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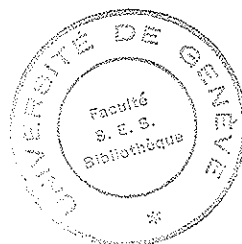
preface by Roy Jenkins

The European Alternatives

An Inquiry into the Politics  
of the European Community

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SIDJANSKI

### III. AGRICULTURAL POLICY COUNTER-REPORT

#### Milk Policy in the European Community Policy on Surpluses of Powdered Milk

by *Dusan Sidjanski*

I have to thank the members of the Working Party which assembled at Geneva on 17 May 1977 for their contributions which have made it possible to draw up this Report. Those taking part in the meeting of the Working Party were the following: J. G. Becue, ASSILEC; J. L. Chomel, agronomic engineer; R. A. Ketteler, EUCOLAIT; D. Kurrer, AGV-BEUC; E. Libbrecht, Nestlé; F. Muller, Commission of the E.E.C.; A. Rioust de Largentaye, COPA-COGECA; R. Stamenkovic, FAO; Economic Commission for Europe, I. B. Warmenhoven, IMACE-UNILEVER. Mlle. M. Payro has assisted me in assembling the documentation, interviewing representatives of institutions and professional organizations, and preparing preliminary notes for the use of the Working Party. While expressing my thanks to all those who have helped me, I would nevertheless like to emphasize that I accept full responsibility for the conclusions in this survey or any omissions from it.

#### INTRODUCTION

The purpose of this survey is to depict the main participants and factors influencing decision-making regarding the milk policy of the European Community; with the object of attempting to determine which of these carry the greatest weight as far as the lines on which this policy develops are concerned.

In order to clarify the elements in this policy, we shall begin this survey by referring to some of the historical aspects, together with the scope of the problem and its nature. We shall then attempt to identify the main participants contributing directly or indirectly to decision-making in this field, both at the Community level and as external agents. This will in fact involve evaluating the weight and the attitudes of these participants in relation to certain restrictions, and how the factors relate to decisions taken by the Council of the Community. Finally, we shall try to determine whether an alternative policy is possible; having regard to the pattern of the forces and interests in existence, and likewise the various restricting factors which limit the degree of choice in this sector.

J.-L. Giraudy includes a brief review of how the milk policy has developed in the article devoted to the European surpluses of powdered milk.<sup>1</sup> Until 1972, the six Member States of the Community gave priority to supporting milk indirectly through butter. This support was based on the provisions of the Treaty of Rome regarding agricultural policy; and on the decisions which

*Key to main organizations referred to by their French acronyms*

<i>Abbreviation</i>	<i>Full French title</i>	<i>Translation</i>
ASSILEC	Association de l'industrie laitière de la CE	Association of the dairy industry of EEC
EUCOLAIT	Union Européenne du commerce des produits laitiers	European Union of Traders in dairy products
BEUC	Bureau européen des unions de consommateurs	European Bureau of Consumers Unions
COFACE	Comité des organisations de familles de la CE	Family organizations
CCC	Comité consultatif des consommateurs	Consumer Consultative Committee
CGT CISL	Organisations syndicales	Trade union organizations
CES	Comité économique et social	Economic and social Committee
EUROCOOP	Coopératives de consommation	Consumers cooperatives
COPA	Comité des organisations professionnelles agricoles (de la CE)	Committee of (EEC) professional agricultural organizations
CIAA	Commission des industries agricoles et alimentaires	Commission for agricultural and foodstuffs industries
FNPL	Fédération nationale des producteurs de lait	National Federation of Milk Producers
IMACE	Association des Industries des margariniers des pays de la CE	Association of EEC margarine manufacturing industries
FEFAC	Fédération européenne des fabricants d'aliments composés pour animaux	European Federation of manufacturers of composite foodstuffs
FEOGA	Fonds européen d'orientation et de garantie agricole	European Fund for Agricultural Restructure
PE	Parlement européen	European Parliament

have governed the course taken by this policy since 1961, which had been subject to deviations resulting from the pressures exercised by the farmers. In this connection, it is pertinent to recall first of all the milk strike which arose in France on 20 September 1964. This strike was unleashed by the National Federation of Milk Producers (FNPL), who demanded an immediate revalorization of the index price for milk at the production level. This strike is of interest for two reasons. Firstly because its causes are European; and secondly because it provoked expressions of solidarity from milk producers in the countries which are the partners of France. In point of fact, the Dutch, Belgian and German producers refused to deliver milk to France since they were unwilling to act as strike-breakers.<sup>2</sup> This solidarity among the farmers of the six Member States was later to be given forcible expression when they were confronted with the Commission's plans for establishing a medium-term structural balance in the milk market. Subsequently, it was going to make itself felt in relation to the programme which the Commission laid before the Council on 8 March 1968 (the Mansholt Plan). Following this, manifestations were organized by COPA, with the participation of the national

federations, on 12 March 1968 and 27 May 1968. According to the observers, the last of these manifestations brought together some five thousand peasants coming from the six Member States—of whom a large proportion were French. During this meeting the Council met the wishes of the peasant organizations on several points, and fixed an intervention price for powdered skimmed milk.

In 1973, the crisis which broke out threw into relief the different elements which influence milk policy within the European Community. The problem of milk surpluses appeared to be directly linked to that of free imports of soya oilcake of United States origin. This freedom of access which had developed since the agricultural policy had been put into effect, has given rise to the creation of an animal-feeding industry (for pigs and poultry) developed on the basis of an external contribution of proteins.<sup>3</sup> Behind this crisis lay a poor soya-bean crop in the United States, and the embargo imposed on exports of the oilcake. At the request of the Western European livestock breeders and the Commission, the United States agreed to resume their deliveries some months later. Faced with the situation of insecure supplies, however, the Nine EEC countries decided to raise the price of powdered milk in order to stimulate production. According to J.-L. Giraudy, "they were then making a fatal mistake in taking no precautions against the possible return of American soya-beans and maize on a massive scale." For the crop sowings were simultaneously going strongly ahead on the other side of the Atlantic.

At the time when "the Nine" were re-expanding their production of powdered milk, soya beans and maize were again reaching the European market on a massive scale and at low prices. Furthermore, the world market for powdered milk was collapsing as a result of over-production in New Zealand and Australia. The economic crisis was reducing the market outlets and the purchases of the developing countries. The situation which has now developed in mid-1976 is thus one which leaves the participants confronting each other without any of them being ready to accept the responsibility for it, or to draw the necessary conclusions.<sup>4</sup>

## EEC AND EXTERNAL PARTICIPANTS

### *Official participants: Institutions and Governments*

These official participants can be divided in the first place into those responsible for proposing and taking decisions on behalf of the Community; that is to say, the Council and the Commission. To these two main participants can be added those within the Council who participate directly in the decision-making process by virtue of being representatives of their Member States; that is to say, the ministers and permanent representatives of the Member States. In addition to these official institutions playing an active part, there are also secondary official participants with an advisory role who should be taken into account, i.e., the Economic and Social Committee which ensures that the views of various categories of interests in the European Community are put forward, and the European Parliament which reflects in principle the

differing political alignments that exist within the national Parliaments of the Member States. In varying degrees, these official participants forming part of the institutions of the Community make decisions or contribute to these being made.

*Semi-official participants:—groups representing Community and national interests*

The semi-official participants within the Community consist of the vast network of groups of interests and other associations which act as focal points for the interests existing in the different sectors of the activities of the Community. These participants comprise on the one hand the professional bodies, and the trades union and consumer organizations established at the Community level—amounting to some 350; and on the other, the corresponding national organizations.

*Community groups carrying on discussions with the Commission*

In its search for sources of support, the Commission has from the outset acted in concert with the professional organizations. Its basic policy in this connection consists of limiting the entitlement to consultation and permanent relations to bodies established at the Community level. This principle came under attack during the last negotiations preceding the enlargement of the European Community, when the Commission in fact held separate consultations with the national federations of the three candidate countries. This practice of direct consultations has resulted in somewhat distorting the process of Community consultations, to the extent that certain national federations belonging to the new members continued at times to make use of this direct channel in parallel with the routing through the Community bodies.

*Dominant and important factors in the dairy products sector*

An analysis of these factors, and of their potential influence, can be made with the help of an overall picture of the predominant indicators.<sup>5</sup> In this way we can evaluate the importance of the agricultural and dairy products sector in the economy of the European Community. The share of agriculture in the Gross Industrial Product (GIP), at factor costs, represents 5% in 1974, whereas its share in employment is 8.7% for 1975. The number of persons actively engaged in the agricultural sector in 1975 is about 9 million, as compared with a figure of 101 million for the total numbers employed. Thus, 2.9 million are employed in agriculture in Italy, 2.5 million in France, 1.8 million in Germany, and 250,000 in Eire, as compared with 700,000 in the United Kingdom. The highest percentage is recorded for Eire, namely 24.5% of total employment; followed by Italy (15.8%), France (11.6%), and Denmark (9.8%), with this percentage reaching only 2.7% for the United Kingdom. These data provide gross indicators for the importance of the agricultural sector, which in addition represents 7.7% of the value of EEC exports in 1975. At the same time, the European Community continues to be a large importer of agricultural products, which accounted for 20.8% of the total value of imports in 1975.

Milk stands at the substantial level of nearly 19% of the total agricultural

production of the European Community. This proportion varies with the different Member States, i.e., 37% for Luxembourg, 28% for Eire, 27% for the Netherlands, 22% for the United Kingdom, 17% for France, and only 10% for Italy. Furthermore, the contribution of the milk sector to the total agricultural production of the Community, in terms of individual products, shows corresponding variation. German milk production accounts for 27% of EEC milk production, and French production for 25%. Germany and France alone produce more than half of EEC milk; followed by the United Kingdom (14%), the Netherlands and Italy (11.1%).<sup>6</sup>

These indicators which can contribute to the structural analysis do not take full account of the actual importance of agriculture and of various products, since they give no consideration to the *rise and fall in the weighting of the sectors*. These sectors of which the food industries are a part are closely linked to the production of milk. It is estimated that the whole range of processing and distributing activities developed in connection with agricultural products accounts for about 20% of the GIP of the Community. It is evident that this interrelation between various sectors constitutes the fundamental objective of the alliances between groups representing them.

*Aggregation and representation of interests*

This general aggregative and representational function is ensured both at the global level and in the European Community as a whole by central organizations. COPA and COGECA are the spokesmen for the producers and members of cooperatives in various agricultural sectors; the section of COPA which specializes in milk and dairy products comprises the national federations of milk producers and cooperatives. The UNICE Agricultural and Food Industries Commission (CIAA) formed by the central national federations of the industries processing agricultural products, represents the whole of the agricultural foodstuffs industry; independently of the sector sub-divisions which are covered by specialized organizations on a product basis. COCCEE has the function of representing all commerce in the European Community.<sup>7</sup> Because of their general functions, these central organizations cannot devote themselves exclusively to protecting the main activities of the dairy sector of the European Community. There is a degree of convergence, and even an identity of attitudes vis-à-vis the agricultural policy within COPA itself; but such is not the case in industry or commerce, where there is a marked cleavage between products competing with each other.

It is therefore natural that the specific interests of different branches of industry or commerce handling dairy products should be catered for by specialized organizations. The processors on the one hand, and those trading in dairy products on the other, are thus brought together in the Association of the dairy industry of the EEC (ASSILEC) and the European Union of Traders in Dairy Products (EUCOLAIT).<sup>8</sup> Also in existence is a European Federation of manufacturers of composite animal foodstuffs (FEFAC), which represents the bulk of the EEC fodder, and all the manufacturers except the cooperative sector and small manufacturers; and an Association of the industries of margarine manufacturers in the EEC countries (IMACE). These two organizations are directly interested in the problems arising from surpluses of powdered milk and butter.<sup>9</sup>

Alongside these organizations characterized by a high capacity for exerting influence, particularly because of the position they hold in production and distribution activities in the EEC economies, the *consumers* emerge as a group possessing a potential strength that has not been fully utilized. Their principal weakness lies in the lack of definition of the interests of the consumers, the producers or the workers. In these circumstances, the problem is one of the priorities which the person concerned attach to various interests. It nevertheless appears easier to gather together the men on a basis of their incomes rather than their expenditure. The responsibilities of women in this field often make them the dynamic element in this group. The factors of mass consumption and of this group's favourable image where public opinion is concerned mean, however, that it has an enormous potential; as has been demonstrated by the activities of consumers in the United States, Canada and Sweden. For the present, the groups of European consumers lack both an efficient organization and the technical knowledge and resources possessed by the other professional organizations or by large enterprises engaged in production and distribution.

Since their strength varies in the different countries concerned, the consumers are attempting to establish themselves as a third force in relation to their traditional social allies. Their main objective is to obtain consumer goods at low prices, but combined with the highest possible quality. In the European Community, several organizations speak for consumer interests: the European Bureau of Consumer Unions (BEUC), the family organizations (COFACE), the consumption cooperatives (EUROCOOP) and the trades union organizations (CES and CGT CISL).

Following the dissolution of the Committee for contacting the consumers of the EEC, the Commission decided in September 1973 to create a consultative committee of consumers (CCC) which consists of three representatives of BEUC, an equal number of representatives of COFAC and EUROCOOP, six representatives of various trade unions, and ten experts appointed by the Commission; four of the latter being nominated by organizations concerned. The task of the new Committee is to put the interests of consumers before the Commission, and to give its views to the Commission on all the problems connected with the formulation and implementation of the policy and activities relating to the protection and information of consumers.

Bearing in mind the still fluid nature and the very variable weight of the national organizations,<sup>10</sup> we can conclude that for the present the likelihood of the consumers playing an important part in the Community's decision-making procedures is still small. But the fact remains that with new bodies representing the public interest (in matters of ecology, health protection and collective assets), we have here a political force that is tending to play a more cardinal part in all the decisions taken at the Community and national levels.

#### *Access to decision-making institutions and centres*

The group in the Community possess many ways of access to the Community's institutions, namely: main ways of access to the "active authorities", the Commission and the Council; secondary access channels to the Economic and Social Committee and the European Parliament; indirect access provided

through the channel of national governments.<sup>11</sup> In addition to these access channels, the groups can have recourse to a number of methods of exercising indirect influence through public opinion and the political parties.

In order to maintain continuing contact with the interested groups, the Commission has taken special care to develop a vast network of surrounding *consultative committees* in the agricultural field. Half of the places in these committees are allotted to COPA, alongside other groups. Even FEFAC has a seat in the Consultative Committee for dairy products.<sup>12</sup> But whatever the importance of the consultative committees, the most effective influence is exercised directly with the Commission at the time when its proposals are drawn up<sup>13</sup> during the meetings which it convenes, or indeed through semi-official contacts maintained by the groups with the service-staff of the Commission.

There are two channels of access to the Council, i.e.:

1. Groups have the possibility of direct approach to the Chairman of the Council. The Praesidium of COPA, for example, accordingly from time to time communicates directly with the Council, and coordinates the dispatch of messages originating from the member federations.

2. The groups likewise exercise a direct influence on the Governments through the channel of their national federations, when there has been mutual agreement that a situation of converging views and a common approach has been reached. When, on the other hand, there is disagreement between the members or a majority and a minority report, the groups regain their powers of exercising their influence independently and attempt to make the case for their interests with their governments; with the latter frequently defending them before the Council. In practice, however, the less the chances of a national group being defended by its government, the more it will look for support from its colleagues in the sector concerned, and from their organization at the Community level.

As far as secondary channels of access are concerned, COPA for instance coordinates the activities of the agricultural representatives within the economic and social Committee; and likewise interventions with the European Parliament.<sup>14</sup> At present, however, these Community institutions have a consultative function, and only a marginal influence on the process of decision-making at the Community level. Once their views have been formulated, the CES and the PE are seldom associated with the final negotiations which take place within the Council, with the active participation of the Commission.

#### PROGRAMME OF COMMISSION AND COALITIONS OF INTERESTS

In order to analyse this decision-making process which will lead to the fixing of prices and to some other measures on 26 April 1977, we will examine briefly how this originated; and likewise the positions of the institutions of the Member States and the professional organizations.<sup>15</sup> We will then recapitulate the two phases of the process of negotiation, and the decision to which this protracted bargaining is leading; and finally, the synoptic picture will set

out the positions of the principal participants and the measures adopted following the final decision.

### *Action programme of the Commission<sup>16</sup>*

The action programme is the basis for the decision of 26 April 1977. The Commission has perceived that the present situation in 1976-1977 shows a serious lack of balance in the milk sector. In the Community, the milk produced from dairy herds comprising 25,200,000 cows reached some 91.7 million tons in 1975 (91.3 million tons in 1974). In the face of this rising production, the slowly declining human consumption of dairy products was reaching a level equivalent to 85.4 million tons of milk. The deliveries of milk to the dairies amounted to 81.5 million tons, compared with 80.9 million tons in 1974. At the end of the year, stocks of butter were 164,000 tons, and 1.1 million tons for skimmed milk. There will be a tendency for the structural surplus to increase in the future, against the background of rising production faced with static or even slightly declining consumption. The constantly increasing yields, including the permanent effect of a favourable price ratio between milk and soya-beans, the increased ratio of milk deliveries to the dairies, and the end of the current declining phase in the cycle of dairy cows, are all factors which indicate a probable increase in production; and consequently, a surplus in the years to come.<sup>17</sup> This imbalance has direct repercussions on the expenditure of FEOGA (Guarantees Section) on the dairy sector. This expenditure rose from 600 million Units of Account in 1968/69, in the Community of the Six, to 1,521 million in 1973 in the Community of the Nine. The credits scheduled for 1976 amount to about 1.9 million Units of Account. As a result of the various pressure factors, the Commission has tried to develop an overall policy for both the supply and demand applicable to milk products; and likewise for the competitive products. The Commission's programme embodies the following elements:

- a. reduction of the dairy herds by introducing throughout the Community a system of premiums for non-delivery of milk and reconversion;
- b. suspension of national and Community assistance grants in the dairy sector, for a period of three years;
- c. introduction of a co-responsibility levy, including a consultation procedure;
- d. expansion of the markets of the Community;
- e. measures making it possible to reduce the imbalance referred to in paragraph 4.

In connection with this last point, the Commission proposes to take account of the price trends for imports of vegetable proteins when fixing the co-responsibility levy on milk producers. The Commission considers that the existing imbalance between butyric fats and vegetable fats can be partially remedied by incorporating into the common agricultural policy a tax on vegetable oils and fats (TDC 1507, TDC 1504). This tax should be imposed on both the imported and the domestic product. Its level should correspond to that of the co-responsibility levy on milk.

The Commission's action programme has been the subject of comments by the economic and social Committee; which, while not opposing the proposal relating to the suspension of assistance grants, considers that a distinction should be made between grants aimed at creating new herds or new dairy installations, and those taking the form of investment for modernization. The fact is that blocking the modernization and rationalization of the dairies involves the risk of reducing the competitiveness of the existing installations.<sup>18</sup> The CES approve the principle of the co-responsibility tax, but draw the attention of the Commission to the inadvisability of putting this proposal into effect at this time in the regions afflicted by the drought. The CES consider that a distinction must be made between the discussions of the Commission with the representatives of the producers on the amount of the tax paid by the latter, and consultations regarding the formulation and implementation of a policy for milk. The producers should be primarily associated with the first of these aspects. Furthermore, as regards the scope of the consultative committee, the entities economically concerned with the milk sector should be more closely associated with the formulation of the milk policy and the management of the market.<sup>19</sup> In short, the CES take the view that the milk producers could not accept the introduction of a co-responsibility levy unless they were assured that the prices fixed for dairy products would permit a relative expansion of their income. (2.4.4) From the Committee's point of view, co-responsibility is thus linked on the one hand to certain objective factors; and on the other, to the form of consultation and collaboration between the producers and the Commission. Although the CES were initially divided regarding the Commission's proposals for the *fats* sector (2.4.8), they have finally pronounced against this proposal. On the other hand, they record their agreement with the Commission's views as regards seeking and establishing new market outlets for the milk sector. The Commission's action programme has accordingly elicited a number of views and reactions. It has obliged both the institutions and the Member States and groups concerned to define their attitudes towards an overall proposal containing concrete measures.

### *Supporting coalition*

The supporting coalition is composed of the COPA-COGECA complex and ASSILEC, and likewise their associate EUCOLAIT. It includes the Community and national associations of milk producers and processors: COPA and its section of milk producers, the private or cooperative dairies; and likewise the associations of milk-processors (ASSILEC) who fall into line with the position taken by COPA. In point of fact, it is the customary or economic practice for the processors always to purchase all the milk delivered by the producers. Their dependence on each other is such that the processors can only approve any measure that ensures them adequate supplies of milk. The situation of EUCOLAIT is equivocal; while considering that an incomes policy is a necessity and that the surpluses are the result of a misguided marketing policy, it favours free trade just as the commercial world as a whole does so. Despite some divergencies, this complex of associations constitutes a

coalition favouring a high price for milk and various support measures guaranteeing a given level of income for the producers and repurchases from the processors.

The incomes policy seems to be made necessary by the existence in the Community of about 1.5 million small operators whose living depends on the price of milk. "Milk is where our pay comes from" is the message proclaimed by the demonstrators in Brussels and Luxembourg, as well as in the national capitals.<sup>20</sup> Despite their limited contributions to the total production of milk in the Community, these small operators introduce a rigid element because of their numbers and the vital importance of selling milk for the incomes of their families. Dispersed and relatively weak, they possess a degree of electoral and political strength. In addition, they are reinforced by an alliance with other producers who have them to thank for a steady source of income. In this way, the converging interests of these different groups lead them to form one vast coalition.

#### a. *COPA-COGECA*

In their comments on the proposals of the Commission, COPA and COGECA consider that "the persistence of a fundamental imbalance between supply and demand in the milk market is calculated to endanger not only the functioning of the common organization of the markets in the milk sector, and for dairy products, but also the common agricultural policy itself. This is why COPA and COGECA agree with the Commission that it is necessary to mount a very large-scale action programme lasting for several years and embracing a whole series of measures having a bearing both on the supply of, and on the demand for dairy products, with a view to thus restoring a better balance in the Community's milk market."

COPA and COGECA are also strongly critical of the fact that the Commission does not place the emphasis on certain reasons for the present situation, and that it omits any reference to the reasons which derive directly from the policy followed under the procedures of the Community. In this respect, COPA and COGECA have stressed the fact that the present difficult situation in the milk market also results from the absence of a real long-term Community commercial policy and an overall Community policy in the fats and proteins sector; and likewise a Community policy aimed at the exclusive utilization of butyric and nitrogenous fatty substances for the lactic components of dairy products. They emphasize, moreover, the absence of assistance for skimmed milk intended for animal feeding at a level below that corresponding to the cumulative increases in the intervention price for powdered skimmed milk; the non-adjustment of the managerial structure and the errors in market management for the various dairy products, and powdered skimmed milk in particular; the deficiencies in the effectiveness of the policy for assisting foodstuffs, which should meet the requirements of the Third World and should in particular include progressively increasing aid, multi-annual commitments, and stockpiling as a safety measure in order to cope with the demand in periods of shortage, and the effects of imports of dairy products carried out under the terms of Protocol No. 18 of the Treaty of Accession, without regard to the market situation. It is for these reasons that COPA and COGECA reject any responsibility, and especially any

financial one, for the running-down of the existing stocks, which should be the responsibility of the public authorities.

For COPA and COGECA, there cannot be any question of accepting the proposals of the Commission regarding the financial co-responsibility of the milk producers, as long as the whole of the conditions and procedures set out in the letter from COPA to Monsieur Lardinois dated 29 June 1976 have not been complied with. Among these conditions, these two organizations mention price guarantees, assumption of the responsibility for the absorption of existing stocks by the public authorities, collaboration with the Commission during the preparation of re-structuring measures; maintenance of a special account which would be controlled jointly by the Commission, the milk producers and the milk-processing sector; continuation of the assistance accorded to dairy operations and milk-processing enterprises. Furthermore, the introduction of a tax on certain fats proposed by the Commission constitutes another essential condition for acceptance of a co-responsibility levy. They also consider that the policy of encouraging investments is indispensable for the rationalization and structural improvement of the milk-processing enterprises.

They deeply regret that the Commission's plans to expand the markets of the Community in the milk sector have not been embodied in proposals for actual regulations. In addition, they call to mind the fact that they have always supported the idea of encouraging the utilization of liquid skimmed milk on the farms and wherever this utilization is technically possible (groups of producers, livestock-raising cooperatives), by measures guaranteeing long-term supplies at a competitive price in relation to proteins providing a substitute for skimmed milk in its entirety. Similar measures for powdered skimmed milk, and likewise measures aimed at encouraging the utilization of powdered skimmed milk in the flour used in bread-making, should also be considered at this time.

Furthermore, COPA and COGECA are of the opinion that the premiums for non-marketing of milk or processing it constitute a very positive factor. They consider, however, that restructuring and reorientation in the direction of beef-rearing cannot be carried out overnight. A substantial injection of funds at the outset is essential. Only the operators with ample finance can consider a reorientation of this type; for the enterprises operating on a modest scale, a reconversion implies reconverting outside the milk sector. The general recession facing the European economy as a whole involves the risk of such a switch being equivalent to creating unemployment. In addition, sales of milk constitute the daily bread of agriculture, and as such fulfil a very definite function. Taken as a whole, however, measure of this type—reconversion premiums—would lead to an extension of the structural policy demanded by all concerned.

#### b. *ASSILEC*

In general, the processors consider that the distinction between structural and circumstantial surpluses is a difficult one to make; since the incidence of uncontrollable factors has a great influence on production, and since the repercussions of a substantial level of production are intensified where products which can be held in store, such as butter and powdered milk, are concerned.



As far as surpluses are concerned, the processors have attitudes exactly similar to those of the producers, although they consider that it is not for them to make the first moves in this connection. Conscious that there is a real solidarity in being between them and these engaged in the agricultural field, they have attitudes very similar to those of COPA as regards the common agricultural policy, and they support the demands of the latter on the question of prices. As regards the co-responsibility tax, they consider that "there can naturally be no question of the milk processors taking a different view on this point from that of the producers."<sup>21</sup> ASSILEC and its members have associated themselves with the conditions put forward by COPA; but have added further conditions, particularly as regards the methods of ensuring the indicator price for the producers, and the increased importance to be given to exports as one of the means of remedying the existing disequilibrium.<sup>22</sup>

The processors have opted for a tax on imports of proteins, and likewise for a tax on fats which would enable resources to be released—harmonization of the conditions of competition. They consider, however, that these measures have little chance of being adopted; in view of the reservations of certain Member States and the problems that they would give rise to with GATT. In addition, these measures are encountering opposition from the employers, the workers' trades unions and the consumers; all of whom aim at maintaining the low prices in order to avoid resulting pressures on industrial prices.<sup>23</sup> As advocates of encouraging consumption, they take the view that the measures proposed are too restrictive. As regards giving assistance to foodstuffs, while desiring that this be developed, they suggest that the Commission should take steps to avoid disturbing the traditional channels of trade. They also consider that errors of judgment by the Commission (a too limited increase in the export rebate) have damaged the possibilities for disposals on the external market. Moreover, in agreement with EUCOLAIT, they criticize the slowness of the bureaucratic machinery of the Community, and decisions which are at times taken in the face of the trends and results in losses of substantial outlets.

#### c. *EUCOLAIT*

This association comes into the picture as regards several positions adopted by the producers and processors, while also reflecting the interests and motivations of the large importing and exporting wholesalers.

EUCOLAIT, for example, "cannot fail to note that the basis provided by the Treaty of Rome—that is to say, the guaranteeing of the farmers' incomes—greatly handicaps the prices policy."<sup>24</sup> On this point EUCOLAIT goes no further, while recognizing that the incomes policy is a necessity. In another connection, it considers that the internal trading within the Community has proved to be a much more important development than could have resulted from bi-lateral trading.

As regards the commercial policy, the free-trade principles of EUCOLAIT show divergencies from the views of the industry and the producers; who because of their situation tend to be Protectionist-minded. Nevertheless, they are in agreement in taking note that the entry of the United Kingdom has meant a change in the commercial policy because of the traditional links

which that country maintains with New Zealand. As far as the export efforts are concerned, the traders support the processors in their complaints against the slowness and the dissemination of the decisions taken by the Committee of Management as regards export rebates; thereby preventing the products of the Community from competing effectively with New Zealand and Australian products. "Through its cumbrousness, its mechanical nature, and the publicity which takes place in connection with all the implementation decisions (especially the amount of the export rebates), the Community authorities in charge penalize the entire body of European exporters."<sup>25</sup> Together with the producers and the industrialists, the traders regret the absence of a common medium- and long-term commercial policy. On this aspect also, their points of view converge; although the traders lay particular stress on the struggle against the acts of commercial discrimination practised by the United States. While not approving the introduction of the taxes on imports of proteins, EUCOLAIT has protested against the price maintenance for proteins and fats. As traders in dairy products, the members of EUCOLAIT basically constitute a defensive coalition alongside the producers and processors of these products.

#### *Opposing coalition*

In opposition to this supporting coalition there are two associations FEFAC, supported by the rearers of calves or pigs and poultry, and IMACE, who have an attitude of self-defence towards certain measures proposed by the Commission.

##### a. *FEFAC* and its allies

The European Federation of Manufacturers of Composite Foods is opposed to certain measures aimed at reducing soya-bean imports into the European Community. This important Federation, which with the exception of the cooperative sector and the small manufacturers embodies the bulk of the tonnage produced within the Community, has the objective of ensuring cheaper supplies of raw foodstuffs for its members. In these circumstances, we can expect that if milk were to become a competitive product, the members of this Association would not hesitate to make greater use of powdered milk in the manufacture of composite foodstuffs. This incorporation of powdered milk has been practised with the assistance of the Community. At the present time, however, it seems difficult to envisage the possibility of replacing soya-beans with powdered milk. In order to keep soya-bean prices low, the members of this Association are simultaneously fighting any restrictions on imports of soya-beans and all taxes which could be imposed on that product within the Community. With this objective in view, they are finding allies among the poultry, calves and pig breeders, and especially among the large-scale enterprises, which have been established and built up on the basis of cheap foodstuffs. The support of the producers of pigmeat appears to them even more solid against the improbability of pig-breeding being able to absorb higher prices for pig-foods.

In March 1977, FEFAC addressed a letter to the Chairman of the Council of Ministers responsible for agriculture, in which its demands were expressed in these terms:— "We request you to be good enough to promote a freezing of the net price when deciding on an increase in the assistance given to powdered skimmed milk incorporated in milk substitutes, equivalent to the same number of units of account as those applicable to the intervention price for powdered skimmed milk, either at the beginning of the next financial year for milk products, or in September. The Commission is considering laying down new regulations allowing the manufacturers of composite foodstuffs to purchase powdered skimmed milk in bulk on the market, and not from the stocks accumulated under the intervention policy. We request you to delay putting this plan into effect for at least one year, or to transfer the powdered skimmed milk into large capacity sacks at the Commission's expense. We would ask you to be good enough to support the creation of an 'emergency exit' for the manufacturers of milk substitutes, who are already paying three times the price paid by the manufacturers of composite foodstuffs; thereby enabling them to buy powdered skimmed milk at the intervention price at any time, and without paying any supplement. We consider that the introduction of special aid for the pig-breeders amounting to 5.5 Units of Account per 100 kilos of liquid skimmed milk is undesirable when compared with the general aid of 4 Units of Account per 100 kilos for liquid skimmed milk used for feeding livestock."

To the extent that the production of these composite foodstuffs is dependent upon imports of proteins and soya-beans, especially of United States origin, the interests of these associations converge; provided that they become confused with those of other external participants, such as the United States itself and the producers and exporters of American soya-beans and proteins.<sup>26</sup>

There are also other countries exporting agricultural products who find themselves in the same position as the United States, such as Brazil, Argentina, New Zealand and Australia. As long as the governments of these countries act in defence of the interests of their producers and exporters, they try to influence the decisions of the Community in favour of their exports.

The steps they take to bring pressure frequently fall into line with those of the members of FEFAC; their common interest consisting in retaining free access to imports of these basic products in order to obtain them at the lowest possible prices. To their position as semi-official participants, as compared with the institutions and governments of the Community, the governments of these countries also add their abilities to exercise official influence within certain international organizations such as GATT and CNUCED. In particular, by making use of the standards and obligations of GATT they have an opportunity to safeguard the free entry of soya-beans into the Community.<sup>27</sup> According to certain observers, the animal foodstuffs industries have played a part in aggravating the imbalance in the dairy sector; in particular, by putting a brake on exports of powdered milk from the Community during the proteins crisis, and by causing the European producers to lose part of their traditional market in the Third World countries.<sup>28</sup>

Subsequently, the fall in world prices in relation to the Community intervention prices has made it more difficult to dispose of the stocks of powdered

milk which are piling up in the Community, and continues to have this effect. This problem of the surpluses thus has not only economic aspects but political ones linked to the weight of the groups of interests and governments and the powers of the Community authorities to make their own decisions; and more generally, to the structure of the political forces.

#### b. IMACE

The European association of margarine manufacturers (IMACE) in its turn opposes any tax on fats, vegetable and marine. On this point, it is interesting to note that the Commission has proposed two alternative solutions, and that in its final decision the Council has decided in favour of measures for disposing of the butter without introducing the tax on fats. It will be remembered that in 1963 the Council of Ministers for agriculture decided to bring in a tax on fats. This decision was approved in principle by all the Member States, but was left in abeyance because of opposition from the Dutch and Belgian governments with which the German government associated itself.

Although its point of view is strongly supported by several governments, IMACE nevertheless sent a letter to the member of the European Parliament at the beginning of 1977, in order to ensure *their support*.

This request is significant for two reasons: firstly, because this is a step which aims at enlarging the basis of support on which IMACE can count, and at consolidating its position; and this public intervention suggests that other preventive measures have been taken to avoid losing the support of certain governments; secondly, because this action is intended to win over to the side of IMACE European Parliamentarians who at present are only rarely the target for the solicitations of such important groups of interests.

#### c. Consumers Consultative Committee (CCC)

For various reasons, the consumers support all the measures aimed at reducing consumer prices. Their interests accordingly coincide at least partially with those of FEFAC and IMACE.

The CCC takes note that there are disequilibria between structural and social aspects of the common agricultural policy, and likewise basic misconceptions.<sup>29</sup> It considers that the decisions taken, especially on prices, have contributed to preserving the agricultural structure, only 10% of the expenditure having been devoted to the structural policy. This price policy has created unsaleable surpluses, and the cost of these to the Community is increasing year by year; that is to say, 3.7 milliard Units of Account for 1974, 4.5 milliards for 1975, and a probable total of 5.8 milliard Units of Account for 1976. This policy causes disquiet to the Governments, and irritates the third countries, the consumers and the farms themselves, with the exception of a minority of farmers who have the benefit of considerable fixed incomes.

The CCC criticises the practice of uniform production prices for undertakings with high and low productivity. By impeding the selective process in agriculture, this policy has resulted in structural surpluses. "Such over-production is absurd and accentuates the problems from day to day. Its financing can no longer be guaranteed.

"This drying of milk is an immense waste of money and energy. While creating a new industry, the farmer benefits from only 10% of the milliards



spent. The costs alone of the common policy for the milk market will rise further in 1977; reaching a figure of more than 2 milliard Units of Account, or 25% of the budget of the EEC. But thanks to the intervention system and subsidized exports to third countries, agricultural production no longer has any need to be directed only towards the possibilities of disposals in normal conditions, since it has thus found an apparently unlimited artificial outlet.”<sup>30</sup>

The CCC is therefore opting for a structural and selective policy which is leading to a blockage, and even to a lowering of prices. “Marginal farming operations which should be maintained for social or regional reasons, or for reasons connected with protection of the environment, should receive direct aid in the matter of incomes.”<sup>31</sup>

The consumers consider that a figure of 80% for the level of self-sufficiency is adequate for avoiding both over-production and shortages. The remaining 20% could be supplied by the international market (the United States, New Zealand, Australia and Canada in particular). Furthermore, security of supplies would be ensured by an import and export policy operating through longer-term contracts. This policy should lead to more stable price and supply conditions within the Community and in the world; but without stifling competition to the detriment of the consumer. Finally, the consumers consider that the common agricultural policy has above all been directed towards protecting the interests of the producers, and not towards those of the consumers.

#### MEMBER STATES AND NEGOTIATIONS ON AGRICULTURE IN THE COUNCIL OF MINISTERS<sup>32</sup>

The member Governments figure as defenders of the interests of the main categories of national activities. The various national groups certainly attempt to influence the positions of their Governments. Nevertheless, the Governments are constrained to arbitrate between the interests of different sectors in order to fix priorities for the negotiations which take place in the Council on the basis of the proposals of the Commission. Certain governments thus give unequivocal support to their milk producers, whereas others adopt a more qualified position, or openly favour the importers; or in the case of the British Government, for instance, even favour the consumers. Against this background, the leverage exerted by agriculture and the milk producers is a prime consideration as regards the Government's choice. Nevertheless, this factor does not make it possible to foresee what the governmental position will be, since this depends on a whole range of multifarious considerations. For example, the fact of having an efficient agricultural sector with a high level of output, and a substantial processing industry, as in the Netherlands, can lead the government in question to opt for a free-trade approach rather than for the protection of the producers. The existence of external participants and international obligations may well influence this choice. The result is that the Government is not simply the natural spokesman for a particular sector, but that its preliminary decision is related to several participating elements and to a global picture. These various governmental points of view formulated unilaterally then find themselves facing a process of dynamic confrontation

with those of the other Governments, at the level of the Council. From this moment, the complex negotiating procedure is set in motion on the basis of the formal proposals submitted by the Commission. The last negotiations which led to the decision of 26 April can be divided into two main stages: the negotiations on 15 and 27 March, and the final negotiations on 26 April 1977. These negotiations were also subject to a time-limit imposed by the nature of events, namely the need to fix prices for the 1977/78 agricultural year.

#### *Negotiations of 15 and 25 March 1977<sup>33</sup>*

The positions of the member Governments can be summarized as follows: The policy of *France*, the leader of the countries favouring the producers, follows a traditionally logical pattern. The French Government does indeed admit that structural surpluses must be avoided, but considers that within a not distant future the demand for foodstuffs will be such that the prospect of surpluses will give place to shortfalls more difficult to handle than the present surpluses. In the milk sector, price rises are supported and certain adjustments to the common agricultural policy accepted. The French Government favours the granting of direct aid to producers, and opposes its suspension; it accepts the financial co-responsibility of producers on condition that the funds collected are used to improve the situation in the milk market and that the level of co-responsibility is reduced to 1.5% instead of the 2.5% proposed by the Commission. In addition, it insists on the exclusion of the mountain areas.

*Holland* favours a substantial price increase; it accepts the principle of co-responsibility while considering that a levy rate of 2.5% would result in too small an increase. This involves the danger of different levels of compensation, which would in particular lead the producers to develop their livestock and to increase their output. Holland accepts the ideas of co-responsibility, but rejects the Commission's actual proposal. It also opposes any tax on fats, and supports consumer subsidies.

For *Denmark*, as for Holland, the price policy constitutes the main instrument which can ensure stable markets. The Government favours an increase, has agreed to co-responsibility, and has recorded its opposition to the tax on vegetable fats while suggesting that this be replaced by assistance to consumers. Finally, with a mind to the importance and the high yield of its agriculture, the Danish Government insists on an expansion of the market outlets.

*Belgium* and *Luxembourg* are in favour of higher prices, but have reservations concerning co-responsibility. They both request that a link be established between this principle and the tax on vegetable fats. This tax should restore the competitive situation between butter and margarine.

*Germany* declares itself in favour of a slight increase in the price of milk. It gives its agreement to the principle, but not to the level of the co-responsibility levy; which would lead to a lowering of prices in Germany because of the “agro-monetary” situation there. Finally, Germany is opposed to the tax on fats.

*Eire* also favours a price increase; the more so, because dairy products play an important part for the numerous small farmers. As regards co-responsibility, the *Eire* Government has reservations; it would like to see the exclusions not limited to mountain areas but extended to all areas where conditions are unfavourable.

*Italy* is categorically opposed to co-responsibility; and likewise to all restrictive measures, in view of its inadequate output of dairy products.

The position of the *United Kingdom* reflects the scepticism which it has shown since the beginning of the negotiations for entry regarding the common agricultural policy. Its attitude expresses its "position as net consumer and importer" which has only retained a marginal agricultural industry. For this reason, and because of the inflation from which the country is suffering, it requests a price-freeze. It wishes prices to be fixed in relation to the income necessary for the efficient and not the marginal producers; and it is firmly opposed, with the support in this respect of large sections of public opinion, to the sale of subsidized surpluses outside the Community. For these various reasons, the British Government—represented, moreover, by its Minister responsible for food supplies who is closer to the consumers than the producers—has declared itself definitely in favour of co-responsibility, and has vigorously opposed any tax on fats or imports.

The truth is that the coalitions of groups and Governments form networks of interests and forces which condition the negotiations. In general, the position of the Governments reflect fairly faithfully the weight and the situation of agriculture and the importance of the agricultural population in the different countries (3 millions in *Italy*, 2.5 millions in *France*, almost 2 millions in *Germany*, 250,000 in *Eire* and 230,000 in *Denmark*); and likewise the weight of other interests. It is evident that because of their organizations and the political strength that they represent, together with the scale of the supporting activities involved, the farmers continue to exercise pressure on the political authorities; and that that the latter cannot ignore their legitimate interests and the part that they play in our societies. For this reason, and on account of the common agricultural policy put into effect for years past by the Community of Six, and later with some hesitations by the Community of Nine, the broad lines of a possible compromise have emerged since the beginning of the negotiations. It was accordingly clear that the tax on fats was arousing too much opposition on the part of the *United Kingdom*, *Germany*, the *Netherlands* and *Denmark*, while international pressures and the interests grouped around FEFAC were making it practically impossible to introduce a tax on imports of proteins.

Despite the disagreement on the method of finance and on butter, a compromise thus appeared possible on the basis of the modified proposal of the Commission, i.e., a moderate price increase, a reduced co-responsibility levy excluding unfavourably placed areas, premiums for non-marketing and encouragements for consumption. This compromise represented some deviations from the policy advocated by COPA; with which even the British farmers—despite their initial reservations—had associated themselves. The actual course of the negotiations, however, has not followed this pattern; the British Government having insisted on blocking the process in opposition to the wish of its *eight* partners to reach a compromise. In point of fact, the

marathon of the agricultural discussions from Friday 25 to Tuesday 29 March 1977 resulted, after a final unbroken session of nineteen hours, in the recognition of a deadlock which is attributable to the British refusal pronounced on the instructions of the Prime Minister.<sup>34</sup> This compromise proposed by the Commission envisaged, in addition to an increase of 3% and a co-responsibility rate of 1.5%, adjustments of the "green currencies" and substantial aid for butter consumption in Great Britain.

In these circumstances, the negotiations in the Council at the end of March 1977 were bound to take place in difficult conditions. Britain not having obtained the amount asked for butter consumption subsidies, opposed the whole of the propositions of the Commission and the member countries. In so doing, Britain expressed its dislike for the common agricultural policy and paralyzed the negotiations.

#### *Decision of 26 April 1977*

In maintaining its opposition, the British Government has displayed a certain ignorance of the Community system. It has minimized the powers of its eight partners acting in unison, while over-estimating its blocking powers. It is the practice in the Community, even if unanimity is prescribed, to seek a compromise which embodies the points on which the majority of the Member States are agreed. From this point of view, the clear distinction between unanimity and the majority rule tends in practice to become blurred. Nevertheless, as emerges from the instance under examination, the fact of being able to take a majority decision makes it possible to accelerate the process of reaching a decision by pushing the minority State into accepting a compromise more speedily. For their part, the States forming the majority group are seeking a solution which avoids forcing the minority State to accept it despite itself, and later trying to neutralize the implementation of a decision. The upshot is a delicate process of injections and compromises; but one which nevertheless remains within the limits of the obligations imposed by the Treaty of Rome, or created by the common agricultural policy.

Another rule governing these negotiations which is normally observed, has been mishandled by the British Chairman. It is in fact the accepted practice that the Chairman of the Council does not seek to defend his country's point of view, but has a duty to look for a general compromise calculated to render his government's demands more flexible in some respects. The German Minister has expressed his strong regrets that the Chairman in office has not imposed the necessary sacrifices on his delegation, as is the normal practice.<sup>35</sup> On the other hand, the British Chairman has taken the responsibility, after having exerted pressure on other members, of blocking the negotiations. Paradoxically, it is the representative of the country most wedded to traditions whose behaviour has struck a blow at the traditional regulations of the Community. Tradition has died hard. Having postponed for one month the decision on agricultural prices, the British Government has accepted the compromise after a face-saving protestation and a final concession on the amount of the aid for British butter (33 instead of 30 Units of Account per 100 kilos). Having been proposed by the Commission, but limited to the end

of 1978 at the request of Germany and France, this aid will have the effect of slightly diminishing the price of butter in the United Kingdom, and of giving satisfaction to British public opinion.<sup>36</sup> It is a gesture with political connotations. In addition, as is normal, the decision of the Council follows the main lines of the initial proposal. In accordance with complex negotiating manoeuvres in the field of prices, the Council is finally doing more, but never less, than what is put forward in the proposals of the Commission.<sup>37</sup> In point of fact, by contriving the concessions, the Council is proceeding with the assistance of the Commission and the special Committee for agriculture to administer allocations of mutual satisfaction in order to obtain a general consensus of agreement.

To sum up, this decision embodies the following points: An increase of 3.5% in common prices expressed as Units of Account. As the vehicle for monetary adjustments, this moderate increase is welcomed by all the members other than the United Kingdom, and particularly by France. It is in fact taking effect in an increase of the order of 6.5% on the 1 May 1977. The amount of the co-responsibility levy is fixed at 1.5% with effect from the 16 September of this year. The premiums for non-marketing and reconversion become the responsibility entirely of FEOGA (60% "Guarantee" and 40% "Orientation"). Additional assistance will be given for liquid skimmed milk used by pig breeders and for powdered skimmed milk used in the manufacture of composite foodstuffs for pigs and poultry, Partial Community financing is planned for the distribution of milk and certain dairy products to certain educational establishments. In addition to the subsidy granted to the United Kingdom, supplementary measures have been taken—as an alternative to the tax on fats—to encourage butter consumption in other EEC countries. The Commission has also authorized subsidized exports of butter to the Eastern-bloc countries, while limiting the quantities to from 10,000 to 15,000 tons per transaction. No action on the proposal to suspend the assistance will be taken for the present. The essential decisions have thus been made, although some items have been left ear-marked for later examination.<sup>38</sup> In spite of the multiplicity of the interests and influences of the Member States and the Community and national organizations, the coherence of the proposal formulated by the Commission has in the main been preserved, with some modifications. In this connection, the experts point out that at times the Ministers of Agriculture introduce certain changes without immediately appreciating the consequences. For example, it seems that the fact of having brought forward the start of the milk season runs counter to the practice of the dairy industry. The producers need increases from the month of September, when production falls.<sup>39</sup> In addition, arbitrations are put through on an emergency basis, favouring certain categories more than others. On re-reading this decision, it appears that the producers and their allies, and likewise the Member States who take their part, are still weighing up the directions in which the decisions will lead. Their influence rests, among other things, on the overriding factor of income, which dominates the pre-occupation with surpluses. Nevertheless, this influence is held in check by the opposing coalition, even if some of its members are standing aside from the negotiations. The same is true of the external participants protected by international commitments, and likewise of the group comprised by the margarine

industries. Although absent from the scene of the negotiations, these participants remain on the horizon where the decisions are concerned, because of their economic and social strength. It is to some extent a question of an "objective" influence which does not take the form of pressuring activities as long as no threat hangs over the interests which these organizations or States defend; or which shows itself in a preventive light, as in the case of IMACE. This attitude is explained by the fact that the interests of these third countries or of IMACE often have some sponsors among the Member States; there is England, for example, in relation to New Zealand; and likewise several governments which have opposed the tax on fats again put forward by the Commission although the latter, having no illusions, has made provisions for an alternative. Out of this jigsaw puzzle of sector interests and divergent objectives, which covers a whole range of domains and agricultural products, a compromise is emerging. Based on balances between prices, products and various measures of assistance, the compromise takes account of the major priorities of the Member States, and pays regard to the interests of the principal organizations. It inserts itself in its turn into a more global balance within the Community which embraces the main activities of industry, commerce and agriculture. As with other experiments in economic integration, there is a golden rule that guarantees the development of common solidarity: over the medium terms, the costs/profits ratio must be positive for each Member State, and likewise for the Community as a whole.

## CONCLUSIONS

In the light of these constraints, is any alternative policy possible? In his report, Monsieur François Muller concedes that the common agricultural policy is the fundamental choice, and erects a coherent network of measures around it. On the other hand, Professor Georges Bublôt concludes that it is impossible for "the price policy to be at the same time an effective instrument for supporting incomes and also an effective market stabilizer. In other words, the policy of giving indirect support to incomes through prices risks diverging from the mechanics of the market economy and resulting in an inefficient allocation of resources. This paradox evokes the need for a compromise. It is in the end healthier, and probably less costly, to give the preference to stabilization of the markets, and to remedy constricting situations, or even painful ones, through social allocations, when these finally arise out of the perpetual contraction of the dairy sector, at least in relative terms."<sup>40</sup>

A revision of the common agricultural policy is supported only by the British Government and the consumers. The latter in particular have come out in favour of a selective agricultural industry with low and competitive prices and social subsidies for the small farmers. This policy would have the advantage of eliminating unproductive incomes, together with the butter and powdered milk surpluses. The consumers in fact consider that the rate of self-sufficiency could without danger fall to 80%, for instance; the remaining 20% being more advantageously supplied by the international market. To ensure these external supplies, the consumers propose that the long-term contracts be concluded with the countries of the Third World, which will

thereby have a chance to develop their agriculture. In short, they advocate a series of measures and are opposed to any protection, with the object of obtaining the best conditions in the Community markets. They advocate for the Community a healthy and economic food policy which is more in accord with the general interest than an agricultural policy. They are in fact demanding a fundamental revision of the common agricultural policy. But this "European alternative" runs up against a constellation of forces and constraints that we have tried to depict.

The supporters of the prices and incomes policy invoke in their turn the fragility of the estimates for the milk sector, and the difficulty of controlling agricultural production in general. Accepting the limited rate of self-sufficiency would mean accepting the threat of shortages. Who foresaw the 1973 shortage? Furthermore, the transfer of certain activities to outside Europe would only increase its dependence on external sources, without excluding the possible emergence for agricultural products of an organization similar to that created by the oil-producing countries (OPEP). The drama of the energy crisis could thus find a counterpart in the foodstuffs sector. As regards the farmers' incomes, a lowering of which cannot be considered without creating social tensions, the policy of small increases is not practical over a period, while the costs of production and other items are rising. In these conditions, the only choice lies between either higher prices or timely assistance with a Community contribution. In a word, the economic problem is transforming itself into an overall problem; that is to say, a political one.

This analysis of the surpluses certainly confirms the powers of decision possessed by the Commission and the Council; powers which are completed by the Community's financial potentialities in the form of interventions by FEOGA. In this power structure, the national Governments figure as participants in the making of common decisions, and in phases of implementation. Nevertheless, in the face of the pressures exercised by various factors and groups, the Commission and the Council have a tendency to proceed by compromise. The Commission thus seems to base its proposals on an evaluation of the factors, and the combination and shape of the forces, rather than on the conception of a medium- or long-term policy. For its part, the Council negotiates compromises with the help of the Commission; on the basis of the proposal presented by the Commission and the positions of various Member States.

The economic and social Committee emerges as carrying out the functions of an assessor whose frequently over-generalized opinions only rarely lay down precise guidelines. The European Parliament, once its views have been obtained, is no longer drawn into the process of negotiation. Its role could be modified after the European elections. But even on the assumption that these European elections are successful, it does not necessarily follow that this would strengthen the political will and powers of the Council and the Commission. To judge from the experiences of national Parliaments, these are particularly susceptible to the influences of pressure groups; especially where the farmers and various other sectors of public opinion are concerned. The direct elections would nevertheless contribute to giving a legitimate status to the basic source from which the institutions spring; and markedly

in the case of the Commission, but without for all that automatically reinforcing its ability to impose a line of conduct. Similarly, these elections might well give a political dimension and a more open character to the decision-making process.

The example examined shows how difficult it is to carry out a change of policy in order to move from a price policy to a structural policy. From the outset, priority has been given to an incomes policy. Now this incomes policy operating through high prices applied in a linear manner leads to discriminations in favour of the large agricultural enterprises. In these conditions, it may be asked whether a policy of low prices accompanied by subsidies for the small operators and the mountainous and unfavourably situated areas would not constitute a more reasonable solution to the problem of the Community surpluses. Has the Community the capacity to revise its policy despite the rigidities created and the influences of the groups and categories benefiting this policy?

In the agricultural sector, the Community decisions have a direct effect on the persons concerned. This is why the national groups have tried to organize themselves in a way that influences the policy of the Community more effectively. The conflict generated by the problem of the surpluses is giving rise to the formation of two alliances; one between the producers and the processors, supported by the national governments which aim at ensuring the continuation of this price policy; and the other consisting of the governments and groups which seek to exercise a power of veto over any tax on soya-bean imports or on fats. With particular support from the Third Countries, this alliance is becoming a negative restraining factor.

The consumers are still a marginal factor. But they possess considerable potential influence provided that they have the means and the technical knowledge to enable them to carry on discussions with the institutions and the other groups; and on conditions that they are also capable of organizing themselves, and of mobilizing the massive strata of their potential supporters and of the sectors of public opinion which appear to have sensitive reactions to the surpluses and to the subsidized sales of butter to the Soviet Union.

Finally, this survey has made it possible to bring into relief the consultation procedure which has developed in the European Community. In point of fact, the Commission carries on a continuous dialogue with the European groups when preparing its proposals, while the Ministers of Agriculture are in permanent contact with those whom they represent. This process could lead to going beyond mere consultation and reaching, in accordance with the request put forward by COPA regarding co-responsibility, a formula for collaboration or even joint decisions and joint direction of the common responsibilities. But the closer the collaboration with the interested groups, the more necessary it is to assert the *autonomy of the powers of the Community*. It may be asked whether specialization within the Commission, and likewise the fragmentation of the responsibilities of the Council, are in fact contributing to this. In contrast to the global approach which characterizes the governmental procedures of the member countries, the Council tends to subdivide itself into specialized Councils. The Ministers of Agriculture, who are more inclined to listen to their connections in this field than to pursue general objectives, thus assume the responsibility for decisions on agricultural

questions. It is true that the important decisions are taken with the endorsement of the national governments. But the fact still remains that the various specialized Councils suffer from the disequilibrium resulting from differences between the powers and the actions taken, from one sector to another of the activities of the Community. It is in this sense that the absence of exact spheres of authority and real progress in the field of economic and monetary union holds a threat over the common agricultural policy. There is no doubt that in this case some division of the work within the Council is necessary in order to preserve common policies. Nevertheless, whatever the advantages expected from this specialization, it may be asked whether the moment has not arrived to put an end to the lack of coordination between different specialized Councils, and the fragmentation of authority; by reestablishing, against the background of the elections and European unity, unity of vision and political action within the Community.

## NOTES

1. Jean-Louis Giraudy, "The impact of the lobbies"; Review of the Common Market, May 1976, pp. 233-236.

2. J. Meynaud and D. Sidjanski:—"Pressure groups in the European Community"; 1958-1968, 1971, Brussels, published by the Institute of Sociology, pp. 216-219.

3. Giraudy, *op. cit.*, p. 234.

4. *Ibid.*, p. 234.

5. 1. Importance of sector and group in relation to turnover, percentage of workers and sales. 2. Importance and validity of principle or interest defended. 3. Representativeness and number of members, e.g., trade unions, peasants, enterprises. 4. Financial basis. 5. Organization and efficiency: a) numbers of managerial and administrative staff; b) competence of managerial staff; c) their powers and standing. 7. Image and reputation of group. 8. Homogeneity or divergencies. 9. Relations with other groups (coalitions, rivalries). 10. Network of contacts and access to institutions and decision-making centres.

6. This structure is also reflected in the relative distribution of the dairy herds (25,200,000 head) among the member countries.

7. J. Meynaud and D. Sidjanski, *op. cit.*, pp. 41 to 78, 79 to 92, 163 to 234. On the COPA, see William F. Averyt, "Agropolitics in the European Community", New York, Praeger Publishers, 1977, pp. 71-99.

8. ASSILEC includes both the cooperatives and the private industries for all dairy products, amounting to about 20% of the agricultural income. It covers all the member countries, with the exception of Luxembourg and likewise two specialized sections, namely: condensed milk (ASFALEC) and melted cheese (ASSIFONTE). For example, the Nestlé factories in the EEC which process dairy products are members of it. EUCOLAIT represents the large commercial exporting and importing organizations of the EEC member countries; with the exception of the United Kingdom and Eire, where free trade is marginal. In Denmark the trading organization is more flexible, but this in no way prevents 97% of the butter trade from being in the hands of the cooperatives. ASSILEC has three Commissions for specific products: butter, cheese and casein.

9. The members of FEFAC attempt to obtain cheaper foodstuffs, in particular by imports of soya-beans. IMACE, which is affiliated to UNICE, brings together

the national associations specializing in margarine production, including the Dutch one which numbers UNILEVER among its members.

10. For example, BEUC embodies national associations of consumers which range from the relatively powerful organizations in the United Kingdom and the Netherlands to the powerless Italian ones which do not enjoy any governmental support. In addition, there are at least two categories of organizations in existence, namely: the consumer unions centred on the publication of comparative tests (with for instance about 700,000 subscribers in the United Kingdom and 450,000 in the Netherlands), and those coordinating the consumer-policy activities of their various member organizations (such as AGV in Germany, which embodies 36 organizations with a total of 8 million indirect affiliates and with 70% of its budget contributed by the regional and Federal Governments).

11. For the systematic typology of the access channels, see J. Meynaud and D. Sidjanski, *op. cit.*, pp. 467-638.

12. More than one organization criticizes the consultative committees, though they all make efforts to attend these.

13. When price proposals are being worked out, the Commission only consults COPA, and does not approach ASSILEC and EUCOLAIT. During this procedure, the Commissioner responsible receives representatives of COPA, without carrying out this type of exchange of ideas and contact with other Community associations. This gives an indication of the importance that the Commission attaches to the producers represented by COPA where prices are concerned.

14. More recently, BEUC has been particularly active in attempting to co-ordinate the positions of the members of these interested institutions through the problems of the consumers.

15. For the economic factors and the various restrictions, see the reports of Messrs. Bublot and Muller.

16. "Action Programme", page 14.

17. *Ibid.*, paras. 16 and 19, pp. 9 and 11.

18. Views of the economic and social Committee regarding the "Action Programme for 1977-1980 aimed at progressive stabilization of the dairy market"; Brussels, 30 Sept. 1976, paras. 2, 3, 1.

19. Views of the Economic and Social Committee, page 7.

20. Giraudy, *op. cit.*, p. 235.

21. ASSILEC, J. G. Becue, Bil 1/10/76 No 368.

22. ASSILEC editorial, Bil No 372.

23. Meeting of 17 May 1977.

24. EUCOLAIT reply to our questionnaire; Brussels, 11 May 1977, p. 2, Q. 2.

25. *Moral Report* presented by Francis Lepatre, the Chairman, to the 1976 annual General Meeting of the National Federation of the Dairy Industry, Paris.

26. In its comments dated 27 January 1977, the Economic and Social Committee says:—"1.3.6. The agricultural policy of the U.S.A. appears increasingly to be directed towards the export of cereals and oil-cake for which there is every likelihood of the external demand remaining at a high level."... 1.3.8. The American "agro-alimentary strategy" adopted in recent years has not satisfied everyone even in the United States, as can be seen from certain criticisms regarding the use of "agricultural might" for diplomatic purposes. Any radical change in American commercial policies is scarcely to be expected, since these are supported by the majority of the farmers and by the vast agro-alimentary industrial and commercial complex which accounts for a very substantial proportion of the active population (20% of the total, of which 4% falls under agricultural production as such). This complex indeed has a remarkable hold on the domestic and external markets; in addition, it enjoys the services of the strongest capacity for research and innovation in the world."

27. They also seem to be in a position to put a brake on certain measures taken by the Nine aimed at routing 400,000 tons of powder into animal feeding. See Giraudy, p. 235.

28. Giraudy, *op. cit.*, p. 236.

29. *Draft comments* of the Consumers Consultative Committee on the common agricultural policy; CCC—127/76, Brussels, 7 October 1976, p. 2.

30. *Ibid.*, p. 3.

31. *Ibid.*, p. 5.

32. This chapter is based mainly on data derived from the following sources:—*Agence Europe*, Nos. 2176 and 2205; *Le Monde*, 30.3.77; *Le Journal de Genève*, 30.3.77; *L'Express*, 13.3.77; *Réunion*, 17.5.77; the *Reply* to written question No. 994/76 of Monsieur Martens; *Press communiqué*, Council of the EEC, 25 and 26 April 1977.

33. The Irish, Danish and French producers, for example, are defended in a particularly effective way. This coincidence is paralleled by the place that this social category occupies in these countries. (*Réunion*, 17 May 1977).

34. The article by Lemaitre appearing in *Le Monde* on 30 March 1977.

35. Pierre Collet:—"New agricultural crisis in the Community", *Journal de Genève* of 30 March 1977.

36. In his article entitled "Dear living in Great Britain: EEC named as the scapegoat" (*Journal de Genève* of 31 May 1977), Claude le Saché remarks that "reduced to its most down-to-earth terms—fish, butter, pork—the European Community is getting a bad Press just now in Great Britain . . . The re-hashed criticism directed in the most formal terms against an ill-conceived and harmful common agricultural policy, the incessant battles embarked on in Brussels by the Minister John Silkin in order to obtain special dispensations regarding an exclusive fishing zone of 50 miles, the price of butter, subsidies granted to pig breeders, the violent attacks aimed at EEC by individuals and coming both from the Left (Joan Lestor) and the Right (Enoch Powell), all these are signs of a growing dissatisfaction feeding on a basis of rancour and popular mistrust with regard to Europe, that still survives despite a decisive referendum."

37. *Réunion*, on 17 May 1977.

38. For example, the Commission has already drawn up a communication to the Council on 4 May 1977 regarding provisions for powdered milk (150,000 tons of a value of 55.5 million Units of Account) and butteroil (45,000 tons of a value of 47 million Units of Account) under the assistance to foodstuffs programme for 1977. *Informatory memorandum*, Commission, Brussels, May 1977.

39. *Réunion*, on 17 May 1977.

40. G. Bublot, *Report quoted*, conclusions.

## ANNEXES

TABLE 1. *Percentage share of agriculture, forestry and fisheries sector in Gross Industrial Product, at cost of factors and percentage of active population employed in this sector.*

Country	% of G.I.P. 1974	% of employment 1975
Germany	3.2	7.3
France (market prices)	5.3	11.3
Italy	9.5	15.8
Netherlands	4.8	6.6
Belgium	3.1	3.6
Luxembourg	3.5	6.0
United Kingdom	2.9	2.7
Eire	16.4 <sup>1</sup>	24.5
Denmark	8.9	9.8
EEC of Nine Countries	5.0	8.7

1. 1968 figures.

Source: Eurostat—The situation of agriculture in the Community; 1976 Report, Brussels-Luxembourg; January 1977.

TABLE 2. *Active civil population engaged in "agriculture, forestry and fisheries" sector in relation to total active civil population employed in 1968 and 1975*

Member States	Agricultural employment (000's) <sup>2</sup>		Total employment (000's) <sup>2</sup>		Agricultural employment as % of total employment	
	1968	1975	1968	1975	1968	1975
	2	3	4	5	6	7
Germany	2,523	1,822	25,491	24,828	9.9	7.3
France	3,098	2,452 <sup>1</sup>	19,749	21,166 <sup>1</sup>	15.7	11.6 <sup>1</sup>
Italy	4,173	2,964	18,607	18,818	22.4	15.8
Netherlands	352	299	4,445	4,535	7.9	6.6
Belgium	201	136	3,614	3,744	5.6	3.6
Luxembourg	17	10 <sup>1</sup>	139 <sup>1</sup>	151 <sup>1</sup>	12.2	6.6 <sup>1</sup>
Total EEC 6	10,364	7,683 <sup>1</sup>	72,045	73,242 <sup>1</sup>	14.4	10.5 <sup>1</sup>
United Kingdom	763	667	24,903	24,632	3.1	2.7
Eire	310	252	1,055	1,030	29.4	24.5
Denmark	276 <sup>3</sup>	228	2,282 <sup>3</sup>	2,332	12.1	9.8
Total EEC 9	11,713 <sup>3</sup>	8,830 <sup>1</sup>	100,285 <sup>3</sup>	101,236 <sup>1</sup>	11.7	8.7 <sup>1</sup>

1. 1974

2. Man-years

3. 1969

Source: Eurostat.



TABLE 3. *Share (as %) of products in final agricultural output of the Member States and the Community (provisional figures for 1975)*

Country	Milk	Beef	Wheat
Germany	22.9	18.0	3.8
France	16.9	18.7	7.9
Italy	10.0	10.7	8.9
Netherlands	26.8	13.1	1.1
Belgium	15.6	16.9	2.8
Luxembourg	37.2	28.7	2.1
United Kingdom	22.1	15.2	5.3
Eire	28.0	39.8	1.5
Denmark	25.9	14.9	2.6
EEC of Nine Countries	18.7	16.3	5.8

Source: Eurostat—*The situation of agriculture in the Community* 1976 Report, Brussels–Luxembourg; January 1977.

TABLE 4. *Share of the Member States in final agricultural output of the Community by products (provisional 1975 figures)*

Country	Milk (%)	Beef (%)	Wheat (%)
Germany	26.6	24.1	14.2
France	24.9	31.7	37.5
Italy	11.1	13.7	31.9
Netherlands	11.1	6.3	1.6
Belgium	3.3	4.2	1.9
Luxembourg	0.3	0.2	0.0
United Kingdom	13.7	10.9	10.6
Eire	3.0	4.9	0.5
Denmark	6.0	4.0	1.9
EEC of Nine Countries	100.0	100.0	100.0

Source: Eurostat—*The situation of agriculture in the Community*, 1976 Report, Brussels–Luxembourg, January 1977.

TABLE 5. *Levels of herds of dairy-cows*

Country	1975 (000 head)	1976 (000 head)	Difference (%)
Germany	5,393	5,395	0
France	7,751	7,590	–2.1
Italy	2,927	2,883	–1.5
Netherlands	2,251	2,186	–0.9
Belgium	997	980	–1.7
Luxembourg	73	70	–4.1
United Kingdom	3,387	3,249	–4.1
Eire	1,344	1,300	–3.3
Denmark	1,130	1,106	–2.1
EEC of Nine Countries	25,217	24,769	–1.8

Source: Eurostat—*The situation of agriculture in the Community*. 1976 Report, Brussels–Luxembourg; January 1977.

TABLE 6. *Degree of self-sufficiency in 1974<sup>1</sup>*

Dairy products	G	F	I	NL	UEBL	UK	IRL	DK	EUR 9
Milk	101	101	96	101	100	100	100	101	100
Whole powdered milk	205	167	47	794	261	98	511	3,278	216
Skimmed powdered milk	205	167	2	74	143	143	1,001	206	147
Condensed milk	100	178	86	309	19	98	:	326	:
Cheese	90	115	83	234	44	63	529	285	103
Butter	118	114	61	352	97	14	216	322	97
Vegetable fats and oils	8	29	49	7	1	4	0	0	22

1. Order of countries (left to right) as in Appendix 1 etc.

Source: Eurostat—*The situation of agriculture in the Community*. 1976 Report, Brussels–Luxembourg; January 1977.

TABLE 7. *Price of powdered skimmed milk*

	EEC entry price	World price	EEC price/ world price
Powdered skimmed milk: 1974–75	94.28	67.70	139
Powdered skimmed milk: 1975–76	101.90	38.25	266

Source: Eurostat—*The situation of agriculture in the Community*. 1976 Report, Brussels–Luxembourg; January 1977.

TABLE 8. *Measures and Positions*

Institutions, professional organizations and personalities: measures and positions	1977/80 Action programme:—Proposals and decisions of 26 April 1977				
	Prices	Co-responsibility levy	Premiums for non-marketing and reconversion	Tax on fats	Tax on imports of proteins
1. Commission	Rise of 3%	2.5% in April	Financing:— 40% FEOGA guarantee 40% FEOGA orientation 20% Member States	Introduction of the Tax	
2. Economic and social committee					
3. COPA/COGECA	Rise of 7%	2.5% Rejected (conditions not met)	Agreed	Opposed	Need for common policy in fats and proteins sector
4. ASSILEC EUCOLAIT	Support for COPA thesis	Reservations on effectiveness as regards surpluses	Agreed	In favour, but tax to be linked to co-responsibility	Need for common policy in fats and proteins sector
5. FEFAC IMACE	No opinion expressed	Slight scepticism (IMACE)	Opposed	Opposed	FEFAC against any reduction of imports; tax opposed
6. Consumers	Blockage, or even reduction	Agreed, higher rate desired			
7. Member States	G: slight increase NL: large increase GB: freeze IRL, F, B: increase	G: agreed F: agreed @ 1.5% B, I: opposed LUX: in favour if..... DK, GB: in favour	Qualified agreement	GB: opposed DK: opposed NL: opposed	This tax takes place
8. Council (decisions)	Increase of about 4%	1.5% on 16.9.77	Financing:— 40% FEOGA orientation 60% FEOGA guarantee	Laid aside	Laid aside

TABLE 9. *Measures and Positions*

Institutions, professional organizations and personalities:—measures and positions	1977/80 Action programme: Proposals and Decisions of 26 April 1977			
	Foodstuffs aid	Encouragement of consumption	Suspension of aid contributing to increased production	Other measures
1. Commission		Cheap school milk; aid for butter consumption	Suspension of national and community assistance till 31.3.80 Does not support this proposal	Limits for intervention buying of powdered skimmed milk
2. Economic and social committee	Within scope of overall EEC policy			
3. COPA/COGECA	Aid to be increased	To be developed (promotion campaigns)	Opposed	Development of long-term EEC commercial policy
4. ASSILEC EUCOLAIT	To be developed, but under control of commission	Development for all types of milk	Agreement on new, less rigid project. Risk of economic distortions	External commercial policy; cumbersome bureaucracy; too much publicity
5. FEFAC IMACE				FEFAC: Increased subsidies for powder incorporated in milk substitutes, to hold stable net price (support price less aid)
6. Consumers	To be developed, plus agricultural development of 3rd World	General picture:— Reduction in total consumption of fats		Essential developments of social and regional policies
7. Member States		Netherlands:— consumption subsidies	Opposed to suspension of aid	I: Income supplements for weak enterprises; EEC preference B: bold export policy GB: opposed to external sales of surpluses
8. Council (decisions)	Aid for butter consumption; supply of milk at reduced prices	Prohibition of national aid; maintenance of FEOGA aid		Lifting of limits for support purchases; aid for investment necessary for utilization of skimmed milk on the farm

## IV. CONCLUSIONS

### Beef and Dairy Product Surpluses in the Community

*by John Pinder*

1. Unlike most of the other policies studied by this conference, the agricultural policy has been on a community basis for 8–10 years depending on the sector (though for a shorter time in the cases of Britain, Denmark and Ireland). The alternatives to status quo are therefore either a reform of the present policy or a return to national policies.

2. The arguments against a return to national policies were forcibly presented: the CAP has helped to modernize farms and make processing industries more competitive; it reflects the complementary character of farming in the north, centre and south of the Community and the need for security of supply; it protects the balance of payments of some countries that have difficulty in paying for their oil imports. Above all, the renationalization of agricultural policy would imply the re-emergence of protectionism which could spill over into industrial trade and European integration generally.

3. On the other hand the present agricultural policy cannot be said to be fully communitarian. The mechanism for dealing with fluctuating exchange rates has diluted the concept of a common Community price; and national expenditure on agricultural structures and social aid is still greater than Community expenditure. If Community policy does not overcome some of its deficiencies, a creeping renationalization might undermine the principles of the agricultural common market.

4. In order to remedy defects such as costly surpluses of some products and the excessive variation among farm incomes due to uniformity of agricultural prices in the face of widely differing production costs, some modifications of the common agricultural policy were suggested, including:

- a. adjustment of the market organizations so as to avoid structural surpluses and facilitate the marketing of products within and outside the Community;
- b. development of the agricultural structures policy, the weakness of which makes it more difficult for the market policy to work properly, which has marked regional effects;
- c. income support in some cases, to allow moderation in the increase of producer prices without deprivation for those with the lower farm incomes.

5. Other changes of policy were also suggested, including the extension of Community activity to the distribution networks; the setting of production targets; a more determined export policy; the reduction of the degree of self-sufficiency to, say 80%; and the negotiation of contracts with Third World countries that would enable them to develop their agriculture.

6. The difficulty was brought out of securing reforms in the agricultural policy in view of the weight given to farmers' interests and to certain processing industries in the Community's decision-making. For example the producers' organization and the processors and to some extent the traders in milk products defend the dairy producers price policy, backed by the Commission and most of the Ministers of Agriculture. On the other hand there is opposition to any tax on imports of soya and proteins on the part of the feeding stuffs manufacturers, the margarine producers, the farmers who use cheap feeding-stuffs and the consumers, backed by some Member States and also by the United States and other supplying countries. The effect of these conflicting interests has been to narrow the scope for rational decisions along the lines of paragraph 4 and without unacceptable cost. The development of consultation between the Commission and the European interest groups, and between the Ministries of Agriculture and the national interest groups, has moreover reached the point where it might almost be called joint decision-making and joint management of the shared responsibility; and this may have reduced the autonomy and decision-making capacity of the Community institutions.

7. With the balance of power shifting somewhat in favour of the consumers, a shift towards policies of lower prices combined with more subsidies for small farmers may become possible. But the prospects for changes of policy are also constrained by structural weaknesses in the Community's decision-making process, such as the splitting of the Council into specialized councils (e.g., Ministers of Agriculture) and the degree of specialization within the Commission, as well as the relationship with interest groups mentioned in the preceding paragraph.

8. The need was therefore stressed for the Community to increase its capacity for "globalizing" its decision-taking, that is for facilitating trade-offs of advantages among the different member countries between one policy area and another. The hope was also expressed that the European elections would give the Community the political impulse to reach decisions that were impeded by the resistance of interest groups and governments within the present system, though doubts were also expressed whether the elections might not weaken the authority of the institutions in the agricultural sector. In any case, most members of the group considered the constraints presented by interest groups and national governments' positions to be such that adjustment of the common agricultural policy would be a gradual process rather than a spectacular reform.