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REGIONAL POLICY : EXTRACT FROM MR. GEORGE THOMSON'S SPEECH TO THE EUROPEAN PARLIAMENT ON THURSDAY 13th DECEMBER 1973.

This is the third time in three months that it has fallen to me to thank Monsieur Delmotte and his colleagues in the various interested committees for a report on an important aspect of regional policy...

I note that he questions whether this particular implementing regulation with its lists of regions was needed at this time...

A list of regions was inevitable from that moment in July when the Commission formally turned its back on any concept of juste retour and any proposal for national quotas rigidly fixed in advance. This compelled the Commission to concentrate on Community-wide criteria to determine the areas eligible for help. In this approach we enjoyed throughout the support of Parliament. But once we had committed ourselves to it, it became necessary to translate the criteria into geographical terms before the Council of Ministers could be ready to face up to the final decision...

The Parliamentary Committee's sense of the need for more concentration and greater priorities is contained in three linked propo als in the report :

- first, that there should be a more limited number of areas than was proposed
- secondly that the qualifying regions themselves should be classified according to the relative severity of their under-development, and
- thirdly that the operations of the Fund should be confined to those countries unable to correct their own regional inequalities with their own unaided resources.

Perhaps I might comment briefly on each of these criticisms.

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On the first I think the important thing to recognise is that there is no disagreement between the Commission and Parliament on the principle of concentration and priorities. What is at issue is a judgement about the degree of concentration and priority we ought to achieve.

In every one of our debates this year I have pointed out that the Commission's maps, although drawn in a way that incorporates regional problems from each Member State, are not based on any concept of the juste retour and do not lead to a situation, as has sometimes been alleged, in which Member countries get back roughly what they put in. The population pattern which emerges from our criteria and which provides basic guidelines for the distribution of the Fund does not mean that we are simply counting heads and that an Irish farmer has been treated as if his problem was the same as that of a German farmer.

Because Ireland is the second smallest country of the Community percentages are misleading. In any case you cannot put a percentage in the bank and it is better to talk in terms of hard cash....

The Commission's proposals do ensure, again in the words of the proposed amendment, that the Fund will be "concentrated on a limited number of regions whose development is a priority", since two thirds of the Fund will be concentrated on one third of the Community's population.

Then, in addition, the Commission's proposals will ensure that higher rates of aid will be given to projects submitted for the Fund's assistance from the areas of greatest need. The ceilings laid down by the Commission are, as the Parliament will remember, 15 % of the investment and 50% of national aid, whichever is the lesser. Since in practice only the worst hit areas in the Community - I think in particular of the Mezzogiorno and of Ireland - receive national rates of aid up to 30% and beyond, only these regions will be able to get a contribution around 15% of the investment value.

In addition again to that the list is only a list of eligible regions. Whatever the size of the Fund there will be the need to select the projects in a way that gives priority to the worst off areas within the map of eligible regions. To my mind the Community policy will at the end of the day, stand or fall by the success which it has in this field...

I now turn to the third of the criticisms - that the Fund should be confined to those Member States without the resources to correct their own regional inequalities. I would like to explain the reasons why the Commission cannot accept this amendment.

I have one practical objection but also a more important fundamental objection of principle. On the practical side, the effect of this amendment woul be to exclude one of the three categories of regional problem, the problem of industrial change in areas of ageing industry, which was part of the Commission's Summit mandate.

But I have an even more fundamental objection to this proposal. I recognise the good intentions behind it, but in practice it seems to me it would turn out to work contary to the Community principles always supported by Parliament. It is in fact saying that as far as Regional Policy is concerned within the Community, it should be a matter left to the

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national economic sovereignty of any Member State which is strong enough and prosperous enough to look after itself. On this principle, what we would end up with is a Community divided into the haves and have-nots - a Community divided between those countries which were able to deal with internal regional problems out of their own resources and a minority of countries would in effect be in receipt of charity from their better off neighbours. The division of the Community into two groups of states with this dangerous donor/recipient situation is wholly alien to everything the Community stands for. There would be a permanent pressure from the donors to reduce the size of the Fund and an overwhelming interest in the major beneficiary states to see the Fund increased. This situation would be a permanent eroding element in Community solidarity. And it would be in contradiction to other Community policies. Nobody suggests that in the field of the Community's Social Action programme that those member states which have the national resources to deal with their own social problems should be excluded from its operations. It would be profoundly divisive to introduce this concept at the birth of an important new dimension to Community activity like Regional Policy...

The vital thing now is to get the Regional Development Fund set up and operating according to the timetable laid down. There will be ample room to refine and improve the quality of its work once the political decisions are taken.

I do not wish to pre-judge in any way the outcome of the Council's deliberations. All I would like to say on the size of the Fund is this. I am in no doubt from my visits to capitals an in particular my talks with those in national ministries of finance that a list of regions which recognises the worst regional problems in every member state as being a matter of Community concern is likely to produce the largest size of Fund. More important than that, my experience of these discussions makes me absolutely sure that it will also provide more at the end of the day for those in the neediest regions...

I have every reason to believe that this is our last debate on the creation of the Fund. When we next debate these matters in 1974, we shall be in a new situation and facing the problems of the fair and efficient operation of an important new Community policy...