

EUROPEAN ECONOMIC  
COMMUNITY

EUROPEAN ATOMIC ENERGY  
COMMUNITY

## **ECONOMIC AND SOCIAL COMMITTEE**

Brussels,  
25 October 1973

STUDY

of the Economic and Social Committee  
on the  
“Implementation of a common regional policy”

---

Rapporteur: Mr VENTEJOL

During its meeting on 25 April 1972, the Bureau of the Committee, in accordance with the last paragraph of Article 20, of the Rules of Procedure authorised the sub-Committee for Regional Policy to push ahead and deepen its examination of regional development issues.

During its meeting on 25 January 1973 the Bureau of the Committee confirmed the referral to the Section for Regional Development.

1. INTRODUCTION

A. 1. Recognition by the Paris Summit of the regional problem and its relevance to economic and monetary union

Since the importance of the problems of regional development has been realised by the Community, the Commission has transmitted proposals to the Council aiming at initiating a Community regional policy.

These proposals, which have been criticised as being too timid, limited and fragmentary, have been included on the agenda of several Council meetings. However, the Council has never come to a unanimous decision to implement them.

It was not until the Conference of the Heads of State or of Government of the Member States of the enlarged Community, held from 19 to 21 October 1972 in Paris, that the necessary political will solidified to recognise the regional problem its top priority and its relevance to economic and monetary union.

The final communiqué had this to say on the matter : (Doc. SEC (72) 3900, page 4, paragraph 5) :

"The Heads of State or of Government agree that a high priority should be given to the aim of correcting, in the Community the structural and regional imbalances which might affect the realisation of the economic and monetary union.

The Heads of State or of Government invite the Commission to prepare without delay a report analysing the regional problems which arise in the enlarged Community and to put forward appropriate proposals.

From now on they undertake to coordinate their regional policies. Desirous of directing that effort towards finding a Community solution to regional problems, they invite the Community institutions to create a Regional Development Fund. This will be set up before December 31, 1973, and will be financed, from the beginning of the second phase of economic and monetary union, from the Community's own resources. Intervention by the Fund in coordination with national aid, should permit, progressively with realisation of economic and monetary Union, the correction of the main regional imbalances in the enlarged Community and particularly those resulting from the preponderance of agriculture and from industrial changes and structural under-employment".

2. Regional policy in the context of economic, social, monetary and political union.

According to Article 2 of the Treaty of Rome, the task of the Community is to "promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability and an accelerated raising of the standard of living".

With this in mind, the Community has aimed at achieving a customs union before moving towards a political and economic union, which alone can strengthen and perpetuate such achievements.

Likewise, the monetary union envisaged for the end of this decade, with the introduction of a European currency, is part of this objective of harmonious development of activities throughout the Community.

But the present worsening monetary imbalances compromise economic development, encourage the introduction of protectionist measures, place the negotiations due to open on international trade in a precarious position and thus threaten to have serious repercussions on production, and consequently employment, and on regions where the economic development possibilities are limited and therefore most vulnerable.

In other words, at a time when the second stage of economic and monetary union is beginning, the Community must clearly state its economic social, and regional objectives and propose a reform of the international monetary system, whose stability and lasting balance must be restored.

Only a precise commitment by the Member States in a Community context can avoid isolated measures, monetary manipulation, strongly marked imbalances and protectionist measures and enable the "Summit's" intentions to give top priority to the social and regional policies to be given practical expression.

In addition, the Member States must participate fully in supplying the budget appropriations necessary to make actions correspond to the declarations. The latter have often been ambitious in relation to the means used up to now. This also means that the practice of the fair return must be banned. Furthermore, efforts towards inter-regional solidarity in the Community will benefit all regions.

It is under these conditions that Europe will be able to pursue its economic development in the service of social and human purposes.

In fact the increase in incomes and the permanent struggle against intolerable disparities will enable consumption production trade and investment to be increased throughout the

EEC and thus bring about both mental and material solidarity.

The social and regional policies are bound to have common points and objectives. Hence the "Guidelines for a Social Action Programme" submitted by the Commission to the Council on 18 April 1973 contain important extracts devoted to regional development.

The following are especially underlined :

- the situation in the less developed regions;
- the need for a Community energy policy on this matter;
- the need to create new jobs in regions which are little developed as yet and in declining regions;
- the proposals to institute direct employment subsidies in the same regions;
- the importance attached to the problems of vocational training.

It is certainly not for the **Economic and Social Committee** to state its view on these guidelines, but it is nevertheless quite obvious that the success of the Community on the human level will depend on the success of both its social policy and its regional policy.

3. The problems of regional development and the right of initiative granted to the Economic and Social Committee

The Bureau of the Economic and Social Committee, which set up an ad hoc "Summit" Study Group to examine the results of

the Summit Conference held on 19 to 21 October 1972 in Paris singled out counter-inflation measures, social policy and regional policy from among the priority issues to be discussed. In the latter field, on the proposal of the Section for Regional Development, it placed the emphasis on three concrete points :

- determination of priority objectives;
- definition of the respective role of the Member States and the Communities as regards regional policy;
- coordination of existing and future instruments of intervention.

It is however possible that the **Committee** may propose other topics for consideration and action.

Furthermore, it should be specified that the Bureau, in agreement with the Chairmen of the Groups, will assess the appropriateness of the choice of topics proposed, so as to take action later, if necessary.

Finally, it is specifically foreseen that these tasks will be carried out in cooperation with the institutions.

On 3 May, the European Economic Community published a report on regional problems in the enlarged Community. Further on, this study will specify the Commission proposals and the positions held by the **Committee**.

But in the general comments, we can already make the general point that the Treaty of Rome's objective of continuous and balanced expansion has not been achieved.

Although expansion has, generally speaking, been continuous it has not been balanced.

The most serious consequence is that income disparities between the poorest and the richest Community regions differ in the ratio of 1 : 5.

It is also recognised - and this is an important point - that the Community has not had an overall regional policy.

The Commission then develops the moral, environmental and economic considerations.

As the **Committee itself underlines in its study, regional development presupposes that free movement of the labour force over the whole of the Community's territory can be carried out by free choice of work and place of residence and not be imposed by economic constraints.**

Finally it is correctly stressed that it is in the common interest that :

- concentrations should not be excessive;
- the material poverty of the depressed regions should not correspond to the environmental poverty in concentration zones;
- the best quality of life for all ought to be sought untiringly;
- furthermore it is noted that the costs of depopulation and congestion are high on the economic, social and human levels.

This means that an overall regional policy constitutes a good investment from all points of view.

B.I. The need for a long-term concept of regional policy as a basis for immediate measures

As the present structures in the Community have evolved over a long time, the necessary modifications can only be made in stages against the background of an overall view and by means of coherent projects.

The large number of measures to be taken, the long period of time needed to complete infrastructure schemes and the limited size of resources made available compel one to think in decades rather than in years.

In addition, most of the necessary measures have long-term effects, for example, the construction of a motorway can have a lasting influence on regional development.

However, we know that there would be no point in drawing up a rigid and detailed long-term plan, in view of the rapid development of technology and changes in individual behaviour. All short-term programmes must be dovetailed into a master plan, based on the long-term outlook, which determines the role and relative priority of specific measures. This master plan must be sufficiently specific to be meaningful but remain comprehensive in order to restrain changes and adjustments to the implementation stages.

As for its content, the master plan must lay down the major lines of approach regarding the geographical distribution of urban centres, infrastructures and the development of economic activities.

2. Regional policy will have to be implemented in stages

It follows that only a Community regional policy carried out in stages can be realistic. On the basis of a master plan the



necessary measures could be grouped in several stages, each comprising what could be carried out immediately or on a medium- or short-term basis. With this procedure, which should enable priorities to be established, the task will be to prepare in detail what should be done in the period decided on. This will have the additional advantage of enabling the governments of the Member States to adapt their national plans step by step in the light of common progress. Furthermore, a phased policy will make it possible for the Community bodies to take account of experience in each stage when preparing the next one and allotting funds to the various Community instruments concerned.

## II. OBJECTIVES AND INSTRUMENTS OF A COMMUNITY REGIONAL POLICY

### 1. The need for co-ordinated structural action

A long-term concept of regional policy is imperative in order to fit the general and specific action into coherent and comprehensive schemes once the master plan has been fixed.

Crucial factors in each region are the geographical distribution of its population or labour force, the distribution of employment by branches or sectors of activity and the quality and siting of its infrastructures.

These elements cannot be treated separately: they must be systematically considered when drawing up and deciding on development objectives.

This means that the structure of these elements can only be changed by systematic measures which are often long-term ones.

This means too that it would not be enough to concentrate efforts on the development of relatively poor regions in a general way. The search for long-lasting measures having maximum effectiveness must lead to action involving thorough structural reform being taken on each of these elements. It is only under these conditions that the objectives set can be attained, provided they form part of coherent and comprehensive schemes.

First of all, the demographic and economic development prospects of each region, which must itself be viewed in an inter-regional context must be known as precisely as possible.

This analysis will enable well-thought-out decisions to be taken on the policies to be implemented.

For example, to what extent should independent regional development be accepted in each region, and what steps should be taken, if necessary, to accelerate or slow down such development.

The full effect of the measures taken, whether direct or indirect, will only be felt after a considerable period of time.

The difficulty in making changes more quickly is due to the persistently very high costs of all infrastructures which condition population and economic structures. The adaptation of transport or telecommunications networks or the modification of the qualitative distribution of the labour force by means of training drives, are more difficult to achieve and take more time than setting up an undertaking or factory, provided the local area meets the requirements of the relevant firm. But transport and telecommunication infrastructures and the adaptation of training establishments can only be achieved slowly and general living conditions will improve only gradually. The coordination of all

the schemes is all the more important since the effect of achieving them will be to create, in the short term, the conditions which are the basis for sustained development.

2. The opportunities and obstacles of a Community regional policy

The opportunities

What seems essential is that public opinion is becoming more and more aware of the limitations and constraints created by increasing regional imbalances.

In fact it is becoming increasingly obvious that :

- certain regional and centres of economic activity are running into more and more acute problems such as transport congestion, drinking water supply difficulties, greater pollution etc.;
- on the economic side, the excessive development of conurbations is leading to doubts about the necessary development of productivity and on a social and human level, is creating intolerable living and working conditions for the people affected by them.

On the other hand, other regions are untouched by economic and social progress; these regions have serious problems of either individual or mass exoduses, communication difficulties and often very serious problems in connection with the conversion of undertakings or even whole industries.

The result is an accelerated impoverishing of these regions, which lose their skilled workers, particularly the young ones. It

seems that the populations now realise the major disadvantages of such a situation and are resolved, for economic, social and human reasons, to remedy it.

Diversification is now possible if regional development is closely linked with area redevelopment.

We must take advantage of the possibilities offered for diversifying energy sources and the places where raw materials are extracted, in order to ensure a more harmonious economic distribution of the activities which used to depend on coal and other raw materials occurring in too localised an area.

It is, however, necessary to note that the international difficulties as regards energy supplies, in particular, call for certain caution, while the coal production which is necessary anyway can offer continuity and security of supply.

In addition transport costs do not seem to constitute an obstacle, especially as regards goods and raw materials.

Furthermore, the enlargement of the European Community should make it easier to spread out activities over a much larger Community geographical area; this will make it increasingly necessary to reduce intra-Community distances by a network of main and secondary communication routes without which the outlying regions of the Community might be excluded from economic and social progress.

Finally, in view of its extraordinary and sustained growth - both international and national - and its considerable "snowball" effect on the economy, the development of tourism can play a major role, especially in the initial stage of building up the economy of underdeveloped regions.

One should not lose sight of the fact that the very same factors which hold back development in other sectors of the economy (industry, agriculture), namely mountains, heathland, lakes and forests, enable tourism to grow and prosper. We must also remember that tourism can stimulate a wide range of back-up activities.

The obstacles

If one wishes to be realistic and, therefore, efficient, it is not enough to tabulate the often theoretical opportunities from which we could benefit. It is indispensable to gauge the possible obstacles to a policy of regional and area development.

The following questions arise :

- Despite the top priority given by the European Summit Conference of October 1972 to regional policy, there are reasons for fearing that this policy will result, as in the past, in aid which is often useful, sometimes questionable, but in any case incapable of overcoming the essential problem - remodelling the European Economic Community. This fear is motivated by the fact that up to now the measures taken - and the Committee has underlined this many times - have been only partial measures, incapable of resolving the problem in the absence of an overall plan. Will these fears disappear when the Commission, (having proposed an overall regional policy on 3 May 1973), is able to bring actions into line with intentions?
- The Member States who will have to part-finance operations in the common interest, which are often very large, or pilot or top-priority measures, should not persist in their attempts to recover, in some way or other, the sums which they have placed at the disposal of the European Economic Community.
- The public, who as has just been said are more and more aware of the requirements, will have to translate this realisation into action. In other words, particularly in the field of pilot schemes, the combined effort may, at least temporarily, entail

not making any particular efforts in certain countries and concentrating on others. The public, who will also benefit in the long run, will therefore have to be prepared to provide, in the immediate future, the means for regional and area development. For them to do this, objective information will have to be provided showing them that a well thought-out effort in any one region of the Community will in the long term help towards expansion and social progress for the inhabitants of the Community as a whole.

It is impossible to ensure the sustained economic development of regions in difficulties by setting up undertakings whose survival in the centres where they are located cannot be guaranteed with any real certainty. There are numerous examples of undertakings, which have been helped by public funds, running into difficulties and then disappearing, either for economic reasons or due to employers' decisions of one kind or another. Lasting development cannot be ensured on such a weak, precarious basis. Under these conditions, the economic activities which bring in labour or capital and technology must be diversified in such a way as to preclude an overwhelming concentration of high (or low) productivity undertakings and types of jobs in specific areas of the Community.

These undertakings should, as far as possible, be independently and locally managed. Indeed decisions taken outside the region, not to mention outside the State or the Community, are so alienated from the regional, economic and social realities that they constitute serious dangers to regional balances.

Furthermore, the Community industrial policy must not lead, in practice, to excessive concentration in terms of production or location. If this were the case it would be useless to hope for a regional development policy.

We will deal further on with the concrete instruments which will enable a wide distribution of economic activities but it is already quite clear - and this is a point in favour of our theory on area development - that industrialists will be more tempted to set up where society feels it desirable, if there already exist the necessary transport and telecommunications networks, which shorten distances and facilitate contacts.

It must be added that the existence of a transport network is not in itself sufficient if it becomes saturated, congested, and therefore slow, or if it costs too much.

It would be futile to hope that growth industry undertakings can be attracted to regions where communal and social facilities, transport, and the environment are totally inadequate.

### 3. Objectives of the Community Regional Policy

The prime objective of the Community, which is of an essentially democratic nature, is to respect man's freedom of choice as regards his place of residence, his place of work and his occupation. In concrete terms this means that in all the regions of the Community living conditions must be offered which are very similar from all points of view : wages, jobs, qualifications and promotion, social and collective facilities, diversification of activities, environment, etc.

If this will were not translated into concrete realities by means of positive measures, whatever was promised, nothing would prevent young people from continuing to move towards concentrated centres, thereby increasing pressure, excessive population densities, pollution and transport congestion.

In addition, these centres, because of their size and density dehumanize social relations.

Furthermore these centres of concentration on the way to becoming over-concentrated, require costly investment, the first effect of which is to attract new people and therefore contribute to new migrations.

Moreover, it is improbable that people at present living in centres of concentration will move from them during their working lives - though they would doubtless be tempted by the prospect of living closer to nature - because they would not find suitable general living conditions.

Thus we have to conciliate keeping people, especially young people, in the same place, whilst scrupulously respecting their freedom of choice.

It is because this objective seems fundamental that the conditions imperative for its realisation are described later.

#### A. Freedom of choice for the individual

To ensure the achievement of the Community's task, which is to create more human living conditions and to facilitate and stimulate a more harmonious development within its frontiers, the regional policy must play an important role. Freedom of choice as regards place of residence, work or any other individual or economic activity can only become a reality for everyone in the Community within the framework of a balanced regional policy. We should therefore constitute, reconstitute or maintain regions which can offer living conditions above a social minimum. At the same time, economic and population growth in certain regions should



be controlled when it is accompanied by a substantial deterioration in living conditions and the environment. These regions with a high growth rate are often over-expanded by the arrival of people who can find neither work nor facilities in their region of origin.

Regions stagnate or decline because their activities are not diversified enough and there is insufficient work both from the qualitative and the quantitative point of view; to these factors can often be added a lack of infrastructures.

Nothing worthwhile can be done to help such regions unless coherent plans are made to simultaneously create work, set up facilities and improve living conditions and redevelopment. It will then be possible for people to exercise their freedom of choice and movement, concepts which are contrary to that of enforced emigrations due to low income or lack of work.

#### B. Occupational Mobility

Voluntary migration within the Community is one of the objectives of the Community regional policy. Another objective, which must be considered as a necessary adjunct, must be to allow voluntary occupational mobility made possible by general and technical training. This need is generally recognised, particularly by those engaged up until now in agriculture; it also applies to other occupational groups, although current movements here are less spectacular. It is not a problem which merely concerns workers in declining branches of economic activity.

Whatever the regions, the need for a change in occupational skills necessitates instruments to enable men to adapt to new

trades and skills, all job betterment also being conditioned by continuous general training. Occupational mobility can only be fully and widely achieved if economic activities are diversified. At the same time these training efforts can encourage the development of diversified and balanced economic activities.

Vocational training and readaptation measures must therefore be integrated into the regional policy. As the demand for these services is very varied, they must be organized on a very flexible basis. In each "region" it is necessary to have the quantitative and qualitative instruments for stimulating training and adaptation plans, which allow workers to maintain their job status.

In short, man is largely dependent for full development of his working life and working activities on a continuous process, which can be summarized as follows :

- a sound general basic training at all levels of education;
- continuous refresher training and where appropriate readaptation by means of continuous training, which must also take account of economic, social and cultural factors.

C. The full and best utilization of all existing resources

The aims of a more balanced regional development and the desire for a more stable balance between labour supply and demand cannot be considered in isolation. In line with the Treaties of Paris and Rome it is not merely a question of ensuring full employment of the population (which is an important objective in certain regions), but at the same time one of promoting full and better utilization of all available resources.

This implies that voluntary migrations which are not exclusively caused by differences in living conditions in general should be facilitated. The permanent and increasingly rapid rate of changes in economic structures underlines the need for occupational mobility (always on a voluntary basis) in the regional or inter-regional framework.

The need for occupational and regional mobility of the labour force creates considerable difficulties for the regional policy. What is involved here is the delicate task of coordinating efficiently and at the right time, the development and conversion of occupations, so that new jobs can be offered to people exposed to changes which initially have damaging social consequences. Only a policy of this kind, integrating the sectorial and regional aspects, can guarantee a long-term balance of the population.

"Rehabilitating" regions entails creating "stabilizing" centres and secondary centres of economic activity equipped with a whole range of facilities and linked by all kinds of communications and telecommunications. All these developments can encourage population movements for a better overall demographic balance.

#### D. Living conditions

The fact that the Community regional policy is geared to the creation of better living conditions for all implies a special emphasis on everything to do with personal living conditions. This means that a set of regional development objectives must make explicit allowance for requirements in this field which will govern the life and behaviour of individuals in the future. The aim of avoiding enforced emigration, already mentioned above, requires

setting up the necessary facilities where they do not yet exist, even if present demand does not seem to justify them. Rural populations, whether they remain on the land or emigrate towards urban centres, quite legitimately insist on having acceptable living conditions, as do the people who are already in urbanized districts.

It would be illusory to believe that really equal conditions could be created throughout the Community. It will therefore be necessary to ensure that certain **minimum facilities** are within everyone's reach.

These minimum facilities are infrastructures, accommodation opportunities, access to communal and social amenities and the whole range of services which individuals want or will want to have if they are going to accept their living conditions.

Accommodations is justifiably at the top of the list and as flats or private houses are the centre of private family and social life, they deserve priority attention in any development policy. To be realistic, one must bear in mind that in many regions most of the accommodation no longer meets - or will in the near future no longer meet - people's minimum requirements as regards size, equipment and sanitary facilities. The housing policy - for the construction of new dwellings as well as the improvement of existing ones - must therefore be integrated into regional policy and be carried out on a long-term basis.

Even if the best possible dwellings are constructed they must not remain isolated, but should be integrated in a complex of communal and social facilities, e.g. educational health and **hygiene establishment**, cultural and sporting facilities and finally the whole technical infrastructure. Starting from

the now universally accepted premise that it will never be possible to provide all these facilities for each individual in every place of residence, the degree of concentration, which varies according to the nature of the facilities, must be determined whilst respecting the needs of the public service. In addition, the size of the towns able to supply these facilities on a long-term basis could be determined.

The third crucial factor in living conditions is made up of all the other services needed to satisfy individual and social needs : the retail sale of goods for daily needs, hotels, restaurants, cafés etc., leisure and entertainment facilities. The existence of the urban atmosphere which the public wants depends on the number and variety of these facilities.

Most of these services are only set up where there are sufficient potential customers. This is an argument for a certain concentration of people and resources.

#### E. Protection and improvement of the environment

The importance of the quality of the environment is coming to be recognized everywhere. As regards the regional policy, requirements in this field must be considered realistically and not just be the subject of formal statements. The quality of the air and water and access to nature are influencing the behaviour of individuals more and more. Unsatisfactory environmental conditions can thus drive people away despite favourable conditions in all the other spheres dealt with in this report.

In certain cases serious deterioration of the environment can, and does, lead to population migrations despite the

presence of qualitatively and quantitatively adequate facilities. This will, in future, compel public authorities to reconcile conservation of the environment with economic development. The consequence for regional policy is that it must respect environments which are still intact and stop any uncontrolled development in areas where there is a danger of environmental deterioration.

The necessary steps must be taken to renovate conurbations where the environment has already been compromised, and to avoid any threat which jeopardises the economic and social functions of these very important areas.

#### F. Diversification of economic activities

Whilst the overall policies must ensure the full and best utilization of available resources, the integration of the sectoral and regional policies must ensure the diversification of economic activities which are developing according to the nature of the resources, capacities, mental outlooks, etc. and must do so for the greater benefit of the public.

More diversified structures will make regions less vulnerable to structural changes and economic fluctuations. Similarly, reconversion of undertakings and readaptation of the labour force within a region will be easier and entail fewer social problems if structures are diversified. Finally, the great advantage of diversified economic activities in a region is that it ensures personal freedom of choice in people's working lives, i.e. they can have a choice of occupations and of undertakings.

Developing all the advantages, resources and potential of a region can lead to the acceptance and even the encouragement of dominant economic activities which increase total regional output. However, it must be noted that regional economies which are mono-industrial or almost so are more likely to be affected by economic cycles.

When we get down to specifying the development objectives for a particular region or group of regions, neither of the above approaches can be followed exclusively. In each particular case, we are faced with the difficult task of weighing up their advantages and disadvantages. At the same time one can once again note the relevance of overall policies - in this case short-term economic policy - to regional development.

#### G. Increase in incomes

Although exclusively quantitative economic growth is no longer the absolute or predominant objective, it must be recognised that sustained increase in the resources available remains plainly vital to the attainment of all personal and communal social objectives.

Indeed in a mediocre economic situation it would be futile to hope for large-scale regional development; hence the difficulty in this case of attaining an increase in and a more regionally balanced distribution of incomes.

Only real expansion of production will offer the possibility of creating the jobs needed to cope with the demands of rural migrations, the arrival of young people, of conversions and of structural reforms.

The means for setting up the technical and social infrastructures and facilities will have to be obtained from increasing production.

Once these principles are accepted, the Community policies as a whole will have to be guided resolutely so that material expansion clearly appears as a means of achieving personal and communal, social and human objectives.

The most homogenous possible development of the Community depends on the creation of new, decentralised activities and not on the transfer of existing activities to the regions needing to be developed. On the other hand, certain public administrative bodies and public undertakings could set up pilot activities in development centres. It is true that private undertakings are free to choose their location, but their choice must be based on coherent plans containing both incentives and prohibitions. It is essential to realise that the most efficient way to set up new activities is an area redevelopment entailing the creation of growth points which stimulate a diversified development of economic activities.

In short, attainment of regional development objectives is conditional on and helped by sustained growth at an acceptable rate.

#### 4. Impact of the objectives of the Community regional policy

##### A/B. The complexity and heterogeneity of the objectives

The viewpoints discussed in the preceding paragraphs show how very complex the possible objectives of the regional



policy are. For any real policy the conflicts which may exist or arise between some of these aims are one of the main difficulties. That is why coherent and comprehensive schemes should constitute the framework in which partial solutions can be incorporated. This method should prevent isolated measures (not connected with a coherent scheme) from aggravating situations instead of transforming them in the way desired. In this way, the scale of priorities to be followed with regard to the objectives chosen may be determined more clearly.

In order to set up a framework for the first Community regional policy programme choices must therefore be made. This is not difficult bearing in mind the legal bases set out either explicitly or implicitly in the Treaties and the development of situations in the regions. The prime task must be to create sufficient high-grade jobs in all regions where under-employment is obvious or concealed by emigration. A policy of this kind for creating employment - which will be primarily one of industrialization for most rural regions and of industrial reconversion for certain old conurbations - can only be implemented by means of sustained growth of the available resources, that is of total production. Economic growth is therefore a prerequisite.

The necessary priority for an industrialisation and growth policy in the first Community regional policy programme does not however mean that concrete action can be limited to promoting employment and production. Indeed in the places within the typical regions proposed by the Report, the whole complex of living conditions and conditions of production should be improved until they reach satisfactory levels. In other words,

supplementary action must be undertaken to provide the necessary accommodation, to set up the educational and health establishments which are lacking, to construct the technical infrastructure, in particular the communications and telecommunications required to ensure that the new industrial plants are a success, and finally to promote the development of services which are important for the undertakings and people of the regions selected.

Social and communal facilities are so essential to regional development and their cost so great that existing facilities must not be abandoned if they are valuable and could be rationally integrated into new development schemes.

This does not of course mean that all the measures mentioned must be undertaken by the Community. To ensure the drafting and necessary co-ordination of the programmes, the supplementary tasks should be shared by European, national and regional authorities in each of the typical regions.

To avoid setting up additional administrative bodies the implementation of these programmes could be entrusted to existing regional or national bodies.

#### C. Conflict with other Community objectives

In the event of conflict between the objectives of the regional policy and other objectives, a political decision will have to be taken.

The regional policy may clash with or overlap on the following spheres (this list is not exhaustive) :

## Industrialization

The major problems which arise can be summarized as follows :

- it is to be feared that in the future new industrial units will be set up in areas which already enjoy a certain degree of prosperity and possess numerous communal and social facilities. If this trend were to continue it would become difficult, if not impossible, to rehabilitate regions now in difficulties;
- in the immediate future, the industrial policy should concern itself with the problems of conversion - which often affect the whole of one or more branches of industry, particularly in regions which have long been industrialized. Will public authorities be able to carry out a policy which would make the economic and social readaptation of these undertakings possible or, in the event of them disappearing, would endeavour to facilitate the creation of new activities?

All these concerns must be integrated into the regional policy.

Precisely because steps have not been taken to create activities favouring economic progress - and linked with communal and social facilities - in the regions concerned, certain localities cannot attract undertakings of that kind. In fact, the aids system often leads them to accept undertakings which are not viable in the long term in order to overcome the immediate employment problem.

Particular attention should be devoted to incentives. These should not be granted to industries or undertakings which are doomed because of structural factors. However, these incentives

should only be withheld if the crisis is structural, the inevitable contraction is spread out over a suitable period and the workers who are victims of these changes are covered by readaptation policy within the framework of the active employment policy and an efficient functioning of the Social Fund.

#### Immediate profitability

Immediate profitability, which is often made a precondition for granting aid, could also prevent the action necessary to trigger regional development. We must however consider the long-term effects and the stimulus to other economic activities, which could thus justify exceptions.

#### The fight against inflation

Regarding the fight against inflation it must be realised that there are many causes of inflation. Overall undiversified measures to curb demand and production costs will not only have no effect on inflation but will endanger growth and consequently regional development. Furthermore, there is an unfortunate tendency, in periods of slow growth or stagnation, to cut back public budgets - in particular appropriations for community and social facilities - thus jeopardising area development, which is the key to regional development.

One wonders therefore whether it would not be advisable to create economic action funds for communal facilities which, with the financial resources at their disposal, could do much to cushion economic fluctuations and stimulate the economy when growth falters (provided that these resources were not tied up for too long).

At Community level this role, which is already exercised in some States, could be left to existing funds or to funds whose creation is envisaged.

#### Competition and development of international trade

We must realise that the persistent monetary imbalances which make the GATT trade negotiations uncertain can have very damaging effects on the most economically fragile Community regions, which are therefore the most exposed to international competition, - especially in a situation where the development of trade would be the result not of the drafting and application of rules in the common interest, but of a 'trade war' the economic and social consequences of which would be disastrous.

Although this matter does not fall within the scope of this study, the consequences - especially the consequences - of savage and uncontrolled competition nevertheless had to be measured.

#### D. Determining the criteria for choosing regions

If the choice of regions to be developed is to be included in the regional policy objectives described in this report, indicators must be determined in order to overcome the shortcomings of statistics.

Indeed in its report of 3 May 1973 the Commission in its turn emphasised that the statistical material used should be generally treated with caution, not only because of the sometimes quite significant gaps and lack of homogeneity in the data used, but also because the analysis had to be carried out on the basis of existing administrative units.

The European Communities' Statistics Office is actively working on the compilation of comparable regional statistics; it is particularly urgent that it should complete its work quickly in view of the need for regional analyses which are as objective as possible. It also requires the active support of the Member States. A special problem arises with regard to underemployment, which is particularly difficult to estimate due to its complex character and to statistical shortcomings.

In spite of this, in its report mentioned above the Commission has proposed criteria for regions where :

- agriculture is predominant,
- industrial changes are occurring,
- there is structural under-employment.

#### Initial Commission proposals

##### 1. Predominant position of agriculture

The Commission feels that the regions with agricultural problems are generally those situated in the outlying parts of the Community where there has been a rapid decline in the percentage of the working population employed in agriculture.

The essential characteristics of such regions are stated to be :

- structural under-employment,
- persistent high unemployment,
- relatively low per capita income,
- employment heavily dependent of agriculture.

##### 2. Industrial changes

The Commission has analysed the situation as follows :

- employment heavily dependent on outdated industries,
- consistently low growth rate,
- high unemployment levels over a large number of years.

The Commission concludes that two criteria should be used to identify these regions :

- GDP per head,
- persistently high rate of unemployment.

3. Structural under-employment can also be a major problem requiring particular clarification. Aid given by national governments to production in declining sectors in order, laudably enough to maintain an adequate income and employment level, must not obscure the economic realities of such sectors.

Finally, the Commission feels that there are criteria which are common to regions where agriculture is predominant and regions where industrial changes are occurring, namely :

- an annual emigration rate which can be as high as 15 per 1000;
- a shortage of education and vocational training facilities.

The special situation in Greenland will call for specific measures.

#### Initial comments from the Committee

The **Committee** makes the following comments on the Commission's proposals :

- while the GDP per capita is a valid yardstick for the trend of production and consequently manpower productivity it cannot be used to gauge income levels and trends.
- the absence of unemployment in a particular region does not prove that this region is suitably developed. In fact certain regions have lost their inhabitants, frequently the youngest ones, who seek suitable employment and environment in other regions.
- under-employment, both structural or otherwise, which has been dealt with in other Opinions and reports of the Economic and Social Committee is, as things stand at present, very difficult to measure. How is it possible to find out what communities are under-employed, unsuitably employed, etc.?
- it is extremely regrettable, when trying to make judicious choices, not to have valid, generalised statistics on under-employment and unemployment.

Unfortunately comparable statistics of this kind for the nine Member States are not available.

From among the Commission proposals, the **Committee retains** the following criteria to which it adds its own and gives the necessary comments.

#### Income criterion

The **Committee agrees with taking into consideration** the existence of low per capita incomes but requests a specific criterion to enable wage levels to be evaluated too.



Emigration criterion

Must be taken into account in view of its disquieting trend in certain areas (annual rate 15 per 1000).

Employment criteria

The **Committee endorses the following criteria :**

- persistently high unemployment over a number of years, but with the proviso mentioned above that the absence of unemployment is not an indication of a region's vitality but frequently of an irreparable contraction of its population;
- rapid decline in the percentage of agricultural jobs;
- high percentage of jobs in outdated industries or in agriculture;
- structural under-employment, provided valid statistics exist.

Growth rate criterion

To what extent that it is effectively and constantly low, but based on an extension of the analysis, especially in respect of sectors and branches of activity, of the real and probably varied causes of such a situation.

Infrastructure criterion

While it is imperative to gauge the inadequacy of infrastructure of all kinds precluding regional development, it is equally necessary to know what infrastructures are unused due to emigration.

However, faced with a situation which makes it difficult to apply the criteria which have been adopted, the **Committee** stresses most strongly the absolute necessity to obtain as soon as possible, homogenous and therefore comparable statistical information for the principal indicators. This should deal mainly with unemployment, income, employment, the rural exodus, emigration and the extent to which communal and social facilities exist and are utilised.

The **Committee** expects the **Commission** to provide, as soon as possible, details on the separate or combined use of the above criteria, so that it can deliver an Opinion and so that the Regional Development Fund can, from 1 January 1974, finance schemes satisfying the proposed criteria.

In addition the **Committee** feels it should make the following general comments :

- the search for precise criteria should not lead to action being postponed, especially in regions or zones where the under-development is so obvious and significant that the measures to be taken are self-evident, without needing criteria which are too elaborate;
- nor should the determining of Community criteria lead each European State to postpone its own national measures. On the contrary, all countries who can should reinforce their regional development policy now.

## 5. Instruments of a Community regional policy

### A. Community regional development

To a large extent the nine Member States have the same physiognomy now as at the beginning of the century :

- capitals and a few large towns in a geographically favourable position have real concentrations of administrative and/or economic activities;
- certain regions have had little or no share of normal economic growth; they have remained mainly at the agricultural stage;
- this situation has led to considerable migrations of manpower towards the sprawling centres, which means that a large number of workers have a tiring commuting journey every day.

The achievement of economic and monetary union, which is only possible if it is accompanied by an efficient regional policy, is bound to change this Community pattern.

Indeed the ready availability of energy and the increasing diversification of production is offering industry opportunities of setting up outside the large traditional centres of economic activity.

However, if we take account of the substantial difference between the regional policy to be pursued in areas with a high rate of industrial growth and that required for areas where such growth has not yet got under way and where economic backwardness affects the whole complex of industrial activities, the establishment of infrastructures of a different type can only be an adequate solution if it is an instrument of a regional development policy which orientates the choice of sites of new ventures towards economic areas which are developing but not yet congested. But

the establishment of such infrastructures is not the only prerequisite for the take-off of economically backward areas.

In fact the one condition necessary and essential for the long-term growth of the Community's economy is the elimination of the main economically under-developed regions in the Community by taking concentrated measures on such a scale as to ensure their economic take-off, which would among other things lead to a better overall utilisation of both the human and material resources of the Community, attenuate the effects of congestion and lessen the demand for social services in the most developed areas, which would no longer attract large numbers of migrants.

- 1) The choice of "stabilizing centres" and secondary centres which will serve as bases from which progress can spread out

The establishment of new industries in developing regions can be attractive not only for employers, but certainly also for the working population in these regions, who will thus be able to attain a better standard of living. In addition, the possibilities of employment outside the large centres will be specially attractive to a good many people, especially the young who now tend to try to leave urban centres in order to

live closer to nature, provided that facilities, that is the environment and living conditions, are of a high level.

To take account of this tendency, which in any case is part of a much wider field of action - the protection of nature - implies that regional development must go hand in hand with an area redevelopment which is well thought-out and provides all requisite facilities.

Too often area redevelopment is considered as opposed to the industrialization of regions. But this antithesis only exists in terms of economists' errors and sociologists' criticism.

On the contrary area redevelopment should be defined as the action leading to a balanced geographical dispersion of economic activities designed to achieve sustained and harmonious growth, enabling all the labour force to attain a higher standard of living and ensuring them a better environment.

Obviously, area redevelopment must be the result of a common effort of thought and consultation, involving not only economists and sociologists, but also landscape experts, ecologists, architects, town planners, agronomists, civil engineers, etc.

Today it is the joint effort of the regions, the Member States and the Community which will make area redevelopment in the Community possible.

2) Implementation of major Community infrastructure schemes for intra-Community transport, which are a decisive element in development

Area redevelopment is conditioned largely by the modernisation of the communications network - in particular in the field of transport where certain new technical developments could be particularly efficient - because development of the communication networks is one of the principle means of avoiding excessive concentrations.

Indeed if one wishes to attract industries to regions to be developed, it will be necessary to provide them with regular, swift communications networks linking them not only with the large centres mentioned previously, but also with other regions in the Community. For if the link with large centres remains financially, administratively and culturally essential, the economic growth of other regions - including those beyond national frontiers - will require a permanent symbiosis with these regions. Only a dense transport and communications network playing the role of arteries and blood vessels in the reconstituted Community body, will enable progress to spread and be shared.

It is worth noting that considerable progress has been achieved in the last few years by constructing an important network of European motorways; but as this network is densest in the North-west of the Community we may soon be faced with a North-western megalopolis which would relegate the greater part of Europe to the background as regards development. We can only combat this danger effectively by a Community approach to regional development underpinned by an adequate communications network.

Furthermore this planning should link regions to be developed which are as yet remote from the current development centres, to the major intra-Community traffic routes; within these regions the planning should yield an adequate infrastructure, enabling them to exploit their potential.

The use of transport as an instrument of the intervention policy must be as specific as possible and take into account the special conditions in each particular case, this does not however mean that one should neglect the development of the different transport techniques on the grounds that it is expedient to do so in the framework of a given measure. Hence one should attach importance not merely to traditional forms of transport (roads, railways and inland waterways) but also to air transport and shipping.

At the same time particular attention should be paid to the use of new transport techniques in order to promote rapid inter-city links and ease the strain on urban and suburban transport.

The development of transport raises very sharply the problem of competition between the different means of transport. Although the need for a certain amount of competition cannot be ruled out, it should not at the same time lead to saturation on certain routes and the abandoning of other transport links.

This situation would be uneconomic and would seriously affect regional development. It would replace planned development of a balanced network by a blind competition struggle-with no counter balance.

That is why, without interfering in matters which concern the Section for Transport, it was indispensable from the viewpoint of regional development to draw attention to this important matter and to state that planning must form an important element of the transport policy.

Furthermore since land speculation is at the root of many difficulties in this sphere, it is advisable to devote particular attention to property laws.

Thus regional development clearly requires that contractors have land at their disposal at acceptable prices so as not to burden finance budgets excessively. Speculations provoked by the massive needs or unjustified increases in value resulting from the efforts of society to develop and provide facilities should not be tolerated.

Finally it should be noted that, in reply to the Italian government's request noted by the Council at its meeting on 13 January 1972, the Commission prepared a memorandum on "transport as an instrument of regional policy and development at Community level"

(Doc. SEC(72) 3827 final).

In this memorandum the Commission stated that :

"The role of transport in the sphere of regional policy and development can only be defined gradually as the Community regional policy and policy on area development are worked out. It is indeed worth emphasising yet again that, in order to be effective the action carried out by means of transport must be dovetailed into a coherent set of complementary measures. Only in this framework can "transport" measures be definitively specified".



In addition, the Commission stresses that the use of transport as an instrument of intervention policy must be as specific as possible and adapted to the special conditions of each particular case.

3) Solutions to be found to the urban and suburban problems

The centre of numerous towns are at present going through a crisis period, as traditional activities move out; their function as a dwelling place is giving way to their function as a place of work (particularly in the tertiary sector) and small craft industries are disappearing. In this connection, a phenomenon which has not been studied much as yet is the social stratification resulting from the outward growth of towns and the decline of their centres. On the one hand large sectors of the population which are more or less well off are leaving town centres for new low-density residential areas or more monotonous new areas. On the other hand the less prosperous are taking up temporary residence in dilapidated dwellings in town centres. The inhospitable character of large towns is largely due to this kind of social segregation. A policy of restructuring towns must be designed to reverse this situation.

This situation has led firstly to towns spilling out on to their surroundings; also in certain cases spontaneous development is linking numerous urban nuclei together.

This is the way in which urban conurbations emerge with all their difficulties - for example the breaking-up of the countryside into small patches, the destruction of the remaining possibilities for natural leisure activities close to residential zones, and in particular the congestion of urban and suburban transport.

This congestion not only exacerbates the inhospitable character of the large centres but also compels travellers to suffer, on top of the tiredness from work, nervous fatigue due to waiting and the length of the journeys.

The solutions to these problems can no longer lie in solely improving available means of transport and urban infrastructures; on the contrary in the search for equal solutions equal allowance must be made as of now for the need for a dispersion of economic and social activities over a wider area; social and cultural conditions public health and ecological balance; advanced development of infrastructures in surrounding regions and modernisation of the transport network in conurnations.

Regarding workers, they are compelled to wait for increasingly long periods and make longer and longer journeys, which add additional nervous fatigue to tiredness from work not to mention the partial or total loss of the benefit of any reductions in the length of the working period.

This phenomeon is often aggravated by the difficulty of bringing work closer to the place of residence.

To remedy this situation a set of measures is necessary in order to relieve transport congention and conciliate urbanization and proximity to the places of work.

These measures will only have long-term effects; but one could justifiably wonder now whether travellers who use public services should pay fares under these conditions.

The problem which we shall not try to resolve in this study - then arises of free travel on certain public transport, and of who would cover the cost under those circumstances.

At the risk of being repetitive, the essential fact to be underlined is that the development of urban and suburban centres will not help their inhabitants to lead a better life if, due to the lack of an overall regional development policy in the under-developed regions, migration towards these centres speeded up.

B. Practical plans for creating infrastructures which must be dependent on regional development

At the present time several major infrastructures schemes are either on the drawing board or already under way and in a more or less advanced stage. Given the Community's concern about regional development it is inconceivable that these schemes should be carried through without consideration being concurrently given to the development of the regions which are directly involved or involved indirectly as a result of regional interdependence.

To quote just a few salient examples :

- the crossing of the Channel by new means will undoubtedly bring about important changes not only for the areas in the immediate vicinity of the entry and exit points but, if there is an effective regional development programme, equally for the surrounding areas and the regions close to the various means of access. In fact, the tunnel will not only require the setting up of facilities for marshalling, storage, and cosignment transfers, but it will also open up new possibilities for the establishment of industry.

The same applies to the scheme for a bridge over the Straits of Messina.

- the harbour installations at Fos will also entail considerable changes for the immediate vicinity and also for the regions in the hinterland of Marseilles. The impact of this port on regional development is not confined just to the area round Marseille but will make itself felt in a large number of the surrounding areas.

The function of this or any other present or future port should not only be considered solely in terms of the actual port organisation, nor in terms of the pull to the harbour area exerted on certain industries. A seaport - whether it be Fos, Le Havre, Trieste, Genoa, Neuwerk or any other, should further the development of all the regions linked to it by an effective logical network of communications with the inland.

Examples of new towns created to act as development centres in regions to be developed can be found in the Netherlands, where a whole region, including various villages of varying sizes and also a town called LELIESTAD - has been created from scratch in the polders of Flevoland, recently reclaimed from the Zuider Zee. It goes without saying that all aspects of the development of this new area - agricultural zones, zones of other economic activities, leisure areas, road and socio-cultural infrastructures, urban centres etc. had to be studied in great detail beforehand in the light of and with a view to regional development of the central and northern Netherlands.

These few examples are obviously not exhaustive. They have been chosen to show the impact on regional development of various infrastructure schemes and also the possibilities of developing regions by means of - and from the budgets of - other economic or industrial schemes.

C. Sector-by sector action for coping with the problems of undertakings and industries with a rapid cycle of creation, development, stagnation, decline or even disappearance.

Generally speaking, the regions' crucial problem is to maintain sufficient momentum to continue the development dictated by foreseeable changes.

Care should be taken to ensure that the advanced technology tertiary and quaternary sectors are given sufficient emphasis to allow for appropriate liaison between industry and the various institutions for university and higher education and for scientific research. Jobs created in the sector of the economy to be developed should be available to those made redundant by the decline in employment in other sectors, rather than calling on additional labour which would effectively block re-employment of the people who have been thrown out of work and so entail new population drifts.

This means that excessive concentrations, with their economic and human drawbacks should be avoided both in these regions and in conurbations. Such drawbacks already exist in some regions. In view of the difficulty encountered by the regional policy in remedying such situations, care should be taken to prevent them from arising.

This also means avoiding certain economic and social situations such as those found in mono-industrial regions which are ill-equipped for sectorial changes. In these regions, of which there are several within the Community, the situation often necessitates a complete re-organisation - not only of the industrial sector - and a diversification of the activities, but also a thorough redevelopment of even the most classical infra-structures. The regions constitute sensitive points for regional policy. It is essential to eliminate such situations but equally essential to ensure that others do not arise.

Finally, it should be noted that when there is an agricultural activity in industrialised regions the structural reforms which they may undergo will not usually create long-term employment problems, except in the above mentioned case of mono-industrial areas. It can even happen that industrial centres exert such a pull that they end up creating a shortage of manpower in nearby agricultural areas.

The undertakings and branches of activity under consideration here are for the most part in areas of "long established industrialisation", often with lowered economic potential. The factors which once caused their success now constitute their weakness. A diversification of ore sources and the substitution of energy products accentuates to a certain regression of these regions. This weakening is made worse if there is only one industry or if undertakings are poorly adapted and therefore uncompetitive.

Moreover, these changes have sometimes led entrepreneurs to move their undertakings so as to obtain better and cheaper conditions of supply.

Diversification and substitution represent a chance for the Community as a whole in so far as they allow greater industrial diversification.

It is in these "old" industrialised areas that there are acute conversion problems, no longer restricted to particular undertakings but affecting whole industries and even the areas where industrial employment is disrupted with a chain of repercussions on employment in trade and services. It should be added that in many of these regions facilities and infrastructures have become outdated - in particular the housing stock - thus robbing the inhabitants of an acceptable social and human environment.

Need it be noted that the conversion of branches of activity or of undertakings is only justified if crisis are structural and not transitory?

As a remedy for these various problems the Community possesses the following instruments;

- the EAGGF (guidance section)
- the ECSC Treaty (Articles 54 and 56)
- the European Social Fund
- The European Investment Bank

All action carried out by these instruments should take into account the need for diversification of activities both with regard to the type of production and the size of undertakings, mainly to cope with very acute cyclical crisis in cases where there is a relatively small number of non-growing activities. Diversification should also be practised in the case of capital and labour intensive industries. Without such diversification, disparity

would increase between regions having manpower and regions with capital resources. With this in mind, it would be especially important to encourage the establishment of small and medium-sized undertakings.

The employment policy proposed by the Community, must take into account the problem of reconversions and better alignment of vacancies and job application.

D. Other measures

The training policy should cover all spheres of economic activity, and ensure thorough general, technical and vocational training which is a condition for the ability to acquire new skills and in many cases social advancement.

Moreover the Community should implement a social policy and in particular aids for old people, the handicapped and mal-adjusted who are harder hit than those people by change and development. Such a policy is necessary primarily from the human angle but has the additional advantage from a psychological and economic point of view of providing suitable jobs, mainly by creating protected workshops, where the people concerned are unable to integrate themselves in normal processes of work.

Special attention will also have to be paid to the situation regarding foreign workers.

Finally, communal facilities and infrastructures - which determine living and environmental conditions - should be established. But in order to achieve this, an end must be put to a



situation where, in spite of frequently substantial material growth, the States refuse to set aside the budget funds needed to establish such facilities.

## 6. Finances

### A. Principles

To avoid any misunderstanding and any false hopes, it is essential to be very clear.

Any regional policy is doomed to failure :

- if the political will shown at the European Summit Conference is not turned into action;
- if application of the principle of a fair return remains the overriding preoccupation;
- if the Member States accept the principles behind a Community regional policy whilst withholding the instruments for achieving it, especially funds;
- if budgets are drawn up disregarding priority choices and thus sacrificing the aims fixed;
- if the European peoples do not show real solidarity and therefore accept transfers of funds.

### B. Sums involved

It is obviously impossible at the present stage to calculate the sums needed. Only one thing is certain - it will

be necessary to spend more and more to attain all the objectives of the regional policy. This means that appropriations really must match the needs it is proposed to meet.

The Committee is pleased to find that the Commission regards it as imperative for the funds to be set aside for these objectives to match the problems facing the Community.

### C. Continuity

To ensure continuity and coordination it is very important to define the different means to be used.

But continuity can be jeopardized when the financial means are reduced on the pretext of fighting inflation, or because the expansion of the economy is not felt to be satisfactory.

The risk of sacrificing community facilities can happen as a result of reduced growth, anti-inflation policy, budgetary policy; experience has shown that in such cases cutbacks are more readily made in spending on communal facilities.

### D. Dovetailing of sources of financing

- regarding type

All the schemes must ensure that private and public investments supplement each other so that it becomes altogether obvious that the financial appropriations, whatever their nature, will cover the objectives accepted.

- regarding sources and implementation

Due to the variety of sources of funds, especially Community, national and local authority budgets, and private loans and financing, it will be imperative to ensure that all funds are in fact used for the schemes planned.

E. Concentration, coordination and strategy of financing instruments

Mention is made further on of the instruments at the Community's disposal; in addition there is the Regional Development Fund and possibly the regional development company, whose roles will have to be assessed later.

In any case, it is necessary to frame a policy which sets out regional development policy aims, and ensures the concentration and coordination of all the financing instruments.

F. Co-ordination and harmonisation of national and Community measures within the framework of regional programmes

The need to coordinate the regional policies of the Member States has been repeatedly emphasised by the Economic and Social Committee in its Opinions and reports.

Now, in its report of 3 May 1973, the Commission expresses the identical viewpoint under heading VII on the coordination of national regional policies of Member States :

"Consideration of programmes of regional development drawn up by Member States. Such considerations would bear in particular on means for ensuring that the steps taken by Member States and the finance from the Regional Development Fund of the Community or from other financial sources should be rationally co-ordinated and moreover that they should be directed effectively toward those regions where the need for aid is the most urgent. In this way programmes of regional development could become the framework for the intervention and co-ordination of national and Community regional policies".

To avoid any misunderstanding it must be specified that harmonisation applies to the broad lines of regional policy, to aid and to the approximation of policies pursued.

Regarding aids the **Committee recalls the need**, which it has already underlined in an Opinion, for them to be harmonised, particularly in the so-called 'central' regions of the Community.

The **Committee also expects the Commission to put forward** proposals regarding the other 'peripheral' regions.

On the other hand it cannot be a question of casting all the Community regions in the same mould. Comprehensive and coherent schemes, the need for which has frequently been stressed, will have to be tailored to the individual and varying situations of the regions concerned, in order to provide a concrete answer to their problems.

It goes without saying that the tasks to be achieved will have to complement each other and so the measures adopted will have to involve the regions themselves, the States and the European Economic Community.

#### 7. Drafting and application of the regional policy

Since the drafting and application of a regional development policy is of prime importance, it seems imperative, in the

context of the decentralisation proposed above, to specify the roles which could be played by the regions, the Member States and the European Economic Community.

a) The Regions

They must be the first to be involved in drafting. The desired democratic discussion must make it possible to evaluate regional situations, the risks or possibilities of spontaneous development and the instruments proposed for reversing the trend towards increased poverty in some regions.

Such a procedure must not only demand from the States and the Community the means for economic expansion and social progress but also create awareness in the regions and a desire to take action on their own factors, for example, localised infrastructures, development of productivity, training measures, organising of social life, information etc.

The Economic and Social Committee will, at a later date, have to examine the procedure to be implemented, so as to enable the regions themselves to participate, on a consultative basis, in submitting the agreed schemes to the Community authorities.

By bringing the regions into the process in this way, the Community has a second way of democratizing and decentralizing so that its objectives will appear clearly to the people directly concerned.

b) The Member States

It is unquestionably up to the Member States, which should be called European Regions, to examine the coherent, overall regional programmes to make sure they are mutually compatible.

They will have to make a careful examination of the funds and means which they and the regions concerned can release for such and such a scheme.

The schemes and the regions selected will then be put before the Community authorities who will have to arrange for the supplementary measures, in particular, financing.

c) The European Economic Community

Several tasks should be conferred on the Community :

- 1) It should be responsible for directing operations in cases of large scale regional development which by their nature concern the whole of the Community (for example, intra-Community transport);
- 2) It should be able to make a concrete assessment of the effects of large-scale national projects which are completed or planned (e.g. tunnels, bridges, industrial complexes), on the future of the regions directly involved and on those peripheral or frontier regions which will be affected by the consequences, be they good or bad;
- 3) In line with the decision made at the Summit Conference of Heads of State or Government, the Community, of course, has the job of taking measures in respect of the selected regions in particular through the Regional Development Fund, which must be provided with suitable credits for the purpose.

To help it in its work, in liaison with the Council, the Commission proposes setting up a new body called : The Regional Development Committee.

The **Committee is very much in favour of setting up this** body which will encourage and reinforce cooperation between the Commission and the Council.

It goes without saying that this new body should facilitate, and not reduce, the role of the Economic and Social Committee and its Section, which must both be consulted on all aspects of the regional policy : drafting, application, control and the periodic review.

Emphasis must also be placed on the right to direct consultation by the Community of the representative socio-professional organizations on the Community level.

The Committee for Regional Development, as proposed by the Commission - it will moreover follow the model of other Committees which have already been set up : the Monetary Committee and the Committee for Medium Term Economic Policy - will be composed of senior officials only.

This means that the Commission will be compelled to consult the Economic and Social Committee and its Section for Regional Development on this new Committee's activities at each stage of its work.

Besides these basic general remarks, it is advisable to specify the role the Commission intends to assign to the Committee for Regional Development.

The Commission and the Council would thus have a joint body, whose role would be to facilitate the carrying out of duties and missions conferred on both of them. This Committee for Regional Development would examine and coordinate regional and national programmes which would in turn be coordinated with the measures of the Regional Development Fund.

To ensure better cooperation between the Commission and the Council, the chair of the Committee for Regional Development would be filled by a representative of the Member States and its secretarial services provided by the Commission.

The Committee for Regional Development, the working body of the Commission and the Council could facilitate the taking of positions or decisions particularly with regard to the following matters :

- evolving coordinated objectives;
- promoting concerted action;
- enhancing the regional effect of other financial measures taken by the Community;
- facilitating coordination of the measures taken rationally and directed towards the selected regions;
- coordinating regional aids, and aids having a regional incidence;
- informing public and private investors;
- studying national dissuasion measures so as to form a coherent policy in this field;
- contributing towards a more effective organisation of regional authorities.

### III. FIRST COMMUNITY REGIONAL POLICY PROGRAMME

#### 1. The present situation - starting point - obstacles

##### a) At national level

A general outline of the regional policies followed in the various Community countries was provided by the Commission in Annex I to its "Memorandum on the Regional Policy in the Community" accompanied by a "Proposal for a decision on the



organisation of Community instruments for regional development". The memorandum and the proposal were submitted to the Council by the Commission on 17 October 1969.

Account must also be taken of an analysis made by the Commission in 1971.

Finally, the Commission has just published a report in which there is annexed information on :

- the regional situation in the enlarged Community;
- the extent and nature of the main regional imbalances;
- the objectives and instruments of the regional policies of Member States.

b) At Community level

Even more than the Common Market itself, achievement of economic and monetary union reduces the Member States' ability to take independent action to tackle their development problems.

If the economic structures of the various Member States were reasonably similar, no great difficulty would arise. But when these structures are different, as is the case in the Community, it is imperative to have Community solidarity as regards regional development.

This solidarity seems to have established itself with the Summit Conference.

But, there is an obvious fear that effective, practical introduction of a Community's regional policy would require substantial funds. These would have to be provided by the Member States who are currently having difficulty in balancing their own budgets.

It goes without saying that doing away with the fair return principle acts as a considerable damper on the political readiness of several Member States to give real support to the implementation of this common policy.

Moreover, in most of the Member States, difficulties of national politics are not conducive to demarcating and classifying regions on the basis of priorities for assistance. It too often happens, in fact, that this order of priority is disregarded for purely political, or even electoral, reasons.

Again, in the majority of Member States, public authorities are unwilling to cooperate with their neighbours in solving the problems of frontier regions, for fear of having to spend part of their national budget funds mainly to the profit of the citizens of the neighbouring country.

However, the purpose of the Community regional policy as acknowledged by the Heads of State or Government at the Paris Summit Conference is to allow the Community to achieve growth in conditions of stability at the same time as monetary union. Everything needed to achieve this purpose must be achieved by the same tripartite action of the local and regional authorities of the Member States and the Community, the Member States coordinating their regional policies in the light of Community objectives, and the Community giving specific, additional assistance to facilitate the completion of programmes which are in the interest of the Community as a whole.

2. Choice of model regions on the basis of previously established objective criteria in the 5 types of region formerly studied by the Sub-Committee.

At the Paris Summit Conference Heads of State or of Government referred to the principal regional imbalances in the enlarged Community, and notably those resulting from the predominance of agriculture and from industrial change and structural under-employment.

Since then, the Commission has classified regions on the basis of these three types of problems, namely :

- predominantly agricultural regions;
- regions affected by industrial change;
- regions with structural under-employment.

The Commission report mentions over-concentration and trans-frontier problems but its classification is unsatisfactory mainly because the difference between the first two and the third category of region are hard to grasp. So the measures envisaged by the Commission do not seem to be based on sufficiently clear-cut data.

The Committee urges that the five types of regions described below be considered as soon as possible, but on condition that the urgent and necessary regional development action is not delayed at all :

a) Outlying regions

In these regions, the national and Community public authorities should above all aim at carrying out adequate infrastructure programmes and in particular transport in its broadest sense, in order to create an environment where regions at a disadvantage through distance and traditional under-development are compensated for these handicaps thus making it possible and economically viable to integrate them in the circuit of the Community economy and develop them economically on a sound basis.

In short, the setting-up of communal and social facilities and the maintaining or implantation of economic activities must be achieved simultaneously. Activities set up in isolation would be in fact precarious owing to the lack of infrastructure.

Similarly, facilities on their own could hasten the exodus, especially when the existence of rapid means of transport would accelerate migrations and thus aggravate concentration.

The cost to society would be compensated, in particular, by :

- the development of types of production, of an innovating nature more often than not;
- the achievement of better, full employment for population groups which are under-employed, unemployed or unsuitably employed at the present time;
- the protection of the existing capital equipment and environment;

- opposition to excessive migration, humanly and socially unacceptable and economically costly;
- the development of activity near the borders of third countries, thus assisting trade.

The special position of these regions has already been the subject of special provisions (additional Protocols to the Treaty on the Mezzogiorno and Berlin), and of guidelines already incorporated in documents of the Commission and the European Parliament and in the 2nd and 3rd medium-term economic policy programmes.

These provisions and guidelines must be applied to the regions concerned, taking into account the above Protocols and changes in these regions.

In addition, special consideration should be given to the problems of outlying areas of the Community, which, because of their political situation, have been cut off from their traditional hinterland as, for example, the outlying areas of the German Federal Republic bordering on the eastern bloc countries and the Trieste region.

b) Regions along intra-Community frontiers

There is serious economic and social imbalance between many frontier regions. Without any doubt, it is in these regions that the consequences of disparity, differences and imbalance are most apparent, due to the fact that they adjoin

each other. There is increasing migration - in changing directions - usually caused by wage differentials and differences between working conditions and activities.

This situation clearly demonstrates the need to give backward regions the same opportunities as their neighbours.

Concentrations and the establishment of joint programmes go beyond national frontiers. Harmonious regional development is incompatible with studies and practical measures limited to the national territory of an individual Member State.

The Economic and Social Committee expressed this point in its Opinion of 22 April 1970 when it said that :

"The Community will have a particularly important role to play in working out and implementing its regional policy for regions crossed by or bordering on one or more State frontiers".

c) Predominantly agricultural under-developed regions

In predominantly agricultural regions, we are faced with a general decrease in the active agricultural population, a phenomenon which countries outside the Community, who were industrialized before us, experienced long ago.

This must not lead us to accept a disorderly contraction of this major sector of the economy, which still employs considerable manpower.

These regions must be given an economic "new start", the precondition for full and better employment.

Here again we should play all our development cards: rationalization and specialization of agriculture, forestry and stock farming; development of industrialization along with tourism and crafts; the creation of establishments for basic and advanced vocational training and retraining, all aimed at better development of the area.

Protecting nature and the environment presupposes populations capable of avoiding creating desert regions and of guaranteeing full utilization of existing equipment.

Increased investment is imperative and should be achieved by means of a regional programme which brings into play and coordinates all factors of economic and social progress.

Moreover, disorder would accelerate the exodus of young people, thus condemning whole areas of the Community to decline and leaving them with an ageing population.

This would also run counter to the Community decision of 25 March 1971 providing for arrangements for encouraging regional development by creating new jobs in regions with a substantial surplus of active agricultural population.

While the problem one faces here is also one of conversion it presents itself somewhat different terms than in the case of industry.

So that young farmers in particular should voluntarily decide to carry on farming - and apart from the important problem of income - structural reform must allow concerns to be economically profitable and offer improved working conditions and a setting which allows free time and cultural and leisure pursuits.

For those who will have to look for other work there is a double problem of reception structures.

Reception in new and varied economic activities, particularly the service industry where by far the greatest proportion of new jobs are currently being created.

Resettlement in urban areas which will appreciably increase the need for capital equipment, urbanization and town expansion and redevelopment.

These people are frequently under-educated and they will need to be offered training opportunities allowing them to obtain better jobs in the same way as others.

Undoubtedly in agriculture more than in any other economic activities continuing training will have to be ensured both quantitatively and qualitatively. The process of changing from primary activities to secondary or third sector activities, whether in one go, or progressively, requires continuous means of retraining.



d) Regions with "old-established industry" and ill-adjusted structures

Regions with old-established industry can be fairly speedily revived by new economic activities, thus solving social and employment problems at the same time. These regions will be able to take advantage of these opportunities all the more easily if they have a good infrastructure and excellent industrial location advantages.

Matters get inordinately complicated when regions with old-established industries are at the same time regions with agricultural difficulties, especially if they are located in frontier or outlying areas.

These regions with "old-established industries" frequently have a lowered economic potential. What once produced their success is now their weakness. A diversification of ore sources and the switch to different forms of energy accentuates a certain regression of these regions. This weakening is made worse if they are one-industry regions or if undertakings are poorly adapted and therefore not competitive.

Moreover, these changes have sometimes led entrepreneurs to move their undertakings so as to obtain better and cheaper conditions of supply.

Such diversification and switches nonetheless represent a chance for the Community as a whole insofar as they allow a greater industrial diversification.

It is in these "old" industrialized areas that there are acute conversion problems, no longer restricted to particular undertakings but affecting whole industries, and even whole regions where industrial employment is disrupted with a consequent chain of repercussions on employment in trade and services. It should be added that in many of these regions facilities and infrastructures

have become outdated - in particular accommodation - thus robbing the inhabitants of an acceptable social and human environment.

Need it be noted that the conversion of branches of activity or of undertakings is only justified if the crisis is structural and not just cyclical.

It can be concluded that in the regions which have long been industrialized the problems to be tackled are :

- conversions according to the timetables negotiated in connection with an active employment policy, especially vocational retraining;
- establishment of new and varied activities;
- setting up of a set of facilities.

The establishment of new activities and, more particularly, the setting up of facilities means that those commissioning work must have land at their disposal in accordance with guarantees and procedures still to be worked out. These guarantees and procedures must be an incentive, not a barrier.

A conversion policy must make it possible to shorten the changeover from former activities to new activities, it being clearly understood that a programme with implementation timetables is the only method likely to ensure readaptation and concurrently give people prospects both of individual advancement and professional promotion.

During the adaptation period social measures must be taken so that workers are not the victims, during a period of unemployment, however temporary, of changes which will moreover

increase the Community's economic capacities and resources in the long run. This dissymmetry in the situation would be particularly intolerable.

e) Over-concentrated centres

Regional weakness have pushed men, resources, activities, funds and facilities to certain axial belts and growth points.

This situation is not unattractive - as is shown by the continuing migration to such points and belts. People find there a great variety of activities and therefore greater freedom. Opportunities for cultural pursuits, leisure activities and education are there in greater profusion since they are concentrated in one place.

But these benefits are gained at the expense of :

- increasing difficulty of :
  - drinking water supply;
  - transport, more especially urban and suburban, entailing increases in :
    - wasted hours,
    - nervous fatigue harmful to health,
    - lengthy commuting between the place of work and home.
- serious shortages, mainly as regards housing and schooling and health infrastructures;
- increased pollution;
- high cost of facilities and improvements;
- high population density leading to loss of human contact.

It must be continually repeated that the over-concentrated centres will not emerge from their difficulties and that their redevelopment and the setting up of satellite towns will help to encourage an influx of people, unless 'stabilising centres' and secondary centres equipped with all the facilities necessary are created throughout the Community.

### 3. Limits for centralized and decentralized measures

Whilst the Community's policies, including of course its regional development policies, should be formulated on the basis of decisions taken and put into practice jointly, it is equally true to say at the outset that the States themselves and the regions have their role to play. If one imagined everything having to be done at Community level without decentralized regional participation one could certainly be justified in fearing that a central, inflexible system might be introduced which was unsuited to the concrete and varied problems existing at regional level.

To take an example in the transport field, the Community will be fully responsible, in collaboration with the individual Member States for projects for the creation of what has been called a dense intra-Community network.

In the case of national schemes, two types of measures can come into play: firstly, measures taken by the public authorities in the countries concerned; secondly those taken by the Community if, in the long term, the natural repercussions of these schemes affect one or more other Member States.

With regard to short-distance transport, be it regional, local or urban; it is absolutely imperative to involve the inhabitants of the regions or localities concerned.

Harmonious interplay at all levels will make it possible to outline, draw up, and put through major schemes ~~and also schemes~~ which particularly effect the way of life of the people.

Moreover, collaboration is a way of making life in the Community more democratic.

4. Instruments and financing of the programme - complementarity and concentration

1) Instruments

A. Regional Development Fund

Creation :

The Committee is firmly in favour of 1 January 1974 being the date both for creating and allocating money to the Fund, whether the starting date may be for the second stage of the Economic and Monetary Union.

Financing :

It is not enough to finance the Fund on 1 January 1974. It is essential for there to be enough funds to ensure the achievement of the Community regional policy, which is moreover what the Commission called for.

Method of contribution :

The Committee urges that it be consulted once the Commission has prepared its proposals on the allocation of subsidies

and the granting of interest rebates, and on the creation, terms of reference and exact role of the management Committee.

B. E.A.G.G.F.

The "Guarantee" Section is essentially an instrument for regulating the markets.

The "Guidance" Section considers two things when planning contributions :

- the object of its contributions;
- the methods of Fund utilization for actions in the regional field.

As far as the "Guarantee" Section is concerned the reform, which the Commission believes would introduce a better scale of agricultural prices, would serve to moderate certain regional imbalances.

The Committee however thinks that this objective would be better achieved by an improved organisation of the markets.

As for the "Guidelines" Section, the Commission proposals provide for the regionalisation of structural measures, through a common sector (agricultural) policy, and recommend that action in the field of agricultural structures should be incorporated within the more general action taken with regard to regional development.

The limits on EAGGF regional policy action are mainly of a sector nature. The actions of the Fund, whether through the "Guarantee" or the "Guidance" Section, are therefore limited.

However, if contributions from the "Guarantee" Section are ill-suited to regionalisation, the "Guidance" Section could help to resolve regional problems if the Commission's proposals are accepted - until the regional development fund, whose creation is proposed, takes over.

It must also be pointed out that the "Guidance" Section has devoted 150 million units of account to modernising farms and to raising living standards.

C. EIB

Article 130 of the Treaty of Rome gave the Bank the task of financing investment projects in three fields :

- projects for developing backward regions;
- projects for modernising or converting undertakings, or developing fresh activities called for by the establishment of the common market;
- projects of common interest to several Member States.

The development of the most backward regions is the main aim of the EIB. This transpires, furthermore, from a directive issued by the Finance Ministers of the Six in December 1968, hoping that the Bank would devote a considerable part of its resources to financing projects calculated to help the most backward regions.

In order to make more use of its possibilities of action in the regional field, a Memorandum from the European Investment Bank was sent to the Committee for Medium-term Economic Policy in

June 1970 saying that one of the factors which would doubtless most encourage contributions from the Bank would be the framing by the Community of a programme of perfectly coordinated concrete action. Such a programme would probably permit more initiatives to come to fruition, and the Bank could then finance these in accordance with Community guidelines.

According to the Memorandum, greater access by the Bank to the capital markets, and easier loan conditions (interest subsidies in particular) would make for greater use of opportunities for regional action. In this connection, small and medium-sized undertakings should be given easier access to the funds of the European Investment Bank.

The Bank's action in the regional field will not be effective unless :

- the Member States give it sufficient resources, especially on the capital markets;
- the Community can define Community policies on contributions in the strict sense of the term, which are sufficiently clear to allow them to be put into operation.

It is worth pointing out that the Bank has granted loans amounting to 2,600 million units of account for the period 1958/1972 and that 75% of this total has been devoted to regional development projects in pursuance of Article 130 of the Treaty of Rome.

#### D. European Social Fund

The European Social Fund was set up by the Treaty of Rome "in order to improve employment opportunities for workers and



to contribute to the raising of their standard of living" (Article 3), and has "the task of rendering the employment of workers easier and of increasing their geographical and occupational mobility within the Community" (Article 123). It concentrates on vocational retraining.

The reformed Social Fund could be an additional aid to regional measures. Two sorts of contribution have been defined:

- Type A contributions. These are made, on a Council decision following a Commission proposal, when the employment situation is affected or liable to be affected by particular measures adopted by the Council as part of Community policies or by jointly agreed action to further Community objectives, or when the employment situation requires them;
- Type B contributions. These are made on a Council decision, when the employment situation is affected by difficulties which either arise indirectly from the workings of the common market or which impede the smooth development of the Community.

In its present form, the Social Fund is not a real instrument for Community policy (because of the dispersal of aids, the freedom of action possessed by Governments and the limitation of the Fund to certain situations) and consequently for regional measures. Operational decisions have already been taken in this respect for agriculture and textiles.

In its new form, it could play a role in the Community's regional policy if it had more resources; the Commission considers that in order to have a real impact, expenditure ought to be increased from 50 million u.a. in the first year to 250 million u.a. once the Fund has got into its stride.

It must be mentioned that the Social Fund has so far devoted 265 million units of account to resettling and training workers.

E. E.C.S.C.

Article 54 of the ECSC Treaty, concerning the financing of investments, allows the Commission to facilitate the carrying out of ECSC investment programmes by granting loans to undertakings or by guaranteeing other loans which they may contract. Article 56 of the ECSC Treaty concerning industrial redevelopment and the retraining of workers has been widely used to contribute towards restructuring the economies of the mining and steel-producing regions where requested by the Member States, making loans to undertakings being reconverted and providing non-repayable aids.

In order to allow a better use of Article 54, the Commission considers that the general objectives for each sector should be set within the context of economic development objectives in general, as outlined in particular in the medium-term economic policy programmes (of which regional development forms a part).

Similarly it seems that the contributions provided for under Article 56 can solve regional problems on condition that the general objectives for economic development, and especially those for which regional policy has to refer are taken into consideration.

The ECSC's action in pursuance of Article 56 is reported to have enabled the setting up of 110,000 new posts and the readaptation of 500,000 workers.

The measures dealing with industrial redevelopment and retraining contained in Article 56, and to a lesser extent those in Article 54, have a certain regional impact because of the geographical concentration of a large part of the ECSC industries. Consequently they can be used as financial instruments capable of contributing towards solving regional problems. However, since they only apply to the iron and steel or coal-producing regions, their scope remains limited.

F. Systems of aid

On the matter of systems of aid, references should be made to two draft regulations forwarded by the Commission to the Council concerning Community measures in farming regions particularly hard hit by changes in agriculture.

The first draft regulation would allow the EAGGF, through its "Guidance" section, to finance development projects in priority farming regions.

The second draft makes provisions for a European interest subsidy fund for regional development, granting interest subsidies on loans for infrastructure and productive investment projects which help development of priority farming regions in particular.

Any aid or regional transformation system is based on either incentives or deterrents depending on the case. In this context, the Committee recalls its comments in its report on "Funds for regional development" (Doc. CES 333/71 fin, pages 24 and 25).

Aid

More generally, aid already applied or planned should have the following features ;

- it should guarantee knowledge of present systems;
- it should obey common allocation criteria;
- it should be very selective to avoid wastage and high overall costs;
- it should rule out outbidding by Member States.

There is room for improvement in aids, which often answer the urgent character of needs, but they cannot in themselves meet the absolute necessity for Community "reshaping".

This is why stress has been laid on the crucial importance of area redevelopment.

The deterrants

These are prohibitions or measures aimed at discouraging the installation of new economic activities in overconcentrated centres. These measures can constitute an additional instrument in bringing about regional stability but cannot be very effective on their own, especially as they cause location on the immediate outskirts, thus spreading the overconcentration over a larger area.

Deterrents will have to be applied very judiciously to avoid compromising the economic development of other areas.

In any case, to preclude any distortion the criteria for determining these measures should be framed at Community level.

The **Committee, faithful to its constant theories and ideas**, and noting the existence of several Funds and the impending establishment of the European Development Fund, insists on the fact that efficiency requires concentrated and coordinated financing policies. The uniformity of the basic concept, the need to set out powers clearly, the overall view, the need to avoid both duplication and deficiencies, call for a Community financial policy which will make the objectives and instruments clear and enable the question 'who does what?' to be answered clearly.

#### G. Public undertakings

Public undertakings can make an important contribution to regional development since their objects and statutes are generally in accordance with the directives and recommendations of public authorities, both as regards their general policy and their territorial location.

#### H. Area redevelopment

Area redevelopment obviously requires land to be available at reasonable prices to those commissioning construction work, so as not to become a financial burden on budgets. There must be no tolerance shown towards speculation arising out of the sheer size of the needs or from unjustified rises in value caused by society's efforts to improve and equip areas and provide facilities.

2) Complementarity and concentration

Since the existing funds have to be supplemented by others, coordination and concentration of their resources is more than ever a priority objective. The funds must be provided with finance commensurate with the needs and used to implement an overall conception of regional policy.

The diversified industrialisation, the future of priority farming regions, the generalisation of redevelopment, the coexistence of great urban concentrations with vast depopulated areas, massive changes in the human, geographical and occupational fields and also with regard to sectors, and the constantly appearing imbalances all make it clear that overall regional plans must be drawn up and put into operation urgently to combat circumstances which differ and therefore call for differing solutions, and have been described in the information report that we have mentioned before on the funds for regional development (Doc. 333/71 fin).

The Community's responsibility must be clearly expressed in the whole of this policy, especially for the large projects such as those to do with intra-Community redevelopment, frontier regions, pilot schemes etc.

Particular attention should be paid to the other common policies where implementation would be incompatible in practice with the common regional policy.

Any Community regional policy would however be doomed to failure if - apart from a political will - there were no attempt at

solidarity by the Member States. The Community must be considered as a single unit, and the common effort must be directed towards those regions or areas which are in economic difficulties and where social problems are acute.

In addition to this, it is obvious that any Community policy - regional or other - will inevitably trigger all kinds of changes, which will sometimes entail advantages and sometimes cause constraints, in one part of the Community or another.

The Committee cannot accept the consequences of the already accumulated delays which is highlighted in its information report of 19 June 1972 on general regional aid arrangements (Doc. CES 130/72 fin).

## 5. Study and research instruments

### A. Knowledge of regional problems

The current discussions on the issues of Community regional policy, which are also reflected in this report, have shown that our knowledge of regional problems is still too limited.

Although it would be impractical to expect immediate results from new research conducted in great depth, all possible efforts should be made as from now to make available to the interested parties, by a well-conceived information drive, the knowledge already contained in the studies of authorities in various organisations, especially of their statistical services, together with the results acquired by other researchers, which are often known only to an excessively restricted number of people.

It will also be necessary to carry out immediately additional studies on the causes of regional differentials, the experience with regional measures in the Member States and in other comparable countries, the possibilities of staggering development measures according to different categories of priority, etc.

It must again be stressed that this information and research work, which is very necessary, should not serve as a pretext for extending the period of waiting and marking time which the Community regional policy finds itself in at present.

B. Drawing up objective criteria for the choice of regions to be developed and for the choice of the measures to be taken

As has been explained above, the criteria for determining which regions should be developed are exemplary in character but, unfortunately they have insufficient foundation in systematic research. Thus the drawing up of criteria which correspond better to the objectives of the Community regional policy must be a priority task both of Community organisations and of those responsible for scientific research.

Above all, a study should be made of the scope for an operational approach to incomes per individual and/or region, the various resources available in the regions (especially manpower), the foreseeable development of their economic structures, their degree of urbanisation, their environment and any other factor of relevance to these regions.

These studies will provide the indispensable base for more rational decisions, under a second programme for the common regional policy, as to the objectives to be set and the measures to be taken in their pursuit.



## 6. Studies to be made in stages

Apart from the immediate studies to be made on anything which may make it easier to set the common regional policy in motion, particular attention should be paid to studies allowing the common **regional** policy adopted to be pursued further and if necessary corrected.

These studies, which are to be of a medium-term nature, should be concerned with all the **problems** posed by regional development.

On the basis of experience acquired in certain Member States and in other European countries, it seems that a small, independent group of experts should be given the job of :

- advising the authorities responsible on the necessity and relative priority of research to be carried out;
- publishing regular abstracts of the research carried out;
- appraising the result of action taken in the field of regional policy.

This group should also have the job of bringing the situation home to public opinion and the appropriate Community, national and regional authorities.

## 7. Institutional aspects

The institutional side is not essential to the implementation of a common regional policy, but an immediate examination should still be made to see whether the decision-making, consultative

and administrative bodies, both in the Community and in the different Member States, are capable of making coherent decisions and carrying them out.

In the light of this examination, reforms should be made if necessary, and even new bodies set up better suited to implementing a regional policy.

### III. CONCLUSIONS

The **social and human objectives** emerge clearly from the spirit of the Treaties. Even if this were not the case, would the people of the Community today express, consciously or unconsciously the desire to harness orderly economic expansion to individual and communal social objectives ?

The "**Summit**" of the **Heads of State or of Government** echoed this essential demand in Paris in October 1972.

In all its respects social policy should play a very important role.

Similarly, the regional policy can become the Community's great design.

Inequalities of income, estimated at 1:5 over the whole of the Community, call for action.

It is no longer a matter of taking measures piecemeal, but of taking radical action so as to develop, remodel, convert, equip, conserve and master the present disorderly changes so as to use them to further individual advancement and professional promotion.

It also means directing and orientating development in such a way that people will have other prospects than crowding into congested and insufficiently equipped centres or living in regions where there is no employment, no infrastructures and no social and collective facilities.

In a Community which claims to be democratic a person must be able to choose his trade and his profession freely with the help of objective information directed towards rational job orientation.

Free circulation must mean voluntary mobility. Diversified choice of activities also gives the worker the freedom to choose and enables him to realize his permanent wish for advancement, provided that he is granted educational, general training and vocational guidance facilities.

Thus it is necessary to reconcile the voluntary movement of people with the priority need to offer them on the regional level the environment and kind of life without which they would often be compelled to leave their region of origin. Any other policy would irreparably ruin regions drained of the youngest and most active sections of their population and would further aggravate living conditions in centres which are already too concentrated.

But there is no doubt that it will be a long and exacting task. In order to carry it out successfully, it is indispensable for the Community to have a clear view of the tasks to be accomplished and of the objectives to be aimed at. The size and the duration of the task, which is in any case never completed, necessitate an immediate start.

New Community instruments have now been proposed: the Regional Development Fund and the Regional Development Committee. On 1 January 1974, they must be in a position to operate. The opportunity thus presents itself to act on these coherent and complete projects right from the beginning of next year.

The desired search for refined criteria and definition, even limits of regions, should not constitute an obstacle to immediate action. There are cases of such obvious and known under-development that there is no need to go into long scientific research which is, only too often, an excuse for not doing anything.

The **Committee is convinced that a first programme can be** thus prepared and financed. It is bound to be successful if there is a combined effort by the regions themselves, by the countries who must not relax but intensify their own efforts, and by the Community, towards giving complementary help according to the situation.

Thus, if the task is well carried out, the contribution of one and all can have the notable merit, over and above that of achieving material objectives :

- of democratising community life;
- of making people aware of the joint interests of all the inhabitants of the Community, whether they be in prosperous or poor regions;
- of bringing the decision closer to the citizen concerned, showing him the role which he can or could play in a balanced, decentralised and therefore human development.

Alphons LAPPAS

Chairman  
of the Economic and Social  
Committee

Delfo DELFINI

Secretary-General  
of the Economic and Social  
Committee