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ADDRESS TO CONFERENCE ON LOCAL GOVERNMENT & THE EUROPEAN COMMUNITY

BINGLEY, WEST YORKSHIRE : THURSDAY 31ST OCTOBER 1974

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Strong efforts are now being made to ensure that at the Paris Summit Meeting decisions are taken to break the deadlock over the Community's Regional Policy proposals.

The European Commission has been engaged in an intensive round of activity behind the scenes in the national capitals. In the light of these discussions, it has this week been revising and improving its proposals.

They now stand ready for a decision of principle by the heads of Government on the size of the Regional Development Fund and on the way it should be shared out.

All the signs are that the Paris Summit of 1974 will be different in character from the Paris Summit of 1972. Its eyes will not be on the far horizons with blueprints of economic and monetary union, but on practical ways of making progress towards a more united Europe, particularly in the fields of inflation, unemployment and energy.

The Commission's Regional Policy proposals have now been prepared and improved over a long period. Of all the plans in the Community pipeline, they are the most immediately ready for political decision.

They are given an increased urgency by the present fight against inflation and rising unemployment. Anti-inflation measures on their own, without the counterweight of a vigorous Regional Policy, have disastrous effects in the poorer regions. Everybody from the South of Italy to the North of England is familiar with the phenomenon that, when Governments tighten their belts a little in the capitals, it is liable to strangle the ordinary citizens in the remoter and poorer regions.

But a decision by the Summit to give the green light to setting up an effective Regional Policy would be good for the Community as a whole, and not merely for the less privileged regions.

It would first ensure the cooperation in other Community measures of those member states for whom the Regional Policy is their top priority and who cannot be expected to make their contribution on other Community fronts unless their regions are recognised as a Community responsibility. A success for the Summit on Regional Policy would help the Summit to be a success on other matters.

It could also make a useful contribution to a successful outcome of the British renegotiation. Of course, the first and natural preoccupation of the British Government is with satisfaction on the questions it has raised about its

future budgetary contributions. But if it wishes the maximum goodwill on that, it must recognise that for countries like Italy and Ireland, Regional Policy is not simply one amongst a number of Community issues, but is the most important issue, and they are understandably impatient over the delays which have taken place, partly at least because of the British desire for renegotiation.

Mr. Callaghan has made it clear that he is negotiating to find the means, if it proves possible, for Britain to remain in the Community. Therefore, without prejudging the outcome of the British approach on its budgetary contribution, it is surely beyond doubt a major British interest to see a more balanced pattern of Community expenditure than the present pattern, where around 70% still goes on agriculture. (Fortunately for the future, this is not only a British interest, but is widely shared throughout the Community, not least by those concerned with the Common Agricultural Policy. They recognise that it is continually exposed to attack, so long as it occupies such an overshadowing place on the budgetary scene.)

In seeking a wider variety of Community expenditure, a Regional Development Fund would relate to one of the distinctive problems Britain has brought into the Community, and it would certainly assist in meeting the basic British claim that there should be fairer arrangements about the separate issues of both contributions and benefits.

A Regional Fund would of course start modestly, but by the time Britain was a full paying member of the Community in the 1980s, it would be as firmly established a part of Community expenditure as the C.A.P. is today.

Even on the Commission's modest initial proposals about £200 millions would come from the Community Fund to the Development and Special Development Areas of the United Kingdom. Nothing could do more to show in a practical way that the Community cares for one of the distinctive problems of the British people, their overdependence on declining industries, just as much as it tries to take account of the needs of nations more dependent on agriculture than Britain is