. Now, such a stability can only be brought about within the narrow limits of European countries as a result of measures which are either costly, such as subsidies, or unjustifiable, such as the destruction of crops; and

the fact is that the financial situation of the countries of Europe does not allow them to contemplate permanent assistance for agriculture.

It is contrary to reason, moreover, when other means are available, to seek such stability for an agricultural market which is too restricted and in which the slightest fluctuations in production are more acutely felt than in a larger market. The effectiveness of a purely national organisation of markets, whatever be its merits, is limited by the fact that it cannot prevent the agriculture of one country being affected by unforeseeable decisions taken in neighbouring countries on which it relies for its means of production, its outlets or its supplies. The autonomy of this or that country's markets may therefore, far from protecting it, compromise its economic independence.

10. Healthy and lasting stability can only be created on the basis of a unified European market. There is no doubt that the planning of agricultural markets will be more easily achieved within a European framework than within the narrow limits of the countries of which Europe is composed. The establishment of a large market in which artificial trade barriers are swept away and the disparity of price factors reduced, will increase the possibility of adjusting supply to demand and at the same time facilitate and reduce the cost of measures taken for the control of price fluctuations due to erratic production.

11. The creation of a single market for European agriculture will constitute an element not only of stability but also of progress. Although it is important to create the conditions essential for increased production, there should be no question of artificially supporting uneconomic production in certain regions. It is intended, on the contrary, that the creation of a common market and the establishment of healthy competition should:

- lead to more rational, more economic and better-directed production,
- encourage agricultural producers to modernise their farms and to increase their productivity,
- thus achieve a gradual lowering of costs.

It is at that stage that the burning problems with which European countries are faced at the present time may be resolved. European producers, including exporters, will be assured of permanent outlets; European consumers, including importers, will be assured of regular supplies. Agricultural producers will be able to work without the fear of ruin, and consumers will benefit by the gradual rise of their standard of living.

12. Such aims cannot be achieved by purely national policies, which are of necessity inadequate, continually divergent and sometimes contradictory. If European countries depend for their very life on their agriculture, it is equally true to say that the future of their agriculture depends on the creation of a united Europe. The harmonisation of the agricultural and commercial policies of the countries of Europe, as a prelude to the creation of a single planned market appears at the present time to be the only method likely to raise European agriculture to the level of its economic needs. **THIS IS THE REASON WHY THE FRENCH GOVERNMENT PROPOSES THAT THE EUROPEAN COUNTRIES SHOULD ENTER INTO NEGOTIATIONS FOR THE PURPOSE OF ORGANISING A EUROPEAN AGRICULTURAL COMMUNITY BASED ON THE FOLLOWING PRINCIPLES :**

(a) **IN EACH SECTOR OF AGRICULTURE THE ASSOCIATED COUNTRIES WOULD POOL THEIR PRODUCTION.** If this principle is adopted it will ensure the co-operation of all the countries in resolving the difficulties of finding outlets for their production and of obtaining food supplies. It would be the task of the European Organisation to resolve such difficulties.

(b) **THE ORGANISATION WOULD TAKE THE NECESSARY MEASURES TO ADJUST PRODUCTION TO THE NEEDS OF CONSUMPTION AND TO MAINTAIN A STABLE MARKET IN THE PARTICIPATING COUNTRIES TAKEN AS A WHOLE.** It would more particularly have the task of harmonising production policy, of developing technical progress and improving productivity, of co-ordinating imports and exports, of stockpiling and, lastly, of influencing consumption with due regard for

the rules of dietetics.

(c) THE PROPOSED ORGANISATION WOULD FINALLY HAVE THE TASK OF PREPARING FOR THE CREATION OF A COMMON MARKET AMONG THE PARTICIPATING COUNTRIES FOR EACH PRODUCT FALLING WITHIN ITS COMPETENCE. As a general rule, and subject to the institution of any necessary transitional machinery, it would appear that the complete elimination of Customs duties and trade quotas between the participating countries cannot be effected without also eliminating such artificial practices as distort competition between countries and accentuate price differentials, and also the divergences existing between the conditions of production of marketing methods in the various countries. The elimination of abnormal price differentials such as they exist among European countries would make it possible to introduce healthy competition within an organised, expanded and unified market. Such a market can secure a wider access to the rest of the world within the framework of an international trade organisation which takes account of the individual nature of the relations between the participating countries.

13. In order to achieve these aims and implement these principles, the French Government will propose that there should be created European institutions similar in structure and in procedure to those provided for in the draft Treaty on coal and steel.

Some of these institutions, particularly the Joint Assembly and Court of Justice, could be granted powers in relation to both coal and steel and agricultural marketing, subject to appropriate variations necessitated by the participation of different countries.

Experience has shown that agricultural marketing set up on a contractual basis, albeit multilateral, can only give partial results and have limited efficiency. Such a system is too rigid to cope with the conditions which result from those unforeseen fluctuations in the volume of production and in the price of products which characterise agricultural economy. It is essential that the organisation should be in a position at any moment to ensure a stable market with the necessary speed and flexibility. Were such a body to be merely consultative, it would not have the powers to solve the difficulties with which it was faced. It is necessary, by reason of the very amplitude of its task, that it should have powers of decision and arbitration. Such powers, moreover, if exercised within the framework of an international Organisation subject to the rule of unanimity, would be practically paralysed.

14. The complex nature of agricultural economy and the extensive tasks to be undertaken by a European Marketing Organisation point the way to a precise definition of the method to be adopted. THE FRENCH GOVERNMENT CONSIDERS THAT THIS METHOD SHOULD BE GRADUAL AND FLEXIBLE, THAT IS TO SAY THAT IT SHOULD PAY HEED TO THE NECESSITY FOR TRANSITIONAL STAGES AND GUARD AGAINST ANY FORM OF AUTOMATIC OPERATION.

The idea of a gradual process means first of all that in the early stages the negotiations and the initial operations should be limited to certain products which are of particular importance for the European economy. It would be too ambitious and somewhat unpractical to seek, at least at the start, to include all agricultural markets in one general organisation. The achievement of a measure of success in the first undertakings would, on the other hand, permit the application of well-tried methods to wider spheres of European agriculture in forms appropriate to the characteristics of each market. THE FRENCH GOVERNMENT CONSIDERS THAT THE NEGOTIATIONS MIGHT FIRST OF ALL DEAL WITH THE ORGANISATION OF THE MARKETS FOR THE FOLLOWING PRODUCTS : WHEAT, DAIRY PRODUCE, SUGAR AND WINE. The French Government would be glad to be acquainted with the points of view of other Governments on this matter and is ready to examine any suggestions that may be made.

The idea of a gradual process furthermore implies that the objectives sought in each sector should be achieved by easy stages and not by any abrupt process of fusion which would ignore the highly sensitive nature of agricultural markets, the difficulty of adapting national economies and the time-lag involved in radical changes in agriculture.

15. When negotiations have been completed and ratification obtained from national Parliaments, the associated countries will be bound by a Treaty. This Treaty will establish the constitutional and economic principles of the Organisation and will set out the rights and duties of the participants. It will also provide for transitional measures. The actual means and the pace at which the functions assigned to the Organisation will be carried out, will depend, according to the circumstances, on ancillary Conventions or on whatever Institution is given authority to implement the Treaty, and will be determined in relation to existing circumstances and the progress already made.

16. The French Government feels sure that those countries taking part in the negotiations will benefit by the support and cooperation of the international organisations concerned, particularly the F.A.O. and the O.E.E.C.