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ECONOMIC PROBLEMS IN THE INTEGRATION OF WESTERN EUROPEAN AGRICULTURE

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THE problem of integration of western Europe has numerous facets: political, strategic, social, financial, and economic. Of the social, financial, and economic aspects the problem of the integration of agriculture is a subsidiary part. It is impossible, however, to create a correct concept of the agricultural problems associated with this integration if the other aspects are left out of consideration.

I feel I should begin by confessing that I am an outsider as regards this matter. I never was a member or a participant of the innumerable committees and conferences which occupied themselves with this subject after the First World War. Consequently I know nothing of the details.

To be without inside information is, of course, a drawback, but for this conference, the participants of which are mostly people who do not know Europe at all, or very superficially, there is a small countervailing advantage. I shall not enlarge upon details, which are of little interest to non-Europeans, and I shall confine myself to those items which appear to be of importance to other continents.

Unfortunately Europe is at present divided into two parts by an 'iron curtain'. East of it lies the U.S.S.R. and the countries of the Russian influential sphere. West of it are about twenty independent sovereign States.

These have one point in common, namely the fear that the U.S.S.R., either by exploiting the power of their enormous army or by gradual infiltration of western Europe, will thrust communism upon them. The question whether this fear is well founded or not is left out of consideration here, but it is an established fact that it exists and is shared by numerous countries outside Europe, amongst them the U.S.A.

Fear of Russia is about the only point the States of western Europe have in common. Each values highly its liberty and independence. Most of them have been independent for ages and many have been forced at times to wage long and sanguinary wars either to become independent or to defend their territory against the attacks of other States.

Western Europe has never been a unity either in a political or in an economic sense. Each of the twenty States individually has gone through its own evolution politically, economically, culturally, socially, and often religiously. Each of them has its own constitution. They speak more than a dozen different languages, and consequently the peoples of many countries cannot understand each other in the true sense of the term. The inhabitants of these countries, though all white people, belong to very different races.

Particularly after the end of the Second World War the conviction has won through that so many disadvantages are involved in this discord that efforts must be made to achieve a greater unity.

Though I will confine myself to economic and more specially to agricultural considerations, I feel obliged to make two exceptions and to draw attention to the peculiar position of western Europe since 1939, and the special position of Great Britain.

Before the Second World War Germany was the mightiest State of Europe. She has exploited her military power so often during the last hundred years that many countries in western Europe fear a powerful Germany hardly less than Russia. More particularly France, large parts of which have been militarily occupied by Germany three times, fears a strong Germany.

The military collaboration between western European countries is impeded by this fear. As economic co-operation and military co-operation are supplementary, Germany represents an obstacle to the foundation of a Western European Union, and even to an integration exceeding superficiality.

The same applies to Great Britain, but for quite different reasons. Great Britain, of course, is a part of western Europe, but is at the same time the centre of the British Commonwealth. This is an impediment to her participating in a European unity and causes her to abstain from economic co-operation in many respects. Especially strong objections are raised by Great Britain when economic collaboration demands that a supranational authority be established to guide an intended western European organization.

In spite of this, a modest attempt has been made to bring about a closer co-operation in the political and economic spheres. Most western European countries have joined the Council of Europe, of which the Assembly meets regularly at Strasbourg. The Assembly consisting of representatives of the various western European parliaments can, however, only launch recommendations to the affiliated countries. It has no powers to pass resolutions binding on the participating Governments.

But I had better revert to my subject. I believe that European integration implies the aim of achieving unity in western Europe step by step.

The way to complete union of western Europe is so long and full of insurmountable obstacles, that I can only imagine one way to achieve it within a short time, namely under the dictatorship of a single power, which would have to destroy all liberty of the nations of today, and inflict its will upon all other peoples. The achievement of unity by such means does not appeal at all to any European.

On the other hand, the drawbacks of the prevailing disruptions in Europe today are so appalling that any step conducive to closer co-operation must be welcomed. The North Atlantic Treaty Organization (N.A.T.O.) implies the collaboration of the navies of a group of nations, and a scheme for the co-operation of their land armies for the defence of western Europe under a central command. Integration coupled with the abolition of a part of the sovereignty of various autonomous states is therefore possible provided there is a real and immediate danger.

The question then arises whether co-operation in the economic sphere is considered to be of the same significance as military co-operation. The answer must obviously be no. Though the disadvantages accruing from a disrupted Europe are conspicuous and the prosperity of western Europe as a whole would benefit if goods could be freely interchanged over the combined areas, very little of the plans framed for that purpose has been realized despite the fact that the U.S.A., in rendering her economic aid to Europe in which enormous amounts of money were involved, stipulated that the European countries had to prepare themselves for close co-operation if the almost insuperable difficulties ensuing from the Second World War were to be overcome.

To organize Marshall aid to Europe and to co-ordinate the co-operation among the countries of Europe the Organization for European Economic Co-operation was founded. It has its headquarters in Paris, and eighteen countries participate, but the results attained have so far not come up to expectations.

It is true that the countries co-operating in the O.E.E.C. decided to liberalize part of their mutual trade, but this liberalization consists only of the abolition of quotas. The governmental trade, in some countries of substantial importance (e.g. in the United Kingdom), and the possibility of imposing and increasing import duties has been maintained. In consequence, this liberalization of international trade, although of great importance, has been reduced.

Besides, several countries faced by recent difficulties have reintroduced more stringent import barriers.

What then are the advantages to western Europe accruing from economic integration? If western Europe were one big market, all goods produced there could be sold under the same conditions. All frontiers in the economic sense would be wiped out and economic intercourse would not be interfered with either by quantitative restrictions of imports and exports or by import duties or export levies, inland bounties or export bounties, or by regulation of foreign exchange. In that case considerable opportunities would become available for better international division of labour and for reaching specialization in production.

To be able to take the utmost advantage of such a situation it would not suffice, however, that only *goods* or *commodities* could be moved deliberately from one country to another, it would be imperative that the same conditions would apply to *workers*, *employers*, and *capital*. This feature is often overlooked. It is regarded as particularly important by most countries that jobs should be reserved for the home population. Provided such conditions, though still utopian, could be created, every area could specialize itself in the production of the goods relatively best suited to its conditions—its situation, climate, quality, and types of soil, its natural wealth of minerals and other resources and the capabilities of its employers and workers.

If western Europe constituted a single outlet for goods, the advantage of mass production would be more tangible than it is today as 275 millions of people could be canvassed as consumers of the finished articles. The production costs of numerous commodities would decline and the consumers would benefit. The average standard of life would undoubtedly be raised. On account of the decrease in production-costs competition would be eased, and this would result for example in a more favourable balance of payments and in a reduction of the shortage of dollars.

As far as commercial-political negotiations with other parts of the world are concerned, a vast region with a population of nearly 300 million could bring more pressure to bear upon opposite interests than twenty separate countries each by itself, and all looking upon each other as competitors.

Against these advantages to Europe as a whole, however, are disadvantages pertaining to several countries and several industries in some countries. Countries where the costs of production are excessive would have to adapt themselves quickly to lower market

prices, and this would entail insuperable difficulties attended with loss of capital and unemployment.

Even if in a certain industry in a certain country the cost of production were too high—e.g. in agriculture, though the other industries were able to compete in the world market, a reconstruction of agriculture would still meet with formidable difficulties, also of a political nature. I will revert to this later on.

Even the pursuit of integration is meeting with difficulties, and I shall try to elucidate this by quoting some examples derived from agriculture.

Until the middle of last century the main aim of agriculture was to attain self-sufficiency for the farmer and his family. So long as there were no railways, transport of most agricultural produce was so difficult and expensive that everything needed to feed the population of an area had to be purchased in that area itself. Every area and certainly every country had an agricultural foundation of its own. Only where the means of communication were more favourably developed, that is in coastal regions and regions along the banks of navigable rivers, was specialization in agricultural production to some extent a paying proposition. It was here that an international trade in agricultural produce developed.

The surpluses of such areas were sold to be consumed elsewhere, short supplies were replenished from abroad. The ensuing specialization and trade opened up opportunities to improve the technique of husbandry and to raise the standard of living of the population.

As has been stated, such privileged areas were the exception. As a rule, every country had itself to grow everything that was needed by its inhabitants. So it is self-evident that agriculture evolved in any district where man settled, even where the climatic and soil conditions were unkind. Of course, the cost of production was high under such circumstances but conveyance of supplies from elsewhere was very expensive. Furthermore, not one country dared consciously run the risk of becoming dependent on other countries for its food supplies lest war might break out. It is hardly possible to over-emphasize that this situation evolved in the course of time and had prevailed for ages.

But in the middle of last century people learned how to utilize steam-power for traffic. Railways were built everywhere in the Old and the New Worlds, and steamers afforded improved communications between America and Europe. The middle west of the U.S.A. was made accessible and an avalanche of cheap grain caused a slump in the European market, prices dropping so low that the European

farmers could not compete any longer. The agricultural depression of the eighties ensued and farmers in a large number of countries were ruined. Many Governments resorted to the protection of their home agriculture by introducing import duties on grain. At first the duties were not prohibitive and several countries even allowed foreign grain to be put on their markets duty-free until the outbreak of the First World War. But after that war, conditions in a large part of Europe were badly disturbed and protectionism gained ground everywhere. Countries had found to their cost that it is extremely important in wartime that every country should be able to produce a large proportion of the food needed for its population. Dependence on foreign supplies cannot be relied upon under war conditions.

Also, the United Kingdom, so long a stronghold of free trade, started to introduce measures for the protection of its home agriculture. Even a scheme to promote the cultivation of sugar beet was implemented, a crop which up to then had been only of minor importance in that country. The tariff barriers put up in various European countries became ever more prohibitive between the two world wars and when import duties did not suffice, import quotas were introduced. Originally, only import-restrictions of goods were known but gradually the scope of payments to foreign countries was also narrowed with the consequence that the limited quotas of foreign exchange became the greatest obstacle in the way of international trade. On the other hand, export trade was encouraged by granting export-bounties, bonuses on home production, and numerous other perfidious contrivances. Emigration facilities, hitherto open to countries with high accretions of population, were ever more restricted between the two world wars, and the difficulties accruing from the density of populations were becoming more formidable.

Agricultural protection before 1940 was not of the same significance in all European countries. The provisions enforced were quite different in nature and the rate of protection they procured varied substantially. In some countries an extreme autarchy was aimed at, but other countries held to the conception that protection was nothing but a necessary evil.

My country, the Netherlands, has 300 inhabitants per square kilometre or 770 per square mile. Maintenance of a proper standard of living for such a dense population is only possible if raw materials can be imported on a grand scale and finished articles sold in foreign markets.

Several western European countries have developed a substantial export trade of agricultural produce. Italy exports much fruit,

Denmark and the Netherlands much dairy produce, eggs, and bacon. The Netherlands also export substantial quantities of bulbs, vegetables, fruit, flowers, and other horticultural produce, representing a high money value.

Countries like Denmark and the Netherlands must import large quantities of feeding-stuffs for the maintenance of their livestock population. They used to admit these feeding-stuffs practically duty-free in order to enable their farmers to convert coarse grains into dairy produce, bacon, and eggs, and by this policy the produce could compete on the world market with that produced elsewhere.

During the Second World War the course of events was almost the same as during the first. Once more, every country had primarily to rely upon the home production of food. Yet, the consequences of the last war to agriculture were much more fatal than those of the war of 1914-18. In 1945 agriculture in Europe was left in a much more crippled and dilapidated condition than in 1918. This does not apply only to agriculture, however, as manufacturing industries and transport also suffered badly.

Every country did its best to straighten conditions out again, but in doing so Europe has become dependent fundamentally on the New World. In the first place, before 1945 a considerable part of the supplies of human food came from eastern Europe, but since then this agricultural part of Europe has been cut off as a supplier of grain. Crippled western Europe, with its big shortages of feeding-stuffs and of all kinds of raw material, is entirely dependent on the rest of the world for the rehabilitation of its manufacturing industries. These foreign articles of food and raw materials must, however, be paid for mainly in dollars and the dollars are wanting, because the currencies of most countries which export from Europe are not convertible into dollars. Each country must solve its own difficulties. Each country follows its own course in doing so, and that course is a continuation of the one gradually evolved in the run of about fifty years.

In the post-war struggle for existence the interests of the various countries of Europe clash repeatedly. The economic controversies in Europe, therefore, since the end of the war are much more pronounced than they ever have been. In spite of it an ever increasing number of Europeans and their Governments begin to realize that another course will have to be pursued, and that more unity must be aimed at on penalty of self-destruction.

Two factors contribute a great deal to this feature:

1. The generally realized menace emanating from Russia.

2. The heavy pressure brought to bear by the U.S.A. in requiring that special steps be taken to facilitate and expand international trade as a condition of the enormous contributions to the reconstruction of Europe which I have referred to already. Although twenty countries have bound themselves to do so, practical experience has shown that many obstacles are in the way, and that agriculture is in many respects the principal impediment to an easing of the international exchange of goods.

And why? During recent decades the conviction has been borne in on every country that the Government have a task to accomplish in the social-economic sphere. Measures taken in various States have resulted in the creation of great differences in the levels of prices and costs, and in many a country agriculture can survive only if it is not exposed to the menace accruing from free international commercial intercourse.

If commercial intercourse is liberalized, tremendous switches in husbandry will have to be effected in numerous countries. Most of the farms in western Europe are family farms. Most smallholders in many regions will go ahead with producing, as the labour is available anyhow. Also, the fact that in agriculture, as compared with industries, a much higher proportion of the costs are fixed discourages any contraction of production.

The possibility of transference of agriculture to regions where certain crops can be produced more cheaply is very limited indeed, as it is impossible to move the land. It should not be overlooked by people in the New World that land is very scarce in Europe. There is a disproportion between the large number of people and the small area of cultivated soil available. In case of transference the farm buildings and much of the equipment would become valueless, implying the writing off of capital.

A disadvantage no less formidable would be the resettlement of workers. Particularly in the rural districts of Europe the population is very strongly attached to their native surroundings and it would be difficult for them to feel happy elsewhere. The European agricultural population has a mentality quite different from that of the American, which is much less bound by tradition. Resettlement in another European country has the added drawback that those who move have to live and work in a country where a language is spoken which they do not understand nor read, and where the laws differ from those they have been used to.

Actually, transference of workers even within the borders of a

country has met latterly with almost insuperable obstacles, owing to the shortage of houses and the fact that building costs are so extremely high that only very few can even contemplate incurring them.

A reduction in employment in a region where costs of production are excessive for various reasons, particularly under the conditions prevailing today, cannot easily be cancelled out by framing new schemes of employment elsewhere at short notice. Moreover agricultural craftsmanship, as regards several products, is closely associated with particular types of soil and special climatic conditions.

But even apart from technical and economic difficulties, only very few countries would feel inclined to promote fundamental changes in the established modes of husbandry within their borders if such changes might lead to a decline of the skilled agricultural population.

As I have already said, a great deal of economic value is attached to agriculture as a guarantee against shortages of food in times of war or of impeded international exchange of goods. In addition, great reliance is placed upon the agricultural population particularly by those who are frightened of the political ideas—often much advanced—of the industrial urban population.

By and large the agricultural population of the western European countries is still very numerous, and, represents politically an important factor anywhere. Since the last war the agricultural population is more than ever aware of its indispensability for a community, and to interfere with the standard of living of peasants and farmers would be a hazardous enterprise which only few Governments would dare risk. Economic integration, if generally applied, would undoubtedly in the long run imply advantages to every individual western European country. This does not mean, as a matter of fact, that every industry in each of the participating countries would benefit by such integration. On the contrary, the industries operating with excessive costs of production, which can only maintain their output by means of substantial protection, would suffer by integration, at least at the beginning. This implies that in every country the people who are associated with an industry with high costs of production would object to integration. Industries in countries which would benefit by integration would regard it with sympathy.

In the case of a generally applied economic integration the Governments of the States would draw up a balance of the advantages and disadvantages involved for their countries, and decide whether the advantages were of such a proportion that its drawbacks for some industries would have to be accepted as being subsidiary. So it may

be that in a certain country the advantages of an economic union with another country would be of such a magnitude that it would be prepared to accept the damage to its agriculture, or the reverse.

It follows from this that if a *general* economic integration is renounced, but the integration agreed upon applies only to one industry, it will be very difficult to achieve a satisfactory result. If it were decided to integrate only the European agricultural industry, the farmers in a country where costs of production in agriculture are high, would most probably launch a united revolt. It is true that the *consumers* in that country would benefit by a drop in prices of agricultural produce, but consumers do not put up a united front and as consumers they cannot develop much political power. Yet it can be imagined that an integration of the whole agricultural industry of a few countries would be advantageous to definite classes of farmers, but disadvantageous to others. If for instance, a certain country produced an oversupply of wine but was short of dairy produce, it might happen that the whole body of agricultural producers would not form a united front against integration. In that case there is a chance that international integration would succeed. The smaller the group of producers to whom the designed integration applied, however, the more difficult it would be to achieve results. Integration only with regard to wheat, for instance, would be unpractical in my personal opinion. The opposition which would be aroused amongst wheat growers in countries with high costs of production for wheat would be very strong indeed and the Governments of these countries could not easily find a political majority to meet the opposition. A programme intended to further economic integration would therefore have to be based on wide foundations, and it would have to adduce very convincing arguments to prove that the disadvantages resulting from integration for certain producers would be counter-balanced by the advantages for other groups.

Unfortunately it has become clear too in some cases where countries as a whole would benefit from integration that it is very difficult to accomplish it. Experience has taught that international economic integration cannot be realized, if there is no international authority which, after an integration for certain purposes has been achieved, can bring pressure to bear upon the Governments of the participating countries.

As an example I may quote the provisional agreement concluded between three western European States to come gradually to a complete economic union. I refer to the *Benelux* agreement between Belgium, Luxemburg, and the Netherlands. Belgium and Luxemburg

(the latter being only a very small country) had already entered into a complete customs union.

The production of the individual countries would be mutually supplementary in many respects, and in theory all the advantages of integration present themselves. The Benelux agreement was welcomed enthusiastically in international quarters and held up as an example to other countries. It is a pity that the union has never come completely into effect. The experience gained from it has proved once more that integration can only be achieved gradually and that certain financial settlements must be arranged to indemnify those producers who would sustain losses from integration, and to enable them to adapt themselves to the altered circumstances.

This simple example shows that even agreements between adjacent countries which are very much committed to each other, can be achieved only with great trouble. It is very unfortunate that experience has shown that Europe is not ripe for a general economic integration.

Despite the fact that it will be much easier to achieve a general integration than an integration on a basis of separate articles of trade, the French Government have proposed to start with a few commodities. These proposals have produced some effect. The first concerned the integration of the production of and trade in coal and iron, the 'Black Pool'. The second relates to agricultural produce, the 'Green Pool'.

As the proposals of western European co-operation in the agricultural sphere are to some extent based upon the experience gained from the so-called Schuman Plan pertaining to co-operation in the coal and iron industries, I will mention here the principal points of that Plan. It was launched in 1950 by the French Minister for Foreign Affairs and was welcomed at once by the Governments of western Germany, Italy, the Netherlands, Belgium, and Luxemburg—that is by all western countries of the European Continent which have developed coal and iron industries of some importance. It is very significant that the American Government met the proposals with sympathy. It is a pity that the attitude of the United Kingdom has been dissentient right from the beginning. The principal objection of Great Britain was probably that that country, where coal-mining had been nationalized, would have to acquiesce in decisions of a supra-national High Authority.

Within a year after its publication the treaty was signed by the six countries mentioned. The member States conceded thereby the final word on their coal and steel industries, and assigned it to the High

Authority, which is not directly responsible to the Governments of the participating States but to a Communal Meeting, a kind of coal and iron parliament, consisting of deputies from the six participating countries.

The activities of the High Authority are subject to the approval of the Communal Meeting (parliament), and to decide on controversies which may arise a special court of justice has been founded.

If peace is maintained it is to be expected that some mines will not be able to operate remuneratively at the prices ruling in the integrated area, so a mutual fund will be established to indemnify the owners of unproductive mines and to assist the workers concerned, either in moving to other mines or in finding other occupations.

Within the borders of the six participating countries, with an aggregate population of 150 million people, coal and steel can be sold freely. Between these countries all tariffs and other obstacles to this trade will be abrogated. Furthermore, it has been resolved that the export prices charged to countries outside the Schuman Plan must be in line with the purpose of furthering international trade. Imports of coal and steel into the area of the Plan will not be left free, but import duties will be kept at a level as low as possible.

As regards wages, the High Authority is only invested with powers to interfere in exceptional cases, and skilled workers in heavy industry have the right to move freely within the borders of all the six countries. The treaty will be fully enforced within five years. It is to run for fifty. The organization as a whole is extraordinarily complicated and the participating countries would never have acquiesced in sacrificing a part of their sovereignty, if they had not been convinced of the truth of the words once spoken by Benjamin Franklin: 'We must all hang together, or assuredly we shall all hang separately.'

The success achieved by the Schuman Plan has encouraged the French Government to frame another plan for an organization for the principal European agricultural products. France proposes to start with the foundation of a Wheat Bureau for Europe. As wheat production in western Europe is much too low to meet the demand, more than 1,000 million dollars are needed annually to supplement the supply. The European countries could achieve substantial savings if they co-operated in production and marketing. The same could be attained in regard to dairy produce, meat, fats, feeding-stuffs, and sugar. The Netherlands Government have also published certain proposals. They are aware that the sociological characteristics of agriculture and its strategical importance mean that the consequences of free interchange of agricultural produce would not be acceptable

to European countries. In the opinion of the Netherlands Government it is essential that a freer interchange of produce and a stabilization of sales as well as of prices by price fixing (or, as an alternative, by fixing the limits between which prices may fluctuate) be aimed at in the mutual trade of agricultural produce of these countries.

For the maintenance of a remunerative level of prices within Europe it would be necessary to take measures on the one hand involving expenditure but on the other hand earning revenue. The expenditure and revenue must respectively be charged to, and paid into, a European Agricultural Fund as is done for coal and iron. For the administration of this fund and for other necessary measures, a European organization would have to be established.

In the Council of Europe the foundation of a European Authority has already been a subject of discussion. It became apparent from this that France (Charpentier), as well as the Netherlands, considers that such an authority is indispensable, but from British quarters it was argued by Eccles that the 'rules of good husbandry' had to be maintained in all European countries and that 'the nature of agriculture itself and the extra-European interests of the members of the Council of Europe rule out a supranational authority invested with powers to change the pattern of production and imports in the member-countries'.

It is quite obvious that the controversy which proved to exist between France and Great Britain when the integration of the coal and steel industries was discussed will turn up again when the plans on agricultural integration come to be contrived in further detail. In spite of this, France invited the various western European countries to a conference last spring where the agricultural integration of Europe was amply discussed. It became clear at this conference, held in March 1952, that only a few European States are prepared to accept the consequences accruing from the first essential steps to be taken to proceed with the establishment of an agricultural integration. Nevertheless, a working Committee has been nominated to study the plans and problems in further detail, as a preparatory step for another conference of representatives of various countries to be convened next autumn.

Summarizing, it can be stated that for the foundation of a real agricultural integration in Europe certain conditions must be complied with, namely:

1. An international authority must be established to which the participating countries transfer part of their rights. This authority

should be empowered to pass resolutions, e.g. by a majority of three-quarters of the number of votes cast, binding on the participating countries.

2. Those countries benefiting from integration will have to pay a part of the extra profits into a fund established to compensate a part of the damage sustained by other countries as a result of integration.

3. Any integration will have to be gradually evolved in order to keep down loss of capital and unemployment as much as possible.

4. To achieve integration it will be imperative not only to liberalize international commercial intercourse but also to promote the movement of people and capital within the participating countries.

5. The social and economic policy of participating countries will have to be co-ordinated to a very considerable extent.

6. Though economic integration of agriculture within western Europe is still an ideal worth pursuing by all possible means, so many obstacles are met with on the way that progress will of necessity be extremely slow.

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One hesitates to criticize or comment on such an excellent paper as has been presented by Dr. Minderhoud, especially as my experience in Europe is limited to a single year. I feel that he has made a very excellent analysis of the situation and I agree that a large measure of integration in Europe is going to be quite difficult to achieve. I should like on this occasion, however, to urge that any of you who have the opportunity, do all you can to help persevere in bringing about greater co-operation between the European countries. Even to urge integration marks a decided step forward within the past few years. A study of the history of Europe shows that there is a great deal to discourage attempts at integration because of the experience of war and the many difficulties that have arisen between the sovereign States of Europe in the past. I would not be a very good historian because my interest in history is mainly to use it to see how we can improve the future over the past, and there is so much in the history of the past that is unfavourable, that we need to search hard if we are to find guidance for the future.

It was back in 1945 that the Emergency Economic Committee for Europe was organized in London. It was my privilege to serve for several months on the agricultural committee of that organization, and I had the opportunity to learn at first hand as I came to know the representatives from the different countries, that there was a great deal of reserve towards entering into discussions concerning the

handling of certain problems, for fear some countries might take advantage of particular situations. As a word of encouragement, however, I would like to say it was gratifying to see a great deal of that reserve break down as we gathered around the conference table, often taking up what seemed to be small problems but finding answers to them which were worthwhile in the emergency which existed at that time. I agree with Dr. Minderhoud that it was the desperate conditions growing out of the war period and the need for conserving resources in the best way possible that prompted a move toward agreement on a number of issues.

About a year ago we had a group of representatives from nine European countries at the University of Illinois and we suggested they make what use they wanted of the seminar method. One day one of the men asked if we might devote an evening to discussing the opportunity for developing co-operation between European countries, and it turned out to be one of the most interesting sessions we had. It was interesting, Dr. Minderhoud, how many of the things that you mentioned were listed on the blackboard that night. The question was asked, 'Have we a chance of developing a United States of Europe?' That set me to thinking why it was not possible. As we look at the situation, we have tariff barriers as one of the greatest handicaps to bringing it about. To me they are a machine which we exert a lot of effort to operate and to maintain though it seems to flourish or perpetuate itself by its own operation. It becomes a fixed part of our economy and it may be a very expensive part if we could only look forward and see the advantages which might be gained if we did not have high tariffs to interfere with the best use of the resources of a wide area. And I wonder whether, as we consider tariffs, and some of these other barriers to a healthy economy, if we may not draw an illustration from the United States. The United States have been settled mainly by people from European countries. Here we have a similar territory but it is one nation instead of the many independent sovereign nations in a like area in Europe. You may argue that one of the things which have made for the development of our country has been the freedom of trade over the wide area. It has made it possible for us to use the resources of the various areas to their greatest economic advantage. And we have gained from mass production, we have gained from specialization in agriculture, and we have saved a great deal which is lost when a small section of a large area strives too hard to be self-sufficing within its own borders. So, as I said, I think there is a great deal to be said in trying to forget past history and concentrate more on trying to determine the advantages

to be gained through greater collaboration between our countries. I will not attempt to say just how you are going to accomplish it. I made rather a light, perhaps a silly, remark that night a year ago. I said, as I contrasted the two areas, that maybe one way of bringing about greater integration in Europe might be to pass laws in the various European countries that no national could marry a woman from his own nation. And then maybe the barriers of language, of tariffs, of exchange, and other impediments would give way. I believe the United States has been willing to accept new ideas and new ways of doing things largely because bringing people together from so many different nations brought together many new ideas. It has made us receptive to change, and we have got to be receptive to change if we are going to make progress. One thing further, as I think of the development in our own country, a large part of our large production per worker has been due to best utilizing the resources of the different parts of the country to the production best adapted to those regions, and providing for the free trade between those areas. It requires high production per worker to maintain or build a higher level of living for our people. It is the surplus from production that produces new capital.

Now, concerning the proposal to assign authority to an international organization to do some of these things which were suggested, there is the difficulty in some countries of maintaining a stable government and a stable course of action over a period of years. It may be difficult to get nations to assign very much authority to an over-all organization, but I think that should not in any way deter us from driving on towards reducing trade barriers and facilitating exchange between nations. One of the important items is to provide for the easy movement of people from one area to another with a view to obtaining the most economic use of our human and natural resources.

R. W. BARTLETT, *University of Illinois, Urbana, Ill., U.S.A.*

I am sorry to overstock you with Illinois tonight. Professor Case has stimulated us to work on this quite a bit, and it was suggested that I should take part in the discussion of this interesting international problem.

Today we have heard the stimulating talk of Dr. Minderhoud on the question of the difficulties of integrating the economic activities of European countries. Five years ago, when this Conference was meeting and enjoying the courtesies of Leonard Elmhirst and Jock Currie at Dartington Hall, Totnes, England, the basic problem of

these countries was getting enough calories to live. Then it was a question of survival, a question of reviving urban industry so that it could produce goods and stave off bankruptcy. In June 1947 we heard about the Marshall Plan for providing economic aid. Our meeting was in August 1947, and we heard much discussion of this plan then and later when we returned to the United States.

At that time the industrial production of the eighteen Marshall Plan countries was about 70 per cent. of pre-war, and the pre-war level was very low. Industrial production in western Germany was less than 20 per cent. of pre-war and many people were starving. In 1951, when I studied this subject, industrial production of the eighteen Marshall Plan countries ranged from 20 to 60 per cent. above pre-war and averaged about 40 per cent. above pre-war. Most people in these countries had enough to eat though in some countries many would have preferred more livestock products along with their other foods. The speakers this morning, Dr. Notestein and Dr. Black, were discussing the importance of increased production and productivity as a foundation for improving living standards. I think that we all should realize today the tremendous advance that has been made through the ingenuity and hard work of the people in these European countries in improving living standards and getting to a place where they can discuss economic integration of Europe and be interested in a five-year plan for India.

Another point which seems to be vital to this question is the Schuman Plan, originally suggested, I believe, by Dr. Monnet of France, for integrating the production and distribution of coal and steel in Europe. A year ago the Schuman Plan was approved by the deputies responsible for setting it up in six European countries. As I understand it, the plan now has the legislative approval of each of these countries. This approval in itself is only a straw in the wind since it is a long way from passing legislation to attaining the objectives of such legislation. On the other hand, however, there is much to be optimistic about. These six countries, Belgium, France, Italy, Luxembourg, the Netherlands, and western Germany, together produce about four-fifths of the steel in western Europe. It is remarkable to me that these six countries have agreed in principle upon the desirability of integration and have passed legislation to bring this about in spite of deep-rooted antipathies such as those between France and western Germany which date back to the Franco-Prussian War of 1870, World War I, and World War II. That these countries are now working together indicates remarkable progress in this five-year period. Difficulties reviewed by Dr. Minderhoud are very natural,

but the progress made far more than offsets the obstacles which confront the people today or the fact that the eighteen countries have not decided to work together. To me this is not at all surprising. The surprising thing is that six countries are working together.

Now let us review a few other points. For a long time, even before World War II, having enough food was a basic problem in many countries. The F.A.O. programme, the Point IV programme, and the programme of the Economic Co-operative Administration are all working towards the objective of building a sound foundation for producing enough to feed the people. Dr. Black pointed out this morning that first we have to have enough food for subsistence, then as our productive resources increase we produce more livestock products—milk, meat, and eggs—which improve living standards. We are working in that direction and it seems to me that the application of science to individual countries is a sound way of approaching that problem.

Another problem which has been discussed today is the control of population. It seems to me, if we review history, that we find that the population problem tends to solve itself pretty well as we get more education, and as we get more alternatives for pleasure and so forth. In most of these older European countries this problem has been solved. One of the students in our department, Dr. Lindstrom, recently made a study of Sweden. One hundred years ago Sweden had the same problem as India has today in regard to an excess supply of people and low living standards, though its population was small compared with that of India. As Sweden developed its urban industrialization, as education, schools, roads, &c., came about as a result of an excess of production over what it took to exist, the problem of excess population tended to disappear. Dr. Sen suggests that the population of India may reach 450 or 500 million people before the population curve flattens out. The attainment of improved living standards in India, as it was in Europe, is a long-time objective which must be measured in decades rather than in years.

In conclusion, may I reaffirm what was suggested by both Dr. Notestein and Dr. Sen, namely that there is a real need for the integration of our social sciences. Dr. Sen pointed out that economic progress in India was inseparably tied up with religious beliefs and political considerations. Dr. Notestein pointed out the close relationship which existed between economic, sociological, and psychological aspects of population problems. It seems to me that as agricultural economists we have now arrived at the stage where research within

our colleges and universities should be more closely tied in with that of the other social sciences, and that if we attain such integration, it will tend to strengthen the usefulness of the work which our people are doing.

V. CIARROCCA, *Osservatorio di Economia Agraria, Rome, Italy*

The paper of Professor Minderhoud gives a very clear picture of the problem of European integration. It may seem to some that his analysis is too pessimistic, but a deep and realistic analysis of a subject is not pessimism. Undoubtedly European integration would be easier to obtain if the different European countries, instead of considering the advantages or disadvantages of the project, would look to the final result, namely, the security of maintaining the freedom and tradition of civilization that belongs to these countries. In other words, the problem of a European integration could find an easy solution if it could be realized as a marriage of love, that is regardless of the financial condition and age of the bride and of the groom. However, since we are economists we are forced to follow Professor Minderhoud's analysis. In spite of the negative aspects of the problem his contribution is fundamental. That is, one market of 275 million people applied not only to goods but also to labour and capital will guarantee a better balance of payments, a decrease of dollar shortages, and a higher standard of living for the populations. I think therefore that every effort must be made in this sense. I also think that the proposition to create a fund to compensate the sectors of the various national economies that may be damaged in the course of integration deserves the attention of the economists gathered here in this conference.

J. F. DUNCAN, *Aberdeen, Scotland*

I am going to be very brief because it is getting very late. But just to bring this conference back to a sense of proportion, I want to suggest that it would help you to understand the problem of integration in Europe if I suggest to you that you think of the integration of Canada, the United States, and Mexico into an economic union, and that those of you who come from South America might consider the integration of the whole of the countries of South America into an economic union. There is really no reason why we should stop at Europe and we might go on to consider the integration of the whole States of the world into an economic union. And we might have a seminar at Illinois to convince the people of the United States that

world free trade is the desirable ideal and the thing we should be working towards today. I do not need to say anything more.

L. J. NORTON, *University of Illinois, U.S.A.*

I hesitate to come up to the platform because I am the third Illinois man on this topic but I rise to speak a personal word. George Minderhoud contributed very considerably to my education on the problems of Europe. We rode on opposite seats of a bus for three days across Belgium, France, and Switzerland on the way to Stresa, and from him I obtained many insights into some of the real European problems. I wish to pay him my respects for this. When I got around in the fall of 1949 to Professor Minderhoud's home town I found he had just moved back into a house which replaced one destroyed five years earlier by bombers of the American Air Forces, and I may say I never heard anything about that on the bus trip. I congratulate him on his very able and clear statement concerning the real difficulties involved in integrating European agriculture. I also want to commend him for his willingness not to pull his punches and, as we say, 'to let the chips fall where they will'.

E. DE VRIES, *Holland, and International Bank, Washington, D.C., U.S.A.*

It is a pleasure to speak from this platform with my colleague Minderhoud from Wageningen, where we taught in the same building in the same school. I believe I shall be thinking in his terms if I say that there are two different ways to use the word integration: integration as a final state and integration as a process. I believe that what Minderhoud has said tonight shows us that integration in its finality is very difficult to achieve but that integration as a road to travel is an absolute necessity. If we look at some of the fundamental problems of Europe in its struggle for survival, and on top of that for increasing its standard of living, we find that agriculture is deficient. There are a number of products which Europe at present does not produce and which it can hardly afford to continue to import. We cannot hope in the short run that the east-west trade in Europe will be fully restored to the old quantities, not only because of political reasons but also because Russia and other countries need a lot of these products for themselves. We cannot hope that the old trade pattern of the nineteenth century and the beginning of the twentieth century will be restored fully, and this means that Europe, unless it produces much more fodder and somewhat more sugar and somewhat more wheat and more forest products, just will not have them.

I cannot see that the United States will continue raising enormous

grant-in-aid funds in economic or military form to support Europe; Europeans will have to do it themselves. Therefore I think the road to integration is a sheer necessity and the dangers of not doing it constitute a far greater threat than the dangers of striving after it. I would like to finish with a parable from the Dutch landscape. All trade barriers are as if a country had its polders surrounded by dikes to keep out the water. That would bring stagnation and isolation. But if anybody came with the proposal, 'Away with those dikes, because they prevent communication between the polders', we would think it impossible. What do we do in Holland? We build sluices in the dikes and thereby regulate the water level. I think that the process—the road to integration—is by connecting national economies, by regulating the flow of goods, and maybe eventually by doing away with the dikes completely as being no longer necessary.

G. MINDERHOUD (*in reply*)

I hardly know what is expected from me in the way of an answer. The comments of Professor Case and Professor Bartlett were—to quote from the textbooks on farm management—not competitive with mine but complementary or even supplementary. I thank them. Also, I can understand the way in which Dr. Duncan has very effectively pointed up the difficulties which face an integration of agriculture in western Europe. Professor Ciarrocca was of the opinion that I was too pessimistic. I would like to point out that in the different countries—especially among the young people—there is a conviction that they should co-operate more. This is a pleasant phenomenon. But the older people usually first inquire whether the proposed co-operation with, or participation in, a larger unit will yield pecuniary benefits or losses. Without any doubt future generations will witness the emergence of larger political, economic, and other units. In the Middle Ages nearly every city pursued its own economic policy. I remember that in my youth the city of Paris levied import duties on the traveller entering that metropolis. In this age of fast travel and disappearing distances there is no place for that any more. On the other hand, I would consider it a loss in this normalized and standardized world if nations were to deny their own specific characteristics only to attain economic advantages. Therefore I can agree with the words of my colleague de Vries when he commented that the attempts to attain integration in western Europe should be applauded, but that it is still beyond most people's conception.