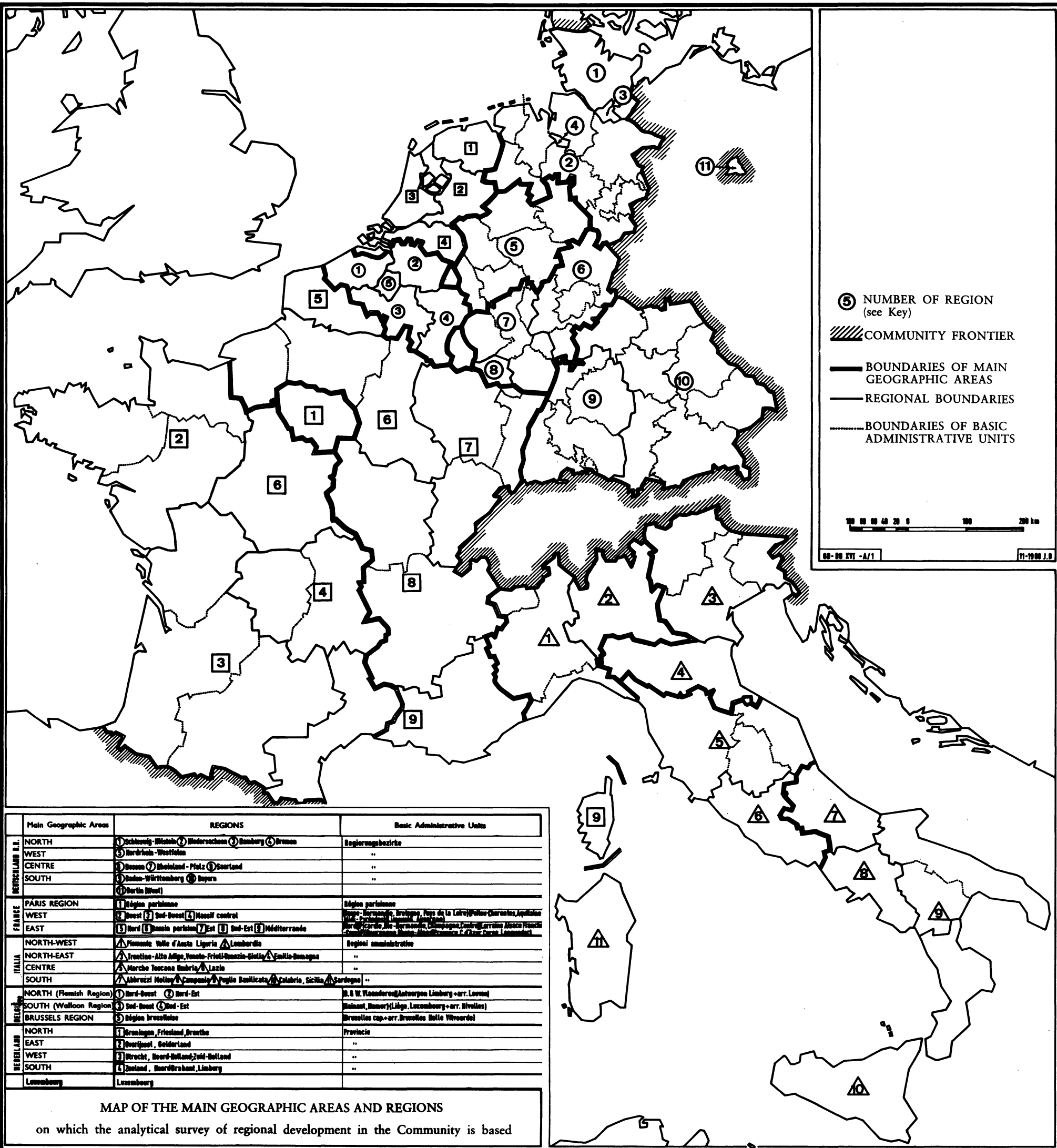


**A regional policy  
for the Community**



MAP OF THE MAIN GEOGRAPHIC AREAS AND REGIONS

on which the analytical survey of regional development in the Community is based

COMMISSION OF THE EUROPEAN COMMUNITIES

**A regional policy for the  
Community**

1969

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**I—Memorandum on regional policy  
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Regional map of member countries of the European Communities

## INTRODUCTION

1. This is the age of the organization of modern societies in large economic areas, of which the Common Market is one of the most original examples; and yet the regional dimension of problems, in the social and economic spheres and in institutional matters, is forcing itself more and more on the attention of all countries.

How is this phenomenon to be explained? And, more specifically, how do regional policies and the construction of the Community tie up?

Taking these general problems as its starting point, the Commission here puts forward a number of ideas on some of the fundamental problems of regional policy in the Community.

2. The Commission's thinking is based on lessons drawn from experience gained in the Member States and by the Community itself — experience which is recapitulated in two annexes surveying the situation on the basis of available data.

Annex I is a survey of the action taken in each of the Member States to solve the regional policy problems they have to cope with. A survey of this kind cannot claim to be exhaustive. Its main purpose is to permit a more direct and objective comparison of the instruments employed in each of the Member States.

Annex II brings together a number of statistical data presented in the most uniform manner possible, in order to give an initial idea in Community terms of regional development in the Member States. The nature and limitations of the data given are made clear. The inadequacy of regional statistics, in particular their lack of uniformity, is well known; considerable efforts are necessary in this field. With the data presented here it will be possible to specify the ways in which the machinery for keeping track of regional development can be improved.

3. In submitting its views, the Commission does not claim to be innovating. Its viewpoint accords with the ideas underpinning regional policy measures already adopted at Community level and in the Member States.

For many years now the Member States have been tackling the problem of the regions. Much has been written on the economic, political and social aspects, and the subject has been thoroughly researched; achievements have been considerable, and more is being done from one day to the next.

At Community level, the Commission's first regional policy memorandum was submitted to the Council on 11 May 1965, following on from the work done at the Conference on Regional Economies in 1961 and carried further in respect of certain points by three working parties of government experts. The First Medium-term Economic Policy Programme, issued in 1966, contained a chapter on regional policy, which stressed the need to implement a series of mutually consistent measures in this field by means of multi-annual programmes designed to facilitate in particular the co-ordination of the instruments employed by regional, national and Community institutions.

One of the main points made in the Programme was that it was necessary for the regional policies of the various countries to be "confronted" and if possible co-ordinated at Community level; it was considered essential to integrate regional programmes in general economic policy and to bring them into line with policy for the main sectors of the economy, in particular industry and agriculture. It was felt that one of the best ways of furthering the development and adjustment of regions in difficulties was to improve infrastructure in the broad sense and to build up growth points.

A special effort should be devoted to the establishment of major European transport routes. In order to make financial aid as effective as possible, it should be granted only to underprivileged regions offering the best opportunities for development to financially sound undertakings, and it should be temporary. The Programme also stressed the need to improve rational statistics and programming methods.

This First Medium-term Economic Policy Programme has received the blessing of the Governments and constitutes the basis for pursuing and giving effect to Community action. The purpose of this Memorandum is to state and develop what has been achieved and to seek ways of giving impetus to the implementation of regional policies conforming to the Common Market's needs.

4. In the Commission's eyes, the integration of the aims and instruments of regional policy in joint efforts to promote the completion and development of the common market has not yet gone far enough.

Does this situation arise, perhaps, from the fact that regional policy appears at first sight to involve, more than any other policy in the economic and social fields, essentially national problems? The fact that the economic and social problems facing the Member States must increasingly be tackled at both Community and regional level in itself shows that this way of looking at things cannot be entirely correct.

5. This is the background to the Commission's choice of subjects. The Commission believes that these subjects, by bringing out more clearly the features of regional policy, will enable the problems to be thought out constructively with the Member States.

Once the matter of regional policy has been put into a Community perspective, thinking will be directed gradually towards the definition of the aims of regional policy and the general organization of the measures to be applied. To this end it will be necessary to decide in advance the exact specific area to be covered, i.e. the scope of regional policy.





## CHAPTER I

### REGIONAL PROBLEMS IN THE COMMUNITY

#### A. At Community level

1. A great diversity of geographical locations and features and of activities; a great wealth of firmly rooted political and cultural traditions; a variety (which in many cases is very great and in some is increasing) of economic situations in the different regions and of levels of income among the populace; but also generally high population densities, great similarity of aspirations among the people of the various regions, identical problems in the face of technical change and competition from outside the Community: these in brief are the two faces of the Community's economic and human geography, the two faces of the regions making up the Member States.

Seen from the regional standpoint, the specific problems look as numerous as the regions themselves, and within each region they can be further diversified at will.

Seen from the Community angle, the problems fall into groups according to points of similarity, giving us a few main types of region — all of which, however, are affected by the technical, economic and social changes in progress.

2. The problems of regional policy, then, arise at the various levels of economic and social organization. Regional policy is what results from the interaction of the impulses exerted at each of these levels in the spheres concerned.

Now which are the spheres in which impetus should be brought to bear by the Community?

Even more than other branches of economic policy, regional policy is clearly the concern of the public authorities in the Member States. The measures it involves fall directly under the political, cultural, administrative, sociological and budgetary organization of the States. Regional policy forms an integral part of the system of internal balances on which the State is based.

But the characteristics of the Community's structural geography and the changes in the technical, economic and social order, which are a phenomenon common to all the Community countries, are among the points to be taken

into account in implementing the regional policies of the individual countries and all the policies on specific fields which go to make up economic and social policy in the Community. The common policies and co-ordinated policies which the Community's institutions have to promote necessarily have, at Community level, a regional aspect as regards both their terms of reference and their implementation.

These common problems constitute the back-cloth to the body of ideas submitted in this document. They are among the typical features of the regions as they are today, as they have evolved in the past, and as they are likely to develop in the future. They tend to underline the importance of converging solutions being found.

## **B. Types of region at Community level**

1. Given the multitude of factors that characterize the different regions (population density and structure, geographical situation, per capita income, nature of activities, vocational training and standard of education, the dynamics of the region, etc.), any classification that does not take into account all these points will be highly arbitrary. Apart from the difficulties — especially the statistical difficulties — encountered in isolating and measuring these different factors, a typology of the regions at Community level would suggest — at least at the current stage of thinking — concentrating on factors closely connected with the economic and social problems with which the Community is most directly concerned.

2. Even a simplified breakdown into three types of region — industrialized, semi-industrialized and predominantly agricultural — permits some of the main regional problems facing the Community to be grasped.

The industrialized regions are marked by a high degree of industrialization (higher in some places than in others) a small number of people engaged in farming (under 10% of the labour force), developed infrastructure and considerable tertiary activity; the population density is quite high (over 200 persons per sq.km). These regions occupy some 16% of the Community's area — over two thirds in the Benelux countries and about a third in Germany, but less than 10% in France and Italy; they contain about 75 million inhabitants, i.e. a little over 40% of the total population (the proportion is highest in Benelux, where it is about 90%, followed by Germany with over 60%, France some 30% and Italy under 20%).

The semi-industrialized regions are beginning to be industrialized, with about 15% of their population engaged in farming, fairly developed infrastructure and relatively small tertiary sector. The population density is about 150 persons per sq.km. These regions occupy about one third of the Community's territory — some 20% in France, about one third in Italy and the Netherlands and nearly two thirds in Germany; they account for about 55 million persons or 30% of the population, the percentage being highest in Italy and Germany (40% approximately) and some 20% in France.

The predominantly agricultural regions mostly lack autonomous industrial activities; those engaged in farming account for 20-40% (or even more) of their total labour force; their infrastructure is underdeveloped, and their tertiary sector may be relatively large but is hinged for the most part on agriculture. More particularly, their infrastructure and tertiary sector are often ill-suited to the changes which the economy in these regions would have to undergo. The population density is relatively low (under 100 persons per sq.km in most cases). These regions cover over half the area of the Community (some 55% in Italy and about 70% in France) and contain about 50 million inhabitants (a little over 25% of the total, though the figure exceeds 40% in France and Italy, as against only 6% in Germany).

3. The limits of the classification are clear. Within the three main types of region, considerable differences can be observed which stem in particular from their geographical location, from the degree of dynamism of the dominant economic sector or from the distribution in the area of the activities and average population densities taken as a basis for the classification.

In each of the three types of region, a distinction must be made between those that are in decline or are simply marking time and those that are growing. Furthermore, the categories described above will gradually be filled out in the light of developments, particularly when the objectives of regional policy are examined or certain more specific factors are taken into consideration.

This classification of the Community regions, however, shows immediately that problems of an identical nature, if not of the same magnitude, are to be found in all the countries; likewise, in many cases national frontiers cut across regions belonging to the same type and posing similar problems. These points of similarity are such as to allow converging solutions to be sought jointly.

As the regional effects of technical, economic and social changes are examined below, the classification will be shown to be rather less static than it now appears to be.

## C. Common characteristics of the regional impact of technical, economic and social changes

### (a) DEVELOPMENTS OVER THE LAST TWENTY YEARS

Censuses and estimates carried out in the period 1947-62 show that in the Community as a whole the number of people engaged in farming dropped from about 34% to 18% of the total working population, while numbers engaged in the secondary sector went up from 34% to 44% and those in the tertiary sector rose from 32% to 38%.

At regional level these variations in the structure of the working population differed in intensity according to economic structure; throughout the Community, however, all regions of any one type registered the same trends.

For example, the regions that in 1950 or thereabouts had had the highest rates of employment in the primary sector showed, with rare exceptions, the largest decreases and the smallest increases in total working population or population gainfully employed. In most cases the decline in total employment was accompanied by emigration and a rising average age of the total population.

At the same time there has been a marked drift to the towns. The population of communes with under 5 000 inhabitants, which are predominant in agricultural regions, has become a relatively smaller share of the total population. For communes with less than 1 000 inhabitants there has even been a decrease of population in absolute terms.

All the industrial regions in the Community whose economic activity is dependent on certain traditional industries have been confronted with serious problems of adjustment. The protracted maintenance of existing structures has caused in these regions a general decline of economic activity, emigration and a growing proportion of old people.

Regions with a predominance of tertiary activities, which very often coincide with the urban, industrialized regions are likewise grappling with a wide range of problems — either co-ordination of economic activities or adaptation of their infrastructure. One feature is common to all the big conurbations: their centres tend to become depopulated and population growth is concentrated in the outskirts.

### (b) OUTLOOK

The outlook for the future, both in general and in individual sectors, already distinctly suggests that the features and trends mentioned and their implications for the regions will become more accentuated with time.

It seems safe to assume that, as a whole, the Community's economy will enjoy a sustained growth in the ten or twenty years to come; if in the process anything goes wrong and essential economic equilibrium is jeopardized, the public authorities have the means at their disposal to remedy the situation. But it must be understood clearly that this sustained growth presupposes certain far-reaching changes, particularly in the form of amalgamation of firms, greater specialization of workers and automation.

According to the first set of estimates for the medium term, it is probable that between now and 1980 the Community's growth rate will be no more than slightly under the current rate of 5% (account being taken of a reduction in working hours). The Community's population will probably increase at about 0.8% per annum, i.e. a little more slowly than in the past, despite the expected lengthening of the average span of life. In any case, the Community's population is likely to pass the 200-million mark by 1980. Because of a rising average school-leaving age, the available working population (72.5 million in 1967) will probably increase at a slower rate than total population — perhaps by 0.5%.

Looking at the structure of employment, whether one refers to the various projections that have been made or to the economy of the most developed countries, everything suggests that all in all the changes of recent years will continue. An increasing pressure for more and more rapid changes must be expected.

The Community's farming population, which still exceeded 20% of the total working population in 1958 and had dropped to approximately 15% in 1967, will — in view of the trend and of programmes designed to facilitate change — have its share further reduced by over half between now and 1980. The industrial sector, which at present absorbs some 44% of the total working population, may, as automation continues, have its share reduced somewhat in the coming years. The tertiary and quaternary sectors, in which it is difficult to assess productivity gains, would consequently employ a growing proportion of the working population.

Within each of these sectors, switches from one branch to another will be more and more numerous as the production process becomes increasingly sophisticated. It is essential to be able to forecast these changes in broad outline if we are to assess how big an effort must be made (and along what lines) to create new jobs and to locate them in specific regions.

Even without complete and consistent forecasts, extrapolation of the trends in the various industries suggests that some of them, in particular electricity, aircraft, the space and nuclear industries, plastics and chemicals may maintain

an increasing employment rate, especially as in the Community some of these activities are not very highly developed at present; on the other hand, a considerable reduction of the level of employment must be expected not only in certain declining industries, such as mining and quarrying, but also in some industries where the market is still growing. Lastly, some industries, such as the motor industry, will probably reach their maximum in terms of employment.

Economic growth will not be the same, then, all along the line. Quite the contrary: various — mostly capital-intensive — industries may expand very considerably where they are able to bring out new products and adjust their output to the size of the market. Growth in these industries may be such that in the long run the number of new jobs they create or give rise to may exceed those resulting from labour-intensive industries.

#### **D. Importance of converging solutions**

The fact that the same technical, economic and social changes are taking place in the several Community countries and affecting types of region to be found in each of them is reflected in a growing similarity of regional problems in the Member States and calls for converging solutions to be sought jointly.

Throughout the Community, for example, certain industries are moving to the coast for reasons that may be economic (shipping facilities) or technical (need for large quantities of water). The example of steelworks located by the sea is a familiar one; that of chemical plants is less clear-cut but significant nevertheless; the example of the most recent nuclear power stations is likewise of some importance.

The Community's increasing dependence on raw materials from non-member countries, together with the return trade in exports, and more generally the expansion of trade due to growing specialization, is tending to swell the number of industrial plants close to the sea. This feature is, of course, additional to those arising from the economic, technical and social changes referred to earlier.

Taken together, these technical, economic and social changes constitute one of the essential elements of the various aspects of economic and social policy — general economic policy, or industrial, agricultural, energy, transport or other policy.

In a common market, all these facets of economic policy must, as the Treaties themselves say, be the subject of common policies or at least co-ordinated policies.

Given the regional aspects that these changes necessarily involve, co-ordination of such policies would be incomplete — and this would be serious — if regional policies were not also co-ordinated.

That such co-ordination is insufficient is clear from the way continuity of transport infrastructure is lacking at the national frontiers; it is also evident from the tendency for activities to be concentrated in regions where expansion is already most vigorous and from the way each Member State endeavours to outbid the others in offering aids to facilitate the establishment of firms in regions within its borders that it wishes to favour.

Both firms and governments are prompted by competition to seek the quickest returns. Besides the fact that this manner of going about things is particularly costly in aids, it cannot pretend to be a true long-run policy. These points will be developed further when we examine the aims and instruments of regional policy in the Community.

It is already evident from these trends and the magnitude of the changes to be faced at Community level that the lack of co-ordination of regional policies is damaging to the very interests of the Member States. In regional policy, as elsewhere, improved co-ordination should prove that the interests of each and everyone are best served by obtaining the maximum advantage for all through a policy framed jointly.

Such is the basis for the ideas that now follow. Before, however, examining any guidelines the Community may lay down as a means of solving all these problems, we must specify clearly what the field of regional policy is — what its scope is.





## CHAPTER II

### THE CONCERN OF REGIONAL POLICY

1. Although regional policy is a topical issue — or perhaps even because of this — it is not always quite clear what regional policy is concerned with.

Despite its apparent precision, the concept of the region as it is usually understood, with the institutional and administrative limits it implies, is generally too vague. All the problems that a community encounters are to be found at regional level. Which of these problems are in fact the chief points at which regional policy is to be applied — those on which the policy as a whole depends and which in essence constitute its subject matter?

Beyond the institutional, administrative and geographical limits which come to mind immediately, it is important to understand what accounts for the most basic realities of the region.

It would appear that if the region is seen as an entity constituted by a group of communities which in varying degrees are closely linked by the effect of a number of factors determining location, this makes it possible to account both for the characteristic features of the traditional regions and for the changes they are undergoing.

This approach, which is an operational one, brings out both the population element and the location factors. It immediately draws attention to the role played by the location factors.

2. What is the nature of the factors determining location? What is their importance? How do they develop? How does the organizational framework on which the personality of a region depends react to such developments? How do the communities making up a region react to them?

The factors which determine the location of communities and economic activities are manifold and constantly on the increase as sociological changes lead to an increasingly diversified pattern of human needs.

It is not intended here to analyse these factors in their entirety, nor to list them all.

What the Commission wishes to stress is that among these factors there are some that are particularly decisive: they constitute genuine requirements that

basically govern the economic and human, and often also administrative, pattern of our society.

Regional problems as a body can therefore be subsumed in a number of questions concerning the factors that affect location.

In fact, it would appear that the real task of regional policy can be defined as follows: regional policy is concerned with the facilities that govern the location of economic activities and people, in the light of technical and economic requirements, human needs and aspirations and the characteristics of the areas in question.

Now, one of the most significant elements in the fundamental change now taking place in our society is the transformation which these very requirements of location are undergoing.

The analysis to be made of this suggested definition will also lead us to stress the fact that the task of regional policy is a permanent one and that the public authorities have an increasing responsibility for organizing and implementing this policy.

## **A. Changes in the technical and economic requirements governing location**

1. There is no need to linger over the natural constraints that have always had their impact on location. It is common knowledge that for centuries factors such as the nature of the soil, the configuration of the land, climate and water have exerted a decisive influence on the pattern of settlement and even on the social organization of communities in an essentially agricultural society — communities which formed the basis for the administrative structure of our countries. Similarly, in the industrial society the same constraints have made themselves felt until recently, augmented by factors like the location of sources of energy, raw materials, waterways, port facilities, etc.

The essential point that needs stressing is that together these various constraints have shaped the economic and human geography of our societies. Situations have developed, together with the inertias inherent in them, which have served as a basis for the administrative and also economic organization of our States.

These are basic political, cultural, administrative, economic and social facts which must be taken into account wherever action is contemplated under regional policy. As a result of this process, people have settled in a certain way: this is the point from which all regional policy stems.

2. Now these constraints weaken and the nature of the location requirements changes rapidly.

For a growing number of activities in modern society, the natural constraints of location are becoming less and less important; even for the most traditional activities their influence is diminishing as certain factors of production become highly mobile and as developments in transport create new supply conditions and widen markets to an extraordinary degree.

When advances in sea transport give new significance to location on the coast, when the type of climate takes on increased importance — two phenomena linked to geography — this is not so much a question of constraints as of natural advantages between which there can, incidentally, be a choice.

The economic activity of communities is increasingly liberating itself from the constraints of physical geography.

It is well known that the location of activities is becoming more and more a matter of choice. The important thing is to draw all the relevant conclusions.

3. One point to be realized is that new requirements are taking the place of the natural constraints which are weakening.

Technical requirements and the need for economic efficiency have created a situation where, in respect of a growing number of activities, it is hardly possible to consider a location which does not satisfy a number of conditions as to the density and nature of the infrastructure, the density and nature of public amenities and, more generally, an environment with a minimum of economic fabric that will provide external economies, the effect of which is often decisive.

It is generally realized that very special importance attaches to infrastructure as a factor in location. But there has to be agreement on the definition of infrastructure. It not only covers means of transport, communications and telecommunications — infrastructure in the classical sense: it also includes housing and all the facilities which enable urban centres to fulfil their multiple functions, with all that this means in terms of services and environment for man, the place where he lives, his work and his recreation. It includes a whole network of public amenities ranging from the classical services, such as supply of water and electricity, to the less common services generally designated higher tertiary or quaternary (universities, research and training centres, computers, etc.). It also comprises all the factors that help man to live his life more fully such as the development of his natural surroundings, cultural amenities and recreational facilities.

Surveys carried out among heads of enterprises, banks and also public authorities have shown, for instance, that in the choice of location the factors relating to infrastructure in the broad sense used above carry at least as much weight as, and often more weight than, other factors which can be seized and assessed more directly, such as taxation, investment assistance and interest rate rebates.

External economies — the benefits which derive from a combination of factors without costs arising for them — are incidentally a very important element in the choice of location or the development of economic activities. Now external economies will not appear until the development of infrastructure — as defined above — and production activity has reached a certain level. In point of fact, regional policy could also be centred on the external economies that are to be made possible.

All in all, these requirements in respect of location are at least as imperative as the natural constraints.

## **B. Changes in human needs and aspirations**

1. One of the main things that these new requirements show up clearly is that, increasingly, the most important contribution to development comes from the size and the skills of the working population. For a long time, natural resources were the decisive factor and attracted people to certain areas. Now, however, the presence of a large and skilled population with a great ability to produce and adapt to the most sophisticated techniques is becoming the factor of prime importance.

This change can be seen in striking measure in the recent development of certain nations. For the countries of the Community, where although the population is most unevenly distributed there are no wholly deserted areas, and where certain regions are very densely populated without their inhabitants being very productive, the point is one that holds out great promise: this is a particularly important aspect for any kind of regional policy.

There is a need to bring about a major change that will establish this priority and ensure that as many people as possible are equipped with the highest possible skills.

2. In addition to this requirement, which arises directly from economic changes, people also have a growing need for the amenities of civilization.

During the past ten years — a relatively short period — the rise in real incomes has been such that the satisfaction of people's primary and secondary needs is taking up a smaller and smaller share of their incomes.

As against this, their tertiary needs, such as health, cultural activities and recreation, are accounting for a growing proportion of expenditure. Their need for natural commodities such as air, water, land and green belts is felt all the more strongly where they cannot be satisfied in the large urban centres. The development of all these needs and the fact that they have spread to all walks of life is radically modifying the classical view of what infrastructure is needed for the life of a group of people.

Some areas which do not come up to the mark in this respect may for that reason be completely out of the running in the competition even to retain dynamic economic activities and people; conversely, other areas which already meet these conditions can immediately exert a particularly strong pull on business and people.

The development of human needs and aspirations is, then, a decisive factor in regional policy. The success of all that can be done to guide industry in the choice of location depends on whether this development is taken into account.

### **C. Changes in the economic characteristics of areas**

Depending upon the growth techniques of the time, different areas have been favoured at different points in history: they may have had the advantage of possessing ports on estuaries or large river valleys when trade became important, or mining regions in an industrial economy based on coal and steel. Today, the development of techniques and of people's needs should be conducive to more balanced use being made of all the resources available in areas offering as much variety as the Community.

Advances in sea transport are, for an area that possesses unusually large stretches of hospitable coast, an asset that is all the more promising as the Community's economy, which lacks sufficient raw materials of its own, can grow only by steadily stepping up its participation in the world economy. Production facilities are increasingly located in ports; behind the ports, the major inland transport arteries, which thanks to modern technology can be used at full capacity and linked to each other, add further to the accessibility of the Community's territory and its opportunities for participating in world trade.

Owing to developments in land and air transport, the many regions in the Community which attract people because of their geographical situation or their climate receive a fresh impetus from motorways and air facilities on the doorstep, tomorrow from the air-cushion vehicle and innovations in rail transport, and from the distribution of energy. These developments will also make it possible to reintegrate into economic and social life large areas which have been or are now losing population because of the weakness of their agricultural structure but may be able to satisfy people's new needs and aspirations.

Covering a comparatively small area and showing an unusually balanced pattern of sea, mountains and open country, greatly enriched by a long period of civilization, the territory of the Community has features which, given the opportunities of the modern technologies, can provide a particularly favourable setting for economic and human progress.

#### **D. The continuing role of regional policy**

Change has become part and parcel of our society. It feeds on the variety and the constant spreading of human needs, on technical innovation and competition in the business community.

Regional policy, therefore, is not concerned with a passing phenomenon that is the result of an excessive reluctance to change the accepted ways at a given moment of time: the need for adaptation is a permanent one. The various activities being carried on in the various regions constantly need to be re-examined. Nowhere is there a region, not even among the most advanced ones, which is not facing or will not at some time face problems of change and adjustment to new technical and economic conditions.

There will always be a role for regional policy to play. This also means that measures of regional policy are a matter of the greatest urgency since any delay adds to the handicap that must be overcome.

#### **E. Growing responsibility of the public authorities**

1. In general, the problems that must be solved to meet these conditions with regard to location are matters for the public authorities at the various levels or at least of semi-public bodies. The changes that occur in location requirements therefore lead to very radical changes in the balance of the public authorities' economic and social activities.

As long as the natural constraints were decisive, the economic and social function of the public authorities could be concentrated chiefly (except for such differences as stemmed from questions of doctrine) on the principal mechanisms of the economic and social system, the objective being to ensure that they operated properly and to make good whatever harmful effects they might have, either for economic or for social reasons.

As structural changes make themselves felt and, in respect of location, new requirements take the place of the natural constraints, a new economic and social role is developing which in fact is adding a new dimension to the economic and social role of the public authorities.

This is, in actual fact, the deeper reason why ideas and measures concerned with regional matters are having such a vogue in all modern States. In an economy subject to change, i.e. in any modern economy, regional policy comes to rank prominently among the economic and social policies of the public authorities.

2. This has important consequences. One of them is that the way in which the regions are delimited and actively integrated into the national economic system, i.e. the way in which they are organized into genuine operational units for economic and social policy, will depend more on action by the public authorities than on traditional factors and the data of history or economic developments.

Without the infrastructure, the public facilities and, more generally, the environmental conditions required for the exercise of modern economic activities and for the satisfaction of people's need for the amenities of civilization, a region cannot constitute an operational unit in economic and social policy, even if it has been well established along traditional lines. If, by contrast, the public authorities at all levels take joint action to see that these conditions are met, this will foster the creation of such an operational unit, which in turn will induce the revival or creation of the necessary economic activities and will inject new vigour into administrative structures and cultural life — all of which are things that give a region its personality.

These conditions are absolutely essential to back up the work of those whose aim is to promote the development of their region, helped by their attachment to it, their ingenuity and their dynamism — factors without which it would be impossible to bring about the necessary changes.

The growth in the responsibility of the public authorities is something that also affects the regional and local authorities. It is important that they too should be able to initiate action in the best possible circumstances. In many



cases regional equilibrium in the Community may depend on the action they take. There must therefore be facilities for encouraging such initiatives; fitted into an overall plan, they should help to ensure that whatever measures are adopted are more effective.

Private initiative, benefiting from the backing which the public authorities provide by improving the facilities governing location, will then be able to play its full role in promotion and development.

3. The region, then, can no longer be considered just an entity that has evolved with the passage of time; it will increasingly be the result of initiatives taken by its dynamic forces, backed by an active policy on the part of the public authorities in respect of the facilities that govern the location of modern society's economic activities and hence of communities.

This already reveals what the objectives of regional policy must be.

## CHAPTER III

### THE OBJECTIVES OF REGIONAL POLICY

As was outlined in the previous chapter, the nature of location factors is undergoing a change, the result of which is that location is increasingly a matter of choice. Unlike natural constraints, over which we have no control, the new conditions that govern location may to a very great extent be the result of deliberate action, of a policy for which there is a permanent need and for which the public authorities are responsible.

It is precisely this that constitutes regional policy, the objective of which is thus quite clear: the objective of regional policy is to establish, develop and operate the facilities needed for the location of economic activities and people, in the light of technical and economic requirements, human needs and aspirations and the characteristics of the areas in question.

Along what lines should the fulfilment of these objectives proceed? What kinds of action can be carried out, bearing in mind the geographical characteristics of the Community's economic structures? These are the main problems examined below. First of all the general objectives of regional policy will be defined, after which the specific objectives for the regions of the Community will be examined.

#### A. The general objectives of regional policy

Regional policy, being one aspect of economic policy and social policy, naturally shares their objectives: economic optimum, welfare and human development. In pursuing these objectives it makes use of material supplied by forward analysis and sociological analysis; it seeks to involve the whole community in the fulfilment of these objectives.

##### (a) THE OBJECTIVES OF REGIONAL POLICY ARE DIRECTLY GUIDED BY FORWARD ANALYSIS

Since regional policy action mainly concerns the establishment and operation of infrastructure facilities and, more generally, the environmental amenities for productive economic activity, the investments it involves are usually heavy. These are not investments which will pay for themselves in the short term, especially as major private investment projects will normally depend on them

in turn. It is essential that their technical and economic efficiency should be sufficiently long-lasting.

Moreover, if there is greater freedom of regional action in view of the new requirements governing location, regional policy none the less entails a series of choices that will shape the society of the future. The choices must be made with due regard for as many technical, economic and human considerations as possible so that environments are created which accord with people's basic wishes and the ways of living and working which will keep up their creative drive.

Regional policy should therefore take account of the greatest possible number of years ahead, covering as many technical and economic developments as possible, and of the most fundamental data as to the type of society which is to be built. A period of twenty years may be considered suitable.

The objectives of regional policy are very largely determined, then, by the contributions of advanced research and futurology and by those of sociology.

Hence, regional policy involves a considerable amount of speculation on new structures, calling for boldness in forward planning and great flexibility.

Whereas the conventional type of economic policy can rely on machinery allowing increasingly detailed assessment of the consequences of the options made, the scope of regional policy is far less well-defined, since its mechanical effects are often difficult to grasp and evaluate; consequently, the political aspects of selection play a much greater part.

**(b) REGIONAL POLICY SEEKS MAXIMUM INVOLVEMENT OF THE WHOLE COMMUNITY IN THE ACHIEVEMENT OF THE ECONOMIC OPTIMUM**

1. If the entire community is to be involved as far as possible in the achievement of the economic optimum, we must first of all ensure that actual or potential unemployment in certain regions, resulting from current or future changes, can be absorbed or prevented in conditions compatible with the increasingly keen competition to which the Common Market as a whole is exposed.

The objective of procuring productive employment for the working population of all regions is an economic and social necessity. It is only by ensuring that all regions enjoy the fullest possible employment that sustained economic growth can be guaranteed.

This should be done, however, with a view to enhancing the overall competitiveness of the Community economy. At present, with economic activity in

the Community's constituent countries and regions subject to increasingly severe conditions of competition, not only between one country and another within the Common Market but also between Community and non-Community countries, this requirement has top priority.

To reconcile the requirements of job creation with those of the competitiveness of regional economies is a difficult task, then, but one of primary importance for regional policy.

2. This task is the more difficult in that change is often opposed by two kinds of inertia, and these tend to have a combined impact:

(i) The overall geographical inertia of population groups, which exists despite the fact that the geographical inertia of individuals in the group varies with region, type of occupation and age group;

(ii) A certain economic inertia due chiefly to the inadequacy of the educational training facilities at the disposal of the people and to lack of involvement in the decisions on and use of the necessary financial resources.

In addition, because of the territorial and geographical characteristics of the regions, willingness to accept these changes varies substantially from one region to another.

So there is a particularly sharp conflict here, and it is one of the major problems of our economies and, more generally, of the organization of our society: the regions are unevenly prepared, but also unevenly suited, for carrying out the necessary adjustments.

The disparities between the regions and the strains caused by the very similar human aspirations and needs in very different regional situations are one of the clearest illustrations of this conflict, the solution of which is one of the main objectives of any form of regional policy.

3. This regional policy objective is a major element in economic and social policy targets.

Although it is true that good aggregate growth implies that the economy as a whole is running well, merely to state in general terms that growth will ensure full employment of the factors of production, save for a few frictional unemployment problems, is inadequate: there may well be equilibrium, but this does not mean that the economy is being managed under optimum conditions.

This is the whole problem of the quality of growth: an economy may very well give the illusion of growth for a time if GNP growth rates are high; this is

the case where certain industries or regions have relatively high costs, given the conditions of international competition, but where activity can nevertheless be carried on thanks to protection or transfers of various kinds; it is also the case where investment goes into the maintenance of existing structures rather than their adaptation to new techniques and the manufacture of new products yielding a higher value added

The rift between high-quality growth and purely quantitative growth shows up in the form of underemployment of part of the population, which is revealed in its relatively small contribution to the formation of the national product and what are often substantial transfers of various kinds tending to narrow the disparities between the share in production of and the share in consumption of the national product.

In certain regions there may even be emigration (of the working population in particular), and this, besides the human harm it causes, may go so far as to be a decisive handicap for the life of these regions and a capital loss for the Community itself if, as still happens, the emigrant workers leave the Community altogether.

The rift also reveals itself in inflation: one of the fundamental causes of periods of "overheating" is the heterogeneity of structures, especially regional structures. For advances in living standards spread by means of information media and advertising much more rapidly and much more homogeneously than real gains in productivity.

People in the less productive regions thus seek to participate in the consumption of products and services by causing transfers — either organized or mechanical and uncontrolled.

When their participation in consumption has no economic counterpart in an adequate increase in overall productivity, we have a general disequilibrium between supply and demand.

Within certain limits, transfers of income encourage expansion, particularly when they lead to a structural improvement which cannot take place spontaneously; on the other hand, when the effect of the transfers is greater than the region's adaptation potential, it gives rise to an inflation factor.

It is not desirable, and it would in any case be difficult, to limit the spread of advances in living standards: structures must therefore be adjusted in order to keep transfers to the minimum. Participation in consumption will then have its counterpart in participation in production.

These developments, moreover, clearly underline the limitations of the objective of reducing income disparities between the regions: freedom of choice as

regards location is not so complete as to imply that anything can be produced anywhere.

4. So regional policy should take into account the inertias and the geographical characteristics which come into conflict with the need for change. It cannot resolve this conflict with the requirements of the economic optimum by accepting maximum inertia; this would do serious harm to the necessities of economic management in a changing society — to the detriment of everyone, including those immediately concerned.

The most difficult task of regional policy, then, is to find the necessary compromises within reasonable cost limits in order that the potential, particularly the manpower potential, of each part of the territory in question is used to the full in productive economic activity on sufficiently competitive terms.

To this end, regional policy should, more particularly, enable the people to assist in their own development by eliminating the causes of economic inertia — by extending educational and vocational training facilities, by increasing their participation in the decision-making process, and by mobilizing and utilizing financial resources at regional level to a degree that will ensure the consistency of decisions at a general level.

Drawn along by changes in industrial society and facilitated by overall growth, regional policy is in fact essential to the success of these changes and to the quality — which implies the success — of overall growth.

5. These arguments of quality and quantity clearly show the links between regional policy objectives and the objectives of the other segments of economic policy — for instance, those applying to individual industries.

Regional policy objectives should be very closely wedded to the quantitative and qualitative objectives of the policies for individual industries which make up economic policy. However, since the main objective of regional policy is to establish and administer the facilities that will bring industrial activity to a given region, the success of the several industrial policies, and more generally of growth policy, depend to this extent on attaining the objectives of regional policy.

## **B. The specific objectives of regional policy in the Community**

These being the general objectives of regional policy defined in relation to its function in economic and social policy, we now have to apply these

principles to the regional structures of the Community as revealed by the description contained in Chapter I.

In so doing we must take into consideration both the general problems of the common market, with due regard for the effects arising from its operation, and the problems of each of the types of region described in Chapter I.

(a) REGIONAL POLICY'S CONTRIBUTION TO THE COMPLETION AND DEVELOPMENT OF THE COMMON MARKET

The basic objective of regional policy applied to the general problems of the common market is to help improve the harmony of regional structures in the Community, firstly in order to combat the mechanical effects which tend to develop owing to the mere fact of opening internal frontiers, and secondly in order to permit the implementation of common policies and to create the maximum external economies for each of the regions.

1. It has already been noted that an immediate consequence of opening frontiers is an accentuation of tendencies towards geographical concentration. Firms are induced to seek in competition the immediate conditions which are best for their business and more particularly for siting their business. The result is concentration towards already industrialized areas, which satisfy the conditions of efficient location better than others.

In certain cases, therefore, the gradual completion of the common market tends to aggravate the excessive and injurious disparities in the geographical distribution of production which the regional policies of the Member States are seeking to remove. Once the common market is fully established, therefore, efforts must be made to distribute production more evenly in the light of the effects that eliminating internal frontiers will have. This applies as much to activities in the tertiary and quaternary sectors as to those of the secondary sector, which means tackling problems of urbanization and the spread of urbanization over national territories, problems of communications and ports, etc.

If regional policies did not take these new facts into account, there would be an automatic allocation of activities according to the comparative strength of unevenly endowed and developed regions, their inequalities being accentuated by the opening-up of markets, though there is no reason to think that such an allocation would be favourable either for the economic optimum or for the welfare of the people.

The problem goes considerably beyond the frontier regions, which in the first instance seem to be the most directly concerned since it is there that the change brought about by the elimination of customs duties has the most visible effects. In point of fact, the differences resulting from organization systems, particularly in the economic and social field, are immediately apparent in these regions; the consequences of faulty harmonization of the components of the economic and social system are more directly felt in them. However, it would be a mistake to think either that it is possible to eliminate frontiers merely by regional policy action or that it is conceivable to develop these regions along privileged lines which would, as it were, transfer the changeover between economic systems to the periphery of the regions. Moreover, with modern means of transport and packaging, direct competition now extends or will soon extend to all the regions of the Community.

It would also be wrong to think that general economic growth would automatically enable the problem of the inadequately developed regions to be solved, the more so in that the completion of the common market adds a further dimension to the problem. If a suitable regional policy does not enable us to make up the economic disparity in these Community regions and thus solve the problem of employment, in the long term they may in one way or another slow down or even halt overall economic growth.

It is therefore necessary to find solutions to the problems arising in these regions which are compatible with the necessities of economic growth and the Community's competitive position.

2. The common policies and the co-ordination of economic policies required by the Treaty are inevitably obstructed by the heterogeneity of regional structures in the Community.

Clearly, joint policies for individual markets are the easier to implement the more homogeneous the structure to which they apply. Similarly, common market policies or the co-ordination of market policies are so much easier to elaborate and implement if the regional structures to which they apply are more or less equally fit to take them. On the other hand, wide structural differences between regions or an uneven spread of heterogeneous structures among the Community countries are likely to constitute a significant obstacle to the implementation and the success of such common policies.

If a common policy is established on the basis of structures that are already partly outdated, it may provide short-term advantages for the most favourable structures (which thus benefit from that circumstance), but it accumulates



costs and handicaps to the detriment of the community which gradually become intolerable.

The cost of common policies, which is borne by the member countries, weighs more heavily on those countries where unsuitable structures are the most numerous, and in time this gives rise to disequilibria which are bound to have serious repercussions throughout their economic systems, i.e. on the value of their currency and ultimately on the equilibrium of the Community in all its aspects.

Consequently, when structures are as diverse from the regional point of view as they are in the Community, and when the policies for individual industries affect these varying structures, the structural aspect of these policies must be planned and applied with an eye to the importance of improving the balance of regional structures: any policy for the structure of a specific industry — agriculture, transport or whatever — contains a regional policy aspect.

The establishment, development and operation of facilities bearing on location, which are the objective of regional policy, must be sufficiently co-ordinated at Community level to obtain that balance in regional structures which is a prerequisite for the successful establishment of common policies and the co-ordination of economic and social policy.

Unless such co-ordination takes place, the objectives of the Common Market may be compromised and the Member States will be led, as certain phenomena show (escalation of aids), to accentuate the disparities between the various regions, and this would conflict with the policy which they mean to pursue.

On the other hand, better co-ordination at Community level of regional development policies should permit each region, when backed up by the others, to obtain external economies which will maximize the effectiveness of investments made there.

Just as industries seek to find a place in an environment that will stimulate growth, so the development of regions needs to be organized in the context of the development of the neighbouring regions and the Community as a whole. The gradual completion of the common market is increasingly making the whole Community the essential economic yardstick; and this applies more particularly to the regional policy aspect of structure policies.

#### **(b) OBJECTIVES FOR THE DIFFERENT TYPES OF REGION**

The general objectives of regional policy have been defined above, and we have just discussed how it is to contribute to the development of the common market; regional policy must also be aimed at ensuring that at least some of

the effort to be expended in developing each region comes from the region in question, with less and less dependence on aid and initiatives from outside.

For instance, a region depending on a single product, or perhaps a single sector, whether primary, secondary or tertiary, usually lacks the creativity which might stimulate variety and confrontation of needs, experience and disciplines. Some degree of diversification, which of course does not rule out specialization, unless it be specialization in only one of the three main sectors, is therefore necessary. Diversification is in fact a reflection at regional level of the general objectives to be pursued within a common market in order to establish better structural balance between the regions.

In order to specify the regional policy objectives for the various types of region described in Chapter I, it is necessary to take into account the trends to be discerned in the relative share of the various sectors of activity, more particularly developments in the transport industry and those which are increasingly affecting the distribution of industry and population in a given geographical area and leading to urbanization.

### *1. The response to the great changes, present and future, in the nature and location of activities*

(1a) There is a general change which is affecting the development of the main sectors and which points up the importance of carrying out the major infrastructure projects which the change involves.

The tertiary and quaternary sectors will gradually attract the activities, and therefore the jobs, which are withdrawn from the other sectors.

This is because physical productivity per worker in the primary and secondary sectors, owing to the increasingly advanced mechanization and automation of all the physical tasks of production and even of administration, tends to increase more rapidly than production requirements. These sectors therefore release manpower. This trend is very advanced in the agricultural sector; it is on the increase in industry.

On the other hand, the potentialities of the advanced tertiary and quaternary sectors — in particular research, on which depends progress in all sectors — are quite different. The products of these sectors are not in themselves mechanizable (despite the fact that they utilize highly sophisticated and very powerful facilities). Moreover, they usually develop without any break of environment or movement of population from situations which may be very diversified, such as tourism on rural, roadside, mountainous or historical sites,

social services, medical services and general education where people are already located, specialist education and research where they can be combined with certain activities to which they can be applied, culture and art where the best combinations occur between the resources of civilization and certain advantages of site or climate.

Furthermore, the advanced tertiary and the quaternary sectors respond to the rapidly growing and virtually unlimited needs for diversification and quality of a civilization which is gradually freeing itself from the physical tasks of production and devoting itself to the exploration of the universe and to human development.

Such advantages are decisive factors in longer-term regional development plans.

All these transfers from one sector to another require changes in occupational skills, often in economic mentality and sometimes in ways of living. Both transfers and changes will have to be accompanied, if not preceded, by a very considerable adaptation and development of all kinds of infrastructure.

This will give regional policy objectives a particularly favourable field in which to be applied, and at the same time they can be organized in such a way as to solve employment problems without any serious hiatus.

The time it takes to make transfers from sector to sector and for people to adjust to the transfers may be quite long; on the other hand, the construction of much of the infrastructure needed to prepare and accompany transfers calls for a labour force which despite mechanization is much more numerous in relation to the value of the product than in other sectors and which for the most part possesses skills that obviate the need for a long period of further training.

Regional policy will consequently be able to link up the task of guiding regional activities towards the more productive sectors with the infrastructure improvement needed for these sectors. This would make it possible to maintain employment levels and avoid the risk of depopulation which would jeopardize the future.

This might reconcile the need to harmonize structures, the need to develop different sectors and the exigences of employment; so regional policy can help in the field to produce a harmonized synthesis of industrial development policies, social policy and economic policy in general.

(1*b*) The change affecting intercontinental transport, and more particularly transport by sea, considerably reduces — in economic terms — the distances separating the continents. Even within the Six, in terms of cost, certain

distances are greater than those separating the Community from some large overseas industrial countries.

The objectives of regional policy should take account of this situation, the effects of which are to transform the economic potentialities of the Community's peripheral regions (more particularly the coastal regions) and to establish an equilibrium that is different from the Community economy as a whole.

One of the objectives of regional policy, then, is to exploit this situation and these potentialities.

This applies primarily of course to the coastal regions. Admittedly, the mere fact of being a coastal region is not in itself a sufficient condition for prosperity: external trade alone cannot constitute the basis for an economic entity sufficiently balanced to face the hazards of the world market. On the other hand, economic activity oriented towards the rest of the world can be a powerful catalyst for the development which these regions can achieve in conjunction with the economy of the inland regions. However, the appropriate infrastructure must be provided so as to facilitate the exploitation of the potential inherent both in the region and in all the internal and external links. Here we find the same connection as before between the longer-run objective and infrastructure, and the same advantages apply, especially in respect of continuity of employment.

The same holds good in varying degrees for many regions because of the geographical configuration of the Community, few parts of which are unaffected by international competition via the sea. In certain regions this situation calls for radical adjustment not only of economic structures but also of economic mentalities and behaviour.

(1c) Lastly, we are familiar with the increasingly marked tendency for the population to turn towards an urban way of life. This phenomenon is closely linked with the growth of the tertiary and quaternary sectors and entails research, in the light of existing and likely progress in means of transport, as to what forms — mainly in respect of space — urbanization is to take in the future.

One of the objectives of regional policy is to ensure that the trend towards urbanization operates within each region as far as possible without excessive concentrations (both from the economic and from the human point of view) and with conurbations suitably distributed throughout the regions in accordance with their economic potential and the various services rendered by the cities. Here too, a whole network of proper infrastructure facilities, in partic-

ular housing that is both quantitatively and qualitatively adequate, are necessary both for the conurbations and for the links between them; here again, we have the same connection between the longer-run objective and the employment contributed by the planned infrastructures.

The urbanization objective calls for replies to numerous questions, in particular:

(i) What will be the component parts of the various types of city in the light of the functions expected of them, principally in the economic and human domains?

(ii) How will the different types of city complement each other, and what are the links to be between them?

(iii) How will they be linked with the areas in which their influence is felt?

The vast majority of people in all the Community countries are turning towards an urban way of life, so this is a considerable problem of common interest.

These then are the three general trends which largely determine what the objectives of regional policy should be in view of the need to promote the development of the various types of region.

## *2. Application to the various types of region*

A distinction has been made between three types of region within the Community: industrialized regions, semi-industrialized regions, predominantly agricultural regions. What are the specific objectives for each of these types of region?

### *(2a) The industrialized regions*

Generally speaking, the problem for these regions is to keep up sufficient drive to maintain the momentum of growth along the lines suggested by foreseeable changes.

More particularly, development in the advanced tertiary and quaternary sectors should be such as will facilitate the appropriate links between industry, research and the academic world. Jobs created in the sectors to be developed must be open to workers released by the cutback of employment in other sectors, in preference to calling on additional manpower which would prevent the re-employment of such workers.

This means that excessive concentration must be avoided, both in these regions and in the conurbations with their economic and human drawbacks. Drawbacks of this kind already exist in certain regions. The difficulty met by regional policies in remedying these situations should make us careful not to allow them to develop.

It also means avoiding certain economic and social situations such as are found in regions depending on a single industry which have not adapted themselves to changes in the industrial sector. In these regions, of which there are a number in the Community, the situation often requires not only a complete reorganization of industry itself and a diversification of activities but also a radical reform of even the most conventional infrastructure facilities. These regions are sensitive areas for regional policy. It is essential not only to remedy such situations but also to prevent others from arising.

It should be noted in conclusion that where there are agricultural activities in the industrialized regions, the structural reform which they may have to undergo does not usually raise employment problems which are not susceptible of rapid solution, except in the case mentioned above of regions with a single industry.

The attraction of industrial centres may even lead to manpower shortages in neighbouring agricultural regions.

#### *(2b) The semi-industrialized regions*

These Community regions are either an adjunct to the industrialized regions or are located along the major waterways or on the coast.

Depending on their geographical situation, the stimulus which they receive and the objectives which regional policy may have with regard to them differ to some extent.

(i) When these regions are adjacent to industrialized areas, they may in themselves constitute an essential factor for equilibrium, and this function of complementing the industrialized areas should be developed.

In these same regions, two circumstances may lead to other objectives:

*a.* When the adjacent industrialized region lacks diversity and includes declining industries. In this case, industrial diversification and balance in diversification, with due regard for developments in industry and the problems of urbanization, must be sought within the complex formed by the two types of region.

b. When the semi-industrialized region itself contains a substantial agricultural sector or when one or more neighbouring regions show a predominantly agricultural structure requiring reform. In these cases the industrialization of the region should be encouraged and diversified in conjunction with agricultural production, or else it should be linked in the industrialization process with the adjacent agricultural regions, which it might be able to complement with certain industrial activities or services.

(ii) For the semi-industrialized regions situated along the major waterways, depending on circumstances the objectives may be of the same type as those for the semi-industrialized regions in point (i) above, or those of the coastal semi-industrialized areas in point (iii) below.

(iii) The coastal semi-industrialized areas will proceed to the industrial stage the more easily if they are capable of taking large-scale intercontinental transport facilities.

Apart from the infrastructure required for this development, the problems of training manpower and executives to the level of skills obtaining in competing industries on the world market must be one of the priority objectives for the development of these regions.

Naturally, the objectives arising from the proximity of non-industrialized agricultural regions as mentioned above are directly transferable to these regions.

The structural changes required in agricultural activities existing in these three types of semi-industrialized region will normally be facilitated by the industrial activity in existence or being developed. The changes will usually be less simple than in the industrialized regions. It will thus be necessary to promote them by an increased effort to industrialize and to develop the tertiary and quaternary sectors. Infrastructure projects will have to be put in hand if this development is to be promoted, and the advantage in terms of employment which such projects provide during the phase of change is obvious.

### *(2c) The predominantly agricultural regions*

There are several sub-types among these regions:

(i) There are first of all those regions which will remain predominantly agricultural; these are the regions where agricultural activity can provide the working population with much the same income as is provided by the other sectors of activity. For these regions, regional policy objectives are additional to those of agricultural structure policy. The aim is to develop industrial activities and services directly linked with agricultural production and to

concentrate them in a series of urban centres which should be organized to permit the entire population of these regions to enjoy a modern way of life.

(ii) At the opposite pole are the regions where agriculture is unlikely to develop satisfactorily and where it is not reasonable, either, to expect to start up profitable industrial activities.

In this case the objectives adopted may be to use the natural situation of these regions to meet certain needs: health and welfare centres, tourism, resorts, and possibly specialized research centres. The development and planting of forests will of course be encouraged as much for their economic value and their regulating effect on climatic conditions and water resources as for their amenity value.

The importance of tourism, health and welfare centres and resorts, in a society where incomes are going up, warrants the appropriate investment in infrastructure in these regions. These activities, which cannot easily be mechanized, are of a kind directly to provide employment and a new trade for considerable numbers of workers and indirectly to make it possible to maintain, if not to expand or create, urban centres capable of themselves becoming sites suitable for numerous intellectual and cultural activities. Such a development may not only stop the drain of population from these regions but, as has been observed already in some cases, may even reverse the demographic trend. It is possible that in these circumstances certain forms of agricultural activity (e.g. large-scale businesses and combined forestry and pastoral agriculture) may continue side by side with activities specifically linked to tourism (e.g. upkeep and development of natural amenities).

(iii) Between these two extremes, the other regions which are currently agricultural must undergo radical structural reform and a substantial diversification of their activities.

For these regions, whether agricultural reform can be carried through depends in practice on whether a new economic fabric can be established that does in fact include these diversified activities. Generally speaking, efforts to encourage the establishment of business activity will have to be based on the creation of a whole system of modern infrastructure in the widest sense.

The objectives of regional policy will obviously be affected by the geographical situations of these regions:

*a.* If they are coastal regions, the configuration of the coastline and the available or potential port facilities will sway the decision either towards tourism and fishing activities or towards industrial activities, account being taken of the opportunities already mentioned in connection with changes in intercontinental transport links.



*b.* If they are inland regions, the environment constituted by the neighbouring regions must be exploited in order to organize complementary activities designed to create the type of industrialization desired and the development of tertiary and quaternary activities for a group of regions. Because these regions usually have a fairly low population density, the development and distribution of urban centres and the links between these centres are of special importance. Given the cost of infrastructure facilities, which often have to be created from scratch, there are not only sociological and economic but also financial reasons for grouping regions in this way.

In turn, then, we have analysed the general objectives that any kind of regional policy must have if it is to make a contribution to economic and social policy in general, regional policy's contribution to the completion and development of the common market, and finally the specific objectives which regional policy may adopt in the light of the broad categories of region.

These are, of course, general guidelines which should be applied in accordance with the characteristics and situation of each region, bearing in mind its immediate environment and the economic system of which it is part.

However, the common features found indicate how a regional policy may be contemplated that is suited to a market where greater harmony and a better equilibrium of structures are proving increasingly necessary, while human requirements are becoming increasingly similar.

It now remains to consider the problems connected with the instruments of regional policy.

## CHAPTER IV

### GENERAL PATTERN OF REGIONAL POLICY INSTRUMENTS

The instruments of regional policy range from studies of one or more regions to detailed development programmes, which can take the form of a plan, employing a large variety of measures.

There is obviously no question of listing all these instruments here or of attempting to assess their advantages and disadvantages. In any event it would be well to realize that such assessments are necessarily of limited value: whether measures are effective or not depends as much on the way in which they are combined and where they are applied as on the intrinsic nature of the measures themselves.

The purpose of this chapter, then, is to put forward a number of ideas which may help to bring about a greater co-ordination of regional policies.

In general terms, action in the regional policy field must be made more effective by improving the way in which measures are combined. The amount of work to be done and the amount of money to be spent means that a determined effort is needed to avoid a dissipation of effort and funds which might well be encouraged by the multiplicity of problems to be solved.

At the same time, no measure which could help to achieve the objectives of regional policy can be overlooked.

#### A. Towards more rational financing

##### (a) INVESTMENT EXPENDITURE

1. With all instruments of regional policy large sums of money are at stake. This money represents investment expenditure on amenities and on training. Most of it is slow to show results, and the time lag can be considerable.

It must be understood that this expenditure does not give regional policy a budget of its own. What regional policy does is to encourage a specific pattern in public investment that has repercussions on the activities of private investors;

it is a way of deciding how monies voted are to be spent. This fundamental idea refers back to Chapter II (on the concern of regional policy), which pointed out how the economic and social roles of the authorities are changing because of the incidence of regional structures on economic growth.

2. A rough and ready estimate of the funds to be mobilized to facilitate structural change in the regions — this change being a precondition for the strength, quality and continuity of economic growth and social advance — can be produced by comparing trends over the last ten years with developments forecast for the years ahead. The classic and practical way of approaching this problem is to view it in terms of job creation.

Statistics for the years 1956 to 1966 show that the net annual average number of jobs created in the Community over this period was about 900 000.

This figure represents the net position. It allows for the increase in the population gainfully employed and for net movements between the main sectors, some of which show an increase, others a decrease, in job numbers.

Estimates for the next ten years — allowing for population trends in the Community, transfers between sectors now taking place or likely to take place in the years ahead (based on information available for the major industrialized countries and the USA in particular) — indicate that the net annual average number of jobs to be created could be of the order of 1 million for the Community as a whole.

It would appear, then, that the continuation, in a somewhat more intensified form, of investment activities by private firms and public authorities alike should be enough to meet the needs of forecast developments, assuming that growth is sufficiently sustained.

However, this estimate needs to be corrected on a number of points which give an entirely different picture.

First of all, this estimate is a Community one: no allowance is made for differences between the Member States, between the regions, between industrial activities within a given region or between available infrastructures in the different regions.

Secondly, as far as the necessary funds for facilities and training are concerned, the only net figure to hand is not sufficiently representative and can only give a minimum estimate of the expenditure involved. For a more realistic estimate, we should have to be in a position to assess the nature and extent of expected changes in the various industries within each sector. We should also have to

be able to establish how these changes will affect the various regions and what infrastructure will be needed in different regions to make these changes possible.

It has not been possible to produce this detailed industrial and regional information: apart from the difficulty inherent in estimates of this kind, no adequate statistics are available at present.

However, a number of general indications set out below reveal a trend which would indicate that the cost of facilities and training for each new job created will be higher than in previous years and that the cost of facilities and training to meet industrial change, not included in the net balances, will also be on the increase.

3. Changes within industry are aimed at ensuring the steady increase in productivity which is essential if firms are to remain competitive on the world market. This calls, among other things, for the more systematic creation of new products and the development of highly sophisticated production techniques involving greater research and a constant increase in the capital/labour ratio. This means that, for a given number of jobs, private or public investment in research, training and production machinery is considerably increased.

A look at the range of investment costs per job created will give some idea of the size of this increase: costs can range from 5 000 u.a. per job created in the traditional industries involving no special skills to more than 200 000 u.a. per job created in modern industries that are fairly highly automated.

4. In addition to these costs there is investment in the infrastructures which these modern industries need (information, telecommunication, research and training centres, etc.); these infrastructures are generally extremely expensive and therefore call for an additional effort by the authorities.

The infrastructure to be provided in the several regions cannot be directly assessed in the light of the overall pattern of job creation or by simple reference to the past. Allowance must be made for the type of region in which the pattern of industry is changing and for the existing infrastructure in these areas: farming regions offer a particularly striking example in this connection. What needs to be stressed here is the extent of the funds which the authorities and others will have to make available.

To get some idea of this, it should be remembered that the public investment needed to create one job may be up to five times higher than the private investment per job created, depending on the existing situation with regard to infrastructure and economic fabric of the different regions. Observations over the last ten years have shown that the average figure for the latter is 15 000 u.a.

These then are the main correcting factors to be borne in mind when estimating probable expenditure on the basis of net job creation. Although an estimate of this kind could not be produced for the qualitative and statistical reasons given above, it is nevertheless clear from what has been said that the investment — public and private — required in different regions over the years ahead must cost appreciably more than investment did in the past.

5. There is, clearly, a danger that the limits to the formation of savings and fixed capital will be reached at an early stage: to some extent programmes drafted at regional and national level will have to provide a range of options and priorities allowing actual achievement to lag behind the desirable rate of regional change and adaptation. An improved pattern of public spending and the introduction if necessary of incentives to encourage saving and the better use of savings would mean that the rate of implementation could be kept closer to that dictated by economic and social needs.

In the first place it will be seen that budgetary expenditure could, in time, be gradually reduced to a level considerably below that of recent years.

For instance, more than 1 500 million u.a. are spent in the Community as a whole each year just to cover the operating deficit of two main branches of activity (railways and mining). In agriculture, market support on its present bases will cost 2 300 million u.a. in 1969 <sup>(1)</sup>.

These figures must be compared with total capital expenditure by all public administrations in Community countries, which were of the order of 14 000 million u.a. in 1966, excluding loans.

These are but a few examples — admittedly the most striking ones — of areas where there is room for greater rationalization in the employment of public funds. The Member States are endeavouring to avail themselves of these possibilities, but this will obviously take some time. The Commission feels, however, that because the changes to be effected are needed as a matter of urgency the authorities will be encouraged to take the most action possible in this matter of rationalization.

Secondly, the changes themselves, particularly changes in the pattern of investment, are almost certain to lead to new organizational forms (through the improved utilization of components, for example). This should make it possible to eliminate duplication of effort, to achieve a better return and consequently to save on existing facilities or to cut expenditure on new investment.

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<sup>(1)</sup> The Commission's Memorandum on the Reform of Agriculture sets out to reduce this figure to 750 million u.a. by 1980.

Finally, the organization and implementation of regional policy should make it possible to encourage the people living in each region to take a more active part — each according to his capacity, perhaps through stepping up his savings — in plans for investment in their area.

To sum up, then, the funds to be mobilized are enormous and undoubtedly well in excess of those employed in recent years. But it looks as if a more rapid rate of change and more balanced regional structures could be encouraged considerably by improving the organization of financial resources and by using these resources along more rational lines.

(b) AID FOR REGIONAL PURPOSES

1. It would appear that the role played by the various forms of aid to enterprises — one of the instruments of regional policy in the Member States — is not always related to the requirements of structural adaptation.

In certain regions where infrastructure facilities have largely been adapted, aid can indeed be an appropriate incentive to offset temporary handicaps during the running-in period.

As against this, in regions where infrastructure and environmental conditions are still a long way from meeting requirements for the installation of modern industries, aid to firms bears no relation to the problems to be solved; indeed it is likely more often than not to lead to expensive disappointments without producing any genuine solutions.

In general the Commission stresses the need for action leading to a genuine adaptation of structures.

A favourable trend in this direction has made its appearance in the Member States, which are now attaching more importance to the creation and development of growth points. This is in fact the price of effective action, and aid to regional development should, to the largest extent possible, concentrate on these growth points.

2. Side by side with this, however, there is a trend towards escalation: the Member States and the different regions within each country are trying to outdo each other by offering higher and higher subsidies to firms to encourage them to settle in specific areas.

This rivalry is particularly harmful for two reasons:

a. In the first place — as was pointed out above — although aid may temporarily offset any shortfall in the facilities needed for the desired economic activity, it does not provide an area with the necessary facilities; it does not

get to grips with the real problem, which is the creation of those conditions which will attract firms to the area, and it may even slow down this process.

*b.* In the second place, rivalry leads to a waste of public funds: seeing that the incentive effect of aid depends on the margin of advantage created in favour of the region to be promoted, the advantage should be created at the lowest possible general level.

It is relatively easy to pinpoint the disadvantages of aid escalation but less easy to eliminate them.

(i) First, it is difficult, even at national level, to establish what are the real disparities between the various regions when it comes to the conditions which govern the choice of location; psychological, climatic and other incalculable factors play an important part here.

(ii) Secondly, at Community level there is the further problem of differing economic and social systems; no real answer will be found to this problem until it proves possible to create single market conditions within the economic union.

(iii) Thirdly, the changes which have to be made in regional structures will take time, whether these changes are viewed from within a single Member State or from the Community angle; for this reason, infrastructure improvement and the provision of aid will often go hand in hand in regional development policy.

(iv) Finally, a further difficulty is the obscure nature of certain general aid arrangements and of certain procedures within these arrangements.

But since, from the point of view of improved equilibrium in the regions, aid to firms is no substitute for the creation of those facilities which encourage firms to settle in a particular area, the dangers and wastefulness of escalating aid can be largely avoided. It seems legitimate in this respect to refer directly to what is required for the operation of the common market.

To this end, and to enable it to assess the effects and the compatibility with the common market of general regional aid arrangements, the Commission in July 1968 made provision under Article 93 of the EEC Treaty for the introduction of a procedure for the prior examination of individual cases where aid reached the figure of 500 000 u.a. or more in subsidy-equivalent.

During the examination of arrangements for implementing this procedure, however, it became apparent that there was another solution: general regional aid arrangements could be harmonized and made more widely known. Work on this is now under way.

The ultimate aim of the aid policy which the Commission hopes to see emerging is greater overall harmonization based on the following principles:

(i) Aid arrangements in all Member States should have the same incentive effect in regions with similar characteristics; the analysis in Chapter III above of the various types of region could serve as an initial basis for this. Analysis should make allowances for the situation in the regions as regards both living standards, employment and growth potential and the need to create the conditions which would attract economically sound activities to the area.

(ii) The incentive effect of aid arrangements should, in each type of region, be subject to maximum and minimum limits on aid expressed as a percentage of total investment for each operation.

(iii) Harmonized aid arrangements should be examined regularly by the Member States jointly with a view to adjusting them to any changes in the elements on which harmonization is based.

The co-ordination of regional policies will certainly make it easier to achieve this objective in the matter of aid.

3. Conversion aid can be regarded as regional aid if the firms which it helps to change over to other activities are engaged in the main economic activity in a region.

Experience in conversion and retraining gained with ECSC firms and their staff has already proved that the organizing machinery is highly successful in economic and social terms.

The key to the effectiveness of the measures introduced by the Commission is the interest rebate system. It was because of this system that the more rapid rate of conversion of ECSC plants which began in 1965 was maintained without major difficulty although relatively modest resources were used (2-3 million u.a.).

The Commission finds it extremely interesting that the trend in all six countries is towards a more and more sophisticated organization of the machinery for industrial conversion.

Appropriate reform of the Social Fund should make it possible to promote occupational mobility under the most favourable conditions.

It must be stressed, however, that aid for conversion would be even more effective if it could be backed by properly defined industrial forecasts.



4. Lastly, although ideally all aid should provide an incentive either to development or to adaptation and conversion, it may prove necessary in specific areas to provide some support on purely social grounds; in instances of this kind, however, the principle that support should be confined to the time needed to introduce the changes which are urgently needed must be constantly borne in mind.

## **B. Towards an improvement of the legislative and administrative framework of the economy**

1. There are a number of general economic policy instruments which, although not regarded as instruments of regional policy as such, may have considerable repercussions on the facilities governing industrial location. These are provisions, regulations, and general arrangements which form part of the institutional framework of the economy.

Just as technical infrastructures and administrative systems were tailored to the needs of a society which was — as has been seen — subject to the traditional constraints on location, so the institutional frame of reference may still be marked by traditional structural situations and locations.

Where this is so, the new prospects of a free choice of location opened up by technology may be seriously impaired by these institutional, legislative or administrative frameworks. One might quote as examples: (a) transport rate systems, the effect of which is combined with that of the traditional infrastructure pattern; (b) pricing arrangements: whether these are based on producer prices, parity point prices or ordinary delivered prices, they allow in their different ways for the geographical distribution of markets; (c) tax arrangements, and so on.

However necessary it may be to provide temporary compensation for these distortions, there is no doubt — apart altogether from the problems of scale it poses — that this is not the best way of dealing with situations of this kind; it would be preferable to adapt the institutional framework directly to the new requirements of economic structures. Here is a fruitful field for study and reform.

## **C. Towards harmonized statistics and regional development plans**

The need for reorganization which would make instruments more effective is also evident in connection with the compilation of statistics and when it comes to action.

1. The Commission considers that the regional studies to which it has contributed at the Member States' request are extremely valuable. Thanks to studies of this kind, it has often been possible to help in an effective way to improve the situation in the regions.

It feels, however, that care should be taken to ensure that further studies are not added to the numerous studies already provoked by every region in the Community. It admits that essential information is often lacking and that this explains the constant demand for new studies. Because of this, it is essential that co-ordinated and consistent steps be taken at Community level to produce this essential information on a joint basis. Systematic information organized along more efficient lines could then lead more directly to regional schemes, which are the true purpose of any regional policy study.

2. Similarly, regional policy measures would benefit from being grouped together in regional development plans. A tendency in this direction has moreover been noted in the Member States. A confrontation of programmes at Community level — particularly if border areas are involved — appears to be more and more indispensable. Where these programmes involve infrastructures which would benefit areas overlapping national frontiers — as is often the case — the greatest possible co-ordination must be sought at Community level.

#### D. Selecting priorities

The extent of the resources to be committed for regional policy action in the various types of region inevitably raises the general problem of priorities.

It looks, at first sight, as if the options can be summed up as follows:

(a) Should priority be given to those regions which are experiencing the greatest difficulty, despite the fact that improvements in these areas will be the most expensive, will take the longest time to complete, and will be the slowest to show results?

(b) Or, alternatively, should priority be given to regions where the problems are less serious, and where the resources utilized will yield the highest return as rapidly as possible?

Clearly, the most immediate economic calculation argues in favour of the policy which would result from the second alternative. This is the choice which is made, quite naturally, by private enterprises; it also causes the least disruption of the established economic order and is geared to providing funds necessary for structural and infrastructural improvement.

Conversely, social and political arguments militate immediately in favour of priority being given to the regions where the problems are largest, even if there is a danger of existing conditions of competition being seriously disturbed, even though the return on investment will be slow and perhaps uncertain.

The choice is less simple in practice: the alternatives are not always so clear-cut, and the main point is to avoid the pitfalls along the way.

The natural predilection towards the immediate economic calculation must be prevented from allowing too much importance to attach to existing structures and infrastructures, which are the main factors determining established conditions of competition. It must not be allowed to lead in the end, mainly because of the natural inclination of private interests, to a widening of the gap between areas which are well-equipped and those which are not or whose facilities are not adjusted to the needs of the modern economy. The authorities, by introducing a number of cost items — notably items of social cost — and certain collective or individual objectives which cannot be given a market value into the economic calculation, should concentrate on the areas most lacking in economic, social and cultural facilities.

But too large a proportion of public investment must not be concentrated on operations where the return is very slow or even doubtful. These are likely to act as a brake on general economic development, and a cumulative process might be set in train which would gradually prevent the necessary resources being made available for schemes which are considered worth while. The authorities must constantly bear the needs of economic growth in mind; they should maintain growth conditions in the regions most likely to produce results and spread out those operations where the return is most uncertain.

Apportioning public effort in this way to avoid the two pitfalls discussed above should not be confused with such dissipation of effort as leads to a waste of resources.

It has been stressed again and again in the foregoing pages that action must be directed towards growth points. This is essentially a question of timing, and from it stems the need for a sufficiently sophisticated programming of regional policy as a whole. Hence, equilibrium would be all the easier to establish if there were Community-level confrontation.

Similarly, a number of priority regions in each member country on which available Community resources could be particularly concentrated might be picked out periodically at Community level by the Member States and the Commission.

A new pattern of this kind, backed by jointly agreed procedures, should enable the Community to discharge as efficiently as possible its Treaty obligation to “promote throughout the Community a harmonious development of economic activities” while allowing for the requirements of the common policies and the co-ordination of economic policies, differences in existing structures and the great variety of regions which is a feature of the geographical make-up of the Member States.



## **II—Proposal for a Council decision on the organization of Community instruments for regional development**

(submitted by the Commission to the Council on 17 October 1969)



## A. Explanatory Memorandum

On 17 October 1969 the Commission submitted to the Council a draft decision on the organization of Community instruments for regional development, accompanied by a Memorandum on regional policy in the Community.

At the stage of development reached by the Common Market, and considering the present problems in the Community, the Commission felt it necessary to submit to the Council proposals which would enable the Community to promote and facilitate the implementation of particularly urgent practical regional policy measures. This is especially necessary when it is considered that common policies in various fields may be jeopardized if they are not supported by regional policy measures. Although the Member States are responsible for regional policy in respect of establishing, implementing and financing development and conversion programmes, the results of this policy have an appreciable influence on the Common Market as a whole.

(1) The task which the Treaty gives the Community of promoting “throughout the Community a harmonious development of economic activities” (Article 2) cannot be accomplished solely by the opening of frontiers and the free play of competition. The public authorities must further a policy of adapting infrastructures and of environmental planning; the economic calculations on which enterprises base their investment decisions do not include all the elements of the cost—particularly of the social cost—and do not take into account certain collective or individual aims which do not lend themselves to monetary assessment on the market and are the responsibility of the public authorities.

In spite of progress made, the Member States’ regional policy activities have not been altogether sufficient to counterbalance to the extent desired the natural tendency to set up enterprises in regions with the largest external economies, i.e. those which are already developed. One factor is that these activities have not taken sufficient account of the development of the Common Market.

The result is that after twelve years of developing the Market there has been no appreciable approximation between the structures of the various regional economies: the backward regions concentrating on agriculture account for half of the area of the Community and more than a quarter of its population; most of these regions are in the two Community countries where they are predominant. The industrialized regions are quite widely distributed in some Community countries but highly concentrated in others.



A certain number of these industrialized regions are declining, especially areas producing mineral ores, which are increasingly losing their economic value to raw materials imported from non-member countries. Even within the Common Market, political frontiers still prevent regions with the same economic features from co-ordinating their development; regions bordering on State-trading countries always present particular problems, as traditional economic links have been broken; other industrial and urban regions attract too many enterprises and people; these super-concentrations present serious economic, social and human problems.

(2) The establishment of the Common Market and the gradual approximation of policies, as prescribed in the Treaty, cannot be really successful unless the regional structures which they involve are adapted sufficiently.

In this way:

(a) The common agricultural policy raises the particular problem of creating jobs in non-agricultural sectors in many regions, and this requires massive campaigns to set up infrastructures and other measures facilitating the introduction of new industries;

(b) The common transport policy and the implementation of a Community energy policy, if applied where there are regional imbalances in infrastructures, may well aggravate these imbalances. These policies must dovetail with the overall long-term requirements of regional development;

(c) Rate and price policies in the transport and energy fields and the whole competition policy may be impeded by the many correctives needed to avoid jeopardizing further the development opportunities of the backward regions;

(d) With the present regional structures, the basic equilibria in the monetary and balance of payments fields are difficult to achieve on the Community scale. Excessive discrepancies from State to State in the proportion of under-developed and declining regions (which are marked by inadequate productivity in both their industries and infrastructures) inevitably lead to considerable differences in the quality and rate of growth, that is, in the basic equilibria.

(3) Confronted with these difficulties, the Treaty laid down certain provisions:

(a) For agriculture, in Article 39(2), which states that in working out the common agricultural policy, account shall be taken of "structural and natural disparities between the various agricultural regions". In this respect, the

Council adopted a decision on 4 December 1962 on co-ordinating the national agricultural structure policies. This decision required the Member States to communicate their multi-annual plans and regional programmes to the Commission and discuss them with each other under the latter's chairmanship;

(b) For transport, in Article 80(2), which states that the Commission shall examine rates and conditions, taking account "of the requirements of an appropriate regional economic policy, of the needs of under-developed areas". In the same way, the Council decision of 28 February 1966 on the communication of investment projects and consultation on transport infrastructure investments states explicitly that account shall be taken of the incidence of these on the development of one or more regions;

(c) For competition, in Article 92(3) on aids, which specifies the conditions in which aid to promote regional development may be considered compatible with the Common Market;

(d) For the financing of investment projects, in Article 130 on the task of the European Investment Bank.

These provisions are not sufficient, however, to prevent regional difficulties jeopardizing the accomplishment of the task vested in the Community by Article 2 of the Treaty.

(4) The purpose of the decision laid before the Council is to give the Community the additional powers needed to take action in this respect.

(a) The Community, in co-ordination with the Member States' regional policy measures, must contribute to the accomplishment of this task in accordance with the requirements and implications of the establishment and operation of the Common Market and the progressive approximation of economic policies.

For this purpose, the Community should:

(i) Emphasize the urgency of the measures needed in certain regions and the need to draw up, finalize and implement development plans for these regions. This particularly concerns regions where regional policy measures are needed to attain the objectives of the Treaty;

(ii) Make it easier to implement these development plans by co-ordinating the instruments prescribed in the Treaties and by according special interest rates or guarantees for loans granted for this purpose by the European Investment Bank or other financial organs;

(iii) Be able to encourage better co-ordination of the measures planned by the Member States.

(b) Such action in favour of regional development calls for the investment of considerable financial resources. The amount of the Member States' budget estimates for regional policy measures should therefore be first assessed.

The capital available within the Community should also be directed in sufficiently large quantities towards the financing of its regions. The European Investment Bank is the obvious organ to enable the capital needed for such a campaign to be transferred within the Community; the Member States should use all the means at their disposal to promote these activities.

A system of reduced interest rates could have the desired effect without requiring the mobilization of very large sums. The order of magnitude of the reductions may be calculated on the basis of the following figures: if ten-year loans to be paid off at one-tenth per year are taken as a simple example, each 100 million u.a. loaned per year at reduced interest rates (i.e. 1 000 million in ten years), would entail, for every percentage point of reduction, a charge on the budget rising gradually from one million units of account the first year to a maximum of 5.5 million per year in the tenth and subsequent years.

Lastly, means of ensuring that potential public and private investors in regional development are better informed should be promoted. Experience has shown that investors do not always have access to all the data necessary for making a fully-informed choice of site. It is particularly important that they should be able to obtain information about development prospects in the various regions of the Community.

**B. Proposal for a Council decision  
on the organization of Community instruments  
for regional development**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof;

Having regard to the proposal of the Commission;

Having regard to the Opinion of the European Parliament;

Whereas, according to Article 2 of the Treaty, the Community has the task of promoting throughout the Community area a harmonious development of economic activities; whereas there are considerable imbalances between regions within the Member States and at Community level;

Whereas the measures referred to in Article 3 of the Treaty—the establishment of common policies, in particular an agricultural policy and certain aspects of transport policy, the establishment of a system ensuring that competition in the common market shall not be distorted, the co-ordination of economic policies—together with the implementation of a Community energy policy and an industrial policy, are indispensable if the gap between the different regions and the ground lost by the less-favoured regions are to be reduced; whereas, on the other hand, the co-ordination of regional policies will facilitate the implementation of these common policies;

Whereas the Treaties contain a body of provisions, particularly regarding action by the public authorities, aimed at helping to solve certain regional development problems;

Whereas, without prejudice to the obligations and powers resulting for the Member States and the Community by virtue of the said provisions of the Treaty, steps must nevertheless be taken to ensure that the measures contemplated by the Member States, which are responsible for drawing up and implementing regional development plans, converge along lines that will help towards attainment of the Community's objectives and that the choices to be made and priorities to be established are organized in a manner consistent with the requirements involved in establishing the common market and gradually approximating economic policies; whereas for this purpose a procedure must

be arranged which will enable the Commission to gather all the information it must have in order to formulate any recommendations or opinions it deems necessary;

Whereas for this purpose it is indispensable that each Member State should examine, together with the Commission, the situation of the regions for which, because of the requirements and implications involved in establishing the common market and gradually approximating the Member States' economic policies, development plans should be drawn up, or amplified, and implemented as a matter of urgency; whereas the Commission and the Member State concerned must reach agreement on the order of priority in which the content of such plans shall be discussed;

Whereas discussion of the content of a plan between the Commission and the Member State concerned may involve the participation of other Member States; whereas for this purpose a Community framework must be set up in the form of a Standing Regional Development Committee comprising representatives of the Member States and of the Commission and constituting a body for joint consultation;

Whereas regional policy forecasts and general programmes prepared by the Member States, and more generally regional problems arising because of the common market and problems linked with the implementation of regional policies, in particular in relation to budget policies, must be examined at Community level in order to facilitate the finding of converging solutions; whereas the Standing Regional Development Committee is the appropriate body for doing so and for formulating any opinions on the subject;

Whereas, when the Commission, after discussion in the Standing Regional Development Committee, finds that the regional development plans submitted correspond to the operational requirements of the common market and to the needs of gradual approximation of economic policies, the Community's instruments must be capable of facilitating the implementation of those plans; whereas for this purpose interest rate rebates and guarantees granted by the Community for loans to help finance the plans constitute an appropriate form of aid; and whereas it is therefore necessary to set up a rebate fund and a guarantee system for regional development;

Whereas it is also desirable that, in the framework of the existing institutional rules, co-ordinated use should be made of the other instruments at the disposal of the Community by virtue of the provisions relating to the European Investment Bank, the European Social Fund and the European Agricultural Guidance and Guarantee Fund and also the provisions of Article 56 of the Treaty estab-

lishing the European Coal and Steel Community which are such as to help promote those development plans;

Whereas better acquaintance on the part of investors with the various data they need is likely to increase the efficacy of investments contributing to regional development; whereas for this purpose co-ordination of information and, where necessary, the provision of fuller information should be promoted;

Whereas the instruments described above are needed for the achievement of one of the Community's aims; and whereas the Treaty has made no provision for the powers to act which are required for this purpose,

HAS DECIDED:

### *Article 1*

1. The Commission shall carry out a regular examination with each Member State of the situation of the regions for which, because of the requirements and implications involved in establishing the common market and gradually approximating the Member States' economic policies, development plans should be drawn up, or amplified, and implemented as a matter of urgency.

Such urgency shall be presumed to exist for the following regions:

- (a) regions lagging behind in development, mainly because of the predominance of agricultural activities;
- (b) regions which are declining because of the trend of the predominant economic activities;
- (c) frontier regions, where the need for co-ordination between Member States is felt particularly strongly;
- (d) regions where there is structural unemployment.

2. Such examinations shall be carried out:

- (a) annually on the Commission's invitation—the first examination to be undertaken within three months of the entry into force of this decision;

(b) wherever a situation arises which, in the opinion of one or more Member States or of the Commission, calls for such an examination.

3. Where these examinations lead the Member State concerned and the Commission to conclude jointly that development plans for one or more regions should be drawn up, or amplified, and implemented as a matter of urgency, the Commission and the Member State concerned shall establish by agreement an order of priority for discussing these plans in accordance with the conditions set out in Article 4.

### *Article 2*

If the examinations provided for in Article 1 fail to produce joint conclusions, the Commission shall retain the right to recommend at any time that the Member States draw up or amplify, according to the case, and submit for discussion under the conditions set out in Article 4 development plans to be implemented in certain regions.

### *Article 3*

The regional development plans submitted for discussion must, at the very least, contain sufficiently precise information on:

- (a) the current situation and future trends (population, employment, regional product, structure by sector, infrastructure);
- (b) any action contemplated, together with a timetable and information on what authorities are responsible;
- (c) public financing and the outlook for private investment.

### *Article 4*

1. The different aspects of the regional development plan shall be examined by the Commission with the Member State concerned, with due regard for the requirements and implications of the establishment and operation of the common market and the gradual approximation of the Member States' economic policies.

2. If the Commission or the Member State concerned so requests, the regional development plan shall be discussed in the Standing Regional Development Committee referred to in Article 8 of this decision. The Community aid provided for in Article 6 of this decision may not be granted without discussion in the Standing Regional Development Committee.

### *Article 5*

Without prejudice to the powers vested in it by the Treaties or by provisions adopted in pursuance of the Treaties, the Commission shall, in the light of discussions it has had with the Member States or which have been held in the Standing Regional Development Committee, direct to the Member States concerned, within a period of time to be agreed upon, any Opinions or Recommendations regarding regional development plans the main purpose of which is that account should be taken, from the economic and social angles, of:

- (a) the need for better co-ordination of measures adopted by the Member States, especially in frontier areas;
- (b) Community needs where improvements are made to infrastructure, in particular communications, oil or gas pipelines, ports, airports, and where natural sites and resources are developed;
- (c) the implications of policy on agricultural structure;
- (d) the demands of industrial policy in the common market and the need to avoid uneconomic production;
- (e) vocational training and guidance needs.

The Commission's Opinion may take the form of approval pure and simple of the regional development plan submitted.

### *Article 6*

Besides through co-ordinated use of the instruments at the disposal of the Community by virtue of the Treaties, the financing of measures provided for by a regional development plan which has been submitted for discussion by the Standing Regional Development Committee in accordance with Article 4(2), has been approved by the Commission or is in conformity with the recommen-



datations referred to in Article 5 may be covered by Community aid in the form of interest rate rebates or guarantees for loans made by the European Investment Bank or other financial institutions.

### *Article 7*

1. A Regional Development Rebate Fund shall be set up. It shall be managed by the Commission and replenished by budget contributions.

The interest rate rebates shall be allocated by the Commission according to the terms and procedures it shall establish in conformity with the rules on the operation of the Fund and the principles regarding allocation to be laid down by the Council on a proposal from the Commission.

2. A guarantee system for regional development shall be set up. It shall be managed by the Commission and backed by the Member States according to a scale of contributions to be decided upon by the Council on a proposal from the Commission.

The guarantees shall be allocated by the Commission according to the terms and procedures that it shall establish in conformity with the rules on the operation of the system and the principles regarding allocation to be laid down by the Council on a proposal from the Commission.

The ceiling for such guarantees shall be fixed annually by the Council on a proposal from the Commission.

### *Article 8*

1. A Standing Regional Development Committee shall be set up under the Commission for the purposes set out in Articles 4 and 5 of this decision.

The Committee shall be composed of representatives of the Member States. The chairman of the Committee shall be a member of the Commission or his representative. The European Investment Bank shall appoint an observer. The secretariat for the Committee shall be provided by the Commission. Minutes shall be kept of the Committees' meetings and they shall be transmitted to the Member States. The Committee shall draw up its rules of procedure with the approval of the Commission.

2. In order to facilitate the seeking of converging regional policy solutions which contribute to the accomplishment by the Community of the task set out in Article 2 of the Treaty, the Standing Regional Development Committee shall examine the regional policy forecasts and general programmes prepared by the Member States, and more generally the regional problems arising because of the common market. The Committee may formulate opinions on the subject.

#### *Article 9*

In order to assess the financial backing for regional development action in the Community, the Commission shall examine regularly with the Member States the extent of the funds they contemplate allocating to regional policy action over a period of years.

#### *Article 10*

1. With a view to keeping private and public investors who might make a contribution to the implementation of regional development plans better informed, the Commission shall organize Community-level co-operation institutions and other bodies pursuing this aim in the Member States.

The Commission shall place at their disposal, subject to Article 214 of the Treaty, the requisite information on such regional development schemes, programmes, plans and measures in the Community as have come to its knowledge.

2. The Commission may promote the establishment or development of such institutions and other bodies where the existing information network is insufficient to cover more particularly those regions referred to in Article 1 of this decision.

#### *Article 11*

This decision is addressed to the Member States.



### **III—Regional policy in the several member countries of the Community**

(Annex I)



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## INTRODUCTION

Annex I gives a general outline—necessarily not exhaustive—of regional policies pursued in the several Community countries during recent years. The aim is to present a summary of general trends and practical achievements in this field in the Community.

The analysis inevitably contains information from which the regional policies pursued in the Member States could be evaluated. However, it is not the purpose of this memorandum to pass value judgments—which could only be made after a thorough and detailed analysis of the policies and facts.

Furthermore, the regional policies pursued in the Member States would have to be compared beforehand with the Community's regional policy as a whole. This is one of the chief tasks undertaken in the Memorandum on regional policy in the Community.

The main purpose of Annex I is to permit a more direct and objective comparison of the instruments employed in each of the Member States.

## PART I

# REGIONAL POLICY IN THE FEDERAL REPUBLIC OF GERMANY

### I—Constitutional and administrative framework

The Basic Law of the Federal Republic specifies that the country's regional policy is first and foremost a matter for the *Länder*, with the *Bund* only intervening secondarily—namely, where the *Länder* are unable to discharge their duties. Furthermore, the communes also play a considerable role in the development of the regional economy, thanks to the means available to them by virtue of their self-administration.

This structure prescribed by the Basic Law has, however, undergone certain modifications in recent years:

- (a) Regional and administrative reforms have changed the traditional territorial authorities (dissolutions, amalgamations, creation of new communes and administrative districts, proposals for the amalgamation of *Länder*);
- (b) According to the proposals in the financial reform law, regional structure policy should be recognized as a task of common interest (*Gemeinschaftsaufgabe*). As a result of this and of other possibilities specified in the said law, the *Bund* will be given greater powers in the field of regional economic policy.

Although the Basic Law stipulates that regional policy is essentially a matter for the *Länder*, the following account deals mainly with measures by Federal bodies (and in particular with the regional promotion programme of the Ministry of Economic Affairs).

This choice can be justified on the following grounds:

- (a) For several reasons the *Bund* plays the leading part in devising regional policy, notably because it has to ensure co-ordination of the policy of the *Länder*;
- (b) The *Bund* furnishes a considerable proportion of the funds for promoting the establishment of industry, and determines the procedures by which they are granted. In this field the measures of the *Länder* are only complementary and centred more on infrastructure.

## II—Principal objectives of regional policy, present state and development of concepts

1. The *Bund* and the *Länder* latterly gave the following definition of the general objective of regional economic policy in the Federal Republic (cf. Grundsätze der regionalen Wirtschaftspolitik, 5 October 1967): "The general objective of regional economic policy is to create optimum conditions for balanced regional economic structures and to ensure, in all regions, that unused or poorly used factors of production are mobilized for general economic growth."

In addition, the Federal town and country planning law (*Bundesraumordnungsgesetz*) lays down specific objectives for the various regions of the Federal Republic. The objectives of concern in this study are as follows:

(a) In regions where living conditions as a whole are lagging behind the federal average, or where such a lag is to be feared, the economic and social situation in general and cultural amenities in particular are to be improved (section 2, 2);

(2) The output capacity (*Leistungskraft*) of the *Zonenrandgebiete* (regions bordering the Eastern Zone) is to be strengthened as a matter of urgency so as to create, throughout these regions, living and working conditions as well as economic and social structures which are at least as good as those in the Federal area as a whole. The development effort is to be brought to bear, first and foremost, on educational establishments, cultural amenities, communications, public and administrative services (section 2,4);

(c) As regards the rural regions, efforts must be directed towards ensuring sufficient population density and adequate economic capacity, as well as sufficient opportunities of employment in other branches besides agriculture and forestry (section 2, 5).

All these objectives have in common the fact that they are not quantified. They are certainly amenable to quantification, but this has not yet been done officially.

2. Eight phases can be distinguished within the framework of these objectives.

(a) In a first phase ending towards 1956, i.e. on attainment of full employment, the measures to be taken were mainly considered as steps to remedy emergency situations. The principal criteria adopted for the delimi-

tation of reconstruction areas were unemployment, the inadequacy of agriculture, etc.—in other words, criteria which in part mirrored social preoccupations.

(b) As full employment was approached, attention shifted more to criteria based on the economic situation. The major objective then being to strengthen the economic potential in regions with weak structures, a new definition of development areas was adopted in 1963, using gross domestic product, taxable capacity and industrial capacity as yardsticks. It may be added that the old areas were hardly changed by the application of these new criteria.

(c) The creation of growth centres in 1958 was another innovation in regional policy formulation. The purpose of the growth centre programme is to absorb migrants from the land by the industrial development of small and medium-sized towns located in the countryside at a sufficient distance from the big conurbations, and to provide a counterweight against the pull exercised by the latter. Between 1958 and 1967, the number of growth centres increased from 15 to 67.

(d) While the programmes enumerated above were primarily intended to develop agricultural regions, a new situation arose in 1966-67 when a particularly severe structural crisis—closely bound up with the economic crisis which the Federal Republic was undergoing—occurred in the Ruhr and the Saar.

With the introduction of an investment grant for the coalfields, the Government embarked on a more extensive aid programme for redevelopment areas. Furthermore, the Bund part-finances major measures of infrastructure renovation taken under programmes worked out by the two Länder concerned.

(e) The economic crisis of 1966-67 inaugurated a new phase, insofar as the *Bund* and *Länder* have linked short-term economic policy and structural policy closely together in the context of measures to revitalize the economy. In both the first and second programmes of special economic and structural measures, the Federal Government assigned ample funds to assisting the so-called “structural” areas—coalfields, *Zonenrandgebiete* (regions bordering the Eastern Zone), *Bundesausbaugebiete* (growth centres recognized by the Bund), Land Berlin. (See chapter on “Instruments of regional policy” below.)

To offset decisively the negative effects of the economic crisis two other programmes have been adopted for the promotion of infrastructure projects benefiting “structural areas”. The first of these programmes entails investments of

about DM650m., the second one—called the *Gemeinsame Strukturprogramm*—investments totalling DM1 300.

(f) The expansion of aids to the coalfields in 1968 has resulted in a certain upward trend in aid rates. In some centres of regions bordering the Eastern Zone, the authorities can now make grants covering up to 25% of total investment expenditure. Subsidies are expected to increase in other categories of regions.

(g) Finally, regional development will move into a new phase with the tasks of common interest (*Gemeinschaftsaufgaben*), which are to be defined and financed jointly by the *Bund* and the *Länder*. Although the *Bund* and *Länder* have not yet agreed on the nature and scope of these tasks, there is reason to believe that “the improvement of regional economic structures” is recognized as such a task of common interest.

(h) The “regional action programmes” recently proposed by the Federal Ministry of Economic Affairs anticipate these “tasks of common interest” in a certain sense. These programmes are based on forecasts indicating that between 1969 and 1980 about a million workers will have to leave agriculture if income per capita in this sector is to attain 3/4 of the average income in the rest of the economy. According to the proposals formulated by the Ministry, some DM330m. per year will be required to create the 20 000 new jobs needed outside agriculture each year. The programmes serve, in the framework of mandatory investment programmes drawn up on the basis of medium-term projections, to fix—for a period of at least 5 years—measures to be taken to develop regions with weak structures (Eifel-Hunsrück, Ostbayern, Schleswig, Nordhessen, north-west Niedersachsen).

The regional action programmes will make it possible to reduce the disadvantages resulting from dispersion of credits in the *Bundesausbaugebiete* (development regions recognized by the *Bund*) and simultaneously co-ordinate the numerous plans and measures of the *Bund*, *Länder* and communes.

### III—Instruments of regional policy

A. An account is given below of the incentives currently granted under the regional development programme (Federal programme) for the four categories of development regions, which are listed immediately afterwards.

#### 1. *Investment grants*

(a) Covering 10% of the total investment for rationalization projects;

(b) Covering 15% of the cost for the establishment of new enterprises, extensions and conversions;

(c) Covering 25% of the cost for the establishment of new enterprises and for certain extensions.

2. *Loans* to industrial enterprises covering up to 50% of the total investment; interest rate of 3.5% p.a., total term of 7 years. Depending on availabilities, these loans can be combined with the abovementioned investment grants provided the total does not exceed the maximum rates laid down for subsidies.

3. *3% interest-rate rebates* during the first three years for loans granted for the rationalization and conversion of industrial enterprises.

4. *Grants* covering up to 60% of the total cost of developing industrial land.

5. *Rapid write-off*: for movables, 50% in the first year; for real estate, 30%.

6. *Freight compensations* for enterprises in the area bordering the Eastern Zone, which suffer from certain disadvantages due to the frontier. These freight compensations can henceforward be capitalized.

7. *Investment allowance* of 10% of capital expenditure (tax reliefs).

These procedures 1 to 7 are applied as follows in the four categories of Bund development regions:

(a) *Bundesausbaugebiete* (development regions recognized by the Bund): 1a, 1b, 2, 3 and 4;

(b) *Bundesausbauorte* (growth centres recognized by the Bund): 1b and 2 solely for the establishment of new enterprises, plus 3;

(c) *Zonenrandgebiete* (regions bordering the Eastern Zone): 1a, 1b, and 2, for the establishment and extension of enterprises, plus 3, 4, 5 and 6. 1c, for certain Bundesausbauorte which are located in the area bordering the Eastern Zone and also have difficulties in specific sectors;

(d) *Coal-mining areas*: 7 for the establishment of new enterprises.

N.B.: The procedures mentioned under 1, 2, and 3, cannot give rise to a subsidy-equivalent exceeding 15% of the total investment (see under c, above, for exception).

B. In c and d regions, incentives are also granted from the funds of the ERP (European Recover Programme). The loans mentioned under 2 come from the funds of the BAVAV (*Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung*). The maximum subsidy-equivalent rates may not be exceeded.

C. Apart from financial assistance granted by the *Bund*, the *Länder* also take financial measures to aid development which cannot be described in detail here. Generally speaking the *Länder* only intervene in a supplementary capacity, either in the *Bundesfördergebiete* (economic promotion regions recognized by the *Bund*) when Federal credits are inadequate, or in other regions with weak structures which do not satisfy the criteria laid down for the *Bundesfördergebiete*. In this connection it must be said that the *Länder*, when granting their own facilities, do not exceed the maximum sums specified by the regional development programme.

D. The funds assigned to this programme—except for incentives 2 and 7—have been increased from DM20m. to DM170m. per annum.

Furthermore, DM170m. per annum have been earmarked under “regional action programmes” for encouraging creation of additional jobs.

During the economic crisis considerable resources were mobilized to promote infrastructure investment in regions with weak structures:

- (a) under the first and second economic stimulation laws;
- (b) under a new DM250m. programme for promoting DM650m. of infrastructure investment;
- (c) under the DM500m. “joint structural programme” for promoting DM1 300m. of infrastructure investment.

### *Summary*

This analysis of objectives, concepts and instruments enables the following conclusions to be drawn regarding the development of regional policy in the Federal Republic:

1. The role of regional policy has gained appreciably in importance:

- (a) new tasks are to be accomplished in the industrial redevelopment areas;  
and



- (b) tasks are becoming more extensive in the developing agricultural regions;
- 2. The volume of aids granted has considerably increased,
- 3. The range of instruments for regional policy has become more varied,
- 4. Aids have been intensified;
- 5. Regional policy, originally conceived as a means of helping regions in difficulties, is being looked upon more and more as a contribution towards the attainment of general economic aims, and is being correspondingly integrated into the national economic policy.

This integration has the following consequences:

- (a) Regional policy is linked with the general policy for economic growth. As was stated, the major objective of regional policy is to mobilize unused or poorly used factors of production for general economic growth. At sector level, the promotion of central points (*Bundesausbauorte*) facilitates the transfer of agricultural manpower to other, more productive sectors, and this simultaneously makes it possible to avoid the higher social charges of the big concentration areas.
- (b) Regional policy is linked with short-term economic policy.
- 6. Funds are increasingly being concentrated on the areas of principal effort. This concentration has taken place in the following stages:
  - (a) Firstly, regional promotion by wide diffusion of aid: reconstruction regions, *Zonenrandgebiete*;
  - (b) Then, creation of *zentrale Orte* (central points) or *Bundesausbauorte* (growth centres recognized by the Bund);
  - (c) Finally, implementation of regional action programmes for certain areas.
- 7. Incorporation of regional policy in general economic policy has not, however, led to regional planning in the strict sense.

#### IV—Key features of regional development

The outline of results in the first part of this report shows that regional development in the Federal Republic of Germany has, all in all, been satisfactory.

The main achievements are listed below.

1. At the level of the four groups of *Länder* (North, West, Centre, South):

(i) *Economy:*

further reduction in the difference, which is slight anyway, between the product per capita in these regions and the Federal average;

(ii) *Population:*

reduced pull by the heavily populated and industrialized regions of the West (Nordrhein-Westfalen), increased pull by the South, which is economically weaker;

no further increase in the proportion of the total population living in the concentration areas.

2. At the level of the eleven *Länder*:

(i) *Economy:*

reduction in the difference between the product per capita here and that of the *Bund*;

stronger economic growth in some less-favoured *Länder* and consequent increase in their share of the gross *Bund* product;

faster industrial growth in previously less industrialized *Länder*;

(ii) *Population:*

slower population increase in the more densely populated *Länder*; migrations from certain areas of concentration to neighbouring, less densely populated *Länder*.

3. At the level of the *Fördergebiete* (*Bundesausbaugebiete, Bundesausbauorte, Zonenrandgebiete*), the economically weakest regions on which the efforts of the *Bund* and *Länder* are more especially brought to bear:

(a) Virtually the same tendencies were observed for the 1957-64 period in the *Bundesausbaugebiete* and the regions bordering the Eastern Zone:

(i) *Economy:*

growth of the gross domestic product (GDP) at least equal to the *Bund* average; increase in GDP per capita and in industrial employment higher than the *Bund* average;

(ii) *Population:*

since 1961, net immigration but reduction in the proportion of the Federal German population living in these regions;

(b) Available figures on the establishment of enterprises in *Bundesausbauorte* (see table) show that this policy has produced some positive results.

4. Finally, the tables contain interesting data on relocations and establishment of new enterprises in the three regional categories of densely populated areas, rural areas and *Bundesfördergebiete*.

The table shows that, expressed in terms of numbers of workers, the *Fördergebiete's* share in relocations and establishment of new enterprises showed an overall upward trend between 1955 and 1965.

The trend of the percentage ratio between relocations and establishment of new enterprises in *Fördergebiete* and the number of enterprises leaving areas

Relocations and new establishments, as measured by number of persons employed

Period	Percentage in concentration regions	Percentage in rural regions	Of which: percentage in promotion regions
1955-57	47.39	52.61	13.86
1958-60	31.20	68.79	23.20
1961/63	42.35	57.65	26.20
1964/65	26.55	73.44	30.56

Relation between promotion regions <sup>(1)</sup> and concentration regions <sup>(2)</sup>  
as measured by number of persons employed

Period	Relocations from <sup>(2)</sup> to <sup>(1)</sup> as percentage of all relocations and new establishments	Relocations from <sup>(2)</sup> to <sup>(1)</sup> as percentage of all relocations from concentration regions
1955-57	60.99	38.24
1958-60	47.50	33.79
1961/63	53.20	51.89
1964/65	32.05	40.28

of concentration is revealing. As indicated by the table, this percentage also shows an upward trend. Obviously, not all enterprises leaving a densely populated area can settle in rural regions, but it may nevertheless be asked whether this percentage could not have been higher.

## V—Comparison of regional policy objectives with regional development

1. As we have seen, regional policy objectives have not been quantified in the Federal Republic. So the achievements do not provide an exact yardstick of the extent to which those objectives have been attained. On the other hand, it is possible to establish whether progress has been made, and to what extent, towards the qualitative objectives which have been mentioned.

2. As regards the general objective cited among the fundamental principles of regional policy, while it is certainly impossible to judge how far the “optimum” conditions of a balanced regional economic structure have been created, it cannot be denied that the increasing industrialization of the agricultural regions means progress towards the objective of mobilizing “unused or poorly used factors of production for general economic growth.”

3. The following points can be noted concerning the specific objectives enumerated in the Federal town and country planning law.

(a) The “economic capacity” of the regions bordering the Eastern Zone has undoubtedly been strengthened (increase in GDP per capita).

More detailed analyses would be necessary to establish whether “living and working conditions” and “economic and social structures” have been brought into line with those of the Federal areas as a whole. This aim has certainly not been achieved throughout these regions, as the law demands. In this connection, however, it must be asked whether such objectives are realistic, given the heterogeneity of the *Zonenrandgebiete*.

(b) As regards the rural areas mentioned by the Federal town and country planning law, the assessment must be confined to the progress made by the *Bundesausbaugebiete*, which are only those rural areas with the weakest economy. The above analysis indicates that the “economic capacity” has been increased in these regions (rise in GDP per capita). It also shows that “sufficient employment opportunities” have indeed been created “even outside agriculture and forestry”, for there has been net immigration into these regions in recent years. (However, this problem is closely bound up with the prices and incomes policy pursued in the agricultural sector and might give rise to considerable difficulties in the future.) On the other hand, within the compass of this study it would seem to be impossible to judge whether a satisfactory population density has really been achieved in these regions.

## VI—Factors making for regional development

While regional development in the Federal Republic has evolved sufficiently well on the whole, there is no doubt that this is due not only to the specific regional policy measures but also to the combination of various factors, some of the particularly important ones being given below:

1. The favourable pattern of distribution of towns and industrial centres;
2. The climate of growth, which has stimulated industrial expansion and consequently the propensity to invest;
3. The manpower shortage which appeared after attainment of full employment, which will persist owing to the unfavourable age-pyramid structure, and which forces enterprises to recruit in regions with labour reserves, i.e. in the regions with agricultural structures.

## VII—Principal problems

1. Two regional problems are still as acute as ever in the Federal Republic:
  - (a) Development of the agricultural regions;
  - (b) Conversion of the Ruhr and Saar coal and steel areas.

To solve these problems the *Bund* and the *Länder* concerned have implemented, as has just been stated, major programmes directed primarily to accelerated creation of jobs in industry.

These programmes prompt certain questions, however, such as the following:

- (a) In view of the general slowdown in industrial employment, is it possible, at the level of the economy as a whole, to create the total number of jobs proposed in the various programmes ?
- (b) Does not creation of jobs in one region take place at the expense of another region, so that problems are merely transferred, not solved ?

2. The above questions are closely tied up with the problem of co-ordination of aids. After the introduction of the 10% investment grant in the conversion regions (Ruhr, Saar), the increase in the subsidy rate from 15 % to 25% for certain centres bordering the Eastern Zone has re-established the initial difference between these two categories of region. It may be asked

whether, in the present state of business activity, this increase in investment incentives does not conflict with the objective of equilibrium for the economy as a whole and whether aids scaled down to the initial levels would not have the same impact on location.

3. Another outstanding problem is that of the North German ports, which have steadily fallen behind their rivals in the past. This trend, and the danger of being cut off from the major raw-material transport flows by the construction of new deep-water transshipment terminals in other countries, suggest that co-ordinated action by the main parties concerned is urgently necessary.

4. As regards regional development methods, while substantial progress has been made in past years it looks as if there is still room to improve the efficiency of the policy in the following two fields:

(a) Co-ordination between infrastructure policy and industrial policy: large infrastructure projects, such as construction of canals and motorways, etc., are prepared and put through without enough attention being paid to whether industrial investments will follow. Application of "industrial complex analysis" would make this co-ordination easier;

(b) The number and size of the Bundesausbauorte: it has often been asked whether such a large number of small growth centres can be promoted effectively.

5. Co-ordination of the economic policies of the *Länder*, with each other or with that of the *Bund*, continues to raise questions for which an answer has yet to be found. The *Länder* establish comprehensive development plans, for instance the plan for Hessen (*grosser Hessenplan*). How can these plans be dovetailed into the general economic policy of the Federal Republic?

6. Financial reform is a still outstanding problem which concerns all regional authorities. The *Länder* and communes of the Federal Republic will doubtless not fully endorse the above findings, to the effect that regional development in Germany has been favourable on the whole. This is because their principal interest is not the increase in the domestic product or income but the increase in taxable capacity. In this respect it looks, in fact, as though disparities between the *Länder* are tending to widen. Financial reform is thus of major interest to the regional authorities. It should provide, at last, a solution for the much debated issue of the trade and industry tax, whose distorting effects on regional development are familiar.

7. Regional reform and administrative reform are directly connected with financial reform. The need to tailor the size and structure of regional authorities to the potentialities of modern administrative techniques has very important implications for existing regional units. Reforms are in progress at all administration levels, but it would be desirable for them to be co-ordinated from the Community angle as well.

## PART II

### REGIONAL POLICY IN FRANCE

#### I—Institutional and administrative framework

French regional policy has been the subject of numerous decrees.

The regional reform projects now in hand show that this policy is in a continual state of flux and has yet to find its definitive form.

The responsibilities of the main public authority bodies are at present as follows:

1. The Office of the Plan (*Commissariat Général du Plan*) and the National Commission for Town and Country Planning (*Commission Nationale d'Aménagement du Territoire*) are responsible for carrying out research on the town and country planning approach and for incorporating their findings in the economic and social development plans;
2. The Delegation for Town and Country Planning and for Regional Measures (*Délégation à l'Aménagement du Territoire et à l'Action Régionale—DATAR*), attached to the Prime Minister's departments, is essentially a co-ordinating and stimulating body. Its task, on the basis of objectives laid down by the Plan, is to do the preliminary work required for government decisions. In liaison with the ministries concerned, it prepares the annual measures necessary for implementation of the Plan, notably from reports on execution of the regional plans and of the operational sections. Finally, it is in close touch with the regional prefects, the conferences of regional authorities, and the regional growth committees;
3. The "regional" prefects are at the head of each of the 21 programme regions which were defined in 1956. Their task is to implement the government's policy on the economic development and town and country planning of each of these regions. They promote and supervise the activities of the *département prefects* in their region;
4. The conferences of regional authorities (*conférences administratives régionales*)—which have superseded the *interdépartement* conferences—group all



the public authorities of the regions, under the authority of the regional prefects, and are consulted on formulation of regional plans and the fixing of the operational sections of the Plan;

5. The Regional Economic Development Committees (*Comités de développement Économique Régional—CODER*), which have superseded the old Regional Economic Growth Committees (*Comités régionaux d'expansion économique*), comprise the local councillors, mayors and representatives of agriculture, commerce, industry, crafts and trade unions. They are consulted on the formulation of regional plans and give a lead in promoting regional activities.

## II—Principal objectives of regional policy, present state and development of concepts

1. In general, the objectives of French regional policy seem to crystallize around the following three points:

(a) Decentralization of activities from the Paris region, insofar as their location in this region cannot be justified. Eighteen per cent of the French population and the most advanced activities are found in the Paris region, which covers two per cent of the area of France. The substantial immigration into this region, the awkward problems presented by congestion, the shortcomings in the local reception infrastructures, have prompted the public authorities to encourage transfer to the provinces of activities which are not of particular importance for the Paris region. To a lesser extent, a similar attitude has been adopted towards the Lyons conurbation;

(b) Conversion or redevelopment of regions hit by the decline or transformation of existing activities, i.e. regions in which steps should be taken to promote the establishment of new enterprises to re-employ workers from branches of activity which are declining or have disappeared. These operations take place mainly in the coalfields (Nord, Pas-de-Calais, Lorraine), certain textile areas (Vosges) and various small iron and steel centres (Basses-Pyrénées). The situation of these regions or areas, which are scattered throughout France, has deteriorated, and for several years Pas-de-Calais has had the largest net emigration figures of any French *département*;

(c) Upgrading of relatively underdeveloped regions which are backward in comparison with the French average. These regions, which include the whole of the West and the South-west, broadly speaking, are still fairly

heavily dependent on agriculture, and the aim is to promote the inception here of activities commensurate with their needs and potentialities.

All in all, French regional policy can be briefly summed up as follows:

(i) Objectives: to reduce the most serious structural imbalances in regional distribution of activities;

(ii) Geographical scope: to relieve congestion in the Paris region (10 million inhabitants), convert certain areas in the North and East (3 million inhabitants), develop the West and South-west and areas with a predominantly rural economy (17 million inhabitants). Through constraints and promotion measures, regional policy thus affects a group of regions with some 30 million inhabitants, or 60% of the French population.

2. Two major phases can be distinguished in the development of French regional policy.

(a) In the first phase, from 1954 to 1957, measures to convert uncompetitive enterprises and improve underdeveloped regions were directed towards decentralization. The industrial decentralization policy gradually became a policy of decentralized growth. This period is marked by the following features:

(i) Objectives: promoting decentralization of economic activities from the Paris region, while fostering conversion of enterprises and the improvement of inadequately developed regions;

(ii) Instruments employed: authorization required for the establishment of any new activities; regional action programmes drawn up for each of the 21 regions;

(iii) Aid: mainly channelled to 26 "critical areas", which are areas "suffering from serious and constant underemployment or from inadequate economic development."

(b) In the second phase, which dates back to 1958, the emphasis is more on regional economic development considered as an aspect of national economic development.

This period has seen the gradual emergence of a broader approach, at State level, with aid concentrated on growth points instead of being diffused.

This phase has been accompanied by administrative reforms at all levels, a harmonization of administrative districts, a strengthening of State aids by grants, a distinction between development and conversion measures.

This outline of the evolution of French regional policy obviously does not trace the very numerous modifications which it has undergone since 1954 as regards the bodies responsible for the policy, its geographical scope, or the intensity of regional aids.

### III—Instruments of regional policy

Instruments used by French regional policy can be classified in three categories: constraints, promotion measures and infrastructure projects.

#### A. Constraints

As already indicated, these mainly affect the Paris region, and also the Lyons conurbation.

They involve the control of industrial activities in these two regions:

(a) Any industrial structure covering more than 1 000 sq.m in the Paris and Lyon areas requires an authorization which the Ministry of Works issues after consulting a regional commission responsible for assessing the value of such a new establishment;

(b) Furthermore, a decentralization committee has been set up in the Paris region. Its task is to draw up a list of government departments and establishments whose presence there does not seem indispensable and to state its views on settlement plans by these authorities in the Paris region.

#### B. Promotion measures

Measures for promoting regional decentralization, conversion or development can be divided into financial aids, tax aids and local aids.

##### (a) *Financial aids:*

(i) Loans granted by the Economic and Social Development Fund (*Fonds de développement économique et social*) to encourage decentralization and conversion operations, at a rate of interest of 6% and for a term of 10 to 15 years;

(ii) Industrial development grants for inadequately developed regions and industrial adaptation grants for declining industrial regions, which can attain the following levels: 25% of investment expenditure on establishment of new enterprises and 15% of that on extension of enterprises, with a ceiling of 13 000 francs per new job resulting from establishment and 7 000 francs per new job resulting from extensions; the levels of these aids and their geographical scope vary within French territory;

(iii) Acquisition by regional development corporations of holdings of up to 35% in the capital of enterprises, for a maximum term of 15 years;

(iv) Decentralization grants at the rate of nearly 60% for relocation expenditure by enterprises which disperse to places outside the Paris basin, provided at least 500 sq.m of industrial premises are released as a result of the move;

(v) Closure grants for enterprises of the Paris region which release workshop, storage or industrial office premises;

(vi) Decentralization grants for service activities transferred from the Paris region to chief regional towns. These grants can attain 15-20% of the cost of the transfer;

(vii) Training grants towards vocational training costs of enterprises in under-developed and conversion regions;

(viii) Price reductions for certain industrial sites in the West of France, making it possible to reduce their price to 6 francs per sq.m;

(ix) Reductions in the price of natural gas from the Lacq deposit for the South-west and on the price of electric power for enterprises setting up in Brittany.

(b) *Tax aids:*

(i) Reduction in the conveyancing tax on transactions relating to the purchase of land or buildings, under the regional decentralization and conversion programmes;

(ii) Total or partial exemption from the *patente* (business tax) for a maximum period of 5 years under the regional decentralization and development programmes;

(iii) An exceptional amortization rate of 25% for capital expenditure in the regions of the West.

(c) *Local aids:*

Local authorities can part-finance the purchase of land by granting reductions on its selling price.

### C. Infrastructure projects

A number of semi-public companies have been set up in France to carry out major regional infrastructure projects in the agricultural or tourist fields or for the generation and distribution of hydroelectric power. Projects of the kind have been completed, or are in progress, in Provence, Languedoc and the South-west.

Some of these projects enable the area to be more rationally developed but often involve complete restructuring of certain regions.

They constitute a regional development instrument which is both novel and often decisive for the revitalization of certain regions.

These operations can be financed by various bodies, the most important being the Fund for Aiding Land Development (*Fonds d'intervention à l'aménagement du territoire—FIAT*) which was set up in 1963. The resources available to this fund have increased from 120m. francs at its inception to 220m. francs in 1968.

The activities of several semi-public companies must also be mentioned.

### *Summary*

French regional policy has developed in the following directions since it got under way in 1954:

- (a) It seeks to resolve imbalances in the distribution of economic activities throughout France;
- (b) It applies to a very substantial portion of the area of France;
- (c) It has gradually been provided with promotion instruments of increasing importance;

(d) It is increasingly tending to become part of the economic growth policy, regional differentiation of the Plan constituting the main link between the national and regional economies.

## IV—Key features of regional development

### 1. Regional framework

No French decree relating to regional policy gives a geographical division which would make it possible, more particularly, to follow statistically the evolution of the regions which are the concern of the policy. Furthermore, statistics rarely relate to synoptic indicators but, on the contrary, to completely pragmatic aspects of economic life.

In principle, the programme regions can serve as the basic statistical unit for comparisons. Similarities between some of these programme regions make it possible to recombine them on lines which, in certain cases, lead to a division of France into three regions: Paris region, West region and East region.

### 2. Direct measures of regional policy

The direct measures of French regional policy are difficult to assess since overall statistics are generally lacking.

Two criteria may, however, be taken as a basis for the period from 1955 to 1966, viz. the trend in industrial space and the trend in employment.

#### A. *Industrial space*

Licences for industrial buildings occupying more than 500 sq.m show a steady decrease in the Paris region, dropping from 33% to 8% of the total in the period under review, while the share of the West rose from 22% to 29% and that of the East from 45% to 53%. Here, growth has been particularly conspicuous in the Rhône-Alpes region, which is one of the most developed French regions after Paris.

## *B. Employment*

The employment statistics relate to operations performed with and without State aid and exclude the Paris region, so that they obviously give a very scrappy picture of regional policy.

Allowing for these substantial reservations, we find that in the period under review 382 000 jobs were created outside the Paris region—60% in the East and 40% in the West.

## **V—Comparison of regional policy objectives with regional development**

To compare regional policy objectives with regional development, it is essential to have statistics for the most representative indicators of the latter. But while France is fairly well provided with statistics, virtually none relate to synoptic indicators of the economic trend.

It is therefore extremely difficult to make such a comparison.

If regional development is measured by the three regional policy objectives of decentralization, conversion and development, the following picture emerges:

### **1. Decentralization**

Migratory movements can be taken as the criterion for decentralization from the Paris region. In this connection, the Paris region has continued to absorb the majority of immigrants from other French regions. It must be noted that the process of concentration in this region seems to have lost momentum considerably in recent years. According to the provisional results of the 1968 census, in the 1962-68 period the rate of increase in the Paris region was no longer markedly above the national average—8.9% as against 7.7%. In the 1954-62 period this rate was 14.8% as against 8.1%.

After the Paris region, the two regions of Rhône-Alpes and Provence show the largest net immigration.

As regards industrial activities, there is some transfer of industrial establishments from Paris to the provinces. New industrial settlements occur principally on the fringe of the Paris basin and in the Rhône-Alpes region.

## 2. Conversion

In the industrial regions faced with the decline of some of their traditional industries (coal mines, iron-ore mines, textiles), conversion efforts have not offset redundancy due to closures of enterprises or the slackening of their activities.

Between 1958 and 1967, the average number of unsatisfied applications for employment per year increased from 3 500 to 16 500 in the Nord and from 1 000 to 6 500 in Lorraine.

The deterioration in the mining regions is attested by the appointment in October 1967 of industrial conversion commissioners in the Nord, Lorraine, Saint-Étienne and Alès.

## 3. Development

It is impossible to pass a valid judgment on the development of the regions of the West in the absence of adequate statistical data. However, the provisional results of the 1968 census—unlike the figures for the 1954-62 period—indicate an increase in the population of Brittany.

## VI—Principal problems

1. French regional policy is based on a host of legal texts, and its promotion measures alone affect a very considerable part of the area of France—whence a certain impression that these incentives are too diffused.

Parisian decentralization is still a very great problem, despite the first encouraging result represented by the substantial reduction in the rate of population growth in the region. The French Government has decided to establish a number of provincial cities as *métropoles d'équilibre*—a plan which might conceivably do much to resolve this problem.

## 2. Outlook

It seems that three factors should be taken into account in considering the regional policy outlook in France.



### *A. Regional economic development*

The following features, in particular, of the foreseeable economic development in France over the next fifteen years should be kept in mind:

- (i) in the West, release of more than a million workers from agriculture;
- (ii) in the East, release of some 300 000 workers from the mines, the iron and steel industry and the textile industry.

The above figures disregard population growth.

The problems presented by the conversion and development regions should certainly receive undivided attention if it is desired to ensure that workers do not emigrate to the Paris region, where they will increase congestion while aggravating the disparities already existing between the levels of regional development.

### *B. Major infrastructure projects*

Major infrastructure projects such as those already completed or initiated in various French regions should also be carried out in other regions.

It certainly looks as though a regional policy hinging mainly on aids would not restore the French economy's equilibrium so soundly as the projects of the French Government such as, for instance, construction of the Dunkirk-Valenciennes canal and its connection with the European network, construction of the North Sea—Mediterranean link, creation of the port complex in the Gulf of Fos, provision of a deep-water transshipment terminal for oil tankers on the West coast, establishment of *métropoles d'équilibre*.

## PART III

### REGIONAL POLICY IN ITALY

#### I—Constitutional and administrative framework

The creation of regions specified by the Italian constitution has been taking increasingly clearer shape in recent years and should be completed by the end of 1969. Fifteen regions with normal status will then have been added to the existing regions with a special status (Sicilia, Sardegna, Valle d'Aosta, Trentino-Alto Adige, Friuli-Venezia Giulia), so that the whole of Italy will be divided into regions. It is impossible to say here how far this regional reform will affect the pattern of public income and expenditure.

It should be noted, however, that some regions have already submitted development programmes (*Schemi di Sviluppo Regionale*) and that others are preparing them in the framework of regional economic planning committees (*Comitati Regionali per la Programmazione Economica*).

The programmes contain hypotheses as to the development of the regions and main conurbations with allowance for the projections of the national five-year programme (*Programma Economico Nazionale per il Quinquennio 1966-1970*).

Here, as in the case of the Federal Republic, the various programmes and measures of the regions will only be mentioned in passing.

#### II—Principal objectives of regional policy, present state and development of concepts

1. The major regional development objectives of the Italian Government were formulated in the national five-year programme for 1966-70.

The general objective, to be achieved over a period of 15 to 20 years, is defined as "closing the development gap between the underdeveloped regions—in particular the *Mezzogiorno* (South)—and the most advanced regions."

As an interim objective for the 1966-70 period, it is planned to locate in the South:

- (a) At least 40% of gross fixed asset formation (including that of agriculture); and
- (b) At least 40% of all new jobs in the non-agricultural sectors.

In addition, a set of objectives—mostly qualitative—has been laid down for other regions in the North and in particular for the areas with a dense population and those scheduled for redevelopment.

2. Concepts have evolved through the following phases:

(a) A first phase from 1950 to 1957, when attention was concentrated above all on the development of agriculture and subsidiarily of infrastructure. Of the some Lit.1 000 000m. available, 770 000m. were assigned to agricultural development under the first plan of the Southern Italy Development Fund (*Cassa per il Mezzogiorno*), established in 1950, the rest being allotted to infrastructure projects. This was because the authors of the plan were convinced that priority should be given to promoting agriculture and establishing a general framework in order to trigger off a self-sustaining process of growth. These hopes were disappointed.

(b) The Vanoni Plan (*Schema Vanoni*), drawn up in 1954 and never put into effect, set the problem of the South in the general context of the national economy for the first time and revealed the interaction of regional measures. According to this plan, promotion of the two driving elements, “infrastructure” and “external economies”, was to suffice to initiate regional development. The Vanoni Plan also recognized the importance of industry for regional development.

(c) A new phase was inaugurated by promulgation of Law No. 634 of 29 July 1957, which made provision for a considerable number of industrial promotion measures and in particular:

- (i) Capital grants, interest-rate rebates and credits;
- (ii) Credits for establishing the specific infrastructure needed for new industry;
- (iii) Definition of the development regions and industrialization centres (14 *aree di sviluppo* and 28 *nuclei di industrializzazione*), i.e. areas where infrastructure projects and financial assistance are concentrated.

At the same time the mandate of the *Cassa per il Mezzogiorno*, initially fixed at 10 years, was lengthened to 15 years. The funds at the disposal of the *Cassa* were virtually doubled. The distribution of subsidies between the various activities was established as follows: 55% for agriculture, 11% for industry, 15% for water supply network, 13% for road-making and 5% for miscellaneous projects. In addition, substantial credits were mobilized (a large proportion from the IBRD and EIB). These credits, totalling 4 350m. dollars, engendered an aggregate investment of 7 060m. dollars.

(d) From the methodological angle, the concept of “integrated industrial centres” was an innovation. This concept was proposed in 1963 by the Commission, worked out by the consultant firm of Italconsult, and applied from 1966 by the Italian Government in the Bari-Taranto-Brindisi area. It is generally agreed that this joint operation was a success and made an important addition to the instruments of regional policy.

(e) A fresh phase opened with the law of 25 June 1965, which extended the mandate of the *Cassa per il Mezzogiorno* to 1980. The new task assigned to the *Cassa* was to intensify industrialization still further so as to bring the South level with the rest of the country, and above all to stop the wholesale exodus of people, which had amounted to 1.7m. between 1951 and 1962.

In view of its new terms of reference, the *Cassa per il Mezzogiorno* modified the allotment between activities of credits available for the period from 1965 to 1970. These credits were now distributed as follows: 33.5% for industry, 24.4% for agriculture, 21.7% for general infrastructure (13.1% for water supply network and 8.6% for road-making), 6.5% for tourism and 13.9% for miscellaneous measures. Industrial promotion thus became the leading item, for the first time, in the economic stimulation policy of the *Cassa per il Mezzogiorno*.

(f) The *Cassa's* new plan was incorporated, with the measures and programmes of the ordinary authorities, in the first national economic programme for the period from 1966 to 1970. This programme definitively integrates regional development of the South into the general economic development policy. Under the law of 25 June 1965, the measures of the ordinary and extraordinary authorities (*Cassa per il Mezzogiorno*) have to be grouped together in multi-annual co-ordination programmes (*Piani di coordinamento degli interventi*). The objectives to be achieved in the South have been quantified for the first time (see objectives, above). Four “*aree di sviluppo globale*” have been defined—one in Sardegna, one in Sicilia, one in Lazio-Campania and one in Puglia-Basilicata.

### III—Instruments of regional policy

A. The inducements offered by the central authorities for development of the South comprise:

(a) Financial advantages

in the form of grants and loans,

in the form of tax reliefs.

(b) Payment of the cost of specific infrastructures.

(c) Other measures.

1. The financial advantages comprise:

(a) Capital grants for the establishment or extension of enterprises, covering up to

20% of investments in buildings,

30% of investments in machinery (reduced to 20% for capital goods not coming from the South).

(b) 3% interest-rate rebates for a period of 15 years.

(c) Preferential loans at a low interest rate of

4% for investments of a general nature,

5.5% for purchases of machinery,

5.5% for formation of stocks.

These various advantages can cover up to 85% of total investment by small and medium-sized enterprises and up to 62% of total investment by other enterprises.

The following tax reliefs are granted:

(a) Exemption of profits and 50% of investment outlay from income tax and corporation tax;

(b) Exemption of new investments from income and corporation tax for ten years;

- (c) Exemption from corporation tax for enterprises which set up in the South;
- (d) 50% reduction in turnover tax (IGE).

2. The *Cassa di Mezzogiorno* meets 85% of the cost of establishing specific infrastructures in development areas and industrialization centres.

3. The other measures are:

- (a) 50% reduction in the duty on energy used as motive power;
- (b) 50% reduction in railway freight charges for consignments of goods to be used for investment projects in the South;
- (c) payment by the State of 20% of the social charges of all enterprises established in the South;
- (d) Assumption of guarantees, in particular for foreign credits;
- (e) Participation in enterprises by public authorities or public financial institutions.

B. In addition, the central authorities grant various advantages—generally smaller—in backward regions and areas in the North and Centre of Italy. These advantages will not be gone into here.

C. Apart from the inducements offered by the central authorities, several types of financial incentive are provided in the South by the autonomous regions, in particular Sicilia and Sardegna, but also in the North by Trentino-Alto Adige, Friuli-Venezia Giulia and Valle d'Aosta.

These incentives, which are sometimes substantial, will not be enumerated in detail here.

The combined total of advantages granted by regional authorities and the central government may not exceed the above-mentioned ceilings of 85% and 62% respectively.

D. The question of the volume of credits would also require a special study. A substantial proportion of these credits is undoubtedly accounted for by the funds, already mentioned, at the disposal of the *Cassa di Mezzogiorno*—which, according to the *Programma Economico Nazionale per il Quinquennio 1966-*

1970, totalled Lit.2 216 000m. for 1950-65 (annual average of Lit.147 000m.) but have been increased to Lit.1 700 000m. for 1965-70 (annual average of Lit.328 000m.).

However, these funds exist side by side with the resources of the ordinary authorities and, as already stated, with the advantages granted by the autonomous regions.

The regional accounts contain indirect data on the financial effort made in the Mezzogiorno, but they merely break down the production account, and so only the flows of goods and services can be followed.

In 1967 the export surplus of Italy as a whole was Lit.1 037 000m. Northern and Central (Centro-Nord) Italy achieved an export surplus<sup>1</sup> of Lit.2 581 000m., but the Mezzogiorno had an import surplus from abroad and from Centro-Nord of Lit.1 544 300m.

These figures, and those for previous years, show that other countries and Centro-Nord have always delivered substantially more goods and services to the South than they have received from this region, so that the South has obtained about 15% of its supplies from these sources every year since round about 1952.

### *Summary*

The information given above can be summarized as follows:

(a) The Mezzogiorno development policy has evolved from a body of individual measures into a unified, genuine policy.

Concurrently, this policy has been increasingly dovetailed into the general economic development policy of the country;

(b) The Mezzogiorno development policy has changed radically over the years as regards the emphasis placed on the individual branches of activity. The main effort was originally brought to bear on agriculture and then on infrastructure, after which attention gradually shifted to industry, from 1957-58. The scale of the regional problem in Italy has necessitated closer co-ordination between regional development policy and national industrial policy;

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<sup>1</sup> Trade with other regions and other countries.

(c) As regards methodology, the increasing concentration of endeavours on regional growth points should be emphasized:

First stage, promotion by aid diffused throughout the region; second stage, aid concentrated on *aree di sviluppo* and *nuclei di industrializzazione*; finally, creation of four large *aree di sviluppo globale*;

(d) This policy then passed from promoting individual enterprises to promoting integrated industrial complexes;

(e) The volume of instruments has been increased;

(f) Financial aids have been intensified (increase in rates of subsidies);

(g) The range of instruments has widened (as regards the procedures of public aid);

(h) The State is playing an increasingly important role in the industrialization of the Mezzogiorno, and public undertakings occupy a key position in the development process.

#### IV—Key features of regional development

The results of the Mezzogiorno development policy are assessed in the light of the criteria given below.

##### 1. Trend of the national product

From 1954 to 1966, the gross product of the South grew slightly less than that of Italy as a whole—taking 1954=100, the South's index rose to 280 while the index for Italy as a whole reached 289. But as the proportion of the Italian population living in the South was reduced in the same period by migration, the product per capita increased at the same rate as the national average. Given the high growth rate of Italy, this result may be deemed a success.

##### 2. Trend of industrial employment

The index of industrial employment in the South (1951=100) was 141.8 in 1965 as against 133.2 for Italy as a whole. Industrial employment in the South thus increased slightly faster than the national average.



As a result, the proportion of total industrial employment located in the South increased from 22.5% to 25%.

It should be stressed, however, that in absolute terms industrial employment has been declining since 1964 in both the South and the rest of Italy.

### 3. Restructuring

The industrialization policy, intensified since 1957, has led to the following changes in the structure by sectors of the South:

(a) Between 1951 and 1967, the proportion of persons engaged in agriculture dropped in the South from 56.7% to 35% while the proportion of industrial workers increased from 20.1% to 31.4%. The corresponding changes in Centro-Nord were 37.6% to 18.4% and 34.1% to 45.0%;

(b) The share of the agricultural product dropped in the South from 38.2 to 27.0%, while that of the industrial product climbed from 24.0% to 34.2%. The corresponding changes in the North were 19.8% to 11.2% and 38.6% to 51.1%.

4. A comparison of private and public investment shows what funds were necessary to obtain these results.

If 1951=100, in 1967 the investment index was 383.7 in the South and 309.0 for Italy as a whole. Comparison of the investment index and the product index shows that output per unit of investment increased less in the South than in the rest of Italy—at least for the period under review.

This is hardly surprising, given the scale of infrastructure investment in the South.

## V—Comparison of regional policy objectives with regional development

1. According to the first five-year programme, the general objective of the *eliminazione del divario tra zone arretrate, con particolare riguardo al Mezzogiorno, e zone avanzate*<sup>1</sup> will only be achieved at the end of a 15-20 year period.

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<sup>1</sup> Elimination of the gap between backward areas, especially the South, and advanced areas.

It has frequently been stated with regret in recent years that the South has not been catching up, and that only emigration has prevented this lag from increasing (lag here being defined as the percentage differential between average regional and national incomes per capita).

Some have pointed out that in absolute terms this differential has even increased.

Although the question cannot be examined more thoroughly here, it looks, despite these findings, as though Italian policy for promoting the development of the Mezzogiorno cannot be considered a failure.

(a) If, in fact, there are considerable differentials between regions to begin with, the absolute disparity inevitably widens when there is a sharp rise in average income. This has been the case in the other Member States as well, for instance in the Federal Republic, where there has been a simultaneous absolute increase and percentage fall in the differential between the least prosperous Land and the richest Land.

(b) In reply to the objection that the percentage differential has not declined, it can be said that, given the weight of the South in the Italian economy, such a reduction is extremely difficult to achieve while the mean national growth rate remains very high. For average growth rates of more than 5% (at constant prices), as found in Italy, the growth rate in the South would have had to have been 7 to 8%, a pace which it is difficult to keep up for a long period.

2. In the matter of the interim objectives of the first five-year plan—40% of investments and new jobs to be located in the South—the investment target would appear to be attainable. As against this, the creation of new jobs poses problems—the proportion of new jobs per investment is steadily declining, even in the South because of increasing capital-intensity and technological progress.

## **VI—Factors making for regional development**

1. Among the factors which have undoubtedly helped the drive to develop the South and contributed to the results achieved, reference should be made first and foremost to the world-wide structural changes in the raw materials

(including energy) and transport fields. The resulting relocation of basic industries in coastal areas, together with the favourable topography of the Italian coast, have played a vital role in the industrialization of the South. Three of the four *aree di sviluppo globale* owe their origin to the establishment of large basic industry units—oil refineries near the Syracuse-Catania centre, iron and steel production and metal manufacturing near the Bari-Taranto centre, aluminium, etc., in Sardegna.

2. Another important factor in the prosperity of new basic industries has been maintenance of a favourable foreign trade situation. In this connection, the task of the Government's economic policy was to ensure that the Italian price level remained low enough for these industries to retain the benefit of exports.

## VII—Principal problems

1. A particularly serious problem, which still has to be resolved, is the uninterrupted emigration from the South. The population losses, which some sources put at 1.7 million persons between 1951 and 1962 and which continued thereafter, raise problems which are not only quantitative but, above all, qualitative. This exodus deprives the South of valuable and enterprising manpower whose absence might be a major handicap in subsequent growth phases.

2. This is why the creation of new jobs in the South remains one of the main problems. The difficulties which Italy is encountering in achieving this objective of the five-year programme have already been mentioned.

The general decline in industrial employment since 1954 raises the question of whether the development policy pursued in the South can continue to put all the stress on industrialization.

3. The contraction of industrial employment is a general phenomenon due to the sharply declining trend of labour intensity. But a structural factor also plays a part in the South, namely, the presence of a particularly large number of primary industry units—these industries being very capital-intensive. It has not yet been possible to create a sufficient number of small and medium-sized manufacturing enterprises which employ more labour.

The Italian Government's policy would seem to raise a number of problems in this connection. By promoting large public or semi-public holding companies—most of which belong to the primary sector, and are therefore very capital-intensive—the Government has doubtless given a strong fillip to the Southern industrialization process in the past. It may be asked, however, whether this policy is not liable to cramp, to some extent, the initiative of the small and medium-sized enterprises which are just what is needed for the subsequent development of this region.

4. Integration of the programmes and measures of the regions with national plans is still an outstanding problem. Furthermore, the question of the future endowment of the regions with their own financial resources is bound to cause changes in the pattern of public spending.

## PART IV

### REGIONAL POLICY IN BELGIUM

#### I—Institutional and administrative framework

Regional policy in Belgium is covered by legislation which gives the Ministry of Economic Affairs the main responsibility for both the conception and the implementation of this policy. Two Permanent Secretariats for Regional Economy have been set up, one for the Flemish region and the other for the Walloon region.

1. The Ministry of Economic Affairs is responsible:

(a) As to geographical area: for projects in the Brussels conurbation of affecting both the Flemish region and the Walloon region;

(b) As to substance: for the working out and implementation of regional policy, the choice of the regions which are the concern of regional policy, the selection of regional development incentives, the examination of documents submitted in support of an application for regional aid and, finally, the annual report submitted to the legislative Chambers on the application of the regional laws.

2. The Permanent Secretariats for Regional Economy of the Flemish and Walloon regions are responsible:

(a) As to geographical area: for projects clearly located in the Flemish region or the Walloon region respectively;

(b) As to substance: they can propose directives to implement regional laws and, in general, they participate in the various regional policy decisions.

3. The Ministerial Committee for Economic and Social Co-ordination (*Comité ministériel de coordination économique et sociale—CMCES*) is consulted whenever a regional policy decision affects more than one ministry.

4. The Ministry of Public Works has an important function in the selection of land for industrial uses and studies on the physical aspects of town and country planning.

5. Finally, the provinces and communes—sometimes on their own but usually together in inter-commune associations or semi-public companies—play a special role in developing industrial land.

To complete this brief outline of the institutional and administrative framework, reference should be made to the economic decentralization and planning projects now under discussion.

## **II—Principal objectives of regional policy, present state and development of concepts**

1. Broadly speaking, regional policy objectives in Belgium amount to establishment of a relatively balanced spatial distribution of economic activities and solution of the difficulties of certain regions.

The purpose of the law of 1959 is to “promote the general interest by a balanced distribution of economic activities and affluence between the regions of the country and to combat the social and economic difficulties specific to some of these regions.”

The purpose of the 1966 law is to “promote and expedite economic development and reconversion of the coal-mining regions and certain other regions confronted with acute and pressing problems.”

2. Two phases can thus be distinguished in Belgian regional policy.

### *A. The laws of 1959*

In 1958 the Belgian economy experienced a fairly sharp recession which led to the adoption of two laws to get it moving again, one general and the other regional.

(a) The regional law is the one of 18 July 1959 “instituting special measures to combat the economic and social difficulties of certain regions”, supplemented by its implementing decree of 27 November 1959 “designating development regions”.

For this law, “development regions” are areas in which one of the following four problems exists: substantial unemployment, substantial permanent emigration of the population, commuters form a substantial proportion of the labour force, decline of substantial economic activities. Neither this outline law nor its implementing decree contain details as to how the “substantial” nature of these problems is to be assessed.

In all, the law applies to 322 communes grouped in fifteen “development regions” with 1.7 million inhabitants, i.e. 18.2% of the Belgian population. In point of fact these are groups of communes rather than regions proper, and some of the “regions” consist of two communes.

Despite the coal crisis, which had already become fairly serious in 1959, the 1959 law only applies to two coalfields—Centre and Borinage. On the other hand, it covers relatively large tracts where the labour force is obliged to commute.

(b) The general law is the one of 17 July 1959 “instituting and co-ordinating measures to promote economic growth and the establishment of new industries.” This law, which is very similar to the regional law of 18 July 1959, has the following features:

(i) It lays down aid for “the execution of operations in the general economic interest”, the latter concept being defined in exactly the same way by the implementing decrees pursuant to the two laws;

(ii) It applies to operations contributing to establishment, extension, conversion or modernization of industrial or craft enterprises;

(iii) While the law of 17 July 1959 is “general” and that of 18 July 1959 is “regional”, the former is regularly invoked by applicants who do not satisfy the geographical requirements of the latter.

## B. *The law of 1966*

This is the law of 14 July 1966 “instituting temporary exceptional aids to expedite reconversion and economic development of the coalmining regions and certain regions confronted with acute and pressing problems”, supplemented by its implementing decree of 17 February 1967 “designating the geographical areas to which the law of 14 July 1966 applies.”

This law does not specify the regional problems which it is intended to solve, although it applies to the coal-mining regions and to regions “confronted with acute and pressing problems”.

The decree pursuant to this law lists 679 communes (nearly a quarter of the Belgian communes). They are distributed over 35 of the 41 arrondissements (administrative districts) in Belgium, covering nearly 8 000 sq.km or more than a quarter of the country. They have 3.4 million inhabitants or 35.3% of the Belgian population.

The communes which qualify for assistance under the law were selected in accordance with the following criteria:

(a) For the coal-mining regions: a “coal-mining” commune is one where in 1961 at least 10% of the working population was employed in coal-mining or there were at least 50 mineworkers;

(b) For the regions confronted with “acute and pressing” problems the Government has resorted to 30 criteria, 25 social and 5 economic. Statistics relating to all these criteria have yet to be published.

C. By and large, the 1966 law extends the geographical scope of the 1959 laws and reinforces them. The latter have not been rescinded, so that the legal texts of 1959 and 1966 constitute the vehicle for Belgian regional policy. Mention should be made of the establishment, by a decree of 18 April 1967, of the Economic Growth and Regional Reconversion Fund (*Fonds d'expansion économique et de reconversion régionale*) to meet expenditure incurred pursuant to the laws of 17 and 18 July 1959, to the law of 14 July 1966, and to any new legal provisions having the same object. A decree of 19 February 1969 fixed the appropriation for this Fund at 700m. francs for the 1969 budget year.

### III—Instruments of regional policy

The laws of 1959 and 1966 use the same instruments—interest-rate rebates on loans to enterprises in regions covered by these laws, capital grants, State guarantees for loans at low interest rates, various tax reliefs and development of industrial land.

#### 1. Interest-rate rebates

This is by far the commonest instrument for promoting regional development in Belgium. The “rebate” can attain:

(a) 2% and in some cases 4%, provided the resulting low rate is not less than 1%, under the general law of 17 July 1959;

(b) 4%, provided the resulting low rate is not less than 1%, under the regional law of 18 July 1959;



(c) 5% for 5 years under the law of 14 July 1966; in some cases here, loans can be interest-free for the first two years.

## **2. State guarantee**

The State can underwrite repayment of the above loans at low interest rates, including interest and incidental charges.

## **3. Capital grant or subsidy**

A capital grant or subsidy can be given to enterprises setting up in development regions. These can amount to:

(a) 20% of investment in buildings and land and 7.5% of investment in equipment, which can be increased to 30% and 10% respectively in certain cases, under the 1959 laws;

(b) a sum equal to the interest-rate rebate under the 1966 law.

## **4. Tax reliefs**

The principal tax reliefs allowed on investment in development regions are as follows:

(a) Tax exemption for capital grants or subsidies provided by the State under the regional laws;

(b) Ten-year exemption from property tax on buildings and land constructed or bought with State assistance (interest-rate rebates, State guarantee, subsidy);

(c) Deduction, when calculating amortizations, of subsidies granted under the regional laws;

(d) Authorization to write off industrial buildings, material and equipment each year at twice the normal annual depreciation rate, for the first three taxable years.

## 5. Development of industrial land

The State, the provinces and the communes can:

(a) Expropriate land classified as industrial in the town and country development plans of the Ministry of Public Works;

(b) Set up regional economic facilities corporations to develop land for industrial purposes, to construct industrial buildings on it, and to sell or rent this land and these buildings.

6. Interest-rate rebates offered by the State under its regional policy can attain a subsidy-equivalent of 13-16.5% of capital investment. The percentage represented by tax reliefs cannot be evaluated exactly.

### *Summary*

Belgian regional policy has greatly developed since it was launched in 1959:

(a) It seeks to resolve all regional problems in Belgium, whatever their scale;

(b) It covers a very substantial part of the area of Belgium;

(c) It has acquired further instruments but, above all, greater use has been made of existing instruments;

(d) There is no pronounced dependence on general economic policy—this independence being shown more particularly by the absence of regional economic programming.

## IV—Key features of regional development

### 1. Regional delimitation

Before we assess the results of regional policy, the delimitation of the individual regions will have to be considered.

The regional law of 1959 specified 15 “development regions”, a large number for a country the size of Belgium. Some of these regions, it should be added, are small and only have a few thousand inhabitants.

The regional law of 1966 did not take over the term “development regions”. Instead, it concerned itself with nearly 700 communes, or close on a quarter of all the Belgian communes.

As regards regional delimitation, the Institut National de Statistique divides the administrative units into three regions: North (Flemish region), South (Walloon region) and the Brussels region.

## 2. Objectives of regional policy

Regional policy objectives in Belgium have never been clearly defined. They emerge, if at all, from the nature of the problems which, according to the laws themselves, characterize the regions covered by regional policy.

These problems are:

- (a) Under the law of 1959: unemployment, permanent emigration of the population, commuting by workers, decline of substantial economic activities,
- (b) Under the law of 1966: the recession in coal-mining regions and the acute and pressing problems of certain regions.

As already stated, the Belgian laws do not mention the threshold at which regional problems begin to warrant public action.

## 3. Regional development

The most synoptic indicator, gross domestic product per capita, shows that from 1958 to 1966 (all Belgium=100) the index of the Northern region rose from 87.4 to 92.1, that of the Southern region dropped from 98.3 to 90.5, and that of the Brussels region marked time at 145.

This trend corresponds to an annual growth rate of the order of 4% in the Northern region, 2.5% in the Southern region and 4% in the Brussels region.

In ten years, while the share of the Brussels region in the domestic product of Belgium showed no change to speak of, that of the Northern region increased by 2.3% and that of the Southern region dropped 3.1%.

## V—Comparison of regional policy objectives with regional development

### (a) *Unemployment and employment*

Reduction of unemployment and creation of new jobs is one of the chief aims of regional policy.

In this connection, the Northern region had the most unemployment in 1958—79 000 persons or 7.8%. The figure dropped substantially till 1964 and then rose to 49 000 persons or 4.5% in 1968. Concurrently, the number of coalmining jobs in this region fell by 16 000 or 40% in fifteen years.

In the Southern region, the number of unemployed persons was 24 000 or 3.8% in 1958. Following a slight reduction in 1964, the number climbed to 46 000 or 6.6% in 1968. Over the same period, the coal-mining labour force in this region dropped by 90 000 or 77%.

Disregarding the Brussels region, where the unemployment rate was 2.6% in 1968, the trend in the Northern and Southern regions diverged over the ten years—reduction of unemployment by 30 000 persons or 38% in the Northern region, increase in unemployment by 19 000 or 80% in the Southern region.

This trend is confirmed by the number of jobs created with the help of interest-rate rebates granted under the laws of 1959 and 1966. Between 1959 and 1967, new investments which benefited from these aids led to the creation of 159 000 new jobs—113 000 in the Northern region (71.2%), 41 500 in the Southern region (26%), and 4 300 in the Brussels region (2.8%).

### (b) *Inter-regional migration*

Permanent emigration by a substantial part of the population is another criterion for regional policy. The figures for net inter-regional migration in Belgium show that from 1958 to 1966:

- (i) There was no change in the Northern region;
- (ii) The Southern region lost 26 000 inhabitants;
- (iii) The Brussels region gained 26 000 inhabitants.

These totals for the whole of the period in question do not, however, indicate the actual pattern of migration flows between each of the three regions and the rest of the country. This can be summarized as follows:

(i) For the Northern region, a net annual emigration of the order of 3 000 persons from 1958 to 1962 and a net annual immigration of 4 000 to 5 000 persons from 1964:

(ii) For the Southern region, a net emigration of the order of 4 000 to 5 000 inhabitants every year;

(iii) For the Brussels region, a net annual immigration of the order of 7 000 to 8 000 persons between 1958 and 1962, and from 1964 a net emigration of some 3 000 persons.

(c) *New investments*

Decline of substantial economic activities is another problem which justifies a regional policy. These activities have to be replaced by new investments.

Such investments can be assessed from three angles—their amount, the credits granted for their implementation, and the cost of interest-rate rebates allowed on these credits.

Between 1959 and 1967, investments made with the assistance of interest-rate rebates totalled Bfrs.173 400m.—100 500m. in the Northern region (58%), 68 600m. in the Southern region (39.5%) and 4 300m. in the Brussels region (2.5%).

These investments went mainly to three branches of industry—metal production (37.5%), metal products (26%) and chemicals (18.5%).

It is also worth breaking down the investments between those for the establishment of new enterprises and those which contribute to the expansion or modernization of existing concerns. For Belgium as a whole the two types of investments are in relative balance.

At regional level, however, there is a very clear difference:

(i) 77% of the new investment took place in the Northern region and 23% in the Southern region;

(ii) 42% of the investment for extension and modernization was concentrated in the Northern region, 53% in the Southern region and 5% in the Brussels region.

The loans with interest-rate rebates which engendered these investments totalled Bfrs.83 600m: between 1959 and 1967—48 400m. in the Northern region (57.9%), 31 900m. in the Southern region (38.2%) and 3 300m. in the Brussels region (3.9%).

Finally, interest-rate rebates granted from 1962 to 1967 cost the State Bfrs.6 600m.—4 100m. in the Northern region (62%) and 2 500m. in the Southern region (38%).

(d) *Regional summary*

Direct regional policy measures in Belgium can be summed up as follows:

(i) The Northern region has received nearly 60% of credits and investments and some 70% of new jobs; this region accounts for 62% of the policy's total cost to the State;

(ii) The Southern region has received nearly 40% of credits and investments and some 30% of new jobs; this region accounts for 38% of the policy's total cost to the State;

(iii) The Brussels region is included in this policy "only for the record".

## VI—Principal problems

1. Belgian regional policy, which is rooted in the laws of 1959 and 1966, is not based on specific intervention criteria. It applies to a geographical area which, taking the two laws together, covers nearly 40% of Belgium. It does not apportion the amount of aid according to the acuteness of regional problems.

The laws of 1959 and 1966 apply to a group of "areas" faced with problems which are not only different but, above all, of gravity or acuteness which are by no means comparable with each other. As identical aids were offered to new investments in these preferential regions, it was doubtless logical for new enterprises wishing to receive the aids to seek the sites which offered the biggest advantages, notably with regard to regional facilities, aids being equal. It therefore seems natural that new enterprises should have set up in the areas faced with the least serious problems or without real difficulties.

In practical terms, it is fair to say that Belgian regional policy has done much to improve the situation in the Northern region from what it was at the

inception of this policy, in 1959. More particularly, it has provided a basis for substantial development of the Antwerp region, which has the highest growth rate in the whole of Belgium, not excepting the arrondissement of Brussels.

Concurrently, the situation in the Southern region has deteriorated markedly in the last ten years. In 1966, the latest year for which figures are available, the growth rate here was close to 1%. This is the lowest rate recorded since 1958.

The main problem of Belgian regional policy would seem to be that of reducing the dispersion of the means employed. This implies giving priority to parts of individual regions faced with the greatest difficulties.

2. It would appear that three factors should be taken into account when considering the outlook for regional policy in Belgium.

#### *A. Regional economic development*

The disparity in economic development observed in the last decade may increase in the years ahead.

New investment projects are being put through in the North-west region and will make for further growth.

On the other hand, it looks as though the coal-mining industry will continue to decline in the North-east and Southern regions, with all the implications this may have for those regions.

#### *B. Expiry of the regional laws*

The regional laws of 1959 and 1966 were to have expired at the end of 1968, but have been extended to 30 June 1969.

Even before the government crisis of March-June 1968, bills had been drawn up to recast the existing regional laws and include new provisions better adapted to the problems.

The government statement of 12 June 1968 and the bill of October 1968 specify, furthermore, that:

(a) A new regional development law will be framed to supersede the existing laws;

(b) Regions will be demarcated in accordance with objective criteria, defined by the Economic Planning Office (*Bureau de programmation économique*) in co-operation with scientific, regional and Community circles;

(c) Development regions will be regularly reviewed in the light of the results obtained.

### C. *Economic decentralization*

Independently of the aspects referred to above, the programme of the present Belgian Government provides for economic planning and decentralization, that is, recognition of three regional units—the Flemish region, the Walloon region and Brussels.

This decentralization would involve:

(a) Regional differentiation of the plan;

(b) Recognition of the regional economic councils for the Flemish and Walloon regions and creation of a regional economic council for Brabant or the Brussels region, as regional consultative bodies;

(c) Establishment of regional development corporations.

These proposals would certainly lead to changes in the regional policy of Belgium.



## PART V

### REGIONAL POLICY IN THE NETHERLANDS

#### I—Institutional and administrative framework

Dutch regional policy is governed by laws and administrative provisions.

Responsibilities are divided as follows:

1. The Ministry of Economic Affairs is in charge of the policy. Regardless of what regional policy instruments may have been used in the Netherlands, the Ministry of Economic Affairs has been the main body for regional policy since its inception in 1951. This ministry defines the policy, its geographical scope, the instruments which it uses and the grant of regional aids;
2. The National Town and Country Planning Department (*Rijks Planologische Dienst*) is responsible for the physical side of the planning of the country and in particular for formulation of regional plans from the angle of the various uses of the land;
3. Co-ordination between the ministries concerned in regional policy is ensured by an interdepartmental commission of the regions to be promoted;
4. The provinces play a special role through their economic and technical institutes, which perform regional development promotion, study and advisory functions;
5. Finally, the communes also participate in regional policy, notably with regard to land development. Dutch burgomasters have more powers than their counterparts in other Community countries.

#### II—Principal objectives of regional policy, present state and development of concepts

1. Broadly speaking, the objectives of Dutch regional policy are to establish a relatively balanced distribution of population and economic activities throughout the country:

(a) By curbing the concentration in the West of the country. In this connection, it should be recalled that the three Western provinces, comprising the West region of the Netherlands, have 5.8 million inhabitants or 47% of the total population but only cover 21% of the country's area. Within this region, however, *Randstad Holland*—formed by the conurbations of Amsterdam, Rotterdam, The Hague and Utrecht—has 4 million inhabitants or 37% of the entire population in 10% of the total area; the population density here is 2 500 to the sq.km. Although there are many reasons for this concentration, it is blamed for the Netherlands' regional imbalance. This development should therefore be brought to a halt or at least curbed by making the rest of the country more attractive to industry;

(b) By developing certain regions which are still fairly heavily dependent on agriculture and which are saddled with structural unemployment;

(c) By converting regions with a structure based on declining industries, that is, mainly the coal-mining industry and in second place the textile industry.

2. Dutch regional policy has gone through various phases which can be summarized as follows:

A. In the first phase from 1951 to 1953, when the policy was getting under way, emphasis was exclusively on equipping with infrastructures some 9 "development regions", located in 8 of the 11 Dutch provinces;

B. This very brief first phase was followed by another, stretching from 1953 to 1959, which was directed to eliminating regional unemployment by regional industrialization, the latter being promoted by a system of industrial development grants;

C. Since 1959, Dutch regional policy has applied to three large areas—the first, and by far the biggest, covering all the Northern part of the country while the other two, smaller, areas are in the South-west and South-east. At the same time "primary" industrial centres were given priority over "secondary" ones, reflecting a desire to concentrate assistance more on a limited number of centres and to try to establish a self-sustaining process of growth in them;

D. Since 1966 Dutch regional policy has applied to the coal-mining region in the South of the province of Limburg, which has since experienced a decline

and relatively substantial unemployment. This conversion phase includes the measures recently taken to assist the Tilburg wool region;

E. Since 1968 the Netherlands has been engaged on regional planning to the year 2000. No practical measures seem to have yet been taken, but it is worth noting that this planning is already being put forward as an argument for continuing the present policy;

F. Finally, it should be said that, although Dutch regional policy officially dates back only to 1951, this is probably the one Community country where such a policy existed before it was given legal form. For centuries the Netherlands has been reclaiming "regions" from the sea, the biggest undertaking being drainage of the Zuiderzee (now IJsselmeer). This policy has always had the aim of enabling an exploding population to live in a small area by utilizing that area to the full.

G. Speaking generally, Dutch regional policy currently applies to four "regional units", called "promotion regions", which cover:

1. The extreme North of the Netherlands (the entire provinces of Groningen, Friesland and Drenthe and part of the province of Overijssel);
2. The North of the province of Noord-Holland;
3. The South-west (the province of Zeeland);
4. The South-east (part of the provinces of Noord-Brabant and Limburg).

This group of regions covers 46% of the country and contains 21% of its population.

The instruments of the policy are concentrated on a relatively limited number of "growth centres", to which regional aid is channelled. In all, 47 growth centres have been created in the Netherlands, the 20 "primary" centres being given priority over the 27 "secondary" centres.

### **III—Instruments of regional policy**

The instruments of Dutch regional policy can be classified under three main headings: infrastructures, financial aids and social planning.

## A. Infrastructure projects

Regional infrastructure improvement has occupied a key place in regional policy since the policy's inception in 1951. Here, "infrastructure" is to be taken in the widest sense, in other words it covers:

(i) improvement of communications (canals, roads), development of industrial areas, establishment or modernization of public services;

(ii) infrastructure projects at national, province and commune level. In certain cases the State can contribute up to 95% of their cost.

For the last ten years alone, expenditure on infrastructure projects in the development regions can be put at Fls.725m. (about Bfrs.10 000m.)—the bulk of it in the regions of the Northern Netherlands.

## B. Financial aids

Regional financial aids comprise capital grants, reduction in the price of land, interest-rate rebates, State guarantees and State participation in enterprises.

### 1. *Capital grants*

Arrangements vary with geographical location.

(a) In all development regions, except the North and the Southern part of Limburg:

(i) in primary growth centres: a grant of Fls.30 per sq.m for the first 2 000 sq.m of industrial floor-space, Fls.45 per sq.m for the next 2 000 sq.m, and Fls. 60 per sq.m for buildings with a floor-space of more than 4 000 sq.m;

(ii) in secondary growth centres: a grant of Fls.30 per sq.m in all cases;

(iii) a ceiling of Fls.1.5m. in all cases.

(b) In the development regions of the North and Limburg: a grant of Fls.60 per sq.m, with a ceiling of Fls.3m. for each case;

(c) In all development regions: a grant of 25% of capital expenditure on establishing a new enterprise and of 15% in the case of extension, with ceilings of Fls.3m. and 1.8m. respectively. These grants cannot be added to those mentioned under a and b above. However, investors may choose the arrangement which best suits their interests.

## 2. *Reduction in price of land*

50% reduction in the purchase price of land on which a new enterprise is set up, provided at least one fifth of this land is built on.

## 3. *Interest-rates rebates*

Solely in the regions of the North and Southern Limburg: 3% interest-rate rebates for 15 years.

## 4. *State guarantees*

The State can underwrite loans granted by the National Investment Bank (*Herstelbank*).

## 5. *State participation in enterprises*

The State can acquire direct or indirect holdings in the capital of enterprises which set up in the Northern Netherlands or Southern Limburg.

6. When cumulation is authorized, regional aids in the Netherlands can attain a maximum subsidy-equivalent of 35% of capital investment.

## C. **Social planning**

Social planning plays an important part in Dutch regional policy. It comes under the Ministry of Labour and seeks to improve the social environment, to cause people to welcome industrialization, and to provide regions with the requisite social and cultural facilities.

Social planning is thus concerned with the establishment of schools and vocational training centres, of sport facilities and medicosocial complexes, of cultural centres (theatres, libraries) and of social services.

### *Summary*

Dutch regional policy has developed steadily since its inception in 1951:

(a) By tackling the problems of both underdeveloped regions and regions which have long been industrialized;

(b) By extending its scope to embrace a very considerable proportion of the area of the Netherlands;

(c) By intensifying and multiplying the instruments employed;

(d) By emerging as a consistent policy, part and parcel of both economic growth policy and town and country planning policy.

## IV—Key features of regional development

### 1. Regional framework

Before we assess regional policy measures, the choice of a regional delimitation will have to be made.

The Dutch decrees apply to “promotion” and “restructuring” regions, but there would appear to be no statistics for these regions.

On the other hand, the eleven provinces are fairly generally divided into four regions—North, East, West and South<sup>1</sup>—in Netherlands statistics. Although this regional demarcation does not exactly coincide with the boundaries of the regions covered by regional policy, it enables the policy to be assessed relatively accurately.

### 2. Direct regional policy measures

The only available data on direct measures of Dutch regional policy concern the number of new jobs created in industrial concerns which have received the regional development grant.

In all, 60 000 new industrial jobs were created in the Netherlands from 1957 to 1967. Nearly 39 000 or 56% of these jobs were created by concerns which had received the grant, in regions containing about 25% of the country's population.

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<sup>1</sup> These regions cover the following provinces:

- a) North: Groningen, Friesland, Drenthe
- b) East: Overijssel, Gelderland
- c) West: Noord-Holland, Zuid-Holland, Utrecht
- d) South: Zeeland, Noord-Brabant, Limburg.

This increase is unevenly distributed. In particular, there have been more redundancies than new industrial jobs in the two provinces of Overijssel and Limburg.

## V—Comparison of regional policy objectives with regional development

Various criteria can be used for this comparison—population, inter-regional migration, working population and unemployment.

### 1. Population

Regional changes in the population of the Netherlands from 1958 to 1967 are tabulated below.

Regions	1958		1967	
	Absolute figures		Absolute figures	
	('000 000)	%	('000 000)	%
North	1.25	11.2	1.38	10.9
East	2.01	17.9	2.36	18.8
West	5.37	37.7	5.91	46.6
South	2.61	23.2	3.01	23.9
Netherlands	11.24	100	12.66	100

It can be seen that the percentages of the Netherlands population living in the West and North decreased slightly, while the East and South gained accordingly.

### 2. Inter-regional migration

As there are no statistical series for a number of indicators, inter-regional migration is a very important yardstick for regional development.

In brief, the salient feature is a reversal of net inter-regional migration. For centuries there had been a net influx into the West and net outflow from the North, but this picture has changed radically in the last ten years.

In 1957 there was still a net migration of 6 000 persons to the West from the rest of the country. This net influx dwindled gradually, and from 1961 was replaced by a net exodus, amounting to 10 000 persons in 1966 (3 000 in 1967). As against this the North, which lost 9 000 persons in 1957, has seen its net outflow decline and become a small net influx in recent years.

The South and the East, especially the latter, continue to record net migratory gains.

To judge by inter-regional migratory flows, the process of concentration in the West would seem to have lost some momentum.

### **3. Working population**

An analysis of the structure of the working population in the Netherlands shows an increase in the proportion employed in services at the expense of agriculture, with no change for industry.

The most significant regional features for the period from 1955 to 1965 are as follows:

In the North, the proportion of the population employed in agriculture dropped from 26% to 16% while the percentage employed in industry rose from 31% to 40%;

The West's dependence on the tertiary sector increased still further, from 54% to 58%;

Although the trend in the South is relatively favourable, there is an absolute decline in the Limburg industrial labour force of 6% each year from 1965 to 1967, owing essentially to the situation in the coal-mining industry.

### **4. Unemployment**

Unemployment dropped steadily in the Netherlands from 1958 to 1963. Since 1963 it has shown a constant increase, particularly in the North and South.



In 1967, when the national average was 3.6%, unemployment totalled 10.6% in the province of Drenthe and 6.2 in Limburg.

## VI—Principal problems

1. Lack of statistics precludes a proper assessment of Dutch regional policy. It is found, however, that the concentration of population and activities in the West, which is deemed excessive, has been markedly checked and that intensive industrialization has begun in the regions which still have a very strong agricultural bias, such as the North.

2. Two factors underlie the outlook for Dutch regional policy.

### A. *Regional economic development*

Southern Limburg will remain confronted, in the years to come, with the continuing decline of its coal-mining industry. The most awkward regional problems of the Netherlands might occur here.

As against this, for several years the North of the Netherlands has had a new resource, natural gas, which provides a basis for incoming industry.

### B. *Town and country planning*

Town and country planning is probably more important in the Netherlands than in any other member country of the European Community. For the task here is to plan an area so that the population with the highest growth rate in Europe can live in it.

By the year 2000 the Netherlands will have 20 million inhabitants and a population density of 600 to the square kilometre. To avoid an intolerable concentration in the West, it is planned to foster the migration of 3 million inhabitants from the West and the South to the North and the East. This is contingent of industrialization of these regions, which in turn will have to be promoted by a regional policy.

Continuing an age-old tradition, the Netherlands intend to direct its main infrastructure development and industrialization drive towards the coast. The

Government plans to establish new ports and to develop coastal sites at various points on the North Sea in the years ahead, independently of Europort, which is nearing completion, and of the Delta Plan.

Finally, drainage of the IJsselmeer is continuing and in the year 2000 this reclaimed area will be able to accommodate a new city with 100 000 inhabitants.

## PART VI

### REGIONAL POLICY IN LUXEMBOURG

#### I—Institutional and administrative framework

The regional policy of Luxembourg is governed by legislation which vests responsibility for this policy in the Ministry of Economic Affairs.

#### II—Principal objectives of regional policy, present state and development of concepts

1. Generally speaking, the purpose of Luxembourg regional policy laws is to improve the regional balance. In actual fact, the legal texts on which the policy is based are only partially concerned with regions, because:

(a) Their object is to improve the economic structure of Luxembourg, that is, principally to diversify it, as the economy of this country depends mainly on the iron and steel industry;

(b) They do not specify the regions which are to receive aids, this task being left to the discretion of the Government.

The small size of Luxembourg doubtless justifies the omission to divide it into regions.

However, the regional objectives of the policy can be summarized as follows:

(a) To diversify the iron and steel and mining region of the Canton of Esch; in 1962 the iron and steel industry here accounted for 64% of the gross domestic product of Luxembourg industry and provided 85% of all Luxembourg exports;

(b) To industrialize the Northern part of the country, called Oesling or the Luxembourg Ardennes. This area is marked by heavy dependence on agriculture, decline of its traditional activities (timber, leather), and steady emigration of its population.

2. It is hard to distinguish individual phases in Luxembourg regional policy, which was launched in 1962 and confirmed in 1967 by the continuation and strengthening of existing regional aids.

### **III—Instruments of regional policy**

The following aids are granted under Luxembourg regional policy:

- (a) An interest-rate rebate of up to 4%, the interest rate never being below 1%;
- (b) State guarantee for repayment of 50% of loans with interest-rate rebates;
- (c) Capital grant of up to 15% of investment expenditure;
- (d) Various tax reliefs;
- (e) Development of industrial areas by the public authorities.

When added together these aids can amount to up to 25% of the total investment.

### **IV—Key features of regional development**

#### **1. Regional framework**

Although Luxembourg is not divided into regions under the laws intended to improve its regional structure, two areas can be distinguished:

- (a) The concentration area of the Canton of Esch, which has 111 000 inhabitants or 35% of the country's total population;
- (b) The declining Oesling (or Ardennes) area, with 24 000 inhabitants or 7% of the total.

#### **2. Direct measures of regional policy**

These can be assessed in the light of the number of new jobs created. The number is a few thousand, but is not broken down geographically.

## **V—Comparison of regional policy objectives with regional development**

As regards diversification of the country's economic structure, the economy is now relatively less dependent on the iron and steel industry, which in 1965 only accounted for 60% of the industrial gross domestic product (as against 64% in 1962) and 75% of aggregate exports (as against 85% in 1962).

As regards development of the Ardennes region, establishment of some new enterprises in this area has done much to reduce unemployment here. As against this, emigration seems to be continuing.

## **VI—Principal problems**

Luxembourg regional policy is of limited scope, owing to the small size of the country.

However, within a small area there is a very exceptional imbalance in the concentration of activities and population, geographically and between individual sectors.

If the development of the European iron and steel industry should lead to a gradual shift from inland to coastal sites, Luxembourg would be confronted with an acute problem. So there seems to be a perfectly sound case for continuing and stepping up regional policy in the future.



# **IV—An analysis of regional development in the Community**

(Annex II)

**Volume 1: Text**

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The tables referred to in this Annex are contained in Volume 2.

## GENERAL INTRODUCTION

1. Since the end of the Second World War, regional policy has acquired greater importance in all the Community countries. It is of interest to know how far the efforts made have been successful, what changes have occurred in the overall situation of the regions, and how the various regions have developed. A host of reports and analyses certainly exists in the Member States on these matters; however, most of them have been compiled in the national context and no general survey at Community level has yet been carried out.

2. Such a survey runs into a major difficulty: the data are rarely homogeneous from the various points of view. This lack of homogeneity has made itself felt notably in the following three spheres:

- (a) Statistical concepts, and methods of collecting and processing data;
- (b) The periods considered—the years of censuses, inquiries, sample surveys, etc., nearly always differ;
- (c) The definition of regions—units adopted in the several countries are not demarcated in accordance with the same criteria and are even fairly heterogeneous within some countries.

A great deal of standardizing work will have to be done to make data comparable in these various respects. Until the results of this work are forthcoming, analyses like the one that follows have to be based on the available heterogeneous data; hence, their conclusions have to be used with caution.

3. As the study had to be limited to some major aspects, certain points of obvious importance have not been dealt with—the breakdown of branches within regions and unemployment, for instance. These problems, and many others which still have to be gone into more thoroughly, are mentioned in passing in the following account, and can be covered by subsequent studies.

The present study thus merely examines Community regions from three angles, which are deemed of prime importance:

- (a) Demographic trend;

(b) Working population and employment;

(c) Product and income.

From each of these angles, the situation before the establishment of the Common Market and the development over the last ten to fifteen years are analysed so as to reveal the structures and trends which determine the regional "face" of the Community.

The result is therefore a horizontal analysis which gives, from each of the three angles mentioned, a general picture of regional development in each country and in the Community as a whole. It does not, however, deal with vertical relationships and interactions between these spheres—for instance, correlation between demographic trend and working population, between employment and product—for all or some of the regions. This also implies that reasons for the development of individual regions are not analysed.

4. As regards the size of the regions, the study is carried out at two different levels: firstly that of the three or four main geographic areas, and secondly that of the ten or so regional units, into which each country can be divided <sup>(1)</sup>. This procedure, dictated by the available statistical material, is useful from the analysis point of view—the examination of main geographic areas reveals the differences on continental scale, while the scrutiny on the basis of some ten regions per country shows the differences which are more important in the national context. A further breakdown, which ought to be carried out, at a third level of smaller regional units (for instance "régions de programme", "Regierungsbezirke", "regioni amministrative" and provinces), would reveal not only the problems existing inside regions but also other phenomena which, although operating in limited areas, are found in all Member States.

It should be pointed out that the classification of regions by size adopted for the purposes of the analysis is not intended to imply any judgment as to the acuteness or gravity of their respective problems. For the difficulties of relatively small regions can be extremely intractable and can bulk just as large, in the countries concerned, as the difficulties of very big regions in other Member States.

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<sup>1</sup> This approach has not always been followed with regard to the smaller Member States. See annexes for definition of the regional units for the analysis.

## SUMMARY OF PRINCIPAL RESULTS

Allowing for the above comments, which highlight in particular the limitations of the available data, the main findings of this analysis are summarized below.

### I—Demographic aspects

1. In all Community countries, the total population has increased more since the Second World War than it did in the pre-war period (1930-1939). In all the Member States—and more particularly in Italy, Belgium and Luxembourg—this growth was faster between 1960 and 1967 than between 1950 and 1960.

2. When regional development is broken down by sectors, two phases should be distinguished:

Between 1950 and 1961, population increase in each country was most marked in regions where the secondary sector (industrial regions) and/or tertiary sector (metropolitan regions) were the most strongly developed.

Between 1960 and 1967, the predominantly urban regions, above all, registered the sharpest population increase. In the industrial regions, on the other hand, the pattern varied markedly from one country to another.

In the Community as a whole, the lowest rate of population increase was found especially in regions with an economy having a large agricultural element and in regions experiencing an industrial decline.

3. As regards factors in the demographic trend, the available data show that while major migratory flows within Member States have not dwindled markedly in size over the years, they have often changed their direction.

In Germany and the Netherlands, for instance, the pull traditionally exercised by the Western regions has appreciably weakened. In Belgium, the centuries-old migratory movement from North to South has been reversed. In France, while there has been no trend turnaround in the strict sense, the drift to Paris has declined markedly. In the regions of Champagne, Picardie, Limousin and Auvergne the migratory loss recorded in the 1954-62 period became a

gain between 1962 and 1968; the opposite holds for the Lorraine region. In Italy, on the other hand, the scale of migrations from the South to the North has not declined appreciably in recent years.

4. While there has been no marked change in the size of flows between regions, migrations inside regions and notably within small areas have gained in importance. In all Community countries there has been a decline in the proportion of the population living in communes with fewer than 5 000 inhabitants, while in the case of communes with fewer than 1 000 inhabitants even the actual number has dropped. As against this, the percentage of the population inhabiting medium-sized and large communes is growing substantially.

5. Within conurbations, in all EEC countries urban centres are losing importance and the population is increasing more strongly in suburban communes and satellite towns.

6. As regards the process of regional concentration (measured by the population density increase ratio), the first studies indicate that concentration is becoming less marked in two countries, the Federal Republic of Germany and the Netherlands: there, the population increase in the regions with the highest density remains below the national average. This trend has not yet been observed in the other countries, but the matter should be studied more closely.

## II—Working population and employment

1. At national level, the development of the working population and employment varied considerably between 1950 and 1966, increase, stagnation and decline occurring in each country without its being possible to discern a common, regular pattern or trend.

If the figures are broken down by sectors, however, the following general trends emerge:

(a) the working population employed in the primary sector declined steadily in all Community countries;

(b) the secondary sector grew in all Community countries, notably till the 1960-62 period; after this it marked time and even fell back in some countries and regions;

(c) the tertiary sector grew steadily in the six countries.

2. At regional level the changes in individual sectors produced the effects listed below.

In general, the regions which around 1950 had the highest primary sector percentages had the biggest reductions or smallest increases in total working population.

As regards the secondary sector, the analysis reveals the substantial industrialization between 1950 and 1960 of the German, Italian and Netherlands regions which around 1950 had only a small or average amount of industry. Between 1960 and 1966, France apparently eliminated the lag which had developed in the previous decade.

Another feature of the development is a tendency for the share of the secondary sector to decline in the regions which were the most heavily industrialized around 1950.

The importance of the tertiary sector increased in all regions, its expansion being appreciably less in the "tertiary" regions than in the other regions.

3. Examination of development by sectors in the regions reveals an important point—the combined result of the movements, and in particular of the general decline of the primary sector, is a tendency towards alignment in the shares of each of the three sectors from region to region, with the margin of variation around national averages shrinking markedly.

Regional specialization of the working population thus seems to occur in smaller areas or between the various branches rather than between the three sectors.

4. The following points emerge with regard to the roles played by the various regions in the sectors at national level, notably in the secondary sector.

(a) The proportion of German industry located in Baden-Württemberg and Hessen has increased markedly, while the proportion in Nordrhein-Westfalen and the Saar has declined since 1961.

(b) Between 1954 and 1968, the proportion of French industry located in the regions of the Paris basin, the South-east and the Mediterranean increased, while the proportion in the regions of the North and East declined. Between 1962 and 1968, the proportion in the Paris region shrank and the proportion in the West and South-west regions rose.

(c) Between 1951 and 1965, the proportion of Italian industry located in the North-east and the South of the country increased at the expense of the North-west.

(d) The proportion of Belgian industry located in the two North regions of the country has increased substantially, while the proportion in the two South regions has shrunk very markedly.

(e) The proportion of Netherlands industry in the West regions of the country has contracted sharply while the proportion in the South and North regions has expanded.

### III—Product and income

Regional product and income analysis is made particularly difficult by the lack of homogeneous statistics, so that findings here must be interpreted with the greatest prudence.

1. Annual regional product series are available in three countries—Germany, Belgium and Italy. The following trends emerge as regards development of the product per capita:

(a) taking the national average (=100) as our basis, in Germany the differential has narrowed between both the four main geographic areas and the eleven regions;

(b) in Italy the differential between the two extremes, the South and the North-west, has certainly narrowed somewhat—partly due to population migrations—but it is still fairly large;

(c) in Belgium the differential between the Flemish and the Walloon regions has virtually disappeared but the disparity between provinces has increased—some provinces in the South part of the country even recording an absolute decline of their aggregate product in 1958-59.

2. The following points should be made with regard to regional economic growth (increase in total product):

(a) generally speaking, in Germany growth in the geographic areas and regions with weaker economies has been more rapid than in the country as a whole;

(b) in Italy, on the other hand, the North-west, which is the area with the strongest economy, has recorded the fastest economic growth, while the growth rate in the South has lagged somewhat behind the national average;

(c) in Belgium, growth in the North—which had the lowest product per capita—has been faster than the national average.

3. The most striking changes in regional contributions to the national product are listed below:

(a) in Germany, the South and Centre have notably increased their share of the national product, the clearest decline being in Rheinland-Pfalz and Nordrhein-Westfalen;

(b) in Italy, the percentages of the national product accounted for by the geographic areas have remained relatively stable over the years;

(c) in Belgium, the percentage shares of the North and the Brussels region in the national total have increased markedly, while that of the South has contracted.



## PART I

### DEMOGRAPHIC ASPECTS

#### 1. Limitations of the statistical material

The absence of certain statistics, and in particular the heterogeneity of the data available, make it difficult to answer the questions raised.

There are considerable variations between the dates of the population censuses, which are basic sources of information. Although a census was held in each Community country in the 1960-62 period, the dates of the previous censuses differ by three or four years from country to country. In the more recent period, a census was held in Luxembourg in 1966 and in France in 1968. Only partial or provisional results of the latter census could be used for this analysis.

It was necessary to supplement census data by estimates, but these are sometimes shaky at regional level, particularly when there is substantial migration. This weakness is still more marked for other statistics, particularly those for migrations inside countries, which are often inconsistent with the results of other series and which, furthermore, are established by methods differing from one country to another.

Finally, the differences between definitions and concepts adopted should be emphasized. These differences even play a certain role in censuses, for instance between the habitually resident (*de jure*) population and the present-in-area (*de facto*) population. But they are above all important for other concepts employed outside that context, such as conurbation, rural and urban population, etc.

As far as possible, these differences are mentioned at the appropriate point in the text. Nevertheless, they imply that caution should be generally observed in interpreting the results.

#### 2. The questions to be answered

Allowing for the limitations of the sources of information, the following analysis of the regional population structure seeks to answer seven major questions:

- (a) How has the regional population developed: 1. since the war and 2. more particularly since establishment of the common market?
- (b) What changes have occurred and what trends emerge?
- (c) Is a balance being achieved between densely and more sparsely populated regions?
- (d) How is the town/country ratio developing (urbanization)?
- (e) In particular, how have the urban concentration areas developed?
- (f) What role is played by migrations and by differences between birth and death rates in this development?
- (g) To what extent do population migrations have economic causes?

This list is certainly not exhaustive, and other questions which would be worth studying are mentioned below in passing. Here, it should be reiterated that the results are affected by the choice and size of the regional units. An analysis based on smaller units, which should be started as soon as possible, will doubtless reveal new aspects.

## I—General development

### A. Development at the level of the Member States

Before tackling the above questions of regional demographic development, it is worth recalling briefly the features of the aggregate national population trend. In this connection, Table D/1 and other statistics show that:

- (i) In all Community countries, population has grown faster since the Second World War than in the pre-war period (1930-39)—the increase being particularly marked in the Netherlands and France;
- (ii) Again in all the countries, according to the available sources (estimates only, for some countries) this growth was faster in the 1960-67 period than in the 1950-60 period—the quickening of the pace being particularly noticeable in Italy, Belgium and Luxembourg.

## B. Regional development

### 1. *Development by sectors*

According to Tables D/8 and D/9, regional population development followed a different course in the 1950/61 and 1960/67 periods.

Between 1950 and 1961, in all Member States the group of regions with the biggest population increase consisted mainly of regions with particularly developed secondary sectors (industrial regions) and/or tertiary sectors (metropolitan regions). In Germany the main regions were Nordrhein-Westfalen and Baden-Württemberg, in France the Paris region and the East, in Italy the North-west and Lazio. This group also includes regions which failed to attain the average level of the first category but have manifest prospects of economic growth. These regions include, for instance, the Mediterranean region in France, Campania in Italy, the North-west in Belgium (more particularly the port region). Finally, a third category in this group is made up of regions like Sardegna, which in contrast have a weak economy but where the high natural population increase does not easily find an outlet in emigration to other regions.

Apart from this group of regions with a substantial population growth rate, special attention should be paid to regions where the population was static or declining in absolute terms. In Italy these were the Abruzzi/Molise, Calabria and North-east regions, in Germany Niedersachsen and Schleswig-Holstein. It should be noted, however, that emigration from the last two regions was merely the consequence of a very heavy influx of refugees at the beginning of the period under review.

In the 1960-67 period, the population grew fastest primarily in the predominantly urban regions (metropolitan regions)—more particularly in Lazio but also in the Brussels and Paris regions.<sup>1</sup>

As against this, in industrial regions the development pattern varied from one country to another. In the Federal Republic we thus had a marked decline in the rate of increase of the Nordrhein-Westfalen population; in France, the region of the North—where growth had already been sluggish

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<sup>1</sup> An appropriate regional breakdown of Land Nordrhein-Westfalen would reveal the same trends in the Bonn area.

in the first period—recorded a further loss of momentum. In Italy, on the other hand, the industrial North-west continued to show the highest population growth rate (after Lazio). The population increase continued in the regions with booming economies (Mediterranean, Campania, North-east Belgium) as well as in South-east France and Land Hessen.

During this period, there was only one region where—for well-known reasons—depopulation occurred, namely West Berlin. The fact that the population of Hamburg remained static was doubtless closely connected with the delimitation of this region. In Abruzzi/Molise, the previous decline gave place to virtual stagnation.

## 2. *Geographic development*

The demographic development of the main geographic areas and regions should be compared at Community level with circumspection, since this development is heavily dependent on the structures and policies of the individual Member States. It is nevertheless interesting to see from the list of main geographic areas in descending order of population increase (Table D/8) that between 1950 and 1961 all the first six of these areas were in the north and north-west of the Community while in the second period North-west Italy and South Germany were among the first six.

As regards the list of regions (Table D/9), which are marked more heavily by the fortuitous features of administrative boundaries, it should be noted first of all that, regardless of national peculiarities, the group with the lowest rate of population increase mainly comprises regions whose economies are weakened by the excessive preponderance of agriculture or by industrial decline.

The regional classification into the categories mentioned is merely a preliminary attempt which should be taken further. In particular, closer attention should be paid to correlations between economic and population trends on the basis of more suitable regional units.

## II—Factors in development

The above points raise the question as to what demographic factors have determined population development in the several regions, in other words how far this development is due to natural increase or to migration. In this connec-

tion, it would be particularly interesting to see whether agricultural regions, generally little developed, coincide in principle with regions which have a high natural population increase and net emigration, and conversely whether industrial regions—particularly those which are heavily urbanized—can be more or less equated with the regions which have a low rate of natural population increase and net immigration. Since inter-regional migration data are decidedly incomplete, study of this point, which was not undertaken, would have to be based mainly on the natural increase of regions demarcated in the most uniform possible manner.

However, some conclusions can be drawn from the available internal migration data, which, as already said, are incomplete and heterogeneous, and from the first partial results of the French 1968 census.

## A. Migrations inside Member States

### 1. *The volume of migrations*

The first feature which seems to emerge from the general mass of statistics is that major migrations inside the Member States have not appreciably dwindled over the years. It is true that there has been less migration between the *Länder* of the Federal Republic of Germany in the last few years, but it must be remembered that this migration was artificially swelled in the fifties by the movement of refugees.

For France, the provisional data of the 1968 census indicate that the aggregate total of net migrations in the 1962-68 period was just as high as in the 1954-62 period, although the latter covers eight years and the former six. In Italy, the very substantial emigration from the South to the Centre-North diminished between the 1951-61 and 1962-67 periods from an annual average of 200 000 inhabitants to one of 150 000. However, the pattern seems to be determined to a large extent by the economic situation. Migration from the South to the Centre-North fell steadily between 1962 and 1966; it rose again between 1966 and 1967.<sup>1</sup> In Belgium and the Netherlands the level of inter-regional migration has shown no change to speak of in recent decades.

### 2. *Migratory flows*

While the volume of major migratory flows has not changed appreciably, it is worth noting that their direction has often changed. In Germany, for

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<sup>1</sup> Comitato dei ministri per il Mezzogiorno: *Studi monografici sul Mezzogiorno*, Rome, 1968.

instance, the marked migratory flow to the West in the fifties has been replaced by a flow to the South since 1960. In France, there has been a reversal of the migratory flows of the Champagne, Picardie, Limousin and Auvergne regions, where the net exodus of 1954-62 became a net influx in 1962-68. The opposite is true of the Lorraine region. In the 1962-68 period the traditional net immigration into the Paris region dwindled noticeably while that into the Mediterranean region increased still further. In the Netherlands the West region, which had exercised a pull on the population for centuries, has lost more than it has gained from migration since the beginning of the sixties, with the South and the East becoming the regions with net immigration. In Belgium the historic direction of migratory flows from the North to the South has been reversed, the North becoming the sole region with net immigration. In Italy, as already stated, migrations from the South to the Centre-North diminished for a certain period; it is evident, however, that the direction of migrations is still incapable of change.

From the economic angle, since the beginning of the sixties the agricultural areas from which there has traditionally been a major exodus have been joined by certain industrial regions, namely those with conversion problems. Land Nordrhein-Westfalen, South Belgium and North France are examples. On the other hand, in the group of regions with net immigration a new category has gained in importance—regions which do not have a particularly strong economic basis in the traditional sense but which exercise a pull on the population because of their favourable geographic situation and their good environmental conditions. Regions like the Mediterranean in France and Bayern in Germany are examples. This point should be studied in more detail—mainly with a view to analysing the fundamental problem, i.e. how far population still follows the economy today and in what fields it can already be said that economic activities follow population.

It should be noted that in some regions net migrations to other parts of the country are offset by immigration from other countries. This is particularly true for certain regions which have long been industrialized and are less attractive to the national population but where foreign labour is taking over from nationals to some extent.

## **B. Concentration process**

Although the statistical bases for the analysis are not entirely satisfactory, they permit some comments on the regional concentration process as measured by the population density increase ratio.

In the context of the regions defined above, it appears that this concentration is lessening in two Community Member States, the Federal Republic of Germany and the Netherlands, where the population in the most densely populated regions (Nordrhein-Westfalen and West Netherlands) is not growing as fast as the national average.

In Italy, Belgium and France, on the other hand, the latest available figures (estimates for Italy and Belgium, provisional results of the 1968 census for France) suggest that regional concentration is still increasing. The densely populated regions (North-west Italy, Lazio, Brussels region, Paris region) are still growing faster than the national average. However, it looks as if this process has lost momentum in the most recent period, at least in France. This follows from the provisional results of the 1968 census, according to which the Paris region's growth rate in the 1962-68 period was no longer substantially above the national average (8.9% as against 7.7%), while in the 1954-62 period the rate was still 14.8% as against 8.1%.

An examination should be made to see whether concentration is tending to lose momentum in Italy and Belgium as well. Furthermore, this same density increase ratio should be studied in the framework of smaller regional units.

The above assessment of regional concentration trends is open to objection, since the regions classified as high-density regions in the various countries are not demarcated according to the same criteria. In France, Belgium and Italy they coincide fairly closely with the major conurbations. Such is not the case in the Federal Republic of Germany and the Netherlands. To counter this objection, it will help to examine the development of the conurbations in comparison with the total population of the respective Member State.

For two countries, Germany and the Netherlands, a first examination of this question shows that the conurbations' share of the total population has not increased for several years past. The slackening of concentration trends is thus substantiated at this level as well. However, the phenomenon should be studied in more detail, on a homogeneous basis for all Community countries.

### **C. Flows inside regions**

The above points, in particular those in the chapter on migrations, indicate that there has been no appreciable change in the scale of flows between regions. Other criteria, however, show that migrations inside regions, and especially

within limited areas, are becoming larger and larger. This follows, in particular, from changes in the distribution of the population between the various sizes of communes. Here we have the same picture in all Community Member States: the proportion of the total population living in communes with fewer than 5 000 inhabitants is declining, and for communes with fewer than 1 000 inhabitants even the absolute figures are going down. It is above all the medium-sized and large communes whose share of the total population is increasing, sometimes considerably.

These shared features might, of course, be due to small communes moving up into the next category because of growth. However, some studies of the development of communes classified once and for all on the basis of number of inhabitants in the last observation year confirm that the population of the medium-sized and large communes is indeed increasing the fastest. Conversely, small communes with a few thousand inhabitants, and very large cities, are developing more slowly.

As regards flows between large communes, it must be remembered that these units are joined together to form conurbations, in a manner which differs from country to country. Now, many large conurbations in the EEC have one feature in common—their centres are losing importance, having a population which is not growing any more or only insignificantly. The strong population growth is taking place in the communes of the suburbs and satellite towns.

Depopulation in the small communes reveals the difficulties facing sparsely populated areas and regions, which very often coincide with the agricultural regions. A special study should be carried out for the purpose of systematically analysing the demographic development in agricultural regions and the problems which these will have to resolve.



## PART 2

### WORKING POPULATION AND EMPLOYMENT

#### 1. Limitations of the statistical material

In principle, the development of the regional working population is assessed from census data. The reservations expressed with regard to the latter in Part 1 therefore apply here as well.

To amplify the census data, more particularly for the period after 1960-62, it was necessary to fall back on other sources which are often more homogeneous as to dates but less comparable between countries, such as estimates of the working population, of the labour supply, of the labour input, of the number of industrial wage-earners, of the persons subject to social security arrangements, etc. The existence of these heterogeneous elements should be allowed for in considering the following conclusions.

As uniform sources do not exist in some countries for the entire period under review, it was often necessary to examine each problem separately on the basis of two "sub-periods"—1950-60 and 1960-67.

#### 2. The questions to be answered

The assessment of the working population and employment covers the following questions:

- (a) How has the regional working population developed, in absolute figures and as a percentage of the national working population ?
- (b) How have the three sectors—agriculture, industry and services—developed, in absolute figures and percentage-wise, within each region?
- (c) Is there a correlation between the development of certain sectors and the development of the total regional working population ?
- (d) What change has there been in the proportion of the Member States' agriculture, industry and services located in the various regions? Are there tendencies for specific regions to acquire greater predominance in one of the three sectors, at national level, in the several Member States ?

These questions will be analysed at two regional levels—main geographic areas, and socio-economic regions (approximately ten in each large country).

## I—General development

### A. Development at the level of the Member States

As there have been many changes in working population and employment at national level, it seems necessary to recapitulate them before discussing regional alterations.

Table E/1 reveals the following changes:

(i) Germany: marked increase between 1950 and 1961 (employed population:<sup>1</sup> average annual growth rate, +1.26%); static situation between 1961 and 1966 (estimated employed population: annual growth rate, +0.04%);

(ii) France: virtually static situation between 1954 and 1962 (employed population: growth rate, +0.14%); increase between 1962 and 1968 (total employment:<sup>2</sup> growth rate, +0.60%);

(iii) Italy: slight increase between 1951 and 1961 (employed persons: growth rate, +0.37%); sharp contraction between 1961 and 1965 (employed persons: growth rate, —1.14%);

(iv) Belgium: static situation between 1947 and 1961 (employed population: growth rate, +0.04%); slight increase between 1961 and 1966 (estimated employed population: growth rate, +0.68%);

(v) Netherlands: marked increase between 1950 and 1960 (“arbeidsvolume” or labour input: growth rate, +1.04%); higher increase between 1960 and 1965 (growth rate, +1.50%);

(vi) Luxembourg: slight contraction between 1947 and 1960 (employed populations: growth rate, —0.37%); slight increase between 1960 and 1966 (employed population: growth rate, +0.28%).

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<sup>1</sup> In this survey, “employed population” or “employed persons” means that part of the working population, including the self-employed, which is actually in employment.

<sup>2</sup> Source: number of jobs broken down into agricultural and non-agricultural, 5% sample of census.

## B. Regional development

The development of the total working population and employment, which is sketched above, occurred at regional level as follows (see Tables E/1 and E/5 to E/10).

1. In Germany, during the expansion period from 1950 to 1961, there was an increase in the proportion of the national total located in the two main geographic areas of the West (Nordrhein-Westfalen) and the South (Baden-Württemberg and Bayern), together with a decrease of the proportion in the North.

In the period from 1961 to 1966—a static period at national level—while certain Länder recorded a slight decrease in absolute terms (Schleswig-Holstein, Rheinland-Pfalz, Bayern) the changes were not big enough to alter the situation attained at the end of the 1950/1961 period or clear-cut enough to reveal new trends.

2. In France, during the period from 1954 to 1962, when the national employed population was virtually static, three regions—the Paris region, the South-east and the Mediterranean—increased their share of the national total. The main geographic area of the West, on the other hand, lost ground: all its constituent regions recorded a decline in their share of the national total as well as in absolute terms. The main geographic area of the East maintained its share, thanks to compensatory movements—a decline in the North being offset by increases in the Mediterranean and South-east regions.

Although the data of the 1968 census are still not fully available, post-1962 development can be gauged from the total number of agricultural and non-agricultural jobs (5% census sample). Between 1962 and 1968, the trends of the 1954-62 period persisted at the level of the main geographic areas—decline in the share of the West area, slight increase in the East area, where the advance in the Mediterranean and South-east regions offset the ground lost by the North and East regions.

At regional level, it should be said that this period saw an absolute increase in the number of jobs in the West, South-west and Massif Central (except Limousin) regions, in contrast to the 1954-62 period when there was a marked decline in the employed population there both in absolute terms and in relation to the national total. However, the growth rate in these regions remained below the national average, so that their share diminished still further.

There was a further very substantial increase in the proportion of the national total located in the Paris region.

3. In Italy, the 1951-61 period—when there was a slight increase in the national total of employed persons—saw an increase in the share of the North-west geographic area (Piemonte, Aosta, Liguria, Lombardia) and a reduction in those of the North-east and the South, the percentage in the Centre remaining more or less constant. Within these main geographic areas, there was an absolute increase during this period in all regions of the North-west but growth was particularly fast in Lombardia. In the other three areas, including the North-east, all regions showed an absolute decline, apart from a few exceptions where the number of employed persons increased, sometimes quite sharply. These exceptions are Trentino-Alto Adige and Emilia Romagna in the North-east, Lazio in the Centre, Campania, Sicilia and Sardegna in the South.

The 1961-65 period was marked by an absolute decrease in the number of employed persons in Italy as a whole, in each of the four main geographic areas and in each of the ten regions. However, the North-west further increased its share of the national total, and there was also a slight relative rise in the North-east.

4. In Belgium between 1947 and 1960, the total employed population remained static, but the North area (Flemish region) and the Brussels region showed an increase in both absolute terms and as a share of the national total. In contrast, the employed population of the South area (Walloon region) decreased both absolutely and relatively.

The development—which is revealed by the figures for wage-earners and salaried employees subject to social security arrangements—in the 1961-67 period confirmed the trends of the previous period.

5. In the Netherlands the labour input increased in absolute terms in all four regions between 1950 and 1960. There was an increase in the shares of the West and South regions in the national total, a decline in those of the North and East.

The 1960-65 period saw an absolute increase in the labour input in all regions. Only the West region achieved a notable increase in its share of the national total; the shares of the other three regions remained relatively constant.

6. In Luxembourg, the employed population contracted between 1947 and 1960 but expanded between 1960 and 1966.

## II—Development by sectors

Alterations in the total working population and employment during the periods under review were accompanied by substantial changes in the various sectors, the major trends in which at Member State level should be recapitulated (see Tables E/2 to E/4).

### A. At the level of the Member States

During the periods under review, all Community countries recorded a steady and substantial reduction in the working population or employed population in the primary sector—both in absolute terms and as a percentage of the total working or employed population.

The secondary sector changed in varying proportions, according to the country and the periods:

(i) The sector expanded substantially in both absolute and relative terms, up to the 1960-62 period, in all Community countries except Belgium. Thereafter, the share of the secondary sector continued to increase but at an appreciably slower rate in all the Member States except France, where it again expanded considerably. In Italy, the sector marked time in absolute terms, although it increased relatively.

(ii) In Belgium the share of this sector declined throughout the 1947-67 period; but it grew in absolute terms after 1961.

The importance of the tertiary sector increased steadily in the six countries.

### B. At regional level

The development of the economic sectors which is described above had effects at regional level that differed widely, according to the initial situation and the intensity of the development process (see Tables E/2, E/3, E/11 and E/22).

The following comments are called for.<sup>1</sup>

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<sup>1</sup> The regional classification on the basis of a single criterion, employment, obviously does not provide an exhaustive and definitive division of Community regions; this classification is used solely as a working instrument here.

1. In Germany, on the basis of the national averages for the three sectors (primary 22.2%, secondary 42.4%, tertiary 35.4%), the Länder could be classified in 1950 in one of the following regional types:

(a) "Agricultural" regions (more than 30% of the employed population in the primary sector): Bayern (30.6%), Rheinland-Pfalz (36.1%) and Niedersachsen (30.4%);

(b) "Industrial" regions (45% or more of the employed population in the secondary sector): Nordrhein-Westfalen (54.2%), Baden-Württemberg (44.5%), Saar (distribution by sectors known only from 1961 onwards);

(c) Regions where the share of the tertiary sector exceeded 50%: city Länder of Hamburg (59.5%), Bremen (54.9%) and Berlin (54.6%);

(d) Regions where no characteristic feature emerged from the distribution of the working population between sectors: Schleswig-Holstein and Hessen.

The situation at the end of the period under review (1966) is described below.

If we again take as our basis the national averages for the sectors (which had become, in 1966, primary 10.3%, secondary 49.2% and tertiary 40.5%), there is little change in the regional classification. In the three regions of Bayern, Rheinland-Pfalz and Niedersachsen the percentage of the employed population engaged in agriculture was still distinctly above the national average for this sector.

The three regions of Nordrhein-Westfalen, Saar and Baden-Württemberg, where the share of the secondary sector remained substantially above the national average, were joined by Hessen. As in 1950, the percentage of the working population employed in the tertiary sector was far above the national average for this sector in the three city Länder; this group was joined by Schleswig-Holstein.

It should be noted, however, that there was a tendency for the percentages of each of the three economic sectors to come closer together in all regions. This was particularly true of the agricultural sector (excluding city *Länder*), where the difference between extreme sector percentages declined from 24.4 points in 1950 to 12.6 points. For the secondary sector, if we exclude the three city Länder and the Schleswig-Holstein region, where development led to "tertiary" specialization, the difference declined from 19.3 to 11.4 points in the same period. As the tertiary sector expanded at virtually the same rate in all regions which were not "tertiary" to begin with (city *Länder*), there was little change in the difference between extreme sector percentages (8.4. to 8.6 points).

Table E/17 shows that in the 1950/61 period industrialization was particularly intensive in Baden-Württemberg and Hessen. Between 1961 and 1966 it continued to develop in these regions. Conversely, after 1960 this sector lost a little ground to the tertiary sector in the Länder where it had already accounted for a fairly high proportion of the employed population during the first period (Nordrhein-Westfalen, Saar, the three city *Länder*). In no Land did the percentage of the employed population in the secondary sector rise significantly above 55%, which seems to be the maximum it can attain in the total economic activities of a Land.

2. In France, on the basis of the national averages for the three sectors (primary 27.6%, secondary 36.3% and tertiary 36.1%), in 1954 the nine regions could be classified in the following regional types (see table E/18):

(a) "Agricultural" regions (more than 40% of the employed population in the primary sector): West (48.5%), Massif Central (46.5%), South-west (45.3%);

(b) "Industrial" regions (more than 40% of the employed population in the secondary sector): North (55%), East (48.2%), South-east (40.1%);

(c) "Tertiary" regions (more than 40% of the employed population in the tertiary sector): Paris (52.9%) and Mediterranean regions (45.0%);

(d) "Indeterminate" regions where no sector occupies a large enough proportion of the employed population to be classified as predominant (Paris basin).

The situation in 1962, at the end of the period under review<sup>1</sup>, is described below.

The national averages for the sectors had become 20.6% primary, 38.8% secondary and 40.6% tertiary. However, this did not alter the classification of the various regions. The share of agriculture in the three regions of the West, Massif Central and South-west remained markedly above the national average for this sector. In the three regions of the North, East and South-east, the proportion of the employed population in the secondary sector was still decidedly higher than the national average; the same held good for the tertiary sector in the Paris and Mediterranean regions.

The differences between the shares of each sector from one region to another had only narrowed slightly. In the 1954/62 period, the difference between

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<sup>1</sup> The first available results of the 1968 census only break jobs down between agricultural and non-agricultural, and not between the three sectors.

the extreme percentages changed as follows in each sector: primary sector (excluding Paris region) from 35.5 to 30.3 points; secondary sector from 31.3 to 27.4 points; tertiary sector (excluding the Paris and Mediterranean regions) from 7.5 to 6.2 points.

A closer scrutiny of the development by sectors between 1954 and 1962 shows that industrialization was relatively weak in most regions: none of them recorded a substantial increase in the share of the secondary sector. The tertiary sector absorbed the bulk of the working population freed from the primary sector. As against this, between 1954 and 1962 there was a decline in the relative importance of the regions which were the most industrialized in 1954, namely the North, the Paris region and Lorraine (East).

For the period from 1962 to 1968 we only know the breakdown of jobs between agriculture and the rest of the economy and not between the three sectors. In 1968 the national averages had become: agricultural sector 15.3%, non-agricultural sectors 84.7%. There was no change in the regions classified as agricultural—the share of agriculture in the West, Massif Central and South-west was still markedly above the national average. The regional trends for each of the other two sectors can be deduced from the change in the numbers of industrial wage and salary earners, but this is only known for 1965-67. These data indicate substantial industrialization in the agricultural regions of the West area and more particularly in the West region. On the other hand, this sector contracted in the industrial regions of the North and East.

In the Paris and Mediterranean regions, classified as “tertiary”, the share of the latter sector continued to grow, for the increase in the number of non-agricultural jobs was not accompanied by a parallel movement in the industrial sector.

3. In Italy, on the basis of the national averages of employed persons in the three sectors (primary 43.9%, secondary 29.5% and tertiary 26.6%), the ten regions fell into the following four groups in 1951:<sup>1</sup>

(a) “Agricultural” regions (more than 50% of the employed population in the primary sector). Marche-Toscana-Umbria (51%), Abruzzi-Molise (70%), Puglia-Basilicata (62%), Calabria (65%), Sicilia (52%), Sardegna (51%);

(b) “Industrial” regions (more than 35% of the employed population in the secondary sector): North-west (46%);

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<sup>1</sup> See Table E/19.



(c) "Tertiary" regions (tertiary percentage above 40%): Lazio (41%);

(d) Regions where no characteristic feature emerged from the distribution of the employed population between sectors but where the agricultural sector was very significant (about 47.5%): North-east and Campania.

The situation at the end of the period under review (1965) is described below.

Taking again as basis the national averages for the sectors—which in 1965 had become primary 25.5%, secondary 39.7% and tertiary 34.8%—the following changes in the regional distribution are found.

In the three regions of Abruzzi-Molise, Puglia-Basilicata and Calabria the percentage of employed persons in agriculture remained distinctly above the national average. As against this, the percentage had come substantially closer to the national average in the other "agricultural" regions—Marche-Toscana-Umbria, Sicilia and Sardegna—though it was still significantly above this average.

In the North-west region the share of the secondary sector was still above the national average. The same applied to the tertiary sector in Lazio.

In the two regions where the sector distribution did not allow a clear classification (North-east and Campania), the share of the agricultural population was no longer more than very slightly above the national average. In 1965, a breakdown by sectors shows that the percentage of employed persons in each sector in these two regions was the same as the national average.

As in the other countries, the shares of each of the three sectors from region to region tended to approach each other. The differences between extreme sector percentages contracted, in fact, as follows: primary, from 44.7 to 33.4 points; secondary, from 32.1 to 25.8 points; tertiary (excluding Lazio) from 12.6 to 9.8 points.

A comparison shows that industrialization was widespread and particularly substantial in the period from 1951 to 1961. The industrial sector, it may be added, was the main beneficiary from the decline in the agricultural labour force.

As regards more particularly the development in South Italy, the number of employed persons in the secondary sector grew steadily between 1951 and 1964, by a total of more than 500 000; after 1964, however, industrial employment showed a marked tendency to level off. This growth and subsequent

flattening-out of secondary employment was concurrent, furthermore, with a steady decrease in the total employed population which continued throughout the period.

In comparison with the country as a whole, industrial employment in the South underwent slight variations during the period under review but there was no lasting change in its percentage share.

4. In Belgium, the employed population was divided as follows between the three sectors in 1947: primary, 12.6%; secondary, 49%; tertiary, 38.4%. Disregarding the Brussels region, where a very high percentage of the employed population (54.5%) was occupied in the tertiary sector, the structure by sectors of the four Belgian regions was both advanced and balanced: employment in the agricultural sector varied between 10.8% and 15.8%, in the secondary sector between 45.1% and 56.5%, in the tertiary sector between 32.7% and 39.9% (Table E/20).

Scrutiny of regional changes from 1947 to 1961 reveals that industrialization was more especially concentrated in the North (Flemish region) and in particular the North-east. In contrast, the South (Walloon region) showed a very perceptible decline of its industrial sector to the benefit of the tertiary sector.

The differences in each sector between extreme percentages, which were already very narrow in 1947, were still narrower in 1961. In agriculture the difference declined from 5 to 2.6 points, in the secondary sector from 11.4 to 4 points, and in the tertiary sector from 7.2 to 6.6 points.

In 1967, the estimates of the Ministry of Employment and Labour show that the distribution by sector of the working population at national level had become: primary 5.8%, secondary 44.3% and tertiary 49.9%. No estimates were made of the working population at regional level, so no conclusions can be drawn for the 1961-67 period. However, it follows from the number of persons insured with the "Office National de la Sécurité Sociale" that, as regards secondary employment, the trends found for the 1947-61 period persisted.

5. In the Netherlands, on the basis of national averages for "labour input"—in 1950 primary sector 15.4%, secondary sector 39.6% and tertiary sector 45.0%—the West region was characterized by the predominance of the tertiary sector, the North by the predominance of agriculture, and the South and East regions by the predominance of the industrial sector (Table E/21).

The regional classification, as measured by the new national averages for the three sectors—8.6% for the primary sector, 41.9% for the secondary sector and 49.5% for the tertiary sector—was not appreciably different in 1965. It should be noted that in the South and East regions the percentage of labour input in the tertiary sector remained clearly below the national average.

This development nevertheless altered the differences between extreme sector percentages, which declined from 19.6 to 10.6 points for agriculture and from 15.0 to 11.4 points for industry but remained virtually unchanged for the tertiary sector (18.1 and 17.8 points).

6. In Luxembourg, the distribution by sectors of the employed population changed between 1947 and 1966 from 25.9% to 11.2% for the primary sector, from 39.4% to 44.9% for the secondary sector, and from 34.6% to 43.9% for the tertiary sector (Table E/22).

### C. Development of the sector role of the regions

While Chapters A and B revealed the substantial changes in regional economies due to the development by sectors which is illustrated above, the question still remains of whether and how far these modifications have affected the role played by each region in the individual sectors of the country as a whole. To answer this question, the share of the regional sectors in the sectors at national level has been calculated and the results embodied in Tables E/23 to E/27. Economic interpretation of these tables is, however, no easy matter.

Since the yardstick is the working or the employed population and not production, an increase in the share of a region can be a sign of strength or of weakness. Broadly speaking, it may be assumed that an increase in the industrial sector will be a sign of strength, and an increase in the agricultural sector a sign of weakness.

1. In Germany, despite all the changes which occurred during the period of 16 years, the only alterations in the primary sector were a slight increase in the shares of Bayern and Baden-Württemberg and a slight reduction in the shares of Hessen and Niedersachsen.

More marked changes occurred in the secondary sector where, throughout the 1950-66 period, Baden-Württemberg and Hessen considerably increased their

percentage share of German industry, while the shares of Nordrhein-Westfalen and the Saar contracted slightly after 1961.

For the tertiary sector, clear trends only emerged in the 1950/61 period, when the two Länder of Nordrhein-Westfalen and Baden-Württemberg recorded an increase in their share of national tertiary activities while Bayern's share declined.

2. In France, the only changes in the primary sector during a period of 14 years were a slight contraction in the share of the East, Massif Central, South-west and South-east in French agriculture together with a slight increase in the share of the West, Paris basin and Mediterranean region.

As against this, the 1954-62 period saw more marked changes in the secondary sector: the Paris basin, South-east and Mediterranean regions registered an increase in their percentage of French industry, while there was a slight decrease in the share of the North and, to a lesser extent, of the East region.

In the tertiary sector, finally, between 1954 and 1962 the share of the Paris region in national tertiary activities rose slightly while that of the Paris basin contracted a little.

No direct conclusions can be drawn for the post-1962 period, owing to the absence of statistical data. However, the total number of non-agricultural jobs, as indicated by the census (sample) and surveys of industrial and commercial establishments from 1962 to 1966, show that the West, Mediterranean, South-east and Paris basin regions increased their share in national commerce and industry, while the share of the Paris, North and East regions declined.

3. In Italy, during the 15-year period there was a notable increase in the proportion of the national employed agricultural population located in the Campania, Puglia-Basilicata and Sicilia regions while the share of Abruzzi-Molise, Calabria, Lazio and Marche-Toscana-Umbria decreased.

In the secondary sector, the period from 1951 to 1965 saw a decline in the proportion of national industry located in the North-west region and a slight increase in the share of the North-east and South geographic areas. As regards the tertiary sector, Lazio's share in the national total increased throughout the whole 15-year period while the South's share declined between 1961 and 1965, mainly owing to Sicilia.

4. In Belgium, between 1947 and 1961 there was a very substantial reduction in the proportion of the country's agricultural working population located in the North-east and a notable rise in the share of the North-west, South-west and South-east regions in this sector.

Very marked changes also took place in the secondary sector. A substantial increase in the percentage of Belgian industry located in the two North regions was accompanied by a very considerable decline in the share of the two South regions.

In the national tertiary sector, the share of the North-East rose conspicuously while that of the other regions grew only slightly.

The available data do not allow an analysis of development after 1961.

5. In the Netherlands, during the 16-year period the share of the West region in national agriculture increased sharply whereas that of the South and North regions perceptibly fell.

In the secondary sector, the proportion of Netherlands industry located in the South rose, as also did, to a lesser extent, the proportion in the North, while the share of the West region contracted sharply.

Finally, the share of the South and East regions in the national tertiary sector increased, and that of the North declined.

#### D. Trends at Community level

The points made above reveal some trends at Community level in both regional development by sectors and the ratio between the primary sector and the total working population.

1. As regards the latter ratio, it is seen that in general the regions which had the highest primary sector percentages around 1950 recorded the largest decreases or smallest increases in their total working or employed population. There are only a few exceptions to this general tendency—the Paris basin in France, Campania, Sicilia and Sardegna in Italy.

2. Analysis of the secondary sector reveals substantial industrialization, between 1950 and 1960, of the regions in Germany, Italy and the Netherlands which had only attained a low or average degree of industrialization

around 1950. In the 1960-66 period industrialization lost momentum in these three countries, but France seems to have eliminated the lag which had developed in the previous decade.

Another feature of the development was a tendency for the share of the secondary sector to contract in the regions which were the most heavily industrialized around 1950. This tendency is found from 1960 in the North region of France, but above all in the two South regions of Belgium, where it is possible to speak of a genuine industrial recession. In 1966 the same development was observed in Nordrhein-Westfalen and the Saar. In that year, the industrial wage-earner indices in France and the Netherlands reveal an identical tendency in the East of France and the South of the Netherlands.

3. When we come to describe the regional development of the tertiary sector at Community level, it should first be recalled that, towards 1950, in one region or more with a metropolitan character in each Member State a particularly large percentage of the employed population was occupied in the tertiary sector: in Italy, Lazio (41.2%); in the Netherlands, the West (54.6%); in Belgium, the Brussels region (54.5%); in France, the Paris region (52.9%) and the Mediterranean region (45%); in Germany, the three city Länder of Hamburg (59.5%), Bremen (54.9%) and Berlin (54.6%). Apart from these "tertiary" regions, there was relatively little variation between the percentage share of this sector in the individual regions of each Member State.

Development between 1950 and 1966 was as follows:

- (a) the share of the tertiary sector increased in all regions, and by the same token in all geographic areas;
- (b) this increase was markedly less sharp in the "tertiary" regions, apart from Lazio, than in the other regions;
- (c) the rate of increase was relatively constant in all these other regions within the same country.

4. A major feature is revealed by examination of the development by sectors in the regions<sup>1</sup> adopted here. All the movements are marked by a tendency towards alignment in the shares of each of the three sectors from region to region. While there are certainly still regions in which one of the three sectors plays a particularly important role, their margin of variation from natio-

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(<sup>1</sup>) See Graphs 1) to 5) below.

nal averages has substantially diminished. It follows that regional specialization of the working population only operates in smaller areas or between the different branches, rather than between the three sectors. This conclusion can provide various pointers to the future development of the regions.

It is obviously necessary to allow for the fact that the tendencies revealed only apply to the working population and employment, and those for production and products may differ. The latter tendencies should be studied as soon as the necessary figures are available.

## PART 3

### PRODUCT AND INCOME

#### 1. Limitations of the statistical material

Data on regional products exist in all Community countries today, but they lack homogeneity as to periods of reference, definition of aggregates or delimitation of regions.

(a) As regards periods of reference, there are annual series for the regional product in three Member States, namely Germany, Italy and Belgium. In France and the Netherlands attempts to establish regional accounts have only been made for one year—for 1962 in France and for 1960 in the Netherlands.

(b) As regards definition of the product, the situation is as follows. In Germany and Italy the domestic products of the regions are known at various stages (gross or net, at market prices and at factor cost); the accounts are fairly detailed. Belgium publishes only the gross product at factor cost. In France, the regional breakdown for 1962 covers about 80% of the gross national product at market prices. In the Netherlands, the regional accounts for 1960 give the gross domestic product; but there are regional statistics for incomes of physical persons worked out from tax returns, at intervals of several years.

(c) As regards the regional delimitation adopted, in Italy official figures refer to the four large parts of the country: private estimates exist for the regions. In Germany, the Länder work out regional data; in France, an attempt to establish a regional differentiation of the product has been made for the 22 programme regions; in Belgium, the economic situation of the nine provinces is reviewed at regular intervals by the INS; and in the Netherlands, the incomes studies are also carried out at province level.

As in the previous two chapters, the initial situation and development of the product will be examined at two different levels: firstly for the main geographic areas, and secondly for about ten regions per country.



(d) Regional product data, especially product per capita, do not allow inter-regional comparisons of incomes or living standards. While the product corresponds fairly closely to incomes at national level, this is not the case at regional level, owing to transfers of wages, profits, taxes etc., beyond the borders of the individual regions. It is obvious that, the smaller the region, the bigger the difference will be between product and incomes. The product of the regions is thus above all a yardstick for their respective production capacity or, still more, for their capacity to create added value.

## 2. The questions to be answered

The product and incomes of the regions are analysed with reference to the following questions:

(a) What was the initial product per capita of the various regions? Which were the economically strong and weak regions? What are the differences between the regions in relation to the national average?

(b) What economic growth has been recorded by the regions? Have the backward regions grown faster and the strong regions more slowly, or vice versa? Has one or other category of regions increased its share in the national product?

(c) Are disparities between the product per capita of the regions increasing or decreasing?

(d) What is the regional population distribution as measured by the level of the product per capita?

It follows from these questions that the product analysis below is limited to a brief survey of regional situations and development, and disregards structures and in particular the factors behind them.

### I—Development at the level of the Member States

Annual changes in the total and per capita product in the Member States are given in Tables R/5 to R/12 and plotted in Graphs 6) to 11).

Below, changes throughout the period under review are summarized by average growth rates of the aggregate product and of the product per capita at

constant prices, the corresponding rates at current prices being given in brackets.

Germany (1953-65):

annual increase in aggregate product 6.3% (9.3%)

annual increase in product per capita 5.0% (8.0%)

France (1955-65):

annual increase in aggregate product 5% (10.4%)

annual increase in product per capita 3.8% (9.1%)

Italy (1954-66):

annual increase in aggregate product 5.2% (9.3%)

annual increase in product per capita 4.4% (8.4%)

Belgium (1955-66):

annual increase in aggregate product 5.6% (6.4%)

annual increase in product per capita 4.9% (5.8%)

Netherlands (1955-65):

annual increase in aggregate product 5.0% (8.7%)

annual increase in product per capita 3.2% (7.4%)

Luxembourg (1955-65):

at current prices (constant price figures were not available)

annual increase in aggregate product 5.8%

annual increase in product per capita 4.8%

## II—Development at regional level

The development of the product by regions can only be examined for Germany, Italy and Belgium, the sole Member States where homogeneous data are compiled on an annual basis.

### 1. Initial economic situation

The starting point chosen is 1955, the first year for which data are available for the above-mentioned three countries. In this year, the situation as to the product per capita of the main geographic areas was as follows:

(a) In Italy, there was an 83.6 index point difference (as measured against the national average) between the two extremes, namely the South (64.2) and the North-west (147.8);

(b) In Germany, this difference was 22.1 points, the two extremes being the Centre (92.5) and the West (114.6);

(c) In Belgium, the difference was 53.5 points between the North (87.3) and the Brussels region, and 13.3 between the North (Flemish region) and the South (Walloon region).

Examination—again for 1955—of the regional situation (by countries) shows that differences within the three Member States increase to the following figures:

Italy: 93.3 index points between Puglia/Basilicata/Calabria (57.4) and Lombardia (150.7);

Germany: 76.6 points between Schleswig-Holstein (75.8) and Hamburg (152.4), or 38.8 points between Schleswig-Holstein (75.8) and Nordrhein-Westfalen (114.6) if the city Länder are excluded;

Belgium: 47.2 index points between the province of Limburg (77.5) and the province of Brabant (124.7). The difference here is less because the province of Brabant, in which Brussels is situated, is larger and has a lower index than the Brussels region adopted above. If we substitute the Brussels region for Brabant the difference is 63.3.

Regional differences inside each country would almost certainly be still greater if even smaller regions were to be adopted.

This transition from one regional scale to another provides an interesting yardstick for the gravity of regional problems. In Germany and Belgium we must get down to fairly small regional units (in relation to the country) before we find the difference occurring in Italy between main geographic areas. Conversely, while regional differences are much smaller in Germany and Belgium if regions are merged to form main geographic areas, they are virtually unchanged if the same operation is performed in Italy.

## **2. Economic growth**

Tables R/1 and R/2 show the average growth at current prices, in the 1955/65 period, of the main geographic areas and regions of the three coun-

tries concerned. Tables R/3 and R/4 give the same units in decreasing order of their average annual growth rates at constant prices.

The two series of rates, at current prices and at constant prices, do not always give the same result for relative regional growth. Thus, while at current prices South Italy attains the national growth rate, it lags behind the latter at constant prices. This is owing to regional price variations and the different composition of regional products. The problem could be examined in more detail by further studies.

Data at constant prices are employed below, so as to allow comparison between countries.

Due regard must be paid to the fact that the outcome of this comparison depends to some extent on the selection of the reference years and the consequent business situations in the several countries.

In Germany, the product of the weakest main geographic areas (i.e. low product per capita), the South and the Centre, grew faster than that of the country as a whole, while growth in the North and West, which had stronger economies, was slower than the national average. In Belgium, the product of the North—which had the lowest product per capita in 1955—grew faster than the national average; the same applied to the Brussels region, with the highest product per capita.

In Italy, the area with the strongest economy, namely the North-west, recorded the highest economic growth rate. The South, on the other hand, lagged somewhat behind the national average.

At regional level, in Germany the highest growth rate was found in Baden-Württemberg and Hessen—where the product per capita in 1955 was around the national average—followed by Bayern and Schleswig-Holstein, which had a fairly low product per capita in 1955. Conversely, the growth rate of the Land with the highest product, Nordrhein-Westfalen, failed to reach the national average.

In Belgium, at province level the highest growth rate in the 1955-65 period was recorded by Antwerp, followed by Limburg, Brabant and the two Flanders, where growth was at least above the national average; the four provinces of the South—Liège, Namur, Hainaut and Belgian Luxembourg—failed to attain the national average.

It should be added that, according to Table R/16, there was an absolute decrease in the total product of Limburg, Hainaut, Liège and Luxembourg in 1958, and of Limburg and Hainaut in 1959.

### 3. Differences in 1965

These changes narrowed the difference between the product per capita of the regional units.

In Germany, the difference at the level of the main geographic areas was only 9.5 points in 1965 (see Table R/2).

In Belgium, while the difference was still 54.1 points between the Flemish region and the Brussels region, the gap between the Flemish region and the Walloon region had virtually disappeared (Table R/2).

In Italy, although the South had only more or less kept pace with the total growth rate of the country, the difference between the South and the North-west had declined to 72.2 points in 1965, owing to emigration (see Table R/12).

At the level of the ten regions, the differences between product per capita had declined in Germany and Italy.

In Germany, if the city *Länder* are excluded, the difference was only 27 points between Rheinland-Pfalz, which with 79.4 points had dropped to the last place, and Baden-Württemberg (106.4), which had replaced Nordrhein-Westfalen at the top (Table R/9).

In Italy, the difference between the most advanced region (Lombardia) and the most backward region (Puglia/Basilicata/Calabria) was only 74.6 points in 1966.

In Belgium (Table R/17) on the other hand, the maximum difference, between the provinces of Brabant and Luxembourg, increased to 53.4 points. Even if Brabant is excluded because of Brussels, the maximum difference increased slightly, from 35.6 in 1955 to 36.5 in 1966.

### 4. Distribution of regional population by product per capita

A first attempt was made to break population down by regions classified according to their average product per capita. This attempt was hampered by the limited number of regions and their heterogeneity, two factors which influence the results considerably. The study should therefore be resumed as soon as data are available on more suitable regional units. Allowing for this reservation, the first results can be summarized below.

For Germany, Table R/23 shows that between 1953 and 1965 the proportion of the population living in regions with a product index below 100 declined from 52.9 to 40.8%. While the regions with an index between 90 and 110 only accounted for 23% of the population in 1953, they contained 72% in 1965 owing to a marked rapprochement to the average.

In Italy, a similar comparison of national product with number of inhabitants at the level of the 11 regions is only possible for the period from 1963 to 1966. It shows that the product per capita of 58% of the population was below the national average in 1963, as against only 47% in 1966. The product per capita of 30% of the population was less than 10% below the national average in 1963 and 1966.

In France, the data available for 1962 show that, at the level of nine regions, 52% of the population were living in regions where the GDP per capita was below the French average.

In Belgium, the frequency distribution has hardly changed. In 1955, the product per capita of 52% of the population was below the national average, as against 51% in 1966. At the same time, there was a slight shift from the average; in 1955 the product of 66% of the population was between 90 and 110 (average=100) as against only 60% in 1966.

In the Netherlands, data on taxable incomes at province level do not indicate a trend towards the average during the 1950-63 period: 48% of the population had an income per capita below the national average in 1950 as against 53% in 1963. In 1950, 66% of the population had an income differing by  $\pm 10\%$  from the national average, as against 65% in 1963.

## 5. Regional contributions to national product

Allowing for different economic growth rates and population movements, the substantial changes in regional contributions to national product are listed below.

At the level of the main geographic areas (see Table 1), there has been a distinct increase in the contributions by the South and Centre of Germany and a distinct reduction in those of the North and West. In Belgium, the North (Flemish region) and the Brussels region have increased their shares from 44.2 to 46.7% and from 21.6 to 23.2% respectively, while the South's share contracted from 34.2 to 30.1%. In Italy, although there have been

some variations in the percentages of the main areas, clear trends do not emerge. By and large, the percentages of the main areas have remained relatively stable in this country.

At regional level, the sharpest increases in Germany (see Table R/7) have taken place in Baden-Württemberg, Hessen and Bayern, the most noticeable decline being in Nordrhein-Westfalen (from 33.8 to 30.9%). In Belgium (see Table R/16) the provinces of Antwerp and Brabant have shown a quite strong increase in their percentages, the provinces of Limburg and West Flanders a moderate rise, and the provinces of Hainaut, Liège, Luxembourg and Namur a decline. In Italy, the available data do not enable the change in regional shares to be followed.

### **III—Comparison of the regional situation in the six countries in 1962**

The regional products of all Community Member States can only be compared for 1962. This comparison shows the following differences in product per capita between the main geographic areas and between the regions:

#### *Main geographic areas*

- (i) Italy: 82.6 index points between the South (62.9) and the North-west (145.5) (see Table R/12)
- (ii) France: 50.2 between the West (81.3) and the Paris region (131.5) (see Table R/13)
- (iii) Germany: 13.4 between the Centre (92.2) and the West (105.6) (see Table R/5a)
- (iv) Belgium: 58.4 between the Flemish region (89.2) and the Brussels region (147.6); 5.3 between the Flemish region and the Walloon region (94.5) (see Table R/15)
- (v) The Netherlands: 28 between the North (86) and the West (114) (figures for 1960) (see Table R/18).

#### *Regions*

- (i) Italy: 91.7 index points between Calabria (56.4) and Valle d'Aosta (148.1) (figures for 1963) (see Table R/12a)

(ii) France: 53.1 between the West region (78.4) and the Paris region (131.5) (see Table R/13)

(iii) Germany: 84.7 between Rheinland-Pfalz (77.0) and Hamburg (161.7), 29.7 between Rheinland-Pfalz and Baden-Württemberg (106.7) (see Table R/9)

(iv) Belgium: 60.6 between the province of Limburg (68.1) and the province of Brabant (128.7) (see Table R/17)

(v) The Netherlands: 42.0 between the province of Friesland (81) and the province of Zuid-Holland (123) (figures for 1960) (see Table R/20).





Annex 2

VOLUME 2 : TABLES



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## LIST OF REGIONS

Main geographic areas	Regions	Basic administrative units
<b>GERMANY (FR)</b>		
North	(1) Schleswig-Holstein (2) Niedersachsen (3) Hamburg (4) Bremen	Regierungsbezirke
West	(5) Nordrhein-Westfalen	Regierungsbezirke
Centre	(6) Hessen (7) Rheinland-Pfalz (8) Saar	Regierungsbezirke
South	(9) Baden-Württemberg (10) Bayern	Regierungsbezirke
	(11) West Berlin	
<b>FRANCE</b>		
Paris region	(1) Paris region	Paris region
West (= region 1 + region 2 + region 3 + region 4 + Centre + Languedoc)	(2) West	Basse-Normandie Bretagne Pays de la Loire
	(3) South-west	Poitou-Charente Aquitaine Midi-Pyrénées
	(4) Massif Central	Limousin Auvergne
East (= region 5 + region 6 + region 7 + region 8 + region 9 — Centre — Languedoc)	(5) North	Nord
	(6) Paris basin	Picardie Haute-Normandie Champagne Centre
	(7) East	Lorraine Alsace Franche-Comté
	(8) South-east	Bourgogne Rhône-Alpes
	(9) Mediterranean	Provence-Côte d'Azur Corse Languedoc



Main geographic areas	Regions	Basic administrative units
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ITALY

North-west	(1) Piemonte, Valle d'Aosta, Liguria	Piemonte Valle d'Aosta Liguria
	(2) Lombardia	Lombardia
North-east	(3) Trentino - Alto Adige, Veneto, Friuli-Venezia Giulia	Trentino-Alto Adige Veneto Friuli-Venezia Giulia
	(4) Emilia Romagna	Emilia Romagna
Centre	(5) Marche, Toscana, Umbria	Marche Toscana Umbria
	(6) Lazio	Lazio
South	(7) Abruzzi, Molise	Abruzzi Molise
	(8) Campania	Campania
	(9) Puglia, Basilicata, Calabria	Puglia Basilicata Calabria
	(10) Sicilia	Sicilia
	(11) Sardegna	Sardegna

BELGIUM

North (Flemish region)	(1) North-west (East and West Flanders)	Antwerp
	(2) North-east (Antwerp, Limburg, + the Louvain arrondissement of the province of Brabant)	Limburg East Flanders
South (Walloon region)	(3) South-west (Hainaut, Namur, + the Nivelles arrondissement of the province of Brabant)	West Flanders Hainaut
	(4) South-east (Liège, Luxembourg)	Liège
Brussels region	(5) Brussels (Capitale) arrondissement + Brussels (peripheral communes) arrondissement + Halle and Vilvoorde arrondissements	Luxembourg Namur Brabant

Main geographic areas	Regions	Basic administrative units
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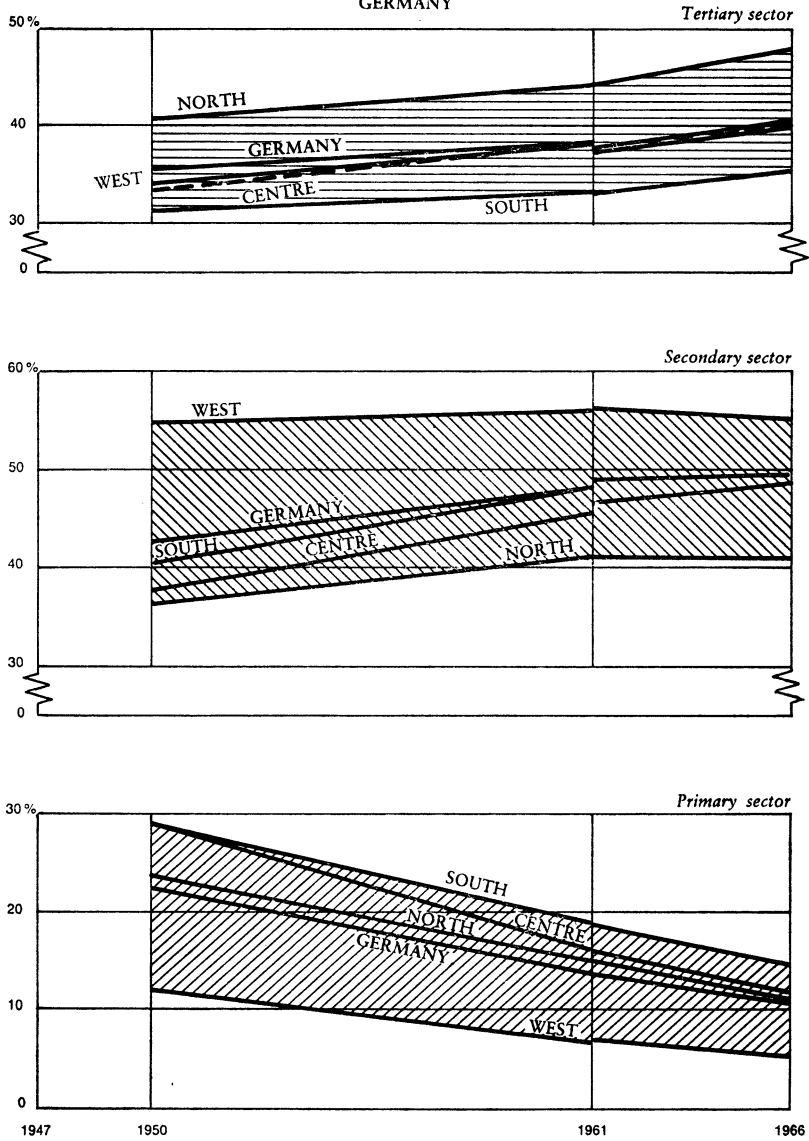
NETHERLANDS

North	(1) Groningen, Friesland, Drenthe	Groningen Friesland Drenthe
East	(2) Overijssel, Gelderland	Overijssel Gelderland
West	(3) Utrecht, Noord-Holland, Zuid-Holland	Utrecht Noord-Holland Zuid-Holland
South	(4) Zeeland, Noord-Brabant, Limburg	Zeeland Noord-Brabant Limburg

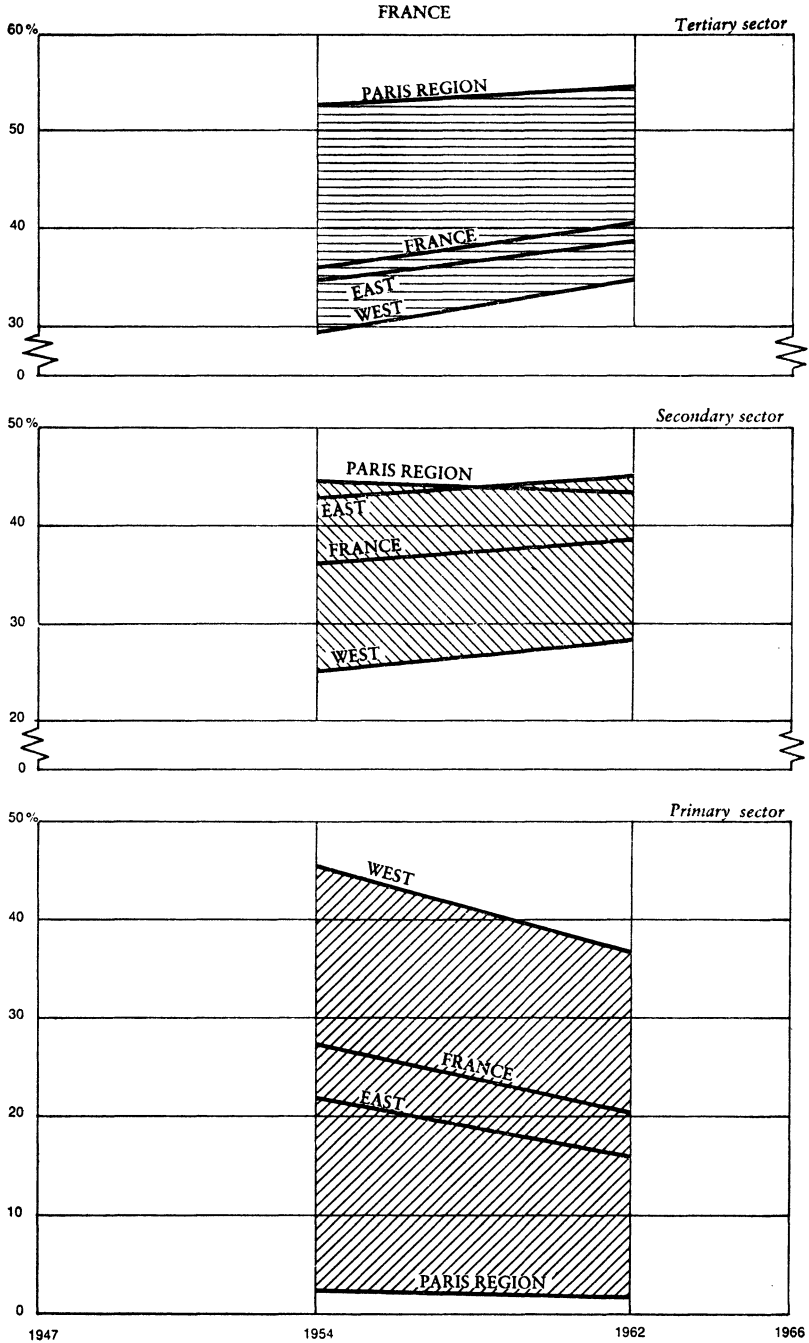
LUXEMBOURG

Luxembourg	Luxembourg	
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GRAPH 1  
 Working population and employment  
 Development of the three sectors by main geographic area  
 GERMANY

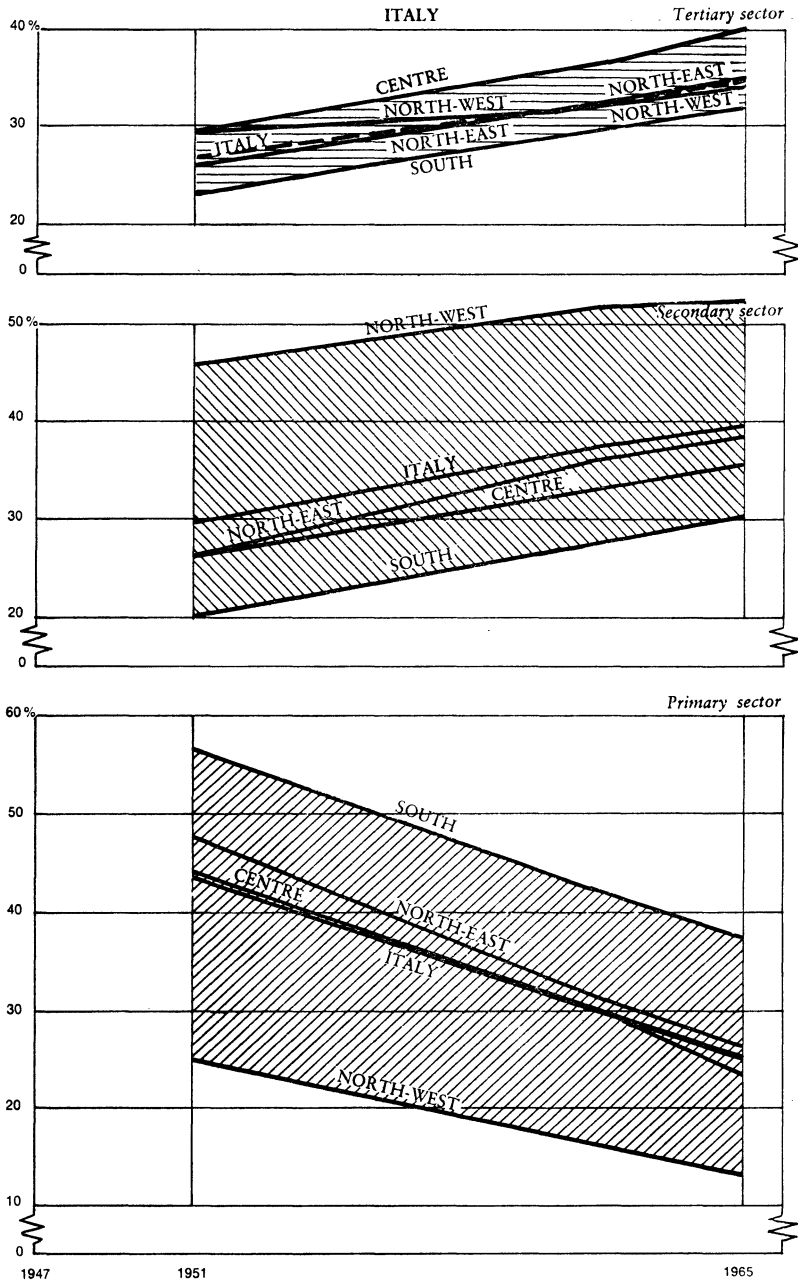


GRAPH 2  
 Working population and employment  
 Development of the three sectors by main geographic area



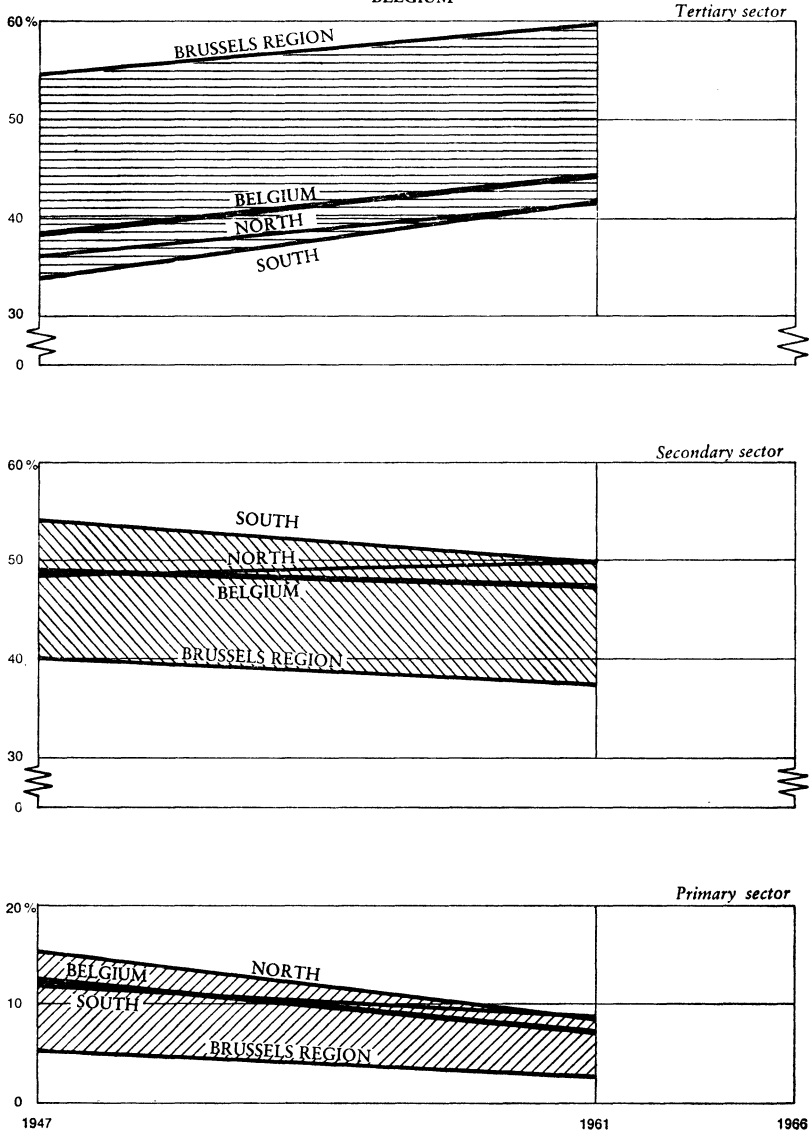
Source: Population census, 1954 and 1962 (5 % sample).

GRAPH 3  
 Working population and employment  
 Development of the three sectors by main geographic area



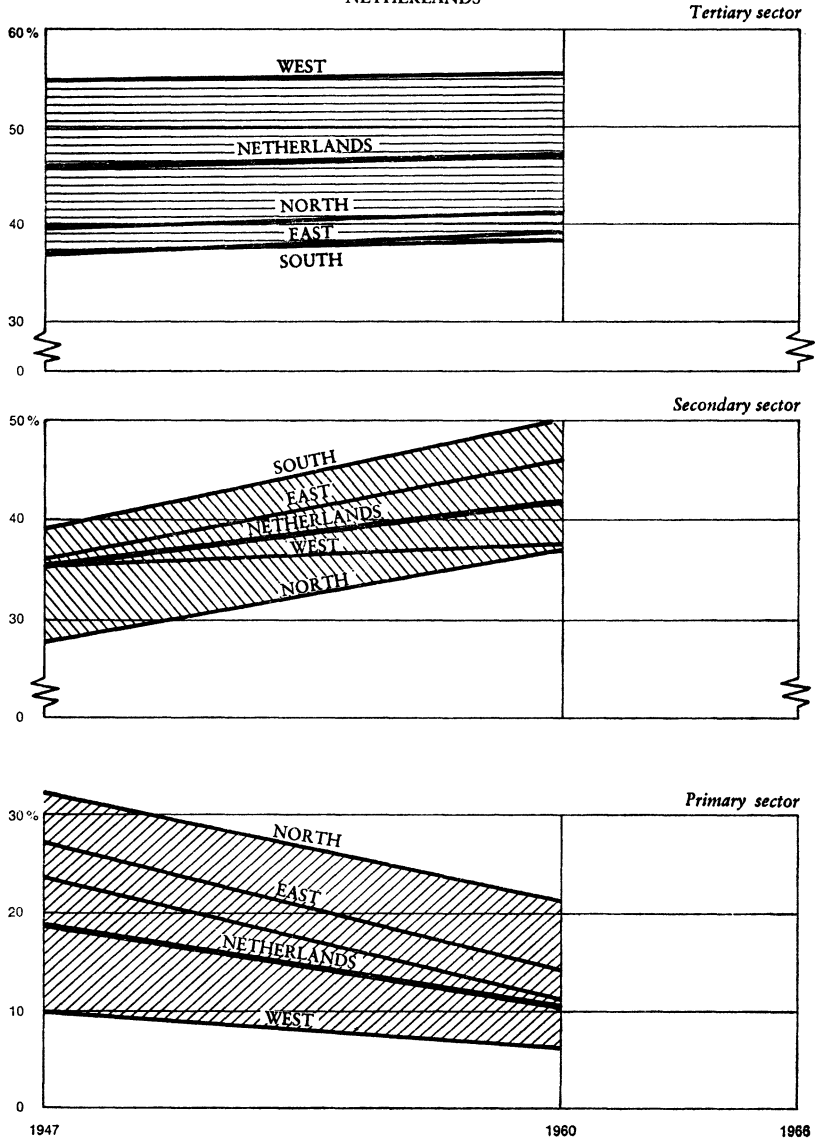
Source: Population census, 1951 and 1961; Survey of the labour force, 1961 and 1965.

GRAPH 4  
 Working population and employment  
 Development of the three sectors by main geographic area  
 BELGIUM



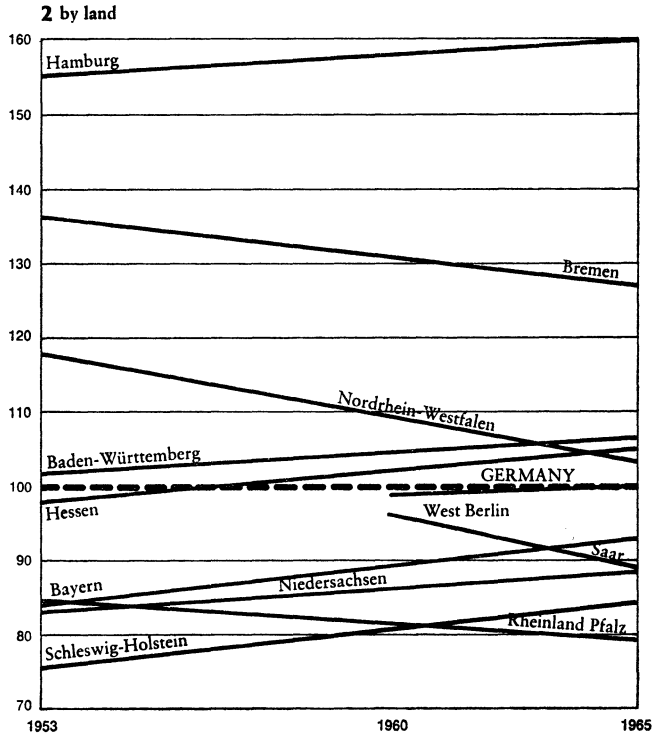
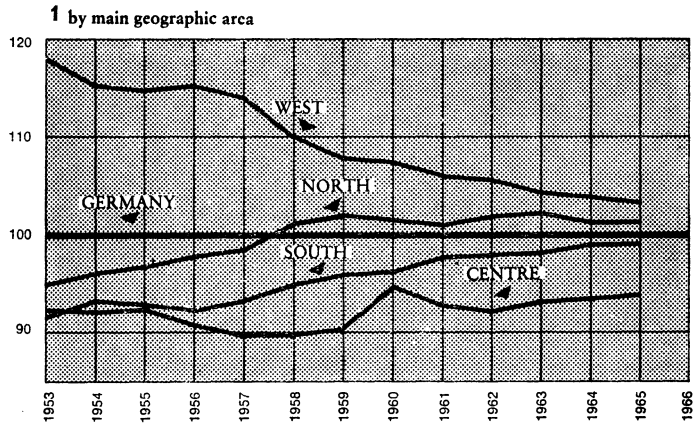
Source: Population census, 1947-1961.

GRAPH 5  
 Working population and employment  
 Development of the three sectors by main geographic area  
 NETHERLANDS



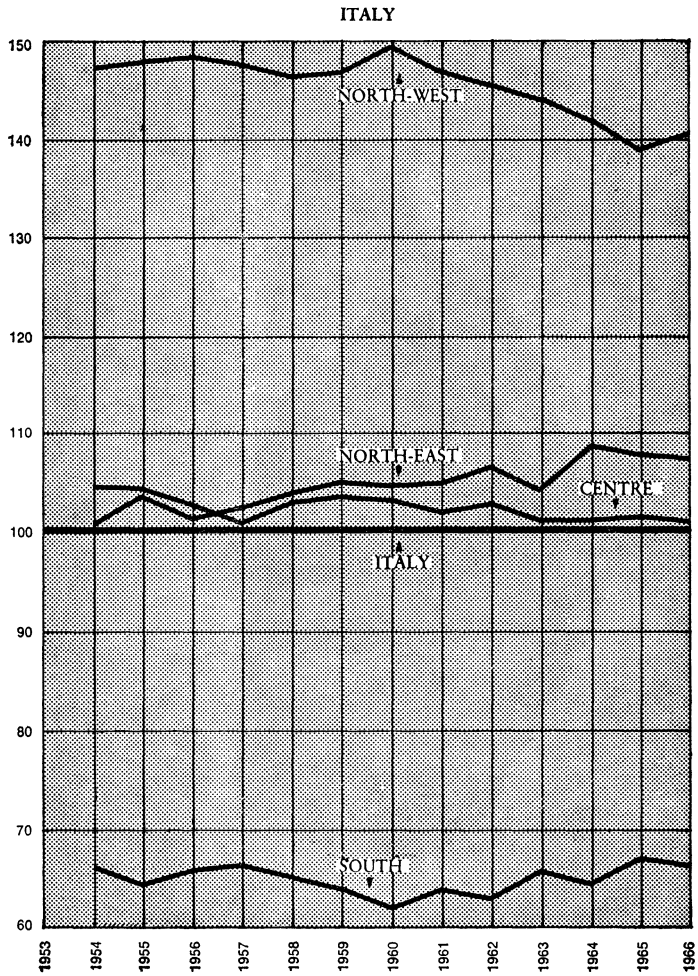
Source: Population census, 1947 and 1960.

GRAPH 6  
 Net domestic product at factor cost per capita



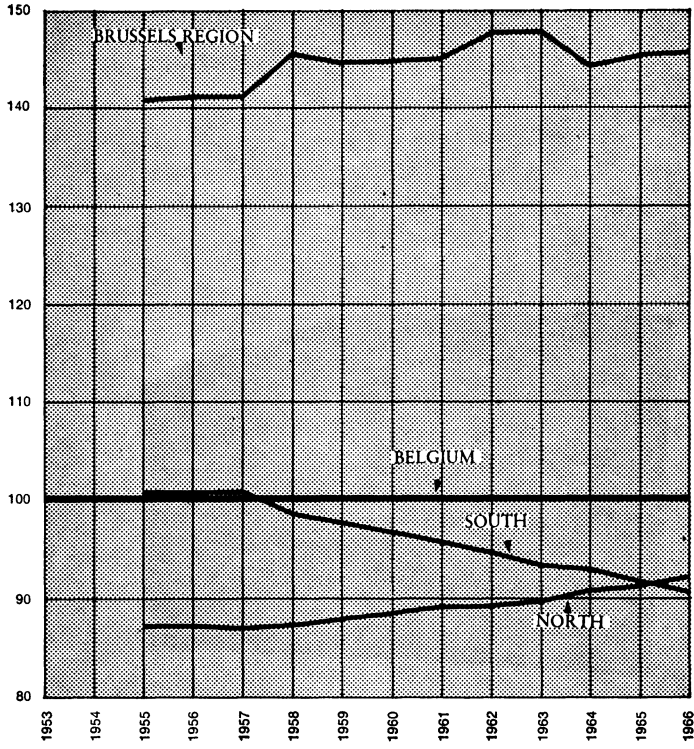


GRAPH 7  
Net national product at factor cost per capita  
by main geographic area



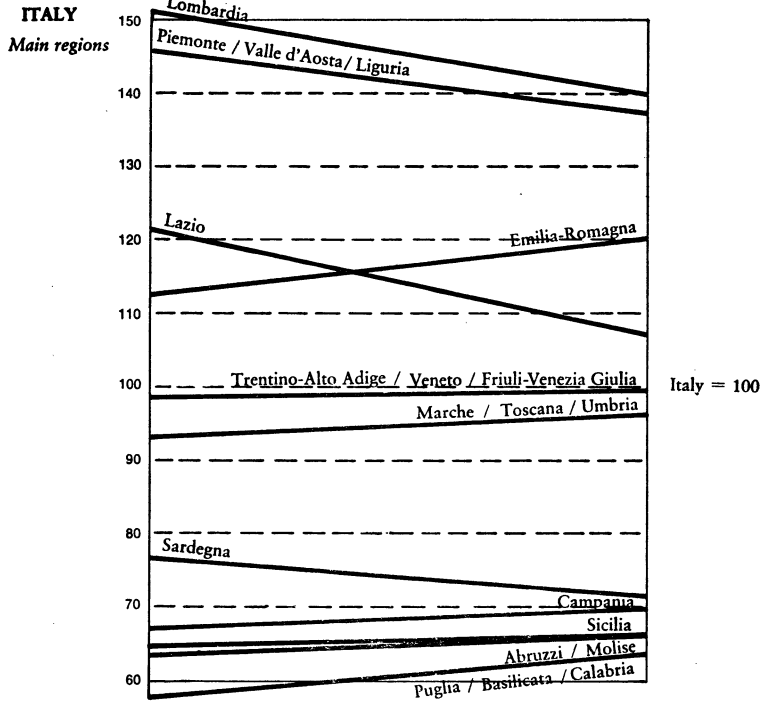
GRAPH 8  
Gross domestic product at factor cost per capita  
by main geographic area

BELGIUM

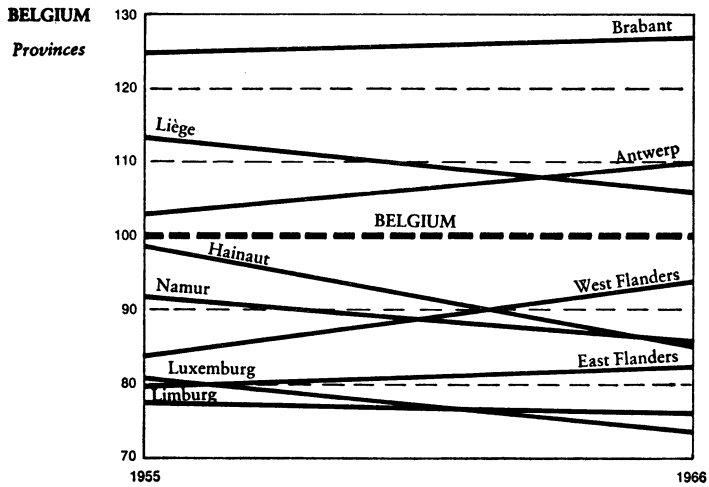


GRAPH 9

Net domestic product at factor cost per capita



Gross domestic product at factor cost per capita



# STATISTICAL TABLES

COMMUNITY

D/1

## Demographic trend by main geographic area

	Population ('000)			Average annual increase (%)		Share of each region in country total (%)		
	13.9.50	6.6.60	31.12.67 <sup>(*)</sup>	1950/60	1960/67	13.9.50	6.6.61	31.12.67
North	11 556.2	11 497.0	12 078	-0.05	0.72	23.75	21.30	20.90
West	13 207.0	15 911.8	16 843	1.75	0.87	27.14	29.47	29.15
Centre	8 284.0	9 304.1	10 019	1.09	1.13	17.02	17.23	17.34
South	15 614.7	17 274.7	18 845	0.94	1.33	32.09	32.00	32.61
Germany (FR) <sup>(1)</sup>	48 661.9	53 987.5	57 785	0.99	1.04	100.00	—	—
Germany (FR)	50 808.9	56 184.9	59 948	0.94	0.99	—	100.00	100.00
	10.5.54	7.3.62	1.3.68	1954/62	1962/68	10.5.54	7.3.62	1.3.68
Paris region	7 317.1	8 469.9	9 238.3	1.78	1.46 <sup>(*)</sup>	17.11	18.21	18.54
West	15 594.5	17 311.6	18 182.3 <sup>(2)</sup>	0.46	0.82	38.79	37.21	36.49
East	18 865.6	20 738.6	22 072.2	1.15	—	44.10	44.48	—
France	42 777.2	46 520.1	(49 850.0)	1.00	(1,15)	100.00	100.00	100.00
	4.11.51	15.10.61	31.12.66	1951/61	1961/66	4.11.51	15.10.61	31.12.66
North-west	11 745	13 157	14 190	1.14	1.46	24.7	26.0	26.6
North-east	9 417	9 504	9 841	0.09	0.67	19.8	18.8	18.4
Centre	8 668	9 387	9 977	0.80	1.17	18.2	18.5	18.7
South	17 685	18 576	19 319	0.49	0.76	37.2	36.6	36.3
Italy	47 516	50 621	53 257	0.64	1.00	100.0	100.0	100.0
	31.5.47	31.5.60	31.12.66	1947/60	1960/66	31.5.47	31.5.60	31.12.66
North	1 181.1	1 266.6	1 362.5	0.54	1.12	12.27	11.06	10.87
East <sup>(4)</sup>	1 673.4	2 075.4	2 330.5	1.67	1.78	17.38	18.12	18.59
West	4 603.5	5 444.8	5 861.2	1.30	1.13	47.83	47.54	46.76
South	2 125.0	2 658.7	2 976.5	1.74	1.73	22.08	23.22	23.74
Netherlands <sup>(5)</sup>	9 625.5	11 451.8	12 535.3	1.35	1.38	100.00	100.00	100.00
	31.12.47	31.12.61	31.12.66	1947/61	1961/66	31.12.47	31.12.61	31.12.66
North	4 272	4 711	4 855	0.70	0.87 <sup>(7)</sup>	50.2	51.3	50.8
South	2 990	3 038	3 172	0.24	0.45	34.5	33.1	33.3
Brussels region	1 300	1 440	1 529	0.73	1.22	15.3	15.7	16.0
Belgium	8 512	9 190	9 556	0.55	0.72	100.0	100.0	100.0
	31.12.47	31.12.60	31.12.66	1947/60	1960/66	31.12.47	31.12.60	31.12.66
Luxembourg	291.0	314.9	334.8	0.61	1.03	100.0	100.0	100.0

<sup>(1)</sup> Excluding West Berlin.

<sup>(2)</sup> Provisional figures.

<sup>(3)</sup> Excluding Corse.

<sup>(4)</sup> Including the IJsselmeer polders.

<sup>(5)</sup> Including individuals entered in the central population register.

<sup>(6)</sup> The comparison between 1962 and 1968 takes account of the new regional boundaries.

<sup>(7)</sup> The comparison between 1961 and 1966 takes account of the new regional boundaries.

## Demographic trend by region (Länder)

Region	Resident population ('000)			Annual average increase (%)		Region as % of total			Density (inhabitants/km <sup>2</sup> )		
	1950	1961	1967 <sup>(1)</sup>	1950-61	1961-67	1950	1961	1967	1950	1961	1967
	13.9	6.6.	31.12			13.9	6.6.	31.12			
North											
(1) Schleswig-Holstein	2 594.6	2 317.4	2 500	-1.05	1.18	5.3	4.3	4.3	166	148	159
(2) Hamburg	1 605.6	1 832.3	1 833	1.01	0	3.3	3.4	3.2	2 150	2 452	2 462
(3) Niedersachsen	6 797.4	6 640.9	6 993	-0.22	0.79	14.0	12.3	12.1	144	140	147
(4) Bremen	558.6	706.4	752	2.21	0.96	1.1	1.3	1.3	1 384	1 749	1 859
West											
(5) Nordrhein-Westfalen	13 207.0	15 911.8	16 843	1.75	0.88	27.1	29.5	29.1	389	467	494
Centre											
(6) Hessen	4 323.8	4 814.4	5 263	1.00	1.36	8.9	8.9	9.1	205	228	249
(7) Rheinland-Pfalz	3 004.8	3 417.1	3 625	1.20	0.91	6.2	6.3	6.3	152	172	183
(8) Saarland	955.4	1 072.6	1 131	1.09	0.80	2.0	2.0	2.0	372	418	441
South											
(9) Baden-Württemberg	6 430.2	7 759.2	8 565	1.76	1.52	13.2	14.4	14.8	180	217	239
(10) Bayern	9 184.5	9 515.5	10 280	0.23	1.18	18.9	17.6	17.8	130	135	145
Total	48 661.9	53 987.5	57 785	0.99	1.04	100	100	100	196	218	233
(11) West-Berlin	2 147.0	2 197.4	2 163	0.23	-0.25				4 461	4 585	4 528
Total	50 808.9	56 184.9	59 948	0.94	0.99				204	226	241

<sup>(1)</sup> Provisional.<sup>(2)</sup> On 14 November 1951.<sup>(3)</sup> 1951.

## Demographic trend by region

Region	De jure population ('000)				Annual average increase (%)		Region as % of total				Density (inhabitants/km <sup>2</sup> )			
	1954	1962A	1962B	1968(*)	1954-62	1962-68	1954	1962A	1962B	1968(*)	1954	1962	1962	1968
	10.5	7.3	7.3	1.3			10.5	7.3	7.3		10.5	7.3	7.3	1.3
(1) Paris region	7 317.1	8 402.8	8 469.9	9 238.3	1.78	1.46	17.10	18.17	18.21	18.54	609	700	705	769
(2) Paris basin (Champ., Picardie, H. Norm., Centre)	5 552.2	5 906.2	5 944.5	6 346.6	0.79	1.10	12.98	12.78	12.78	12.74	58	61	62	66
(3) North	3 375.4	3 622.4	3 659.4	3 815.1	0.91	0.70	7.89	7.83	7.87	7.66	273	293	296	308
(4) East (Lorraine, Alsace, Franche-Comté)	4 029.7	4 431.7	4 440.6	4 679.4	1.22	0.88	9.42	9.58	9.55	9.39	84	92	92	97
(5) West (Bretagne, B. Norm., Pays de la Loire)	5 822.9	6 011.7	6 066.3	6 309.8	0.41	0.66	13.61	13.00	13.04	12.66	76	78	79	82
(6) Massif Central (Limousin, Auvergne)	1 986.6	1 999.4	2 007.1	2 048.3	0.08	0.34	4.64	4.32	4.31	4.11	46	47	47	48
(7) South-west (Poitou-Ch., Aquitaine, Midi-Pyré- nées)	5 577.9	5 797.0	5 825.1	6 126.4	0.49	0.84	13.04	12.54	12.52	12.30	50	51	52	54
(8) South-east (Rhône- Alpes, Bourgogne)	5 004.2	5 426.4	5 458.0	5 922.7	1.04	1.37	11.70	11.73	11.73	11.89	66	72	72	79
(9) Mediterranean (Langue- doc, Prov.-Corse-Côte d'Azur)	4 111.1	4 644.8	4 649.5	(5 340.0)	1.57	2.33	9.61	10.04	9.99	10.71	61	69	69	79
Total	42 777.2	46 242.5	46 520.3	49 800	1.00	1.14	100	100	100	100	79	85	86	92
				to 49 850		to 1.16								

(1) Provisional figures.

(2) Based on a total population of 49 825 000.

## Demographic trend by region

Region	Total population (1) (000)			Annual average increase (%)		Region as % of total			Density (inhabitants/km <sup>2</sup> )		
	1951 4.11	1961 16.10	1966 31.12	1951/61	1961-66	1951 4.11	1961 16.10	1966 31.12	1951 4.11	1961 16.10	1966 31.12
North-west											
(1) Piemonte, Lombardia, Valle d'Aosta, Liguria	11 745	13 157	14 190	1.14	1.46	24.7	26.0	26.6	203	227	245
North-east											
(2) Romagna, Veneto, Trentino-Alto Adige, Friuli, Venezia Giulia	9 417	9 504	9 841	0.09	0.67	19.8	18.8	18.4	152	154	159
Centre											
(3) Toscana, Marche, Umbria	5 327	5 428	5 543	0.19	0.40	11.2	10.7	10.4	129	132	135
(4) Lazio	3 341	3 959	4 434	1.71	2.19	7.0	7.8	8.3	194	230	258
South											
(5) Abruzzi, Molise	1 684	1 564	1 570	-0.74	0.07	3.5	3.1	2.9	105	103	103
(6) Campania	4 346	4 761	5 066	0.91	1.20	9.2	9.4	9.6	320	350	373
(7) Puglia, Basilicata	3 848	4 066	4 237	0.54	0.79	8.1	8.0	7.9	131	139	144
(8) Calabria	2 044	2 045	2 081	0.00	0.34	4.3	4.0	3.9	136	136	138
(9) Sicilia	4 487	4 721	4 884	0.51	0.66	9.4	9.3	9.2	175	184	190
(10) Sardegna	1 276	1 419	1 481	1.07	0.83	2.7	2.8	2.8	53	59	61
Total	47 516	50 621	53 327	0.64	1.00	100	100	100	158	168	177

(1) Resident population.

BELGIUM

D/5

Demographic trend by region

Region	Total population ('000)				Annual average increase (%)		Region as % of total				Density (inhabitants/km <sup>2</sup> )			
	1947 31.12	1961 31.12	1961 (1) 31.12	1966 31.12	1947- 61	1961- 66	1947 31.12	1961 31.12	1961 (1) 31.12	1966 31.12	1947 31.12	1961 31.12	1961 (1) 31.12	1966 31.12
North (Flemish region)														
North-west	2 214	2 341	2 269	2 338	0.40	0.60	26.0	25.5	24.7	24.5	355	377	371	382
North-east	2 058	2 370	2 379	2 517	1.01	1.14	24.2	25.8	25.9	26.3	322	370	369	391
South (Walloon region)														
South-west	1 763	1 818	1 894	1 985	0.22	0.43	20.7	19.8	20.6	20.3	209	216	221	226
South-east	1 177	1 220	1 200	1 237	0.26	0.45	13.8	13.3	13.2	13.0	141	146	146	149
Brussels region	1 300	1 440	1 439	1 529	0.73	1.22	15.3	15.7	15.7	16.0	1 175	1 301	1 297	1 376
Total	8 512	9 190	9 190	9 556	0.55	0.72	100	100	100	100	279	301	301	313

(1) Based on the territorial subdivisions of 1 September 1963.



## Demographic trend by region

Region	Total population (1) ('000)			Annual average increase (%)		Region as % of total			Density (2) (inhabitants/km <sup>2</sup> )		
	1947	1960	1966	1947/60	1960/66	1947	1966	1966	1947	1960	1966
	31.5	31.5	31.12			31.5	31.5	31.5	31.5	31.5	31.12
(1) West	4 603.5	5 444.8	5 861.2	1.30	1.13	47.83	46.76	46.76	669	792	852
(2) North	1 181.1(2)	1 266.6(2)	1 362.5(2)	0.54	1.12	12.27	11.06	10.87	141	151	163
(3) East	1 673.4	2 075.4	2 330.5	1.67	1.78	17.38	18.12	18.59	178	221	248
(4) South	2 125.0	2 658.7	2 976.5	1.74	1.73	22.08	23.22	23.74	238	298	334
Central population register	42.5	6.3	4.7			0.44	0.06	0.04			
Total	9 625.5	11 451.8	12 535.3	1.35	1.38	100	100	100	287	341	375

(1) 1966 boundaries.

(2) Including the IJsselmeer polders.

(3) Calculated on area at 1 January 1963.

## Demographic trend

	Population ('000)		Annual average increase (%)		Density (inhabitants/km <sup>2</sup> )		
	1947	1966	1947-60	1960-66	1947	1960	1966
	31.12	31.12			31.12	31.12	31.12
Luxembourg Total	291.0	314.9	0.61	1.03	113	112	129

## Main geographic areas listed by annual average rate of population increase

First period			Second period		
1. Paris region	1954-62	1.78	1. East (Netherlands)	1960-66	1.78
2. West (Germany)	1950-61	1.75	2. South (Netherlands)	1960-66	1.73
3. South (Netherlands)	1947-60	1.74	3. Paris region	1962-68	1.46
4. East (Netherlands)	1947-60	1.67	3. North-west (Italy)	1961-66	1.46
5. West (Netherlands)	1947-60	1.30	5. South (Germany)	1961-67	1.33
6. East (France)	1954-62	1.15	6. Brussels region	1961-66	1.22
7. North-west (Italy)	1951-61	1.14	7. Centre (Italy)	1961-66	1.17
8. Centre (Germany)	1950-61	1.09	8. West (Netherlands)	1960-66	1.13
9. South (Germany)	1950-61	0.94	9. Centre (Germany)	1961-67	1.13
10. Centre (Italy)	1951-61	0.80	10. North (Netherlands)	1960-66	1.12
11. Brussels region	1947-61	0.73	11. Luxembourg	1960-66	1.03
12. North (Belgium)	1947-61	0.70	12. West (Germany)	1961-67	0.87
13. Luxembourg	1947-60	0.61	12. North (Belgium)	1961-66	0.87
14. North (Netherlands)	1947-60	0.54	14. West (France)	1962-68	0.82
15. South (Italy)	1951-61	0.49	15. South (Italy)	1961-66	0.76
16. West (France)	1954-62	0.46	16. North (Germany)	1961-67	0.72
17. South (Belgium)	1947-61	0.24	17. North-east (Italy)	1961-66	0.67
18. North-east (Italy)	1951-61	0.09	18. South (Belgium)	1961-66	0.45
19. North (Germany)	1950-61	-0.05	— East (France)		

## Regions listed by annual average rate of population increase

First period			Second period		
1. Bremen	1950-61	2.21	1. Mediterranean	1962-68	2.33
2. Paris region	1954-62	1.78	2. Lazio	1961-66	2.19
3. Baden-Württemberg	1950-61	1.76	3. East (Netherlands)	1960-66	1.78
4. Nordrhein-Westfalen	1950-61	1.75	4. South (Netherlands)	1960-66	1.73
5. South (Netherlands)	1947-60	1.74	5. Baden-Württemberg	1961-67	1.52
6. Lazio	1951-61	1.71	6. Paris region	1962-68	1.46
7. East (Netherlands)	1947-60	1.67	6. North-west (Italy)	1961-66	1.46
8. Mediterranean	1954-62	1.57	8. South-east (France)	1962-68	1.37
9. West (Netherlands)	1947-60	1.30	9. Hessen	1961-67	1.36
10. East (France)	1954-62	1.22	10. Brussels region	1961-66	1.22
11. Rheinland-Pfalz	1950-61	1.20	11. Campania	1961-66	1.20
12. North-west (Italy)	1951-61	1.14	12. Schleswig-Holstein	1961-67	1.18
13. Saarland	1950-61	1.09	13. Bayern	1961-67	1.18
14. Sardegna	1951-61	1.07	14. West (Netherlands)	1960-66	1.13
15. South-east (France)	1954-62	1.04	15. North (Netherlands)	1960-66	1.12
16. Hamburg	1950-61	1.01	16. Paris basin	1962-68	1.10
17. Hessen	1950-61	1.00	17. Luxembourg	1960-66	1.03
18. North (France)	1954-62	0.91	18. Bremen	1961-67	0.96
18. Campania	1951-61	0.91	19. Rheinland-Pfalz	1961-67	0.91
20. Paris basin	1954-62	0.79	20. Nordrhein-Westfalen	1961-67	0.88
21. Brussels region	1947-61	0.73	20. East (France)	1962-68	0.88
22. North (Belgium)	1947-61	0.70	22. North (Belgium)	1961-66	0.87
23. Luxembourg	1947-60	0.61	23. South-west (France)	1962-68	0.84
24. North (Netherlands)	1947-60	0.54	24. Sardegna	1961-66	0.83
24. Puglia, Basilicata	1951-61	0.54	25. Saarland	1961-67	0.80
26. Sicilia	1951-61	0.51	26. Niedersachsen	1961-67	0.79
27. South-west (France)	1954-62	0.49	26. Puglia, Basilicata	1961-66	0.79
28. West (France)	1954-62	0.41	28. North (France)	1962-68	0.70
29. South (Belgium)	1947-61	0.24	29. North-east (Italy)	1961-66	0.67
30. Bayern	1950-61	0.23	30. Sicilia	1961-66	0.66
30. West Berlin	1950-61	0.23	30. West (France)	1962-68	0.66
32. Toscana, Marche, Umbria	1951-61	0.19	32. South (Belgium)	1961-66	0.45
33. North-east (Italy)	1951-61	0.09	33. Toscana, Marche, Umbria	1961-66	0.40
34. Massif Central	1954-62	0.08	34. Massif Central	1962-68	0.34
35. Calabria	1951-61	0.00	34. Calabria	1961-66	0.34
36. Niedersachsen	1950-61	-0.22	36. Abruzzi, Molise	1961-66	0.07
37. Abruzzi, Molise	1951-61	-0.74	37. Hamburg	1961-67	0.00
38. Schleswig-Holstein	1950-61	-1.05	38. West Berlin	1961-67	-0.25



## Employed population and employment by main geographic area

	Employed population ('000)				Average annual rates of increase (%)			Each area's share of country total						
	1954		1962		1954-62		1962-68		1950		1961 (*)		1968	
	13.9.50	6.6.61 (*)	10.61 (*)	4.66	1950-61	1961-66	1950	1961 (*)	1961 (*)	1961 (*)	1968			
North	5 021	5 218	5 199	5 209	+ 0.35	+ 0.02	21.38	19.67	19.53	19.53	19.53	19.53	19.53	
West	5 745	7 164	7 134	7 192	+ 2.02	+ 0.16	24.46	27.01	26.80	26.80	26.96	26.96	26.96	
Centre	3 909	4 370	4 317	4 366	+ 1.02	+ 0.10	16.65	16.47	16.21	16.21	16.36	16.36	16.36	
South	7 807	8 717	8 918	8 892	+ 1.01	- 0.03	33.24	32.86	33.50	33.50	33.33	33.33	33.33	
West Berlin	1 004	1 058	1 056	1 020	+ 0.48	- 0.7	4.27	3.99	3.96	3.96	3.82	3.82	3.82	
Germany (FR) (1)	23 078	—	—	—	—	—	—	—	—	—	—	—	—	
Germany (FR)	23 489	26 527	26 623	26 679	+ 1.26	+ 0.04	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	1954	1962	1968	1968	1954-62	1962-68	1954	1962	1962	1962	1968	1968	1968	
West	7 361.1	6 984.6	.	7 149.6	- 0.71	+ 0.39	39.06	36.66	.	35.74	35.74	35.74	35.74	
East	7 909.1	8 064.8	.	8 555.1	+ 0.16	+ 0.99	41.96	42.32	.	42.76	42.76	42.76	42.76	
Paris region	3 577.1	4 006.1	.	4 300.9	+ 1.43	+ 1.19	18.98	21.02	.	21.50	21.50	21.50	21.50	
France	18 847.3	19 055.5	.	20 005.6	+ 0.13	+ 0.82	100.00	100.00	.	100.00	100.00	100.00	100.00	
	1951	1961	1965	1965	1951-61	1961-65	1951	1961	1961	1961	1965	1965	1965	
North-west	5 342.9	5 998.1	.	5 792.9	+ 1.16	- 0.84	27.13	29.36	.	29.75	29.75	29.75	29.75	
North-east	4 048.4	4 077.7	.	3 919.3	+ 0.07	- 0.95	20.56	19.96	.	20.13	20.13	20.13	20.13	
Centre	3 810.6	3 985.7	.	3 723.5	+ 0.45	- 1.34	19.35	19.51	.	19.13	19.13	19.13	19.13	
South	6 491.0	6 368.9	.	6 033.3	- 0.10	- 1.06	32.96	31.17	.	30.99	30.99	30.99	30.99	
Italy	19 692.9	20 430.4	.	19 469.0	+ 0.37	- 1.14	100.00	100.00	.	100.00	100.00	100.00	100.00	

	1950	1960	1965	1950-60	1960-65	1950	1960	1965	1965
North	415.2	421.8	449.3	+ 0.16	+ 1.27	11.0	10.1	.	10.0
East	676.7	727.3	788.9	+ 0.72	+ 1.64	17.9	17.4	.	17.5
West	1 936.6	1 936.6	2 109.3	+ 1.13	+ 1.72	45.9	46.3	.	46.8
South	811.4	921.3	996.5	+ 1.28	+ 1.58	21.5	22.0	.	22.1
Miscellaneous	139.0	175.0	161.0	—	—	3.7	4.2	.	3.6
Netherlands	3 773.0	4 182.0	4 505.0	+ 1.04	+ 1.50	100.0	100.0	.	100.0
	1947	1961		1947-61		1947	1961		
North	1 636.8	1 728.0	.	+ 0.39	.	48.40	51.28	.	.
South	1 183.0	1 059.9	.	— 0.78	.	34.97	31.46	.	.
Brussels region	562.5	581.4	.	+ 0.24	.	16.63	17.26	.	.
Belgium	3 382.3	3 369.3	.	— 0.04	.	100.00	100.00	.	.
	1947	1960	1966	1947-60	1960-66	1947	1960		1966
Luxembourg	135.1	128.5	130.7	— 0.37	0.28	100.00	100.00	.	100.00

(<sup>1</sup>) Excluding the Saar.  
(<sup>2</sup>) Based on census returns.  
(<sup>3</sup>) Based on a partial census.

Employed population and employment in the main geographic areas: breakdown by sector  
( '000 persons)

Area	Primary sector			Secondary sector			Tertiary sector		
	1950	1961 (1)	1966	1950	1961 (1)	1966	1950	1961 (1)	1966
North	1 190.8	765.8	760	1 809.8	2 145.8	2 123	2 021.8	2 306.4	2 288
West	674.3	458.8	473	3 111.3	3 999.3	4 002	3 959.2	2 705.6	2 644
Centre	1 004.9(1)	668.4(1)	677	1 308.5(1)	1 756.4(1)	1 997	1 185.6(1)	1 510.4(1)	1 632
South	2 243.6	1 651.2	1 646	3 109.7	4 172.9	4 320	2 454.5	2 893.5	2 928
West Berlin	20.8	6.4	6	435.1	487.4	498	548.6	564.2	539
Germany (FR) (1)	5 134.4	3 550.6	3 562	9 774.6	12 561.8	12 941	8 169.5	9 980.1	10 029
Germany (FR)			2 756			13 109			10 765
	1954	1962	1968	1954	1962	1968 (1)	1954	1962	1968 (1)
West	3 349.3	2 566.0	2 067.6	1 849.5	1 983.2		2 162.4	2 435.4	
East	1 753.2	1 302.8	942.4	3 392.5	3 640.5		2 763.4	3 121.5	
Paris region	91.1	66.7	52.4	1 594.1	1 762.6		1 891.9	2 176.8	
France	5 193.6	3 935.5	3 062.4	6 836.0	7 386.3		8 617.7	7 733.7	
	1951	1961	1965	1951	1961	1965	1951	1961	1965
North-west	1 337.0	982.0	777.0	2 444.8	3 103.1	3 029.7	1 561.1	1 913.0	1 986.2
North-east	1 935.0	1 296.0	1 035.0	1 057.4	1 460.4	1 510.1	1 056.0	1 321.3	1 374.2
Centre	1 689.0	1 219.0	878.0	995.3	1 316.3	1 337.0	1 126.3	1 450.4	1 508.5
South	3 679.0	2 710.0	2 266.0	1 305.5	1 766.2	1 851.4	1 506.5	1 892.7	1 915.9
Italy	8 640.0	6 207.0	4 956.0	5 803.0	7 646.0	7 728.2	5 249.9	6 577.4	6 784.8

	1950	1960	1965	1950	1960	1965	1950	1960	1965	1960	1965
North	118.0	93.0	72.0	134.2	156.2	182.2	163.0	172.6	195.1		
East	156.0	121.0	104.0	293.6	335.3	373.1	227.1	271.0	311.8		
West	153.0	129.0	114.0	683.7	750.4	814.0	894.0	1 057.2	1 181.3		
South	155.0	122.0	98.0	383.5	473.1	517.7	272.9	326.2	380.8		
Miscellaneous	—	—	—	—	—	—	139.0	175.0	161.0		
Netherlands	582.0	465.0	388.0	1 495.0	1 715.0	1 887.0	1 696.0	2 002.0	2 230.0		
	1947	1961		1947	1961		1947	1961			
North	252.6	146.5	.	792.8	861.6	.	591.4	719.9	.		
South	142.4	91.3	.	640.0	525.5	.	400.6	443.1	.		
Brussels region	30.3	16.1	.	225.7	218.6	.	306.5	346.7	.		
Belgium	425.3	253.9	.	1 658.5	1 605.7	.	1 298.5	1 509.7	.		
	1947	1960	1966	1947	1960	1966	1947	1960	1966		
Luxembourg	35.0	19.3	14.6	53.3	56.7	58.7	46.8	52.5	57.4		

(1) Excluding the Saar.  
(2) Based on census returns.  
(3) Based on a partial census.  
(\*) No figures available.



Employed population and employment in the main geographic areas: breakdown by sector  
(Main geographic area = 100)

Area	Primary sector				Secondary sector				Tertiary sector			
	1950	1961 (*)	1961 (*)	1966	1950	1961 (*)	1961 (*)	1966	1950	1961 (*)	1961 (*)	1966
	North	23.7	14.7	14.7	11.1	36.0	41.1	41.1	41.0	40.3	44.2	44.2
West	11.7	6.4	6.7	5.2	54.2	55.8	56.2	55.2	34.1	37.8	37.1	39.6
Centre	28.7 <sup>(1)</sup>	16.1 <sup>(1)</sup>	15.7	11.5	37.4 <sup>(1)</sup>	45.5 <sup>(1)</sup>	46.4	48.5	33.9 <sup>(1)</sup>	38.4 <sup>(1)</sup>	37.9	40.0
South	28.7	18.9	18.5	14.6	40.1	47.9	48.6	50.0	31.2	33.2	32.9	35.4
Berlin	2.1	0.6	0.6	0.5	43.3	46.1	47.7	45.7	54.6	53.3	51.7	53.8
Germany (FR) <sup>(1)</sup>	22.2	13.6	.	.	42.4	48.1	.	.	35.4	38.2	.	.
Germany (FR)	.	.	13.4	10.3	.	.	48.8	49.2	.	.	37.8	40.5
	1954	1962	1968	1968	1954	1962	1968	1968	1954	1962	1968	1968
West	45.5	36.7	.	28.9	25.1	28.4	.	.	29.4	34.9	.	.
East	22.2	16.2	.	11.0	42.9	45.1	.	.	34.9	38.7	.	.
Paris region	2.5	1.7	.	1.2	44.6	44.0	.	.	52.9	54.3	.	.
France	27.6	20.6	.	15.3	36.3	38.8	.	.	36.1	40.6	.	.
	1951	1961	1965	1965	1951	1961	1965	1965	1951	1961	1965	1965
North-west	25.0	16.4	.	13.4	45.8	51.7	.	52.3	29.2	31.9	.	34.3
North-east	47.8	31.8	.	26.4	26.1	35.8	.	38.5	26.1	32.4	.	35.1
Centre	44.3	30.6	.	23.6	26.1	33.0	.	35.9	29.6	36.4	.	40.5
South	56.7	42.6	.	37.6	20.1	27.7	.	30.7	23.2	29.7	.	31.7
Italy	43.9	30.4	.	25.5	29.5	37.4	.	39.7	26.6	32.2	.	34.8

	1950	1960	1965	1950	1960	1965	1950	1960	1965	1960	1965
North	28.4	22.1	16.0	32.3	37.0	40.6	39.3	40.9	43.4		
East	23.0	16.6	13.2	43.4	46.1	47.3	33.6	37.3	39.5		
West	8.8	6.7	5.4	39.5	38.7	38.6	51.7	54.6	56.0		
South	19.1	13.2	9.8	47.3	51.4	52.0	33.6	35.4	38.2		
Netherlands	15.4	11.1	8.6	39.6	41.0	41.9	45.0	47.9	49.5		
	1947	1961		1947	1961		1947	1961			
North	15.4	8.5	.	48.5	49.9	.	36.1	41.6	.		
South	12.0	8.6	.	54.1	49.6	.	33.9	41.8	.		
Brussels region	5.4	2.8	.	40.1	37.6	.	54.5	59.6	.		
Belgium	12.6	7.5	.	49.0	47.7	.	38.4	44.8	.		
	1947	1960	1966	1947	1960	1966	1947	1960	1966		
Luxembourg	25.9	15.0	11.2	39.5	44.1	44.9	34.6	40.9	43.9		

(1) Excluding the Saar.  
(2) Based on census returns.  
(3) Based on a partial census.  
(4) No figures available.

Employed population and employment in the main geographic areas: breakdown by sector  
(Sector = 100)

Area	Primary sector				Secondary sector				Tertiary sector			
	1951	1961 (*)	1961 (*)	1966	1951	1961 (*)	1961 (*)	1966	1951	1961 (*)	1961 (*)	1966
	North	23.19	21.58	21.33	20.90	18.52	17.08	16.41	16.27	24.75	23.10	22.81
West	13.13	12.92	13.28	13.68	31.83	31.84	30.92	30.23	23.98	27.11	26.26	26.42
Centre	19.57 <sup>(1)</sup>	18.82 <sup>(1)</sup>	19.01	18.18	13.39 <sup>(1)</sup>	13.98 <sup>(1)</sup>	15.43	16.13	14.51 <sup>(1)</sup>	15.13 <sup>(1)</sup>	16.27	16.20
South	43.70	46.50	46.21	47.06	31.81	33.22	33.39	33.84	30.04	29.01	29.19	29.22
West Berlin	0.41	0.18	0.17	0.18	4.45	3.88	3.85	3.53	6.72	5.65	5.37	5.06
Germany (FR) <sup>(1)</sup>	100.00	100.00	.	.	100.00	100.00	.	.	100.00	100.00	.	.
Germany (FR)	.	.	100.00	100.00	.	.	100.00	100.00	.	.	100.00	100.00
	1954	1962	1968	1968	1954	1962	1968	1968 <sup>(1)</sup>	1954	1962	1962	1968 <sup>(1)</sup>
West	64.50	65.20	.	67.52	27.07	26.85	.	.	31.51	31.49	.	.
East	33.75	33.10	.	30.77	49.61	49.29	.	.	40.55	40.36	.	.
Paris region	1.75	1.70	.	1.71	23.32	23.86	.	.	27.94	28.15	.	.
France	100.00	100.00	.	100.00	100.00	100.00	.	.	100.00	100.00	.	.
	1951	1961	1965	1965	1951	1961	1965	1965	1951	1961	1961	1965
North-west	15.47	15.82	.	15.68	42.13	40.58	.	39.20	29.74	29.08	.	29.28
North-east	22.40	20.88	.	20.88	18.22	19.10	.	19.54	20.11	20.09	.	20.25
Centre	19.55	19.64	.	17.72	17.15	17.22	.	17.30	21.45	22.05	.	22.23
South	42.58	43.66	.	45.72	22.50	23.10	.	23.96	28.70	28.78	.	28.24
Italy	100.00	100.00	.	100.00	100.00	100.00	.	100.00	100.00	100.00	.	100.00

	1950	1960	65	1950	1960	1965	1950	1960	1965	1960	1965
North	20.3	20.1	18.5	9.0	9.1	9.7	9.6	8.6	8.8		
East	26.8	26.0	26.8	19.7	19.6	19.8	13.4	13.6	13.9		
West	26.2	27.7	29.4	45.7	43.7	43.1	52.7	52.8	52.9		
South	26.7	26.2	25.3	25.6	27.6	27.4	16.1	16.3	17.2		
Miscellaneous	—	—	—	—	—	—	8.2	8.7	7.2		
Netherlands	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	1947	1961		1947	1961		1947	1961			
North	59.39	57.70	.	47.81	53.66	.	45.55	47.69	.		
South	33.49	35.96	.	38.58	32.73	.	30.85	29.35	.		
Brussels region	7.12	6.34	.	13.61	13.61	.	23.60	22.96	.		
Belgium	100.00	100.00	.	100.00	100.00	.	100.00	100.00	.		

(1) Excluding the Saar.  
(2) Based on census returns.  
(3) Based on a partial census.  
(4) No figures available.

## Employed population by region

Region	Employed population ('000 persons)				Rate of increase between				Share of each region in the total employed population (%)		
					1950 and 1961		1961 and 1966		In 1950 ( <sup>(1)</sup> )	In 1961 ( <sup>(2)</sup> )	In 1966 ( <sup>(2)</sup> )
	13.9.50 ( <sup>(1)</sup> )	6.6.61 ( <sup>(1)</sup> )	10.61 ( <sup>(1)</sup> )	4.66 ( <sup>(1)</sup> )	Total ( <sup>(1)</sup> )	Annual ( <sup>(1)</sup> )	Total ( <sup>(1)</sup> )	Annual ( <sup>(1)</sup> )			
North											
Schleswig-Holstein	1 035	986	1 011	1 007	- 4.73	- 0.41	- 0.39	- 0.08	4.40	3.72	3.80
Hamburg	746	892	891	881	19.57	1.65	1.12	0.22	3.18	3.36	3.35
Niedersachsen	2 994	3 020	2 979	2 998	0.87	0.09	0.64	0.13	12.75	11.38	11.19
Bremen	246	320	318	323	30.08	2.40	1.57	0.31	1.05	1.21	1.19
West											
Nordrhein-Westfalen	5 745	7 164	7 134	7 192	24.70	2.02	0.81	0.16	24.46	27.01	26.80
Centre											
Hessen	2 013	2 324	2 292	2 358	15.45	1.32	2.88	0.57	8.57	8.76	8.61
Rheinland-Pfalz	1 486	1 611	1 611	1 586	8.41	0.73	- 1.55	- 0.31	6.33	6.07	6.05
Saar	410	435	414	422	6.09	0.53	1.93	0.38	1.75	1.64	1.55
South											
Baden-Württemberg	3 236	4 019	4 035	4 079	24.20	1.99	1.09	0.22	13.78	15.15	15.16
Bayern	4 571	4 698	4 883	4 813	2.78	0.23	- 1.43	- 0.29	19.46	17.71	18.34
Berlin	1 004	1 058	1 056	1 020	5.38	0.48	- 3.41	- 0.7	4.27	3.99	3.96
Federal area	23 489	26 527	26 624	26 679	14.94	1.26	0.21	0.04	100.00	100.00	100.00
Excluding the Saar	23 078	26 092	.	.	.	.	.	.	.	.	.

<sup>(1)</sup> Based on census returns.<sup>(2)</sup> Based on a partial census.

## Employed population

Region	Employed population ('000 persons)			Average increase between				Share of each region in total employed population (%)		
	1954	1962	1968 (1)	1962 and 1954		1968 (1) and 1962		1954	1962	1968 (1)
				Total	Annual	Total	Annual			
Paris region	3 577.1	4 006.1	4 300.9	+ 11.99	+ 1.43	+ 7.36	+ 1.19	19.14	21.02	21.50
Paris basin	2 337.6	2 367.3	2 524.5	+ 1.27	+ 0.16	+ 6.64	+ 1.08	12.42	12.43	12.63
North	1 337.7	1 320.8	1 337.1	- 1.26	- 0.16	+ 1.23	+ 0.21	7.09	6.93	6.68
East	1 722.1	1 737.8	1 790.3	+ 0.91	+ 0.11	+ 3.02	+ 0.49	9.06	9.12	8.95
West	2 662.2	2 510.7	2 576.8	- 5.69	- 0.72	+ 2.19	+ 0.36	14.02	13.18	12.82
Massif Central	921.9	836.4	836.2	- 9.27	- 1.21	- 0.02	-	4.85	4.38	4.17
South-west	2 466.9	2 334.3	2 373.6	- 5.38	- 0.69	+ 1.68	+ 0.28	13.03	12.26	11.87
South-east	2 252.6	2 292.3	2 421.8	+ 1.76	+ 0.22	+ 5.65	+ 0.92	11.89	12.02	12.11
Mediterranean	1 569.2	1 649.8	1 855.4	+ 5.14	+ 0.63	+ 12.46	+ 1.98	8.50	8.66	9.27
		(2)	(2)							
France	18 847.3	19 055.5	20 005.6	+ 1.10	+ 0.13	+ 4.99	+ 0.82	100	100	100

(1) Preliminary processing of sample of the 1968 census (Agricultural and non-agricultural employment).

(2) Including "Corse and employment not broken down by region", i.e. 50.4 in 1962 and 85.9 in 1968.

## Numbers of employed persons (occupati)

Region	Numbers of employed persons (occupati) ('000)			Average increase (%)				Share of each region in numbers of employed persons (%)				
	1951	1961	1965	1961 and 1961		1965 and 1961		1951	1961	1965		
				Total	Annual	Total	Annual					
North-west	5 342.9	5 998.1	5 792.9	+ 12.26	+ 1.16	—	3.42	—	0.84	27.13	29.36	29.75
North-east	4 048.4	4 077.7	3 919.3	+ 0.72	+ 0.07	—	3.88	—	0.95	20.56	19.96	20.13
Centre	2 397.6	2 410.8	2 229.0	+ 0.55	+ 0.06	—	7.54	—	1.80	12.17	11.80	11.45
March, Toscana, Umbria	1 413.0	1 574.9	1 494.5	+ 11.46	+ 1.09	—	5.10	—	1.24	7.18	7.71	7.68
Lazio												
South	1 598.4	1 673.7	1 617.0	+ 4.71	+ 0.46	—	3.39	—	0.83	8.12	8.19	8.31
Campania	709.9	651.0	570.6	— 8.30	— 0.79	—	12.35	—	2.87	3.60	3.29	2.93
Abruzzi, Molise	1 494.5	1 423.8	1 387.2	— 4.73	— 0.45	—	2.57	—	0.63	7.59	6.97	7.13
Puglia, Basilicata	771.6	675.2	643.1	— 12.49	— 1.16	—	4.75	—	1.15	3.92	3.30	3.30
Calabria	1 465.8	1 486.4	1 390.2	+ 1.41	+ 0.14	—	6.47	—	1.56	7.44	7.28	7.14
Sicilia	450.8	458.8	425.2	+ 1.78	+ 0.18	—	7.32	—	1.75	2.29	2.25	2.18
Sardegna												
Italy	19 692.9	20 430.4	19 469.0	+ 3.75	+ 0.37	—	4.71	—	1.14	100	100	100

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Employed population

Region	Employed population ('000)		Average rate of increase between 1947 and 1961		Share of each region in employed population (%)	
	1947	1961	Total		Annual	100
			Total	Annual		
North-west	872.6	887.2	+ 1.72	0.12	25.80	26.33
North-east	764.2	840.8	+ 10.02	+ 0.70	22.60	24.95
South-west	703.7	619.4	- 11.98	- 0.91	20.80	18.38
South-east	479.3	440.5	- 8.10	- 0.59	14.17	13.08
Brussels region	562.5	581.4	+ 3.36	+ 0.24	16.63	17.26
Belgium	3 382.3	3 369.3	- 0.39	- 0.04	100	100



## Labour input (arbeidsvolume)

Region	Labour input ( <sup>'000</sup> labour units/year)			Average rate of increase between			Share of each region in total labour input (%)		
	1950	1960	1965	1960 and 1960		1965 and 1960	1950	1960	1965
				Total	Annual				
West	1 730.7	1 936.6	2 109.3	11.90	1.13	8.92	45.9	46.3	46.8
North	415.2	421.8	449.3	1.59	0.16	6.52	11.0	10.1	10.0
East	676.7	727.3	788.9	7.48	0.72	8.47	17.9	17.4	17.5
South	811.4	921.3	996.5	13.54	1.28	8.16	21.5	22.0	22.1
Miscellaneous <sup>(1)</sup>	139.0	175.0	161.0	—	—	—	3.7	4.2	3.6
Netherlands	3 773.0	4 182.0	4 505.0	10.84	1.04	7.72	100	100	100

<sup>(1)</sup> Crews of ships and aircraft and armed forces.

## Employed population

	Employed population ( <sup>'000</sup> persons)			Average increase between			Share of each region in total employed population (%)		
	1947	1960	1966	1947 and 1960		1960 and 1966	1947	1960	1966
				Total	Annual				
	31.12.47	31.12.60	31.12.66	—	—	—	100	100	100
Luxembourg	134.8	128.5	130.7	— 4.72	— 0.37	1.72	100	100	100

## Working population: breakdown by sector of persons in employment ('000 persons)

Region	1960 (1)			1961 (1)			1961 (1)			1966 (1)		
	Primary sector	Primary sector	Tertiary sector (2)	Primary sector	Primary sector	Tertiary sector (2)	Primary sector	Primary sector	Tertiary sector	Primary sector	Primary sector	Tertiary sector
North												
Schleswig-Holstein	253.7	352.9	428.8	157.9	383.7	444.5	170	385	448	116	389	498
Hamburg	19.3	282.9	444.3	13.0	345.2	533.8	14	343	529	13	334	532
Niedersachsen	909.0	1 071.8	1 013.4	588.9	1 286.0	1 145.0	572	1 275	1 121	444	1 294	1 252
Bremen	8.8	102.2	135.3	6.0	130.9	183.1	4	120	190	3	115	205
West												
Nordrhein-Westfalen	674.3	3 111.3	1 959.2	458.8	3 999.3	2 705.6	473	4 002	2 644	377	3 963	2 843
Centre												
Hessen	468.8	790.3	754.3	316.4	1 075.0	933.1	319	1 067	902	195	1 195	966
Rheinland-Pfalz	536.1	518.2	431.3	352.0	681.4	577.3	339	698	567	282	688	615
Saar	.	.	.	(36.2)	(233.3)	(165.2)	19	232	163	24	232	164
South												
Baden-Württemberg	845.5	1 440.9	950.1	636.9	2 091.2	1 291.1	601	2 162	1 267	471	2 245	1 360
Bayern	1 398.1	1 668.8	1 504.4	1 014.3	2 081.7	1 602.4	1 045	2 158	1 661	826	2 191	1 785
West Berlin	20.8	435.1	548.6	6.4	487.4	564.2	6	498	539	5	463	545
Germany excluding the Saar including the Saar	5 134.4	9 774.6	8 169.5	3 550.6	12 561.8	9 980.1	.	.	.	.	.	.
	.	.	.	3 586.8	12 795.1	10 145.3	3 562	12 941	10 029	2 756	13 109	10 765

(1) Based on census returns.

(2) Based on a partial census.

(3) Including the employed persons classified under "Activity unspecified".

(4) Including the employed persons classified under "Services not elsewhere specified, non-profit making organizations and private households, and economic activity unspecified".

Breakdown by sector of employed population  
('000 persons)

Regions	1954			1962			1968 <sup>(1)</sup>	
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector	Agricultural employment	Non-agricultural employment
Paris region	91.1	1 594.1	1 891.9	66.7	1 762.6	2 176.8	52.4	4 248.5
Paris basin	705.9	830.9	800.8	539.3	927.0	901.0	423.6	2 101.0
North	174.2	736.4	427.1	136.0	707.0	477.8	107.8	1 229.3
East	347.8	829.5	544.8	245.3	860.5	632.0	190.6	1 599.7
West	1 290.2	631.7	740.3	1 020.2	655.7	834.8	798.1	1 767.7
Massif Central	428.6	246.1	247.2	311.9	257.8	266.7	241.4	594.8
South-west	1 117.8	612.1	737.0	838.2	667.1	829.0	640.4	1 733.1
South-east	627.5	903.0	722.1	457.7	1 019.2	815.4	343.1	2 078.7
Mediterranean	410.5	452.2	706.5	320.2	529.4	800.2	265.0 <sup>(2)</sup>	1 590.4 <sup>(2)</sup>
France	5 193.6	6 836.0	6 817.7	3 935.5	7 386.3	7 733.7	3 062.4	16 943.2

<sup>(1)</sup> Preliminary processing of sample of the 1968 census (Agricultural and non-agricultural employment).

<sup>(2)</sup> Including "Corse and employment not broken down by region", i.e., 22.2 under agricultural employment and 63.6 under non-agricultural employment.

Breakdown by sector of numbers of employed persons (occupati)  
('000 persons)

Region	1951			1961			1965		
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector
North-west	1 337.0	2 444.8	1 561.1	982.0	3 103.1	1 913.0	777.0	3 029.7	1 986.2
North-east	1 935.0	1 057.4	1 056.0	1 296.0	1 460.4	1 321.3	1 035.0	1 510.1	1 374.2
Centre	1 212.0	641.2	544.4	890.0	844.2	676.6	642.0	886.0	701.0
Marche, Toscana, Umbria	477.0	354.1	581.9	329.0	472.1	773.8	236.0	451.0	807.5
South	761.0	375.9	461.5	581.0	526.4	566.3	493.0	554.1	569.9
Campania	495.0	97.3	117.6	371.0	134.7	145.3	267.0	151.1	152.5
Abruzzi, Molise	933.0	270.7	290.8	706.0	356.1	361.7	625.0	391.9	370.3
Puglia, Basilicata	501.0	132.9	137.7	315.0	184.8	175.4	272.0	188.2	182.9
Calabria	759.0	334.1	372.7	561.0	441.4	484.0	471.0	434.1	485.1
Sicilia	230.0	94.6	126.2	176.0	122.8	160.0	138.0	132.0	155.2
Sardegna									
Italy	8 640.0	5 803.0	5 249.9	6 207.0	7 646.0	6 577.4	4 956.0	7 728.2	6 784.8

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Breakdown by sector of employed population  
( '000 persons)

Region	1947			1961		
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector
North-west	137.8	448.2	286.6	86.4	459.8	341.0
North-east	114.8	344.6	304.8	60.1	401.8	378.9
South-west	76.1	397.5	230.1	48.5	314.0	256.9
South-east	66.3	242.5	170.5	42.8	211.5	186.2
Brussels region	30.3	225.7	306.5	16.1	218.6	346.7
Belgium	425.3	1 658.5	1 298.5	253.9	1 605.7	1 509.7

Breakdown by sector of labour input (arbeidsvolume)  
( '000 labour units/year)

Region	1950			1960			1965		
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector
	West	153.0	683.7	894.0	129.0	750.4	1 057.2	114.0	814.0
North	118.0	134.2	163.0	93.0	156.2	172.6	72.0	182.2	195.1
East	156.0	293.6	227.1	121.0	335.3	271.0	104.0	373.1	311.8
South	155.0	383.5	272.9	122.0	473.1	326.2	93.0	517.7	380.8
Miscellaneous	—	—	139.0	—	—	175.0	—	—	161.0
Netherlands	582.0	1 495.0	1 696.0	465.0	1 715.0	2 002.0	388.0	1 887.0	2 230.0

Breakdown by sector of employed population  
( '000 persons)

Year	Employed population	Primary sector	Secondary sector	Tertiary sector
1947	135.1	35.0	53.3	46.8 (1)
1960	128.5	19.3	56.7	52.5
1966	130.7	14.6	58.7	57.4

(1) Including the employed persons classified under "Activities not adequately described".



Breakdown by sector of employed population  
(Region = 100)

Region	1964			1962			1968 <sup>(1)</sup>	
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector	Agricultural employment	Non-agricultural employment
Paris region	2.5	44.6	52.9	1.7	44.0	54.3	1.2	98.8
Paris basin	30.2	35.5	34.3	22.8	39.2	37.9	16.8	83.2
North	13.0	55.0	32.0	10.3	53.5	36.2	8.1	91.9
East	20.2	48.2	31.6	14.1	49.5	36.4	10.6	89.4
West	48.5	23.7	27.8	40.6	26.1	33.3	31.1	68.9
Massif Central	46.5	26.7	26.8	37.3	30.8	31.9	28.9	71.1
South-west	45.3	24.8	29.9	35.9	28.6	35.5	27.0	73.0
South-east	27.9	40.1	32.0	20.0	44.4	35.6	14.2	85.8
Mediterranean	26.2	28.8	45.0	19.4	32.1	48.5	14.3 <sup>(2)</sup>	85.7 <sup>(2)</sup>
France	27.6	36.3	36.1	20.6	38.8	40.6	15.3	84.7

<sup>(1)</sup> Preliminary processing of sample of the 1968 census (Agricultural and non-agricultural employment).

<sup>(2)</sup> Including "Corse and employment not broken down by region".





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Breakdown by sector of employed population  
(Region = 100)

Region	1947			1961		
	Primary sector	Secondary sector	Tertiary sector	Primary sector	Secondary sector	Tertiary sector
North-west	15.8	51.4	32.8	9.7	51.8	38.5
North-east	15.0	45.1	39.9	7.1	47.8	45.1
South-west	10.8	56.5	32.7	7.8	50.7	41.5
South-east	13.8	50.6	35.6	9.7	48.0	42.3
Brussels region	5.4	40.1	54.5	2.8	37.6	59.6
Belgium	12.6	49.0	38.4	7.5	47.7	44.8

Breakdown by sector of labour input (arbeidsvolume)  
(Region = 100)

Region	1950			1960			1965		
	Primary sector	Secondary sector	Tertiary sector <sup>(1)</sup>	Primary sector	Secondary sector	Tertiary sector <sup>(1)</sup>	Primary sector	Secondary sector	Tertiary sector <sup>(1)</sup>
West	8.8	39.5	51.7	6.7	38.7	54.6	5.4	38.6	56.0
North	28.4	32.3	39.3	22.1	37.0	40.9	16.0	40.6	43.4
East	23.0	43.4	33.6	16.6	46.1	37.3	13.2	47.3	39.5
South	19.1	47.3	33.6	13.2	51.4	35.4	9.8	52.0	38.2
Netherlands	15.4	39.6	45.0	11.1	41.0	47.9	8.6	41.9	49.5

(<sup>1</sup>) Crews of ships and aircraft, and armed forces, have not been included in the breakdown by sector.

Breakdown by sector of employed population  
(Region = 100)

Year	Employed population	Primary sector	Secondary sector	Tertiary sector
1947	100	25.91	39.45	34.64 <sup>(1)</sup>
1960	100	15.02	44.12	40.86
1966	100	11.17	44.91	43.92

(<sup>1</sup>) Including the employed persons classified under "Activities not adequately described".

Breakdown by sector of employed population  
(Sector = 100)

Region	Primary sector			Secondary sector			Tertiary sector			
	1950 (*)	1961 (*)	1966 (*)	1950 (*)	1961 (*)	1966 (*)	1950 (*)	1961 (*)	1966 (*)	
North										
Schleswig-Holstein	4.94	4.45	4.77	3.61	3.05	2.98	5.25	4.45	4.47	4.63
Hamburg	0.38	0.37	0.39	2.89	2.75	2.65	5.44	5.35	5.27	4.94
Niedersachsen	17.70	16.59	16.06	10.97	10.24	9.85	12.40	11.47	11.18	11.63
Bremen	0.17	0.17	0.11	1.05	1.04	0.93	1.66	1.83	1.89	1.90
West										
Nordrhein-Westfalen	13.13	12.92	13.28	31.83	31.84	30.92	23.98	27.11	26.36	26.42
Centre										
Hessen	9.13	8.91	8.96	8.09	8.56	8.25	9.23	9.35	8.99	8.97
Rheinland-Pfalz	10.44	9.91	9.52	5.30	5.42	5.39	5.28	5.78	5.65	5.71
Saar	—	—	0.53	—	—	1.79	—	—	1.63	1.52
South										
Baden-Württemberg	16.47	17.93	16.87	14.74	16.65	16.71	11.63	12.95	12.63	12.63
Bayern	27.23	28.57	29.34	17.07	16.57	16.68	18.41	16.06	16.56	16.59
West Berlin	0.41	0.18	0.17	4.45	3.88	3.85	6.72	5.65	5.37	5.06
Germany (FR)	100	100	100	100	100	100	100	100	100	100

(\*) Based on census returns.

(\*) Based on a partial census.

Breakdown by sector of employed population  
(Sector = 100)

Region	Primary sector			Secondary sector		Tertiary sector		Non-agricultural employment	
	1954	1962	1968 <sup>(1)</sup>	1954	1962	1954	1962	1962	1968
	Paris region	1.75	1.60	1.71	23.32	23.86	27.94	28.15	25.97
Paris basin	13.59	13.69	13.84	12.15	12.55	11.74	11.65	12.10	12.39
North	3.35	3.39	3.52	10.77	9.57	6.44	6.18	7.83	7.26
East	6.69	6.32	6.23	12.13	11.65	7.90	8.17	9.84	9.44
West	24.85	25.75	26.05	9.25	8.88	10.83	10.79	9.97	10.44
Massif Central	8.26	8.07	7.88	3.60	3.49	3.68	3.45	3.46	3.51
South-west	21.52	21.30	20.92	8.96	9.03	10.68	10.72	9.94	10.23
South-east	12.08	11.79	11.20	13.21	13.80	10.73	10.54	12.09	12.26
Mediterranean	7.91	8.09	8.65 <sup>(2)</sup>	6.61	7.17	10.06	10.35	8.80	9.40 <sup>(2)</sup>
France	100	100	100	100	100	100	100	100	100

<sup>(1)</sup> Preliminary processing of sample of the 1968 census (Agricultural and non-agricultural employment).

<sup>(2)</sup> Including "Corse and employment not broken down by region".

Breakdown by sector of numbers of employed persons (occupati)  
(Sector = 100)

Region	Primary sector				Secondary sector			Tertiary sector		
	1951	1961	1965		1951	1961	1965	1951	1961	1965
North-west	15.47	15.82	15.68	42.13	40.59	39.20	29.74	29.08	29.27	
North-east	22.40	20.88	20.88	18.22	19.10	19.54	20.12	20.09	20.25	
Centre	14.03	14.34	12.95	11.05	11.04	11.46	10.37	10.29	10.33	
Marche, Toscana, Umbria	5.52	5.30	4.76	6.10	6.17	5.84	11.08	11.76	11.90	
Lazio										
South	8.81	9.36	9.95	6.48	6.88	7.17	8.79	8.61	8.40	
Campania	5.73	5.98	5.39	1.68	1.76	1.95	2.24	2.21	2.25	
Abruzzi, Molise	10.80	11.37	12.61	4.66	4.66	5.07	5.54	5.50	5.46	
Puglia, Basilicata	5.80	5.07	5.49	2.29	2.42	2.44	2.62	2.67	2.70	
Calabria	8.78	9.04	9.50	5.76	5.77	5.62	7.10	7.36	7.15	
Sicilia	2.66	2.84	2.79	1.63	1.61	1.71	2.40	2.43	2.29	
Sardegna										
Italy	100	100	100	100	100	100	100	100	100	100

## BELGIUM

E/26

Breakdown by sector of employed population  
(Sector = 100)

Region	Primary sector		Secondary sector		Tertiary sector	
	1947	1961	1947	1961	1947	1961
	North-west	32.40	34.03	27.03	28.64	22.07
North-east	26.99	23.67	20.78	25.02	23.48	25.10
South-west	17.90	19.10	23.96	19.56	17.72	17.02
South-east	15.59	16.86	14.62	13.17	13.13	12.33
Brussels region	7.12	6.34	13.61	13.61	23.60	22.96
Belgium	100	100	100	100	100	100

## NETHERLANDS

E/27

Breakdown by sector of labour input (arbeidsvolume)  
(Sector = 100)

Region	Primary sector			Secondary sector			Tertiary sector		
	1950	1960	1965	1950	1960	1965	1950	1960	1965
	West	26.2	27.7	29.4	45.7	43.7	43.1	52.7	52.8
North	20.3	20.1	18.5	9.0	9.1	9.7	9.6	8.6	8.8
East	26.8	26.0	26.8	19.7	19.6	19.8	13.4	13.6	13.9
South	26.7	26.2	25.3	25.6	27.6	27.4	16.1	16.3	17.2
Miscellaneous (1)	—	—	—	—	—	—	8.2	8.7	7.2
Netherlands	100	100	100	100	100	100	100	100	100

(1) Crews of ships and aircraft, and armed forces.

## Domestic product by main geographic area

	Domestic product (current prices)		Average growth rate (1955-65)		Share of each region in country total at current prices (%)	
			Current prices	Constant prices		
NDP at factor cost	1955 (DM million)	1965			1955	1965
North	30 462	70 301	8.7	5.4	21.8	20.5
West	47 013	100 462	7.9	4.9	33.6	29.2
Centre	20 157 <sup>(1)</sup>	53 772	9.0	6.0	14.4	15.6
South	42 258	106 239	9.7	6.3	30.2	30.9
Germany (FR) <sup>(1)</sup> <sup>(2)</sup>	139 890	324 953	8.8	5.6	100.0	—
Germany (FR)	—	343 670	—	—	—	100.0
GDP (approx. 80 %)	1962 (FF million)				1962	
Paris region	67 218	.	.	.	23.9	.
West	85 024	.	.	.	30.3	.
East	128 741	.	.	.	45.8	.
France	280 983	.	10.4	5.0	100.0	.
NDP at factor cost	1955 (Lit '000 million)	1965			1955	1965
North-west	4 316.5	10 517.9	9.3	5.5	36.9	36.9
North-east	2 357.1	5 689.6	9.2	4.9	20.1	20.0
Centre	2 234.0	5 383.1	9.2	4.6	19.1	18.9
South	2 800.4	6 894.4	9.4	4.7	23.9	24.2
Italy	11 708.0	28 485.0	9.3	5.0	100.0	100.0
GDP at factor cost	1960 (Fl million)				1960	
North	4 027	.	.	.	9.7	.
East	6 659	.	.	.	16.1	.
West	21 619	.	.	.	52.3	.
South	9 045	.	.	.	21.9	.
Netherlands	41 350	.	8.7	5.0	100.0	.
GDP at factor cost	1955 (Bfrs million)	1965			1955	1965
North	182 475	346 453	6.6	4.0	44.2	46.3
South	140 848	229 478	5.0	2.4	34.2	30.6
Brussels region	89 137	172 980	6.9	4.3	21.6	23.1
Belgium	412 460	748 911	6.1	3.6	100.0	100.0
NDP at factor cost	1955 (Lfrs million)	1965			1955	1965
Luxembourg	14 665	25 648	5.8	.	100.0	100.0

<sup>(1)</sup> Excluding the Saar.<sup>(2)</sup> Excluding West Berlin.



## Domestic product per capita by main geographic area

	Per capita domestic (current prices)		Average growth rate (1955-65)		Country = 100 (current prices)	
			Current prices	Constant prices		
NDP at factor cost	1955 (DM)	1965			1955	1965
North	2 746	5 903	8.0	4.7	96.6	101.4
West	3 257	6 030	6.4	3.4	114.6	103.5
Centre	2 631	5 472	7.6	4.6	92.5	94.0
South	2 639	5 770	8.1	4.8	92.8	99.1
Germany (FR) <sup>(1)</sup> <sup>(2)</sup>	2 843	—	7.4	4.2	100.0	—
Germany (FR)	—	5 824	—	—	—	100.0
GDP (approx. 80 %)	1962 (FF)				1962	
Paris region	7 973	.	.	.	131.6	.
West	4 929	.	.	.	81.3	.
East	6 225	.	.	.	102.7	.
France	6 061	.	9.1	3.8	100.0	.
NDP at factor cost	1955 (Lit '000)	1965			1955	1965
North-west	355.7	751.5	7.8	4.6	147.8	139.0
North-east	249.4	582.3	8.8	4.5	103.6	107.7
Centre	250.5	547.3	8.1	3.5	104.1	101.2
South	154.5	361.2	8.9	4.2	64.2	66.8
Italy	240.7	540.6	8.4	4.2	100.0	100.0
Declared incomes	1950 (Fl)	1963	( <sup>a</sup> )	( <sup>a</sup> )	1950	1963
North	1 081	2 618	7.0		90.8	86.4
East	1 080	2 772	7.5		90.7	91.4
West	1 336	3 360	7.4		112.2	110.8
South	1 040	2 720	7.7		87.3	89.7
Netherlands	1 191	3 031	7.4		100.0	100.0
GDP at factor cost	1955 (Bfrs '000)	1965			1955	1965
North	40.7	72.2	5.9	3.3	87.3	91.3
South	46.9	72.6	4.5	1.9	100.6	91.8
Brussels region	65.6	115.0	5.8	3.2	140.8	145.4
Belgium	46.6	79.1	5.4	2.9	100.0	100.0
	1955 (Lfrs '000)	1965			1955	1965
Luxembourg	48.0	77.0	4.8	.	100.0	100.0

<sup>(1)</sup> Excluding the Saar.<sup>(2)</sup> Excluding West Berlin.<sup>(a)</sup> 1950-63.

Average growth rates of domestic product at constant prices  
by main geographic area in Germany, Italy and Belgium  
(1955-65)

	Aggregate product	Per capita product
Germany (FR)	5.6	4.2
North	5.4	4.7
West	4.9	3.4
Centre	6.0	4.6
South	6.3	4.8
Italy	5.0	4.2
North-west	5.5	4.6
North-east	4.9	4.5
Centre	4.6	3.5
South	4.7	4.2
Belgium	3.6	2.9
Flemish region	4.0	3.3
Walloon region	2.4	1.9
Brussels region	4.3	3.2

Average growth rates of domestic product at constant prices  
by region in Germany, Italy and Belgium <sup>(1)</sup>  
(1955-65)

Aggregate product		Per capita product	
1 Baden-Württemberg	6.4	1 Schleswig-Holstein	5.1
2 Hessen	6.4	2 Bayern	5.0
3 Bayern	6.1	3 Emilia-Romagna	4.9
4 Schleswig-Holstein	5.8	3 Puglia, Basilicata, Calabria	4.9
5 Hamburg	5.7	3 Hessen	4.9
6 Piemonte, Aosta, Liguria	5.5	6 Hamburg	4.8
6 Lombardia	5.5	7 Niedersachsen	4.7
8 Emilia Romagna	5.4	7 Baden Württemberg	4.5
9 Niedersachsen	5.3	9 Trentino-Alt. Adige, Venet., Friuli	4.3
10 Campania	5.2	10 Marche, Toscana, Umbria	4.2
10 Rheinland-Pfalz	5.2	10 Abruzzi, Molise	4.2
12 Puglia, Basilicata, Calabria	5.1	10 Campania	4.2
13 Nordrhein-Westfalen	4.9	10 Rheinland-Pfalz	4.2
14 Lazio	4.7	14 Piemonte, V. d'Aosta, Liguria	4.1
15 Trentino-Alt. Adige, Venet., Friuli	4.5	15 Sicilia	4.1
15 Sicilia	4.5	16 West Flanders	4.0
17 Antwerp	4.4	17 Lombardia	3.9
17 Marche, Toscana, Umbria	4.4	18 Antwerp	3.4
17 Bremen	4.4	18 Nordrhein-Westfalen	3.4
20 Limburg	4.3	20 East Flanders	3.2
21 Brabant	4.1	21 Sardegna	3.1
22 West Flanders	4.0	22 Brabant	3.0
23 Sardegna	3.8	23 Limburg	2.6
24 East Flanders	3.5	23 Lazio	2.6
25 Abruzzi, Molise	3.4	25 Bremen	2.4
26 Liège	2.7	26 Liège	2.4
27 Namur	2.6	27 Namur	2.2
28 Hainaut	2.1	28 Luxembourg	1.9
28 Luxembourg	2.1	29 Hainaut	1.4

<sup>(1)</sup> The figures for the Italian regions are estimates based on official ISTAT figures.

## Net domestic product at factor cost by main geographic area

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>1. Absolute values (DM million)</b>													
North	24 663	26 670	30 462	33 723	36 700	40 151	43 349	47 987	52 121	56 550	60 144	65 207	70 301
West	37 843	40 514	47 013	52 677	57 215	59 151	62 787	69 847	75 628	81 385	85 328	93 227	100 462
	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Centre	16 079	17 414	20 157	21 856	23 518	25 158	27 281	35 019	38 763	41 676	44 858	49 405	53 772
South	33 455	36 823	42 258	46 315	50 947	55 390	60 404	67 768	75 754	82 431	88 270	97 753	106 239
West Berlin	—	—	—	—	—	—	—	9 017	9 735	10 237	10 800	11 710	12 895
Total (FR) (1) (2)	112 040	121 420	139 890	154 570	168 380	179 850	193 820	216 540	237 762	257 215	273 491	300 078	324 953
Total (FR)	—	—	—	—	—	—	—	229 640	252 000	272 280	289 400	317 300	343 670
<b>2. Annual growth rates</b>													
North	—	8.1	14.2	10.7	8.8	9.4	8.0	10.7	8.6	8.5	6.4	8.4	7.8
West	—	7.1	16.0	12.0	8.6	7.9	8.9	14.0	11.9	7.6	6.6	11.3	9.9
Centre	—	8.3(1)	15.8(1)	8.4(1)	7.6(1)	7.0(1)	8.4(1)	—	10.7	7.5	7.6	10.1	8.8
South	—	10.1	14.8	9.6	10.0	8.7	9.1	12.2	11.8	8.8	7.1	10.7	8.7
West Berlin	—	—	—	—	—	—	—	—	8.0	5.2	5.5	8.4	10.1
Total (FR) (1) (2)	—	8.4	15.2	10.5	8.9	6.8	7.8	11.7	9.8	8.2	6.3	9.7	8.3
Total (FR)	—	—	—	—	—	—	—	—	9.7	8.0	6.3	9.6	8.3
<b>3. As % of total</b>													
North	22.0	22.0	21.8	21.8	21.8	22.3	22.4	20.9	20.7	20.8	20.8	20.6	20.5
West	33.8	33.4	33.6	34.1	34.0	32.9	32.4	30.4	30.0	29.9	29.5	29.4	29.2
Centre	14.4(1)	14.3(1)	14.4	14.1	14.0	14.0	14.1	15.2	15.4	15.3	15.5	15.5	15.6
South	29.8	30.3	30.2	30.0	30.2	30.8	31.1	29.6	30.1	30.3	30.5	30.8	30.9
West Berlin	—	—	—	—	—	—	—	3.9	3.9	3.8	3.7	3.7	3.8
Total (FR) (1) (2)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	94.3	94.3	94.5	94.5	94.6	94.6
Total (FR)	—	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0

(1) Excluding the Saar.

(2) Excluding West Berlin.

## Breakdown by main geographic area of net domestic product at factor cost per capita

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>1. Absolute values (DM)</b>													
North	2 208	2 399	2 746	3 035	3 284	3 569	3 828	4 209	4 533	4 873	5 142	5 525	5 903
West	2 742	2 864	3 257	3 576	3 807	3 865	4 043	4 451	4 756	5 050	5 241	5 663	6 030
Centre	2 148	2 298	2 631	2 817	2 994	3 166	3 399	3 932	4 166	4 411	4 688	5 097	5 472
South	2 129	2 320	2 639	2 860	3 111	3 346	3 605	3 991	4 385	4 686	4 941	5 396	5 770
West Berlin	—	—	—	—	—	—	—	4 100	4 430	4 696	4 960	5 341	5 860
Germany (FR) <sup>(1)</sup> <sup>(2)</sup>	2 326	2 493	2 843	3 104	3 339	3 523	3 754	4 150	—	—	—	—	—
Germany (FR)	—	—	—	—	—	—	—	4 143	4 486	4 782	5 025	5 446	5 824
<b>2. Germany = 100</b>													
North	94.9	96.2	96.6	97.8	98.4	101.3	102.0	101.6	101.0	101.9	102.3	101.4	101.4
West	117.9	114.9	114.6	115.2	114.0	109.7	107.7	107.4	106.0	105.6	104.3	104.0	103.5
Centre	92.3	92.2	92.5	90.8	89.7	89.9	90.5	94.9	92.9	92.2	93.3	93.6	94.0
South	91.5	93.1	92.8	92.1	93.2	95.0	96.0	96.3	97.7	98.0	98.3	99.1	99.1
West Berlin	—	—	—	—	—	—	—	99.0	98.7	98.2	98.7	98.1	100.6
Germany (FR)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>3. 1959-60-61 = 100</b>													
North	52.7	57.3	65.5	72.4	78.4	85.2	91.4	100.5	108.2	116.3	122.7	131.9	140.9
West	62.1	64.8	73.7	81.0	86.2	87.5	91.5	100.8	107.7	114.3	118.7	128.2	136.5
Centre	56.0	60.0	68.7	73.5	78.1	82.6	88.7	102.6	108.7	115.1	122.3	133.0	142.8
South	53.3	58.1	66.1	71.6	77.9	83.8	90.3	99.9	109.8	117.3	123.7	135.1	144.5
West Berlin <sup>(3)</sup>	—	—	—	—	—	—	—	100.0	108.0	114.5	121.0	130.3	142.9
Germany (FR)	56.4	60.4	68.9	75.2	80.9	85.4	90.9	100.4	108.7	115.9	121.7	131.9	141.1

<sup>(1)</sup> Excluding the Saar.<sup>(2)</sup> Excluding West Berlin.<sup>(3)</sup> 1960 = 100

## Net domestic product at factor cost by region

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1. Absolute values (DM million)													
North													
Schleswig-Holstein	4 149	4 430	4 894	5 453	6 065	6 679	7 064	7 786	8 615	9 452	10 172	11 023	11 907
Niedersachsen	12 688	13 748	15 617	17 023	18 201	19 948	21 659	23 978	26 298	28 509	30 522	33 134	35 537
Hamburg	5 976	6 429	7 433	8 423	9 303	10 167	10 989	12 286	13 160	14 258	14 915	16 061	17 391
Bremen	1 850	2 063	2 518	2 824	3 131	3 357	3 637	3 937	4 048	4 331	4 555	4 989	5 466
West													
Nordrhein-Westfalen	37 843	40 514	47 013	52 677	57 125	59 151	62 787	69 847	75 628	81 385	85 328	93 227	100 462
Centre													
Hessen	9 928	10 774	12 585	13 682	14 971	16 149	17 579	20 035	22 415	24 122	25 724	28 629	31 454
Rheinland-Pfalz	6 151	6 640	7 572	8 174	8 547	9 009	9 702	10 791	11 845	12 726	14 025	15 264	16 496
Saar	.	.	.	.	.	.	.	4 193	4 503	4 828	5 109	5 512	5 822
South													
Baden-Württemberg	15 720	17 446	20 190	22 275	24 517	26 881	29 159	32 916	37 052	40 443	42 875	47 634	51 786
Bayern	17 735	19 377	22 068	24 040	26 430	28 509	31 245	34 852	38 702	41 988	45 395	50 119	54 453
West Berlin	.	.	.	.	.	.	.	9 017	9 735	10 237	10 800	11 710	12 895
Total (FR) (1) (2)	112 040	121 420	139 890	154 570	168 380	179 850	193 820	216 540	237 762	257 215	273 491	300 078	324 953
Total (FR)	.	.	.	.	.	.	.	229 640	252 000	272 280	289 400	317 300	343 670

(1) Excluding the Saar.

(2) Excluding West Berlin.

## Net domestic product at factor cost by region

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>2. Annual growth rates</b>													
North													
Schleswig-Holstein	+ 8.0	+ 6.8	+ 10.5	+ 11.4	+ 11.2	+ 10.1	+ 5.8	+ 10.2	+ 10.6	+ 9.7	+ 7.6	+ 8.4	+ 8.0
Niedersachsen	+ 9.1	+ 8.4	+ 13.6	+ 9.0	+ 6.9	+ 9.6	+ 8.6	+ 10.7	+ 9.7	+ 8.4	+ 7.1	+ 8.6	+ 7.3
Hamburg	+ 4.5	+ 7.6	+ 15.6	+ 13.3	+ 10.4	+ 9.3	+ 8.1	+ 11.8	+ 7.1	+ 8.3	+ 4.6	+ 7.7	+ 8.3
Bremen	+ 10.6	+ 11.5	+ 22.1	+ 12.1	+ 10.9	+ 7.2	+ 8.3	+ 8.3	+ 2.8	+ 7.0	+ 4.7	+ 10.0	+ 9.6
West													
Nordrhein-Westfalen	+ 10.2	+ 7.1	+ 16.0	+ 12.0	+ 8.6	+ 3.4	+ 6.1	+ 11.2	+ 8.3	+ 7.6	+ 4.8	+ 9.3	+ 7.8
Centre													
Hessen	+ 3.8	+ 8.5	+ 16.8	+ 8.7	+ 9.4	+ 7.9	+ 8.9	+ 14.0	+ 11.9	+ 7.6	+ 6.6	+ 11.3	+ 9.9
Rheinland-Pfalz	+ 8.2	+ 8.0	+ 14.0	+ 7.9	+ 4.6	+ 5.4	+ 7.7	+ 11.2	+ 9.8	+ 7.4	+ 10.2	+ 8.8	+ 8.1
Saar	.	..	.	.	.	.	.	.	+ 7.4	+ 7.2	+ 5.8	+ 7.9	+ 5.6
South													
Baden-Württemberg	+ 7.4	+ 11.0	+ 15.7	+ 10.3	+ 10.1	+ 9.6	+ 8.5	+ 12.9	+ 12.6	+ 9.2	+ 6.0	+ 11.1	+ 8.7
Bayern	+ 7.1	+ 9.3	+ 13.9	+ 8.9	+ 9.9	+ 7.9	+ 9.6	+ 11.5	+ 11.0	+ 8.5	+ 8.1	+ 10.4	+ 8.6
West Berlin	.	.	.	.	.	.	.	.	+ 8.0	+ 5.2	+ 5.5	+ 8.4	+ 10.1
Total (FR) (1) (2)	+ 8.1	+ 8.4	+ 15.2	+ 10.5	+ 8.9	+ 6.8	+ 7.8	+ 11.7	..	..	..	..	..
Total (FR)	.	.	.	.	.	.	.	.	+ 9.7	+ 8.0	+ 6.3	+ 9.6	+ 8.3

(1) Excluding the Saar.

(2) Excluding West Berlin.

## Net domestic product at factor cost by region

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
3. As % of total													
North													
Schleswig-Holstein	3.7	3.6	3.5	3.5	3.6	3.7	3.6	3.4	3.4	3.5	3.5	3.5	(3.7)
Niedersachsen	11.3	11.3	11.2	11.0	10.8	11.1	11.2	10.4	10.4	10.5	10.5	10.4	(10.9)
Hamburg	5.3	5.3	5.3	5.4	5.5	5.7	5.7	5.4	5.2	5.2	5.2	5.1	(5.4)
Bremen	1.7	1.7	1.8	1.8	1.9	1.9	1.9	1.7	1.6	1.6	1.6	1.6	(1.7)
West													
Nordrhein-Westfalen	33.8	33.4	33.6	34.1	34.0	32.9	32.4	30.4	30.0	29.9	29.5	29.4	(30.9)
Centre													
Hessen	8.9	8.9	9.0	8.9	8.9	9.0	9.1	8.7	8.9	8.9	8.9	9.0	(9.7)
Rheinland-Pfalz	5.5	5.5	5.4	5.3	5.1	5.0	5.0	4.7	4.7	4.7	4.8	4.8	(5.1)
Saar	.	.	.	.	.	.	.	1.8	1.8	1.8	1.8	1.7	1.7
South													
Baden-Württemberg	14.0	14.4	14.4	14.4	14.6	14.9	15.0	14.3	14.7	14.9	14.8	15.0	(15.9)
Bayern	15.8	16.0	15.8	15.6	15.7	15.9	16.1	15.2	15.4	15.4	15.7	15.8	(16.7)
West Berlin	.	.	.	.	.	.	.	3.9	3.9	3.8	3.7	3.7	3.8
Total (FR) (1) (2)	100	100	100	100	100	100	100	94.3	100	100	100	100	100
Total (FR)	.	.	.	.	.	.	.	100	100	100	100	100	100

(1) Excluding the Saar.

(2) Excluding West Berlin.

(3) Excluding the Saar and West Berlin.



## GERMANY (FR)

R/8

## Breakdown by region of net domestic product at factor cost per capita

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
1. Absolute values (DM)													
North													
Schleswig-Holstein	1 754	1 922	2 155	2 421	2 687	2 947	3 097	3 393	3 717	4 037	4 303	4 608	4 915
Niedersachsen	1 933	2 107	2 405	2 626	2 803	3 059	3 306	3 640	3 960	4 253	4 514	4 855	5 156
Hamburg	3 610	3 812	4 334	4 830	5 252	5 669	6 069	6 739	7 182	7 732	8 058	8 651	9 365
Bremen	3 166	3 441	4 103	4 461	4 784	5 013	5 330	5 662	5 730	6 056	6 286	6 845	7 407
West													
Nordrhein-Westfalen	2 742	2 864	3 257	3 576	3 807	3 865	4 043	4 451	4 756	5 050	5 241	5 663	6 030
Centre													
Hessen	2 275	2 444	2 825	3 031	3 276	3 496	3 765	4 237	4 656	4 922	5 173	5 668	6 123
Rheinland-Pfalz	1 971	2 096	2 361	2 520	2 601	2 708	2 889	3 192	3 466	3 681	4 015	4 324	4 624
Saar	—	—	—	—	—	—	—	3 989	4 199	4 426	4 635	4 955	5 183
South													
Baden-Württemberg	2 369	2 566	2 908	3 141	3 393	3 662	3 909	4 336	4 775	5 105	5 316	5 812	6 194
Bayern	1 953	2 136	2 432	2 641	2 889	3 094	3 362	3 713	4 067	4 344	4 633	5 052	5 417
West Berlin	—	—	—	—	—	—	—	4 100	4 430	4 696	4 960	5 341	5 860
Germany (FR) <sup>(1)</sup> <sup>(2)</sup>	2 326	2 493	2 843	3 104	3 339	3 523	3 754	4 150	—	—	—	—	—
Germany (FR)	—	—	—	—	—	—	—	4 143	4 486	4 782	5 025	5 446	5 824

<sup>(1)</sup> Excluding the Saar.<sup>(2)</sup> Excluding West Berlin.

## Breakdown by region of net domestic product at factor cost per capita

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
2. Germany = 100													
North													
Schleswig-Holstein	75.4	77.1	75.8	78.0	80.5	83.7	82.5	81.9	82.9	84.4	85.6	84.6	84.4
Niedersachsen	83.1	84.5	84.6	84.6	83.9	86.8	88.1	87.9	88.3	88.9	89.8	89.1	88.5
Hamburg	155.2	152.9	152.4	155.6	157.3	160.9	161.7	162.7	160.1	161.7	160.4	158.8	160.8
Bremen	136.1	138.0	144.3	143.7	143.3	142.3	142.0	136.7	127.7	126.6	125.1	125.7	127.2
West													
Nordrhein-Westfalen	117.9	114.9	114.6	115.2	114.0	109.7	107.7	107.4	106.0	105.6	104.3	104.0	103.5
Centre													
Hessen	97.8	98.0	99.4	97.6	98.1	99.2	100.3	102.3	103.8	102.9	102.9	104.1	105.1
Rheinland-Pfalz	84.7	84.1	83.0	81.2	77.9	76.9	77.0	77.0	77.3	77.0	79.9	79.4	79.4
Saar	—	—	—	—	—	—	—	96.3	93.6	92.5	92.2	91.0	89.0
South													
Baden-Württemberg	101.8	102.9	102.3	101.2	101.6	103.9	104.1	104.7	106.4	106.7	105.8	106.7	106.4
Bayern	84.0	85.7	85.5	85.1	86.5	87.8	89.6	89.6	90.7	90.8	92.2	92.8	93.0
West Berlin	—	—	—	—	—	—	—	99.0	98.7	98.2	98.7	98.1	100.6
Germany (FR) <sup>(1)</sup> <sup>(2)</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—	—	—	—	—
Germany (FR)	—	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0

<sup>(1)</sup> Excluding the Saar.<sup>(2)</sup> Excluding West Berlin.

## Breakdown by region of net domestic product at factor cost per capita

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
3. 1959-60-61 = 100													
North													
Schleswig-Holstein	51.6	56.5	63.3	71.2	79.0	86.6	91.0	99.7	109.2	118.6	126.5	135.4	144.5
Niedersachsen	53.2	58.0	66.2	72.2	77.1	84.2	90.9	100.1	108.9	117.0	124.2	133.6	141.8
Hamburg	54.2	57.2	65.0	72.5	78.8	85.1	91.1	101.1	107.8	116.0	120.9	129.8	140.5
Bremen	56.8	61.7	73.6	80.0	85.8	89.9	95.6	101.6	102.8	108.6	112.8	122.8	132.9
West													
Nordrhein-Westfalen	62.1	64.8	73.7	81.0	86.2	87.5	91.5	100.8	107.7	114.3	118.7	128.2	136.5
Centre													
Hessen	53.9	57.9	67.0	71.8	77.6	82.9	89.2	100.4	110.3	166.5	122.6	134.3	145.1
Rheinland-Pfalz	61.9	65.9	74.2	79.2	81.7	85.1	90.8	100.3	108.9	115.7	126.2	135.9	145.3
Saar	—	—	—	—	—	—	—	100.0	105.3	111.0	116.2	124.2	129.9
South													
Baden-Württemberg	54.6	59.1	67.0	72.4	78.2	84.4	90.1	99.9	110.0	117.6	122.5	133.9	142.7
Bayern	52.6	57.5	65.5	71.1	77.8	83.3	90.5	100.0	109.5	117.0	124.7	136.0	145.9
West Berlin <sup>(1)</sup>	—	—	—	—	—	—	—	100.0	108.0	114.5	121.0	130.3	142.9
Germany (FR)	56.4	60.4	68.9	75.2	80.9	85.4	90.9	100.4	108.7	115.9	121.7	131.9	141.1

<sup>(1)</sup> 1960 = 100

## Net domestic product at factor cost

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
<b>1. Absolute value (Lit. '000 million)</b>													
North-west	3 881.5	4 316.5	4 704.9	5 044.9	5 439.2	5 810.2	6 437.8	7 049.9	7 983.4	9 183.0	9 993.1	10 517.9	11 442.4
North-east	2 083.8	2 357.1	2 473.1	2 664.4	2 900.4	3 089.5	3 305.2	3 642.3	4 181.0	4 687.5	5 347.7	5 689.6	6 084.8
Centre	2 025.4	2 234.0	2 388.5	2 513.5	2 779.6	2 964.3	3 190.6	3 495.4	4 000.4	4 534.0	4 985.3	5 383.1	5 784.9
South	2 616.3	2 800.4	3 093.5	3 346.2	3 532.8	3 656.0	3 820.4	4 340.4	4 829.2	5 756.5	6 176.9	6 894.4	7 353.9
Italy	10 607.0	11 708.0	12 660.0	13 569.0	14 652.0	15 520.0	16 754.0	18 528.0	20 994.0	24 161.0	26 503.0	28 485.0	30 666.0
<b>2. Annual growth rates</b>													
North-west	—	11.2	9.0	7.2	7.8	6.8	10.8	9.5	13.2	15.0	8.8	5.3	8.8
North-east	—	13.1	4.9	7.7	8.9	6.5	7.0	14.8	14.8	12.1	14.1	6.4	6.9
Centre	—	10.3	6.9	5.2	10.6	6.6	7.6	12.7	14.4	13.3	10.0	8.0	7.5
South	—	7.0	10.5	8.2	5.6	3.5	4.5	13.6	11.3	19.2	7.3	11.6	6.7
Italy	—	10.4	8.1	7.2	8.0	5.9	8.0	10.6	13.3	15.1	9.7	7.5	7.7
<b>3. As % of total</b>													
North-west	36.7	36.9	37.2	37.2	37.1	37.4	38.5	38.0	38.1	38.0	37.7	36.9	37.3
North-east	19.6	20.1	19.5	19.6	19.8	19.9	19.7	19.7	19.8	19.4	20.2	20.0	19.8
Centre	19.1	19.1	18.9	18.5	19.0	19.1	19.0	18.9	19.1	18.8	18.8	18.9	18.9
South	24.7	23.9	24.4	24.7	24.1	23.6	22.8	23.4	23.0	23.8	23.3	24.2	24.0
Italy	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## Breakdown by main geographic area of net domestic product at factor cost per capita

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
<b>1. Absolute values (Lit. '000)</b>													
North-west	323.2	355.7	383.8	407.1	433.5	456.7	498.5	538.2	599.6	675.9	722.5	751.5	810.2
North-east	220.6	249.4	261.7	281.9	306.7	326.1	348.3	383.4	438.4	487.9	551.4	582.3	619.6
Centre	229.0	250.5	265.8	277.7	304.8	322.3	343.7	373.2	422.9	473.1	513.0	547.3	582.5
South	145.4	154.5	169.7	183.0	192.5	198.3	206.4	233.8	259.2	307.4	327.1	361.2	381.9
Italy	219.6	240.7	258.8	275.9	296.1	311.5	333.8	366.7	412.1	469.1	508.4	540.6	577.2
<b>2. Italy = 100</b>													
North-west	147.2	147.8	148.3	147.6	146.4	146.6	149.3	146.8	145.5	144.1	142.1	139.0	140.4
North-east	100.5	103.6	101.1	102.2	103.6	104.7	104.3	104.6	106.4	104.0	108.5	107.7	107.3
Centre	104.3	104.1	102.7	100.7	102.9	103.5	103.0	101.8	102.6	100.9	100.9	101.2	100.9
South	66.2	64.2	65.6	66.3	65.0	63.7	61.8	63.8	62.9	65.5	64.3	66.8	66.2
Italy	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>3. 1957-58-59 = 100</b>													
North-west	74.7	82.3	88.8	94.1	100.3	105.6	115.3	124.5	138.7	156.3	167.1	173.8	187.4
North-east	72.4	81.8	85.8	92.5	100.6	107.0	114.2	125.7	143.8	160.0	180.8	191.0	203.2
Centre	75.9	83.1	88.1	92.1	101.1	106.9	114.0	123.7	140.2	156.9	170.0	181.5	193.1
South	76.0	80.8	88.7	95.7	100.6	103.7	107.9	122.2	135.5	160.7	171.0	188.8	199.6
Italy	74.6	81.7	87.9	93.7	100.5	105.8	113.3	124.5	139.9	159.3	172.6	183.6	196.0

## Breakdown by region of net domestic product at factor cost per capita

Region	Absolute values (Lit '000)						Italy = 100					
	1955 (1)	1963	1964	1965	1966		1955 (1)	1963	1964	1965	1966	
North-west												
Piemonte, V. d'Aosta, Liguria	346.8	643.1	684.9	719.8	771.4		145.7	138.6	136.3	134.7	135.3	
Lombardia	358.9	661.5	710.5	735.4	794.2		150.7	142.6	141.4	137.7	139.3	
North-east												
Trentino-Alto Adige, Veneto,	235.0	450.7	508.6	535.6	571.2		98.7	97.2	101.2	100.3	100.2	
Friuli-Venezia Giulia	267.8	553.6	617.9	646.2	683.5		112.5	119.3	123.0	121.0	119.9	
Emilia Romagna												
Centre												
Marche, Toscana, Umbria	222.0	447.2	470.5	517.3	552.0		93.2	96.4	93.6	96.8	96.8	
Lazio	288.8	482.9	524.5	573.8	608.4		121.3	104.1	104.4	107.4	106.7	
South												
Abruzzi, Molise	151.1	311.5	336.4	360.3	384.7		63.5	67.1	66.9	67.4	67.5	
Puglia, Basilicata, Calabria	136.6	299.1	310.8	348.1	368.7		57.4	64.5	61.8	65.2	64.7	
Campania	159.8	328.8	350.3	382.1	402.8		67.1	70.9	69.7	71.5	70.6	
Sicilia	153.7	309.2	331.2	363.8	383.9		64.6	66.6	65.9	68.1	67.3	
Sardegna	182.6	326.9	359.0	391.8	414.7		76.7	70.5	71.4	73.3	72.7	
Italy	238.0	463.9	502.5	534.2	570.0		100.0	100.0	100.0	100.0	100.0	

(1) Estimates based on data produced by ISTAT and Professor G. Tagliacarne.

FRANCE

R/13

## Gross domestic product in the main regions in 1962

	Aggregate product		Per capita product	
	In million FF	%	FF	France = 100
Paris region	67 218	23.9	7 973	131.6
Paris basin	35 978	12.8	6 075	100.2
North	23 725	8.4	6 521	107.6
East	27 599	9.8	6 222	102.7
West	28 669	10.2	4 751	78.4
Massif central	9 822	3.5	4 904	80.9
South-west	29 264	10.4	5 038	83.1
South-east	32 461	11.6	5 967	98.5
Mediterranean	26 247	9.3	5 648	93.2
France	280 983	100.0	6 061	100.0
West	85 024	30.3	4 929	81.3
East	128 741	45.8	6 225	102.7
Paris region	67 218	23.9	7 973	131.6

## Gross domestic product at factor cost

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1. Absolute values (Bfrs million)												
Flemish region	182 475	193 965	204 938	207 200	215 132	229 707	243 865	261 481	278 985	314 906	346 453	370 702
Walloon region	140 848	149 366	157 935	154 768	156 952	163 589	169 837	178 187	192 176	212 977	229 478	239 032
Brussels region	89 137	94 949	100 669	104 779	107 157	114 296	121 159	132 883	142 862	155 962	172 980	184 329
Belgium	412 460	438 280	463 542	466 747	479 241	507 592	534 861	572 051	614 023	683 845	748 911	794 063
2. Annual growth rates												
Flemish region	—	6.3	5.7	1.1	3.8	6.8	6.2	7.2	6.7	12.9	10.0	7.0
Walloon region	—	6.0	5.7	2.0	1.4	4.2	3.5	5.2	7.9	10.8	7.7	4.2
Brussels region	—	6.5	6.0	4.1	2.3	6.7	6.0	9.3	7.9	9.2	10.9	6.6
Belgium	—	6.3	5.8	0.7	2.7	5.9	6.0	7.1	7.3	11.4	9.5	6.0
3. As % of total												
Flemish region	44.2	44.2	44.2	44.4	44.9	45.3	45.6	45.7	45.5	46.1	46.3	46.7
Walloon region	34.2	34.1	34.1	33.2	32.7	32.2	31.7	31.2	31.3	31.1	30.6	30.1
Brussels region	21.6	21.7	21.7	22.4	22.4	22.5	22.7	23.1	23.2	22.8	23.1	23.2
Belgium	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0



## BELGIUM

R/15

## Gross domestic product at factor cost per capita

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1. Absolute values (Bfrs million)												
Flemish region	40.7	43.0	45.0	45.2	46.5	49.3	52.0	55.3	59.3	66.2	72.2	76.7
Walloon region	46.9	49.5	52.1	50.8	51.5	53.8	55.7	58.6	61.6	67.8	72.6	75.4
Brussels region	65.6	69.4	72.9	75.2	76.3	80.6	84.6	91.5	97.7	105.1	115.0	121.2
Belgium	46.6	49.2	51.7	51.7	52.8	55.7	58.3	62.0	66.1	72.9	79.1	83.3
2. Belgium = 100												
Flemish region	87.3	87.4	87.0	87.4	88.1	88.5	89.2	89.2	89.7	90.8	91.3	92.1
Walloon region	100.6	100.6	100.8	98.3	97.5	96.6	95.5	94.5	93.2	93.0	91.8	90.5
Brussels region	140.8	141.1	141.0	145.5	144.5	144.7	145.1	147.6	147.8	144.2	145.4	145.5
Belgium	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3. 1957-58-59 = 100												
Flemish region	89.3	94.4	98.8	99.2	102.0	108.2	114.1	121.4	130.1	145.3	158.5	168.3
Walloon region	91.1	96.2	101.2	98.7	100.1	104.5	108.2	113.9	119.7	131.7	141.1	146.5
Brussels region	87.7	92.8	97.5	100.5	102.0	107.8	113.1	122.3	130.6	140.5	153.7	162.0
Belgium	89.5	94.5	99.3	99.3	101.4	107.0	112.0	119.1	127.0	140.0	151.9	160.0

## Gross domestic product at factor cost by province

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1. Absolute values (Bfrs million)												
Antwerp	65 005	69 924	73 387	74 827	77 985	84 051	89 690	96 875	104 209	118 190	127 749	137 257
Limburg	18 788	19 786	21 174	20 508	20 081	21 271	22 966	24 520	26 899	31 900	36 777	39 557
East Flanders	46 208	48 507	51 055	51 527	53 821	57 041	59 977	63 131	68 053	75 154	83 561	88 928
West Flanders	40 040	42 681	45 750	46 259	48 753	52 069	55 435	60 229	61 629	69 466	76 027	80 739
Hainaut	57 453	60 928	64 660	62 215	61 545	64 285	67 787	68 834	76 453	84 256	90 076	94 057
Liège	52 050	55 083	58 409	58 220	59 010	62 216	64 753	67 855	71 237	79 412	86 984	89 700
Luxembourg	8 094	8 302	8 480	8 306	8 967	9 248	9 617	10 027	10 497	11 466	12 707	13 439
Namur	15 492	16 517	17 023	17 098	18 009	18 993	19 376	20 816	22 194	24 662	25 588	26 889
Brabant	109 330	116 752	123 604	127 777	131 070	139 418	146 760	159 764	172 852	189 309	209 422	223 469
Belgium	412 460	438 250	463 542	466 747	479 241	507 592	534 361	572 051	614 053	653 845	748 911	794 063
2. Annual growth rate												
Antwerp	—	7.6	5.0	2.0	4.2	7.8	6.7	8.0	7.6	13.4	8.1	7.4
Limburg	—	5.3	7.0	—	—	7.9	8.0	6.8	9.7	18.5	15.3	7.6
East Flanders	—	5.0	5.3	—	—	6.0	5.1	5.3	7.8	10.4	11.2	6.4
West Flanders	—	6.7	7.2	—	—	6.8	6.5	8.6	2.3	19.7	9.4	6.2
Hainaut	—	6.0	6.1	—	—	6.8	4.0	4.6	11.1	10.2	6.9	4.4
Liège	—	5.8	6.0	—	—	5.4	4.1	4.8	5.0	11.5	9.5	3.2
Luxembourg	—	2.6	2.1	—	—	3.1	4.0	4.3	4.7	9.2	10.8	5.0
Namur	—	5.3	4.3	—	—	5.5	2.0	7.4	6.6	11.1	3.8	5.0
Brabant	—	6.8	5.9	—	—	6.4	5.3	8.9	8.2	9.5	10.6	6.7
Belgium	—	6.3	5.8	—	—	5.9	5.3	7.1	7.3	11.4	9.5	6.0
3. As % of total												
Antwerp	15.8	16.0	15.8	16.0	16.3	16.6	16.8	17.0	17.0	17.3	17.1	17.3
Limburg	4.5	4.5	4.6	4.4	4.2	4.2	4.2	4.3	4.4	4.7	4.9	5.0
East Flanders	11.2	11.1	11.2	11.0	11.2	11.2	11.2	11.0	11.1	11.0	11.2	11.2
West Flanders	9.7	9.7	9.9	9.9	10.2	10.3	10.4	10.5	10.0	10.1	10.2	10.2
Hainaut	13.9	13.9	13.9	13.3	12.8	12.5	12.3	12.0	12.5	12.3	12.0	11.8
Liège	12.6	12.6	12.6	12.5	12.3	12.2	12.3	11.9	11.6	11.6	11.6	11.3
Luxembourg	2.0	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.7	1.7	1.7	1.7
Namur	3.8	3.7	3.7	3.7	3.8	3.7	3.6	3.6	3.6	3.6	3.4	3.4
Brabant	26.5	26.6	26.7	27.4	27.3	27.5	27.5	27.9	28.1	27.7	27.9	28.1
Belgium	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## Gross domestic product per capita

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1. Absolute values (Bfrs 1 000)												
Antwerp	47.9	51.1	53.1	53.6	55.3	59.1	62.4	66.8	71.3	80.1	85.8	91.5
Limburg	36.1	37.4	39.3	37.6	36.1	37.7	40.2	42.2	45.5	52.6	59.4	63.0
East Flanders	37.1	38.9	40.8	41.1	42.7	45.1	47.2	49.5	53.2	58.5	64.7	68.5
West Flanders	39.0	41.3	44.0	44.3	46.3	49.2	52.0	56.2	61.1	68.3	74.2	78.2
Hainaut	45.9	48.5	51.1	49.0	48.7	50.3	52.6	55.1	57.9	63.6	67.7	70.6
Liège	52.7	55.6	58.6	58.8	58.8	62.0	64.5	67.5	71.3	78.8	85.7	88.2
Luxembourg	37.6	38.6	39.5	38.6	41.5	42.7	44.4	46.2	48.4	52.6	58.0	61.1
Namur	42.8	45.0	46.7	46.8	49.1	51.6	52.5	56.2	59.7	65.9	70.9	75.0
Brabant	58.1	61.6	64.7	66.3	67.4	71.1	74.0	79.8	84.7	91.5	99.9	105.5
Total	46.6	49.2	51.7	51.7	52.8	55.7	58.3	62.0	66.1	72.9	79.1	83.3
2. Belgium = 100												
Antwerp	102.8	103.9	102.7	103.7	104.7	106.1	107.0	107.7	107.9	109.9	108.5	109.8
Limburg	77.5	76.0	76.0	72.5	68.4	67.7	69.0	68.1	68.8	72.2	75.1	75.6
East Flanders	79.6	79.1	78.9	79.5	80.9	81.0	81.0	79.8	80.5	80.2	81.8	82.2
West Flanders	83.7	83.9	85.1	85.7	87.7	88.3	89.2	90.6	92.4	93.7	93.8	93.9
Hainaut	98.5	98.6	98.8	94.8	92.2	90.3	90.2	88.9	87.6	87.2	85.6	84.8
Liège	113.1	113.0	113.3	112.0	111.4	111.3	110.6	108.9	107.9	108.1	108.3	106.9
Luxembourg	80.7	78.5	76.4	74.7	78.6	76.7	76.2	74.5	73.2	72.2	73.8	73.3
Namur	91.5	90.5	90.3	90.5	90.4	90.1	90.1	90.0	90.3	90.4	85.8	85.1
Brabant	124.7	125.2	125.1	128.2	127.7	127.6	126.9	128.7	128.1	125.5	126.3	126.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3. 1957-58-59 = 100												
Antwerp	88.7	94.6	98.3	99.3	102.4	109.4	115.6	123.7	132.0	148.3	153.9	169.4
Limburg	95.9	99.4	104.4	99.6	99.0	100.2	106.9	112.1	120.9	139.8	157.8	167.4
East Flanders	89.3	93.7	98.2	99.0	103.8	108.6	113.6	119.3	128.5	149.9	164.8	164.9
West Flanders	86.9	92.0	98.1	98.7	103.2	109.7	113.6	119.2	128.5	149.2	164.8	174.3
Hainaut	92.5	97.8	103.0	98.8	103.2	101.4	106.0	111.7	119.7	132.2	148.5	162.3
Liège	90.0	95.0	100.1	99.4	100.5	101.6	101.2	111.3	121.3	131.0	145.4	159.7
Luxembourg	94.3	96.8	100.1	96.8	104.1	107.1	111.4	115.0	121.4	131.0	145.5	160.2
Namur	90.0	94.7	98.2	98.5	103.3	108.6	110.4	118.2	128.0	138.8	149.8	160.2
Brabant	87.8	93.1	97.8	100.2	101.9	107.5	111.9	120.7	128.1	138.3	151.0	160.0
Total	89.5	94.5	99.3	99.3	101.4	107.0	112.0	119.1	127.0	140.0	151.9	160.0

## NETHERLANDS

R/18

## Average per capita incomes by main geographic area

	1950	1955	1958	1960	1963
<b>1. Absolute values (Fl.)</b>					
North	1 081	.	1 814	2 079	2 618
East	1 080	.	1 904	2 165	2 772
West	1 336	.	2 392	2 700	3 360
South	1 040	.	1 863	2 107	2 720
Netherlands	1 191	1 710	2 122	2 410	3 031
<b>2. Netherlands = 100</b>					
North	90.8	.	85.5	86.3	86.4
East	90.7	.	89.7	89.8	91.4
West	112.2	.	112.7	112.0	110.8
South	87.3	.	87.8	87.4	89.7
Netherlands	100.0	100.0	100.0	100.0	100.0
<b>3. 1958 = 100</b>					
North	59.6	.	100.0	114.6	144.3
East	56.7	.	100.0	113.7	145.6
West	55.9	.	100.0	112.9	140.5
South	55.8	.	100.0	113.1	146.0
Netherlands	56.1	80.6	100.0	113.6	142.8

## NETHERLANDS

R/19

## Average per capita incomes by province

	1950	1955	1958	1960	1963
<b>1. Absolute values (Fl.)</b>					
Groningen	1 167	1 570	1 953	2 241	2 797
Friesland	1 078	1 350	1 754	2 023	2 523
Drenthe	950	1 300	1 499	1 920	2 488
Overijssel	1 123	1 520	1 914	2 164	2 726
Gelderland	1 053	1 490	1 898	2 165	2 801
Utrecht	1 224	1 760	2 243	2 530	3 170
North-Holland	1 391	2 010	2 465	2 795	3 443
South-Holland	1 321	1 910	2 346	2 670	3 345
Zeeland	1 209	1 710	1 974	2 255	2 959
North-Brabant	995	1 460	1 823	2 092	2 601
Limburg	1 055	1 520	1 901	2 133	2 713
Total	1 191	1 710	2 122	2 410	3 031

## Average per capita incomes by province

	1950	1955	1958	1960	1963
2. Netherlands = 100					
Groningen	98.0	91.8	92.0	93.0	92.3
Friesland	90.5	78.9	82.7	83.9	83.2
Drenthe	79.8	76.0	70.6	79.7	82.1
Overijssel	94.3	88.9	90.2	89.8	89.9
Gelderland	88.4	87.1	89.4	89.8	92.4
Utrecht	102.8	102.9	105.7	105.0	104.6
North-Holland	116.8	117.5	116.2	116.0	113.6
South-Holland	110.9	111.7	110.6	110.8	110.4
Zeeland	101.5	100.0	93.0	93.6	97.6
North-Brabant	83.5	85.4	85.9	86.8	85.8
Limburg	88.6	88.9	89.6	88.5	89.5
Total	100.0	100.0	100.0	100.0	100.0

## Average per capita incomes by province

	1950	1955	1958	1960	1963
3. 1958 = 100					
Groningen	59.8	80.4	100.0	114.7	143.2
Friesland	61.4	77.0	100.0	115.3	143.8
Drenthe	63.4	86.7	100.0	128.1	165.9
Overijssel	58.7	79.4	100.0	113.1	142.4
Gelderland	55.5	78.5	100.0	114.1	147.6
Utrecht	54.6	78.5	100.0	112.8	141.3
North-Holland	56.4	81.5	100.0	113.4	139.7
South-Holland	56.3	81.4	100.0	113.8	142.6
Zeeland	61.2	86.6	100.0	114.2	149.9
North-Brabant	54.6	80.1	100.0	114.7	142.7
Limburg	55.5	80.0	100.0	112.2	142.7
Total	56.1	80.6	100.0	113.6	142.8

## Net national product at factor cost

	1955	1960	1961	1962	1963	1964	1965
1. Absolute value (Million Flux.)	14 665	19 343	19 988	20 272	21 678	24 988	25 648
Absolute value (1960 = 100)	75.8	100.0	103.3	104.8	112.1	129.2	132.6
Yearly growth rate	—	—	3.3	1.4	6.9	15.3	2.6
2. NP per inhabitant	48 000	61 400	62 700	62 300	66 600	75 700	77 000
NP per inhabitant (1960 = 100)	78.2	100.0	102.1	101.5	108.5	123.3	125.4
Yearly growth rate	—	—	2.1	— 0.6	6.9	13.7	1.7

## Breakdown of population by level of product

Average = 100	Number of persons			
	1953 <sup>(1)</sup>		1965	
	in 1 000	in %	in 1 000	in %
70 - 80	2 365.1	4.9	3 567.3	6.1
80 - 90	18 764.5	38.9	10 438.1	17.7
90 - 100	4 363.2	9.1	10 052.6	17.0
Total < 100	25 492.8	52.9	24 058.0	40.8
100 - 110	6 636.9	13.8	32 358.6	54.8
110 - 120	13 803.0	28.7	—	—
120 - 130	—	—	738.0	1.3
130 - 140	584.5	1.2	—	—
140 - 150	—	—	—	—
150 and over	1 655.3	3.4	1 857.0	3.1
Total > 100	22 679.7	47.1	34 953.6	59.2
Grand total	48 172.5	100.0	59 011.6	100.0

<sup>(1)</sup> Excluding the Saar and West Berlin.



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