european community PRESS RELEASE
EUROPEAN COMMUNITY INFORMATION SERVICE
2100 M Street Northwest, Suite 707, Washington D.C. 20037 • Telephone: (202) 296-5131

June 22, 1971

BACKGROUND INFORMATION

COMMON MARKET PROPOSES REGIONAL PLAN TO STREAMLINE AGRICULTURE

WASHINGTON, D.C., June 22 -- The Commission of the European Communities has proposed regulations to curb what could be a major population exodus from rural to urban areas of the Common Market. These regulations would provide jobs for the more than 300,000 farmers under 55 who will quit farming during the next five years but remain in agricultural regions. The total number of such farmers who might leave the land over the five-year period as a result of current Community plans is estimated at 600,000.

The Commission would direct money from the European Agricultural Guidance and Guarantee Fund (EAGGF) for project development in economically depressed agricultural areas. Another Commission action would be to provide funds for rebates up to 3 per cent for a period of 12 years on loans taken out to finance the projects.

A sum of $500 million has been allocated over a five-year period for the two recommendations which are designed to reduce the economic disparities between the rural and more developed regions of the European Community.

As part of a plan to streamline agricultural output, European Community officials have encouraged farmers (who are about 10 million strong and comprise 13.5 per cent of the Common Market's working population) to leave their land because their surplus numbers have contributed to inefficient production. The danger exists that too many farmers will migrate to highly industrialized areas where jobs are already at a premium.

In response to this threat, the Commission has formulated a regional policy designed to develop each area within the European Community to its fullest potential. Economic development is being encouraged in depressed rural areas to provide a deterrent against mass emigration that could turn them into wastelands and further congest the major urban centers.

Another problem which complicates the regional agricultural approach is the uneven distribution of depressed rural areas throughout the European Community, with France and Italy possessing the lion's share.

Investment potential and sources of new jobs can be and should be created in poor agricultural areas by converting the land to recreational use, the Commission maintains.

Nearly half of the European Community's total territory is comprised of agrarian regions where the population density is 80 persons per square kilometer. Industrial regions occupy one fifth of the Community's land area and average 390 inhabitants per square kilometer, whereas semi-industrial regions cover one third of the land mass and have an average density of 160 persons per square kilometer.

Community funds to spur development in economically depressed areas will be distributed to regions on the basis of:

-- the percentage of those engaged in agriculture above the Community average;

-- a per capita gross domestic product at factor cost below the Community average;

-- the percentage of those employed in industry below the Community average.

The money will be used in these areas to stimulate the economy and finance the job training of former farm workers.

The Commission has also recommended that an information network be organized to assist public and private parties in investing in the underdeveloped regions.

Regional economic development will be directed in coordinated fashion by the Commission, individual member states, and the European Investment Bank, even though the latter may occasionally face a squeeze on obtaining capital from member states.

These current proposals stem from the Commission's recommendations in 1969 on regional development, and are part of the Third Medium Term Economic Policy Program as well as the first stage in the establishment of an economic and monetary union.

The proposal pertaining to EAGGF funds would set aside $1500 annually for each new job created for and occupied by a farmer. A sum of $250 million has been allocated for the next five years.

The rebates to finance investment projects in priority agriculture regions would cost the Community an additional $250 million over a five-year period.

# # #