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CONVENTION OF ROYAL BURGHES : EDINBURGH, 15TH NOVEMBER 1974

Address by The Rt. Hon. George Thomson

Scotland has been part of the European Communities for less than two years, but she is already gaining concrete benefits. The fact that we still await the creation of the Regional Fund does not mean that the Community has no regional policies. The Community has many other forms of expenditure which are concentrated on the less prosperous regions of Europe.

Last year about £5 million of grants were made to support retraining the unemployed and resettling the disabled in Scotland - in fact half of all the Government retraining in Scotland was paid for from Brussels. Similar sums can be expected this year - which will be concentrated on the problem categories of young people who have been unable to find employment, of older workers made redundant, and women trying to get back into employment after raising a family.

A £15 million loan was made at specially low interest rates to create new jobs at the Ravenscraig steel complex. Projects in West Lothian, Fife and Lanarkshire have benefited from a £3.5 million loan to small firms in the UK assisted areas.

made through the intermediary of the Industrial and Commercial Finance Corporation. A £45,000 grant has gone to a study of how a semi-derelict site at Rutherglen/Cambuslang can be developed industrially.

The European Commission is well aware of the importance of North Sea oil and gas to the Scottish economy, and of the massive investment funds which will be needed to exploit it.

Loans at interest rates of under 10% -- well below British rates -- are being made available through the European Investment Bank to give assistance. £9 million went to construct installations for the extraction of natural gas in the British sector of the Frigg field. £10 million went to acquire semi-submersible platforms for off-shore exploration. Another £9 million went to build an electric power station at Peterhead which will be fired by North Sea Oil. And other substantial loans are under consideration such as a loan to develop a site for building oil rig equipment in Lewis in the Outer Hebrides, and a loan for a ship which will lay under-sea pipelines.

The Commission has a budget of over £30 million available over the next three years to support research and development projects connected with the exploration for and the production

of oil and gas. The Commission has already proposed that over £4 million of this should go to British firms.

who will operate in the North Sea
Over the water at Rosyth divers/are being trained to new levels of skill and modern safety standards with the help of a £7,725 grant from the Community.

The exciting prospects of North Sea oil and gas have not led the Communities to forget the importance of traditional industries such as coal and steel. The UK coal and steel industries have benefited from £7,400,000 of grants and over £100 million of loans at about half British market rates since joining the Communities .

But the Community is not an impersonal machine concerned only with the problems of the big industries and the economy. It is a human Community which contributes to helping the day to day problems of ordinary people in the Community - and that includes Scottish people.

We would be here until tomorrow if I tried to be comprehensive --
but I will give you some examples.

Community help went to the families of the victims of the tragic mining accident at Seafield Colliery, Kirkcaldy.

Pioneering research into miners and steelworkers lung diseases at the Institute of Occupational Medicine here in
Community
Edinburgh has been recognised by two/grants amounting to over
£700,000 .

Over 100 Scottish miners' houses belonging to the National Coal Board are being modernised by means of a Community loan at the interest rate of 1% -- compare that with British mortgage rates!

And there is a long list of grants to modernise Scottish agriculture - ranging from £400,000 to modernise farms in North Argyll to £100,000 for a Stranraer cheese factory.

A new plant for par-fried potato chips at Bo'ness received £170,000.

And to ensure that there will be fish to go with the chips, there have been Community grants to build new fishing vessels in places such as Fraserburgh, Peterhead and the Shetlands.

Scotland also has much to gain from the Community's policy of co-ordinating on a European scale the levels of national regional aids. The object of this policy is to stop the richer continental countries from being able to tempt investment away from poorer areas such as Scotland by out-bidding in investment aids.

I hope I have done enough to show that, although the Community does not yet have a Regional Development Fund, there is already an ongoing Community regional policy and that the benefits to Scotland are already beginning to flow after less than two years of membership.

I have also made it one of my priorities during my term as Commissioner that every Community policy - whether it be transport policy, energy policy, agriculture or whatever - should be analysed

and assessed in terms of its regional impact. I am not convinced that sufficient attention was paid by the old Community of Six to these regional aspects - and a study we commissioned of the net transfer of resources between the rich and the poor countries in the original Six confirmed this suspicion.

If the Community of Nine 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. Without this principle I do not think that the Community can obtain the economic and political solidarity it needs to face the problems of inflation and the energy crisis. That is why I think that Community regional policy must be developed further, and why we must have a really adequate Regional Development Fund.

Where do matters now stand on the Regional Fund?

You will be aware that earlier this year the Ministers of the Nine Member States were unable to agree on how to set the Fund up: there were disagreements over what size the Fund should be, and over the distribution of its resources. But the Commission has been maintaining the pressure to have these vital decisions taken. The Commission has now proposed that the Regional Fund should be fairly and squarely on the agenda for the Paris Summit planned for the first half of December, and that the Government leaders there should be asked to decide its size and the principles on which it should be shared. We may have to start with a smaller Fund than the Commission originally proposed. But what is important now is to bring a Regional Fund into existence. Once it is there it is bound to grow, until in due course a Regional Fund is as much a part of the pattern of expenditure of the Community as the Agricultural Fund or the Social Fund. In the meantime the Commission is proposing that priority in the available resources should be given to Community regions with the most acute problems, which are to be found in Italy, Ireland and Britain.

The exciting and striking thing about returning to Scotland today is the new sense of self-confidence and self-reliance amongst the Scottish people, inspired by the prospects of oil and the prospect of a substantial devolution of powers to Scotland. But I hope that this growing spirit of self-reliance and these new opportunities will not tempt the Scottish people into turning their backs on the opportunities offered by British membership of the European Communities.

We must not be blinded by the oil boom, for the oil will run dry one day. We must regard the oil as a bonus which will help us while it lasts, and that we must do a lot of other things at the same time to strengthen Scotland's economy.

If Scotland remains in the Community, it will have a strong attraction for American and Japanese investors. I know of American firms who set up in this country solely because it seemed the best base for selling in the 250 million Community market. They are inside the tariff barrier and outside the language barrier. Other American firms will simply go elsewhere if Britain were to have a tariff barrier between itself and its continental neighbours.

Indeed it has always seemed to me that Scotland in the EEC is a good deal less peripheral than Scotland in the UK alone, given its good communications with Europe and the Clyde-Forth "land bridge". And as well as being a British assisted area, Scotland will be treated as a priority region for investment by the EEC.

In the context of the oil question, can I put the final nail in the coffin of the myth that Scotland's benefits from North Sea oil might be threatened by EEC membership. It is absolutely clear from the Treaty that oil and gas reserves belong entirely to the country concerned, and that the country is completely free to derive the economic benefits by taxation or by nationalization.

Nor do I think that the prospect of devolution to Scotland should be viewed as being a development which conflicts with the case for Scotland being in the EEC. I am well aware that over-centralisation of political power can lead to over-centralisation of economic activity, as has surely happened in the case of

Paris and London. I think it is significant that the Federal Republic, which is the most politically decentralized state in Europe, has also achieved perhaps the best economic equilibrium.

So I am determined that the development of the European Communities should not add a new centralization which would simply reinforce the centralized systems of Member States which already exist.

On the contrary, we must so devise our policies that they always give a priority to the basic need to achieve a better geographical balance across Europe of human activity, whether it be political or economic.

What is essential is to get the correct division of functions between the different levels of government. And here we must recognise that certain economic problems can no longer be solved on a separate national basis.

The world is going to be a very dangerous place over the coming years and we will face major problems of world-wide inflation, of raw materials shortages, of food shortages, and world wide balance of payments problems. The chances of a

successful solution to these problems are much greater for a country within the collective economic security of the European Community than for a country in isolation.

That is why I am more convinced than ever that ^{the} best hope for the Scottish people lies within Europe.