

**"MODULATION OF SUPPORT IN FUNCTION OF THE SIZE OF HOLDING WOULD BE DISCRIMINATORY AND NON-ECONOMIC"**

The argument that the modulation measures are discriminatory is somewhat misleading insofar as it is based on a rather strange concept of equality. The diversity of agricultural structures in the Community is such that farmers are not on an equal footing. In such conditions the logic of support through public funds should aim at correcting inequalities by supporting those who derive fewer advantages from the market organisations. This aim is reflected in Article 39 of the Treaty.

It is the market organisations as they function now that are discriminatory, insofar as the bigger and more intensive the farm the greater the support, a situation which should not apply were competitiveness to be the object.

The argument in relation to the anti-economic nature of the modulation of support measures is not valid either. The Commission remains committed to providing a framework which recognises the role of efficient farms especially in relation to competitiveness on world markets. After 30 years of the CAP, competitiveness can no longer be measured in function of receipts from FEQGA. It is precisely because the larger farms are now in a position to produce with reduced support that it is possible to envisage the development of the policy as suggested. This is not a question of penalising and blocking their development but of introducing a better balance between support from public funds and economic capacity.

The object is to make farms with the necessary capacity even more competitive. This will be reflected in somewhat less support for these farms and in a new balance between price support and direct aid.