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THE RT HON GEORGE THOMSON

Address given at The Bank of Greece, Athens.

Thursday, 21st October 1976

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It is a great pleasure for me to be visiting Greece at this time as a Member of the European Commission. This is the moment when you and we are now engaged in preparing the culmination of your country's long association with the European Community. Greece, democracy's native land, is to play her full part in the process of peaceful European unification. With the accession negotiations now beginning, the European Commission will devote its strength to our common aim of integrating Greece into the Community.

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My particular responsibility in the Commission is for Regional Policy. We have always realised the great importance and interest of this subject to Greece. I have therefore been very glad to accept the Greek Government's kind invitation to me and a number of members of my staff to learn for ourselves at first hand something of Greek national regional policy. This is the purpose of our visit, for I must make plain that I have not come to conduct negotiations. I have come to explain what the Community has been doing in this field; and to learn of your own regional problems and achievements. This process of mutual information of educating each other in our problems, policies and achievements, will make it easier to deal with the problems thrown up by the entry negotiations.

Thanks to our contacts over several months, which have now culminated in my talks with Mr Papaligouras this morning, the Commission now has a good insight into

the objectives and mechanisms of Greek regional policy. We recognise the substantial achievements it already has to its credit. We appreciate the magnitude of the problems that remain. I look forward to seeing on the ground tomorrow, in Eastern Macedonia and Thrace, some examples of the more difficult problems of this kind.

When Greece joins the European Community, the regional development of Eastern Macedonia and Thrace, and of all the other more under-developed parts of Greece, will no longer be purely Greek problems. They will be European Community problems.

If you had been free to seek membership at the same time as Britain, Ireland and Denmark in 1973, this could not have been said. There was no commitment to a Community Regional Policy at that time, and I have lived through some very difficult years in establishing a Community Regional Policy. I thought you might find it helpful

if today I was to say a few words about how this Policy came into being. This may help to give you a sense of perspective when you come to deal with regional matters in your own negotiations with the Community.

The launching of the Community Regional Policy has been a long story, the present chapter of which started with the first joint meeting of the Heads of the present nine Member States, in October 1972. That meeting, fifteen long years after the European Economic Community was founded, committed it to three practical steps: to a Report by the Commission on the regional problems of the enlarged Community, to coordination henceforth between national regional policies, and to the establishment of a Community Regional Development Fund. Accordingly, when I took office in January 1973, my first task was the preparation of a Commission survey of the regional problems of the Nine. This was followed by policy recommendations which we made in May of that year.

we took this occasion to affirm - and no one challenged our affirmation - that a Community contribution to Regional Policy is not only in the interests of those living in the areas of poverty, high unemployment, under-employment and migration. We said that it is in the economic interest of the Community as a whole, not least because the physical poverty of the under-privileged regions is matched only by the mounting environmental poverty of the areas of concentration. And a prosperous trading Community requires prosperous markets throughout its territory. But the arguments are more than economic. "Reducing the differences existing between the various regions and the backwardness of the less favoured regions" is an aim of the Treaty of Rome, contained in the Preamble. This is a human and moral requirement of the first importance. No Community could maintain itself nor have a meaning for the peoples which belong to it so long as some have very different standards of

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living and have cause to doubt the common will of all to help each Member to better the conditions of its people.

One of the first practical conclusions which we reached in our early studies was that Community Regional Policy cannot be a substitute for the national regional policies which Member States have been conducting for many years. The same will be true in the case of Greece. We are far from the stage in the development of European policy where we can pretend to erect a single regional policy, as we have a single agricultural policy, to take the place of nine or ten national policies. Indeed, the very nature of the regional problem, and its diversity, is such that different solutions are required in different places. The accession of Greece will add to the diversity of the regional situations that we have to deal with.

In the light of this approach, we have at this first stage of our Regional Policy not sought to pass negative judgements on national policies; but rather to give encouragement to those aspects of national policies which seem to us to be most effective, or most in the Community interest, by selecting them for financial support from Community resources. We are now actively thinking about the best way of moving on from this first stage to a level of more coordinated policy where we can agree targets for the developing regions with the Member States and make a contribution towards the programmes which we are asking them to draw up with the aim of achieving these targets. But in all this, one of our principal dilemmas is that we need to elaborate a policy framework which is coherent and justifiable on a Community scale, while not imposing a series of blueprints which do not sufficiently take account of the problems affecting regions as diverse as Sicily and Greenland. We

shall have to feel our way forward prudently, but always conscious that we need to evolve a truly Community policy if we are to command a greater share of Community resources.

Despite the commitment of the Heads of Government already in October 1972 to establish a European Regional Fund, it took two more meetings of Heads of Government and more than two years of discussion and negotiation before a Fund of 1,300 million units of account - to be committed over three years - was actually established in 1975. This need not be surprising, if only because the Regional Fund is a considerable innovation in Community terms. It is the first Fund we have established for the explicit purpose of transferring resources from the richer to the poorer parts of the Community. It represents the radical innovation/<sup>that</sup> now citizens are paying their taxes not only to help to provide services for their less

fortunate fellow nationals, but to help their fellow European citizens of the Community.

Of course, so far we do this on a relatively modest scale only. But I would point out, in a historical perspective, that the new European Regional Fund will be using considerably more Community money, even in real terms, in its first three years than our now famous Agricultural Fund in its first three years in the 1960s.

The Community goes fifty-fifty with Member Governments in their aid to selected private industrial or touristic developments and the Community pays up to 35% of the cost of agreed infrastructure - communications, water supplies, roads etc. - that help to provide jobs. Member countries of the Community are entitled to make claims on the Fund up to a certain percentage which reflects their needs. The biggest entitlement per head goes to Ireland. Italy can claim 40% of the Fund; the United Kingdom 28%.

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Next year we are due to conduct in the Community a review of both the size of the Fund and the detailed way in which it should operate in the new phase beginning in 1978.

This review will coincide with an active phase of the Greek entry negotiations, and clearly have implications for them. It will be the incoming Commission next year, rather than the present Commission, which opens this debate with its proposals on the subject. It is therefore rather early for me to be able to say much now about the prospects. My successor's proposals will have to be made after only eighteen months active operation of the present Fund. This illustrates how short is the period effectively available for the Community institutions and others to reach their conclusions from the experience of the Fund's initial phase, and to take their decisions for the future.

Of course, the Fund is but one instrument of Regional Policy, and alone its contribution to solving the Community's regional economic problems can only be modest. The correction of regional disparities requires that Regional Policy should be seen as something much more than a single Fund. It involves in the first place the use of a combination of all the Community's grant and loan funds, coordinated in the interests of balanced regional development. But it is even more than that. For me Regional Policy is the geographically-oriented element in an overall structural policy coordinating all our general and sectoral policies, as well as all our financial instruments. Community finance and policies, in their turn, should be closely coordinated with national policies and measures affecting the regions. Thus I would personally like to see any new measure proposed by the Commission - for agriculture, industrial and commercial policy - examined in terms of its implication for the regional balance of our economy, as well as on its other merits. The

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Community institutions have not always been sufficiently attentive to regional considerations, and we have solved general problems sometimes at the price of creating new regional ones.

Several of these elements in the Commission's strategy for the Regional Policy of the Community inevitably take more time to put into effect than the Commission would ideally wish. But the Commission for its part is determined to demonstrate that the European Community is ready to assume, and discharge effectively, steadily greater responsibilities for promoting economic development in those regions of Europe without whose full participation in an integrated economy the purposes of the foundation of the Community can never be fully achieved.

In practical terms, we must see to it, not merely that the Community makes a suitable contribution to Regional Policy proper, but that our Agricultural Policy, Social

in harmony with the goals of balanced regional development. To this end we created alongside the Regional Development Fund a Regional Policy Committee of national experts, with the Secretariat in the hands of the Commission. The principal aim of this Committee is to enable Member States to share their problems in the regional field and to see how jointly they can increase the awareness of Member Governments of the need to take account of the regional dimension in each of economic and sectoral policies which they bring forward.

Almost as important as using the European Community to bring money in to the poorer regions from the richest countries of Europe to stimulate industrial investment and to provide the necessary basic infrastructure there, is to ensure that these efforts are not counteracted by unnecessarily high levels of investment subsidy in regions that need

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them less. For this reason, the Commission uses its powers under the Competition Policy section of the Treaty of Rome to control the levels of regional aid that national governments may pay in the richer parts of our continent. This coordination of national regional aids is an essential counterpart of the operations of the Regional Development Fund. It poses no threat to the development of the Community's neediest regions; on the contrary, it is in their direct interest.

Until 1973, the Italian Mezzogiorno constituted the biggest regional development challenge within the Community of the Six. The Enlargement of the Community in 1973 brought in two new Member States with particularly difficult - though very different - regional problems, Ireland and Britain. The third new Member State, Denmark, introduced us to the exceptionally difficult development and political challenge posed by the icy shores of Greenland. So the 1973 Enlargement

added new voices to strengthen those who had long been calling for a more active Community contribution to regional development in the Community of Six. Their combined voices were decisive in establishing the first phase of our new policy.

Tomorrow the accession of Greece should, I believe, further strengthen the champions of the cause of Regional Policy. Greece will reinforce the realisation that regional development is an essential element in the only sort of European Community in which our peoples can truly unite. If for that reason alone, I much look forward to the European Community of Ten.