

# INFORMATION

REGIONAL POLICY

Regional problems in the enlarged Community

60/74

The declaration published at the end of the Summit Conference of the Heads of State or Government held in Paris between 19 and 21 October 1972 gave high priority to the Community's regional policy. It entrusted the Commission with various tasks, the first of which was to draw up a report analysing the regional problems existing in the enlarged Community.

On May 3, 1973 the Commission adopted a document entitled "Report on regional problems in the enlarged Community" (1), which comprises the report proper and an annex containing an analysis of Member States' regional problems and regional policy instruments.

The Treaty of Rome calls for "a continuous and balanced expansion". To date, expansion may have been continuous but it has not been balanced. The Commission achieved a high rate of growth (5,4% per year between 1960 and 1970) but, despite this, the ratio between the richest regions and the poorest regions in the Community has remained the same, i.e. 5 : 1.

Structural underemployment, high unemployment and considerable emigration have been the fate of a number of regions. This situation is all the more striking in that the Community, whether in the shape of the European Investment Bank, whether in the shape of finance granted on the basis of Article 56 of the ECSC Treaty, or the Social Fund or of the Guidance Section of the EAGGF, has intervened to a considerable extent. In the past few years the Commission has put forward many proposals in the knowledge that the means at the Community's disposal were neither sufficient nor adequate to meet the needs of a European regional policy.

To reduce " the differences existing between the various regions and the backwardness of the less favoured regions" is a fundamental objective of the Treaty of Rome based on moral, human and economic considerations. It is morally inadmissible to allow extreme inequalities in living conditions to exist between regions and to leave a number of workers no other alternative but to move to developed regions. Neither is it tolerable at the human level to allow large urban concentrations to exist in an already polluted and spoilt environment. Finally, economically, it seems that the social costs of over-concentration in certain highly developed regions and the non-utilization of resources in other less developed regions necessitate the implementation of a policy designed to bring these extreme situations into balance ; furthermore, it seems that a reduction in regional disparities is an essential prerequisite for the economic and monetary union which is to be completed in 1980.

The main regional imbalances are to be found, in predominantly agricultural regions, regions subject to industrial change and regions of structural underemployment.

Regions experiencing problems in agriculture are generally situated in peripheral areas of the Community and have experienced a rapid fall in the number of jobs dependent on agriculture. Regions affected by industrial change are marked by an extreme dependency on old industries and by a constantly low rate of growth. High rates of unemployment and of emigration are features common to regions experiencing agricultural problems or undergoing industrial change. All these regions are dealt with in a regional policy drawn up by Member States of the Community. This regional policy takes the form primarily of Member States' financial and fiscal aids which need to be coordinated ; the first step toward such coordination was the fixing of an intensity ceiling in the central part of the Community.

The "Report on regional problems in the enlarged Community" concludes with proposals concerning the Regional Development Fund and the Committee for Regional Policy.

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The analysis which elucidates the Commission's earlier work (1) reveals that the Community's enlargement has given a fresh dimension to and added to regional problems, with the west of Ireland falling very considerably below the Community average. Similarly, enlargement has magnified the phenomena of concentration already observed in the north-west areas of the Community by the inclusion of south-east England.

Regional developments in the Community of Nine support observations which could have been made regarding the Community of Six : for between ten and twenty years the disparities between the most developed and the least developed regions have been widening.

Finally, the analysis of the Member States' regional policy objectives and instruments which concludes that section reveals that, despite the immense variety of means employed by the Member States for their regional policies, their objectives have been only partially achieved.

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(1) Supplement 8/73 - Bull. EC.