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THE RT. HON. GEORGE THOMSON : SPEECH TO THE CENTRE INTERNATIONAL DE FORMATION EUROPEENNE.

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PRESS RELEASE

Napoleon and some of his modern imitators had their hundred days. The European Community has little more than sixty days between the British General Election today and the next Summit in Paris in mid December. It is a crucial period for the Community.

The events during this period, the decisions taken by those with responsibility in member Governments, in the institutions of the Community, will determine whether the Community advances or retreats. The Community cannot stand still. It does not have the soft option of the status quo. The pressures of external events are too great, - the internal demands too insistent. If Member States cannot find methods of facing them together, they will be forced to go still further down the road of national protectionism and muddling through. If the Community cannot make progress in integration, it is bound to face disintegration. That is the hard reality.

The Community this year has faced too much uncertainty for too long. After the Election, Britain owes it to its partners to bring its dialogue with its partners about the conditions of continued British membership to the crunch as quickly as possible.

During 1974, there have been events of great potential significance for the Community. These potentialities are about to be put to the test.

First, there is the remarkable fact that of the nine Heads of Government who attended the historic Paris Summit of the autumn of 1972, not one was round the dinner table for the preparatory Summit meeting in Paris this autumn.

Inevitably, the new faces raise expectations of new impulses with new ideas for carrying forward the development of Europe. But potentially as important as the new leaders is a new awareness that if, and I emphasise if - realistic ways can be found to face the energy and inflationary crises together as a Community, this will be much better than reacting with self-defeating beggar-my-neighbour national measures.

Amongst the potential new policies for the Community, the Regional Development Fund has been the main victim of this year's uncertainties - not all of them caused by any means by the position of Britain.

The time has now come for the Commission to say unequivocally that the Community in any meaningful sense cannot survive - far less advance - without a Community Regional Policy. It is the necessary precondition for the convergence of economic policies. It is also the essential evidence of the determination to create a more balanced pattern of Community expenditure. In no country is this a greater national interest than in Italy.

No country has shown greater enlightened self-interest in its devotion to the cause of European integration. But it deserves to be rewarded by a recognition that, if the Community is to grow, it must be on the principle that there is a balanced pattern of expenditure in the Community that ensures that the transfer of resources is to the poorer Member States /from the more prosperous Member States - and not the other way round.

I asked my statistical experts to analyse the experience of Italy as the member of the original Community with the lowest G.D.P. per head and the biggest problem region in the Mezzogiorno. The figures are startling, and I do not believe they have ever been published before.

Over the years from 1954 to 1972, the total Community subsidies per head in Italy, including the receipts from the FEOGA Guarantee Fund, amounted to 53 u.a. The comparable figures per head in France and the Netherlands were 93 u.a.

and 160 u.a. respectively. The subsidy transfer of the Community's resources to Italy was per head only marginally greater than in Germany at 47 u.a.

Those figures of course reflect that in the Community of Six, the Common Agricultural Policy accounted for 91% of Community subsidies. The C.A.P. has greater achievements to its credit than are generally admitted by its critics. It has assisted in a remarkable peaceful social revolution, which has reduced the population in agriculture without the harsh enclosures and clearances of the past. Today, in the face of inflationary commodity prices, it gives consumers secure supplies at prices below world levels.

But it is unhealthy for Community expenditure to be too heavily concentrated on agriculture, and makes the C.A.P. especially exposed to attack. However, even that degree of concentration in a country like Italy, with the highest percentage of agricultural employment in the Six, did not prevent her from being put in a less satisfactory position than Member States more prosperous than herself. Taking Italy as a whole, she received 24.5% of the Six's agricultural Guarantee funds, but she had 29% of the Six's population and about 40% of the Six's agricultural employment.

Even if one adds in all the other Community grants and loans - Coal and Steel, Social Fund, E.I.B. and Agricultural Guidance - one finds that Italy's share of the total, 26.4%, is less than her share of the Six's population. And even of the specifically regionalised financing, that is excluding the Agricultural Guarantee and the Social Fund, Italy got 78.6% of her receipts from loans at something like market rates, and only 16.7% in either direct grants or soft loans. The remainder took the form of loan guarantees. Every other member of the Six received a much larger proportion of its Community regionalised financing in the form of grants or soft loans. The Netherlands, for example, got 37.4% of its Community help in market-rate loans and 62.6% in grants and soft loans.

The instrument of Community finance which has been most specifically deployed in favour of the Italian regional problem has been the E.I.B., which up to the end of 1972 lent 1413 m.u.a. in Italy, 57.5% of all its lending within the Community. But there are some interesting figures of the impact of Community lending in the different regions of the Mezzogiorno. The poorest region, Calabria, received a total of 33 u.a. per head in loans from the Community during this period. Molise, the next poorest, received no loans at all and Basilicata, the next, only 18 u.a. per head. But Apulia was lent 84 u.a. per head, Sardinia 117 u.a. and the Valle d'Aosta as much as 304 u.a. - and this last area, though it has special problems, is the Italian region with almost the highest G.D.P. per head of all.

This pattern is beginning to change in the Community of Nine with the changes in the C.A.P. and the greater regional emphasis in the Community's expanding social policies.

But in the absence of a really adequate Regional Development Fund and a strong and consistent regional coordination of the Community's policies generally, it cannot change to a tolerable degree. It cannot be said too plainly that the economic and political solidarity the Community requires to defend its people against the pressures of world-wide inflation and soaring costs of energy cannot be obtained, unless something is done. The is at hand.
The way to give a fair deal to Italy and to other countries with large sections of their population receiving below average incomes is by a vigorous Regional Policy of the kind the Commission has been proposing for over a year.