

## 'Two policies for green Europe', from Corriere della Sera (6 March 1972)

**Caption:** On 6 March 1972, Alfredo Diana, President of the Italian General Confederation of Agriculture (Confagricoltura), answers questions posed by the Italian daily newspaper Corriere della Sera on the reform of the common agricultural policy (CAP).

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## OUR AGRICULTURE AND COMMON MARKET PLANS

### Two policies for a green Europe

**With a few exceptions, we take good decisions in Brussels and bad decisions in Rome — ‘The Community’, says the President of Confagricoltura, Alfredo Diana, ‘is doing pretty well for the whole of the EEC, except for Italy.’ — But we are at a crossroads: either we go forward with our partners or we go against them.**

#### Rome, March

*For farmers and those ‘not in the business’, the mechanisms and workings of the European Agricultural Community are a somewhat tiresome subject. Moreover, many people find the significance of some of the important decisions hard to understand, particularly those taken over the past year in Brussels and, for that matter, in the capitals of the Green Europe countries.*

*Nonetheless, regardless of whether the significance of those decisions is grasped, they are laden with consequences. For everyone. For farmers and non-farmers. All of us are consumers of what is now a Europe of ten. There are many questions. One of them, the topic of the moment, is as follows: is the Agricultural Community doing well or badly? Is it a failure or does it show promise? Why does Sicco Mansholt, the Vice President of the Commission, occasionally point the finger at Italy? What effect will the price increase for some products under discussion in Brussels have on Italian consumers? We put a series of questions on these and other points to which we would like answers to Alfredo Diana, an agricultural expert, asking him to make his replies understandable to people who know little of farming and the mechanisms of the agricultural common market. Alfredo Diana has been President of the Italian Confederation of Agriculture for about three years and is a farmer himself.*

#### Almost at par

*Question: First of all, Mr Diana, please can you tell us if it is true that being a member of the Common Agricultural Market costs Italy the princely sum of 200 or 250 billion lire a year? This kind of statistic crops up every now and again in the newspapers, almost at random, without any good explanation as to the hows and whys of the cost.*

*Answer: It is not true that it costs that much. It was true in the past, but it no longer is today. Previously, however, that ‘debit’ was more than justified because it was an ‘investment’. Currently Italy’s balance sheet is almost balanced. And in the not too distant future it may become positive. I mean positive in the strict accounting sense as well, in terms of cash.*

*Q: Which products are covered by the increase in prices under review in Brussels in the European Parliament at the moment? How much is the increase? Can’t it be avoided? Won’t it favour farms that are already efficient as compared to the ones still lagging behind? Isn’t it likely to lead to another rise in the cost of living?*

*A: The increase relates to all products and is in the region of 8 %. In my opinion, it is unavoidable and is unlikely in itself to cause the cost of living to rise further, because only a little over 5 000 billion of the total of over 15 000 billion lire that Italians spend each year on food goes into the farmer’s pocket — the rest represents processing and distribution costs.*

*Do you want just one of the many explanations I could give as to why it’s unavoidable? All right. Over the last 20 years, from 1951 to 1971, the revenue obtained by Italian farmers from soft wheat has risen from an index of 100 to 107, whereas over the same period the price of bread has gone up from 100 to 270. Another example is that the price of durum wheat has fallen sharply, from 100 twenty years ago to 85 now, whereas pasta, which is made with durum wheat, has risen from 100 to 150.*

The price increase will in principle of course favour the most advanced farms. One of the principal aims of the Mansholt Plan, however, is in fact to push the farms lagging further behind to change, develop and reduce costs. It is not to hand out subsidies to keep farms with their heads just out of water, when their real choice is to modernise or to disappear.

## **The workforce**

*Q: It is undeniable that many farm prices have not kept pace with the prices of the food we buy on the market every day. But, if we are not mistaken, even Italian agriculture has enjoyed a noticeable increase in productivity. A hectare that yielded 100 in produce in 1962 yielded 197 last year.*

A: If that were not the case, Italian agriculture would have collapsed a while ago. But you must also take into account the rising cost of farm labour. The contractual minimum wage in farming has increased by 70 % since 1966, as compared to increases of 58 % in industry, 43 % in business and 41 % in transport. Add to that the very high increases that there have been in the sector of raw materials for farming and in farm machinery. Are these instances enough? Despite that, the average earnings in farming in Italy are still half of average Italian earnings or less. Do you think it fair that there is such a difference in reward between people who work in agriculture and those working in other sectors?

*Q: Whatever happens, mightn't an increase in prices only add to the now notorious production surpluses that seem to be a millstone round the neck of farming in Europe? Just a year ago there was so much butter that all of Europe's streets could have been spread with it and there was enough milk to fill all its swimming pools.*

A: Yes, a year ago. But some of the mechanisms have worked and the concern over surpluses has almost completely disappeared. It is several months since our fear of drowning in milk and being bogged down in a butter mire disappeared. In fact we are just about to introduce a kind of export tax for milk powder, the aim being to reduce it. Of course, we have had to bear costs in order to find a market for the stocks. But in the meantime the understanding has been that the normal alternation of good harvests and not so good harvests is a significant compensatory factor in itself.

The alarm over surplus stocks becomes even less acute if we view it in the light of the entry of Great Britain into the EEC. Even though Great Britain has an extremely advanced farming sector, it does not have a self-sufficient agricultural market: it has to import. Overall, following the entry of the three new countries into the EEC, European self-sufficiency has now dropped from its previous level of about 100 % to about 85 %. Furthermore, butter and milk are products for which demand is almost inelastic: a slight increase in price only leads to minimum reductions in demand.

*Q: What can you tell us about America's recent accusations of the isolationism and protectionism of the European Agricultural Community? What agreements have been reached?*

A: The statistics show that between 1958 and 1970 exports of American agricultural products to Europe rose from 3 to 9 billion dollars. That is a fact. Furthermore, I fear that the charges have been somewhat exaggerated. And deliberately so, because I could, for example, imagine that given the circumstances they might have been envisaged as part of President Nixon's electoral campaign.

Or perhaps the US is in fact upset about Europe emerging as a Fourth Power and, reflecting some of its industrial interests, would like to see the European market as merely a free trade area. An area like EFTA, which has no customs barriers but absolutely no supranational power whatever. If that happens, goodbye Europe. I mean goodbye Europe as envisaged by its founders: De Gasperi, Schuman, Adenauer, Spaak, Monnet and others. To answer the question, lower import levels have been agreed with the US for a very small number of products. For example, oranges will be imported in July, August and September; with a non-exclusion on stockpiling for September. Italian production should not suffer any effects from it.

*Q: Let's look at prices for a moment. Is it really necessary to lay down minimum price guarantees? When*

*farm products produced on European soil cost more, couldn't Agricultural Europe buy them on the world market?*

A: Besides the various reasons (social, political, ecological, etc.) for having good levels of self-sufficiency, we must not forget that the world market can present risks arising from unexpected price rises. And do not forget that some world prices that are relatively low today are irreversibly moving upwards. If we were not to lay down prices and open the European borders, agricultural planning would become impossible and the result, in short, would be a dismantling of agriculture. During the last century Britain deliberately dismantled its own agricultural sector. But it was later forced to rebuild it during the inter-war period, at extremely high cost.

The British reconstruction of farming was, however, done on a rational basis. The average size of a farm and its productivity are fairly close to those of an 'efficient' farm as envisioned by Mansholt and us. (The average size of a British farm is 30 hectares, whereas that of an Italian farm is only 6.9 hectares.) As to the current policy of price support, we must recognise that this policy is financing the restructuring of European farming and its march towards the goal of efficiency.

*Q: In Stresa in 1958, the decision was made that Green Europe should have a price policy, and should at the same time implement a structural improvement policy to make the largest possible number of farms efficient. But it was only last year that what is known as the structural policy was begun, mainly as a result of decisive Italian intervention.*

A: That's right. Only in March 1971, following a long battle led by the Secretary of State, Lorenzo Natali, did the European Parliament decide to take the first steps on the road of structural improvements. The measures budgeted for in Brussels include the introduction of pensions (30 thousand lire per annum) for farmers aged between 40 and 50 who intend to leave farming (and, either by sale or by lease, to give over their farmland to younger farmers who wish to stay on the land, so that larger farms can be established). When the measure was adopted in Brussels there were protest demonstrations by Belgian farmers. Clashes with the police also resulted in one death: the first victim of the European cause.

*Q: What contribution is the Community prepared to make towards the structural development of Italian farming through the fund known as the EAGGF?*

A: The European Agricultural Guidance and Guarantee Fund has undertaken to pay 65 % of farmers' pensions provided that governments — in our case the Italian Government — undertake to contribute the remaining 35 %. For other types of intervention, the EAGGF makes a lower contribution from the EAGGF: down to 25 %. But, in order for the EAGGF to make a contribution, the governments concerned must undertake, by enacting appropriate legislation, to contribute the remainder. But Italy, which is the European country with most to gain from the EAGGF's specific contributions in structural matters, has so far taken no action, nor does it look as though it wishes to.

## **Pessimism**

*Q: Last year, after the decisive meeting in Brussels in March, the French Council of Ministers expressed its concern about the recently approved structural policy (which is much more favourable to Italy than France) to the French Secretary of State for Agriculture, Mr Cointant. The Secretary of State, who is still in office, replied with a smile, 'It's not worth getting worked up about. There's no question that Italy will ever be able to pass the laws required to use the EAGGF contribution.' Are we therefore to take the view that Mr Cointant was right?*

A: So far we would have to say yes, unfortunately, even though we wish that Italy would prove our pessimism wrong with facts. The problem is that, with a few exceptions, Italy makes good agricultural policy in Brussels but poor policy in Rome. The two are therefore irreconcilable. But now is the last point at which definitive choices can be made. We either go with Europe or we go against it.

Q: *Are we therefore at a crossroads?*

A: A genuine crossroads. We are at the point where I would respond to the question 'how is the farming Community doing?' with the reply that it is doing pretty well for the EEC as a whole. Except for Italy. But as to why Italy makes one kind of policy in Brussels and another in Rome, that's something that will have to be discussed again later.

**Egisto Corradi**