

production.

To my mind this will mainly be achieved by eliminating the uncertainty that exists in respect of prices and markets, under which agriculture is labouring in many cases, and by lifting some of the trade barriers in the goods traffic between the countries of western Europe. The lifting of these trade barriers will have to be carried out with great circumspection, so as not to dislocate the agriculture of some of the countries and not to create too great an opposition in those countries where agriculture is relatively underdeveloped.

When the protective measures in the European countries were brought under the control of a European authority, this would already be an important move in the right direction. In this way the excesses of protectionism could be eliminated, while at the same time the limit of the admissible protection could be gradually brought down.

A price stabilization as referred to above could be effected in the intra-European goods traffic, if a European body could determine at what price or between what price limits the products could be interchanged between the countries of Western Europe. This interchange price need not necessarily determine the national price level, because the possibility remains to take additional national steps that may influence the price level.

It would, however, be the basis for an appreciable extension of the trade in agricultural products between European countries.

The stabilization of prices, which is of paramount importance in agriculture should, in my opinion, also be furthered by giving this European body the authority and the means to purchase and temporarily to store surplus stocks.

Finally this body should have a co-ordinating function in respect of the imports of agricultural products from countries outside Western Europe. I am not only referring to the quantities to be admitted, which will have to depend on the production capacity of the European countries and on the available funds, but to the price at which these products will come on the European market.

This price will have to correspond with the interchange price referred to above. In some cases, therefore, a levy will have to be imposed, in others a subsidy may be called for. These European levies and subsidies, like the other receipts and expenditure of the European body, should be for the account of or be paid

into a European agricultural fund.

It will be clear that the matter of the powers of this body is of the greatest importance. To my mind, it would be necessary, if the scheme is to function smoothly, that these decisions can be taken by this body, even when certain participating countries should be of an opinion deviating from that of the majority.

It cannot be denied that this will tend to restrict the economic sovereignty which, by the way, has already been restricted by prevailing conditions.

The extent of this restriction may vary and will have to be further investigated.

At the same time steps will have to be taken to maintain the democratic control of the policy to be adopted by the European body.

I fully realise that this brief exposition on a problem with so many aspects will leave many questions unanswered.

I consider it, however, of front rank importance that we unofficially exchange views on its basic principles, in order to prepare a certain measure of agreement between the countries of western Europe that are most important in this respect, before the suggestions are officially discussed in detail on an international basis. In case I should have succeeded in rousing your interest in this problem, I would welcome any opportunity of a personal discussion with you on this matter, which is of vital importance both to your and my country.

Finally I would appreciate it very much, indeed, if you would consider the information that is herewith transmitted as strictly confidential.

Accept Sir, the assurances of my highest consideration,

THE MINISTER OF AGRICULTURE, FISHERIES
AND FOOD

S.L. Mansholt
(S.L. Mansholt)