

Opinion of the German Farmers' Association (February 1969)

Caption: In February 1969, the German Farmers' Association (DBV) criticises the European Commission Memorandum on the Reform of Agriculture in the European Economic Community.

Source: Deutscher Bauernverband E.V. Stellungnahme zum Memorandum der EG-Kommission zur Reform der Landwirtschaft in der Europäischen Wirtschaftsgemeinschaft. Bad Godesberg: Februar 1969. p. 1-5.

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Opinion of the German Farmers' Association on the EC Commission Memorandum on the Reform of Agriculture in the European Economic Community

Fundamental principles

1. The German Farmers' Association shares the view expressed by the Commission when it presented the memorandum on the reform of agriculture in the EEC that the current common agricultural policy has not provided a solution to the serious problems faced by agriculture in our modern industrial society. It, too, takes the view that only a comprehensive plan can lead to the requisite improvement in the situation in which agriculture finds itself. However, the memorandum — in spite of its considerable volume — does not constitute a comprehensive plan of this kind. It is, in part, full of contradictions, it has not been carefully considered, and it does not include proposals to eliminate the distortion of competition in the common agricultural market or take sufficient account of the close and material connections between agricultural policy and the areas of general economic, trade and transport policy.

In spite of the serious psychological strain brought about by the premature publication of some of the proposals, which was deliberately intended to shock, the German Farmers' Association is prepared to regard the memorandum as a contribution to the discussion of the serious problems faced by agriculture. This assumes that the Commission is, in fact, willing to use a comprehensively thorough exchange of views — especially with the organisations of 'those affected' — as a basis for a review of its previous standpoint and to develop a programme that takes account of the social situation of the agricultural community and the real opportunities for the development of a progressive system for small farms. As long ago as 1968, the German Farmers' Association made a substantial contribution to this with the submission of its 'Guiding Principles for Structural Policy'.

2. The German Farmers' Association is in agreement with the view of the Commission that stabilisation of the market in the products that have generated, and still are generating, surpluses is the most pressing and the most difficult task facing agricultural policy. The Commission believes that the problems set out in its programme entitled 'Agriculture 1980' can be solved by the combination of a strategy of annual price reductions with a revolutionary reorganisation of the production structure. It expects this structural revolution to be boosted by the fact that, from 1975 onwards, the only farms still to receive aid would be those meeting the extreme criteria for the size of holding envisaged by the Commission.

This kind of combination of price reductions and structural policy, which would lead to the destruction of independent small farms, is categorically rejected and opposed by the German Farmers' Association.

It wishes to counter this with its own programme, as set out in the 'Guiding Principles for Structural Policy', which includes proposals for an active pricing policy together with organic structural change that takes into consideration the human dimension.

What is more, the programme put forward by the Commission is blatantly in breach of the principle of voluntary participation that it, itself, repeatedly emphasises.

Its own doubts about the ability of the programme to achieve a balance in the market are also only too justified. Experience certainly suggests that the new strategy of price reductions does not lead to a reduction in consumer prices and therefore does not bring about any appreciable increase in demand either, especially since this is, at all events, largely inflexible. Production will not be cut back; instead, in the long term at least, farmers will attempt to maintain their incomes by means of production increases. The consequence would be not an improvement but an intensification of the crisis.

The problems of surpluses in soft wheat, sugar beet, milk and dairy products can and must be solved in a different way. In view of the great import demand for feed grains, the surpluses in soft wheat can be eliminated within the current market organisations by bringing the price for feed grains closer to the wheat price: in the case of sugar, the quotas for sugar beet outside the basic quota can be reduced — but without price reductions.

A solution can be found to the problem of surpluses in the dairy market only by a combination of measures, that is, by increasing sales, by regulation of quantities and by the imposition of duties on animal and vegetable fats, oil cake and its competitor products, as proposed by the Commission.

3. An improvement in the situation of agriculture by means of structural measures is conditional upon a pricing policy that facilitates personal capital accumulation as a prerequisite for structural policy. If the structural changes are to be successfully introduced without a serious social crisis, then it will not be possible to implement a long-term plan for agriculture that is linked with price reductions, as proposed by the EC Commission for 1969/70. Equally unacceptable is to freeze agricultural prices while costs are rising.

The German Farmers' Association wishes to protest extremely strongly against the Commission's price proposals, all the more so since the figures submitted demonstrate that the price proposals do not take account of the social problems in agriculture or of the economic opportunities.

4. The German Farmers' Association acknowledges that market and pricing policies alone are not sufficient to improve the working and living conditions in agriculture to the extent that is necessary. However, it would be completely wrong to assume that a reorganisation of the production structure alone can bring about an improvement in the serious situation faced by agriculture.

5. The German Farmers' Association therefore rejects the holdings structure plans set out in the EEC memorandum. They are economically unnecessary, and they are dangerous as social policy. An economic and social policy with the declared aim of creating new, broadly distributed assets on a large scale would not be credible if it did not do everything possible to maintain the broadly distributed assets of agriculture.

There can be no doubt that further increases in agricultural incomes also necessitate a further increase in productivity per hour of labour.

This increase in productivity can be brought about either by a move into additional or secondary jobs, by a reduction in the workforce or by expansion. All these methods can be supported by cooperation between holdings in all its forms.

6. The memorandum from the EEC Commission confirms that the problems facing agriculture cannot be solved without an effective regional policy. The German Farmers' Association therefore wishes strongly to reiterate its demand for appropriate action by the Federal Government.

7. We welcome the measures proposed by the Commission in the social sphere. However, they will remain ineffective if such support is granted only to those who make their land available for the development of the types of holding proposed by the Commission. It is expected that the Council of Ministers will adopt the relevant directives and, at the same time, guarantee the financing of these measures.

8. The implementation of the Commission's plans would require quite considerable increases in expenditure. It can be seen from the figures quoted in the Memorandum that an annual increase of DM 20 000 million is expected. It is, therefore, appropriate to ask whether it might not be possible, while still taking the present structural situation into account, to implement different programmes at lower cost, to greater effect and with more agreement from the farmers. If we take into account the budgetary situation in the Member States, it becomes clear that the amounts estimated cannot be raised.

What is more, it will become apparent that life is more varied than those who use models for analysis at the Commission can possibly imagine. An attempt to lump everything in agriculture together indiscriminately, without taking sufficient account of the human and economic realities, would be doomed to failure. It is essential to devise a programme for agriculture that is centred on reality in order to solve the problems in farming. Urgent tasks here that cannot be postponed are the stabilisation of the market, the introduction of an active pricing policy and the creation of a sufficient number of non-farming jobs in rural areas.

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