



*European Communities
Commission
Press Release*

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Extract from a speech by Mr. George Thomson,
Member of the Commission for Regional Affairs,
to the Financial Times Conference in Dublin on 24.7.75.

There can be no real progress on economic and monetary union nor political union unless we can create a European human union which inspires the consent of the man in the field or the factory and the housewife in the home, said Mr George Thomson, the European Commissioner for Regional Affairs, speaking at a conference in Dublin organised by the Financial Times on Thursday, July 24. Mr Thomson quoted Disraeli's remark about there being two nations in Victorian England, the rich and the poor. There are two communities in Europe today, he said, the community of the underprivileged periphery and the community of the more prosperous heartland of Europe.

There can be no true European union so long as the industrial worker in the central areas enjoys a standard of living up to five times that of someone working on the land in Sicily or the West of Ireland. One Europe means a Community where by deliberate and conscious action the differences of living standards and of economic opportunity are narrowed to what is politically tolerable in a democratic society.

At present the disparities between one region and another, between one group of workers and another, are widening under the twin pressures of inflation and unemployment. Those who have the power to protect themselves against higher prices by increasing their earnings do so by driving the more vulnerable groups out of work. One of the saddest and most serious human aspects of the present recession is that youngsters in increasing numbers all over the Community are going straight from the classroom onto the dole queue. It is a problem on which the governments of the Community must both nationally and at the Community level show themselves capable of action if they are to command credibility. In Europe today the underprivileged periphery is spreading. It is stretching out tentacles into the pools of poverty which are growing in the Community's prosperous heartland.

The industrial society of the western democracies is facing at present its biggest test since that period between the two world wars, when inflation and unemployment led to the revolutionary spread of totalitarian solutions on the left and the right. In the aftermath of the second world war, the economies of the west, with their blend of private enterprise and state intervention, seemed to have found the recipe for combining high levels of employment, a steady rise in material standards and the traditional political liberties. Today these comfortable assumptions are under threat externally from the revolt of the raw material producers and internally from a crisis of confidence in the capacity of our mixed economies and our democratic systems of government to go on providing both prosperity and liberty.

There is a general awareness amongst governments of the Community that they can fight inflation and unemployment more effectively together than by engaging in beggar-my-neighbour tactics. But success demands restraint and self sacrifice from the individual citizen and this will only be forthcoming if both at the national and the Community level there are positive policies to spread the sacrifices more evenly between one region and another, one group and another. If Community action is to inspire popular consent, there is a vital need for policies which give the Community a human face.

Mr Thomson went on to make a progress report on the Regional Development Fund. Since May, when the Fund was finally set up, the Commission has moved quickly. The key committees to manage the Fund and to coordinate national regional policies have been set up. National applications for grants from the Fund are now beginning to come in. The Italians were first in the field. Mr Thomson said that later on Thursday he would receive the proposed list of priority Irish projects from the Finance Minister, Mr Ryan. There would be little summer holiday this year for his regional policy experts, who would be working through August processing the applications. The Fund Management Committee would approve the first batch of projects in October and they hoped to be making the first payments on schedule by the end of the year.

Finally, Mr Thomson emphasised the importance of the political commitment made by national governments in the preamble to the Fund regulation that the creation of the Fund should not lead member states to reduce their own efforts. Several member governments have already taken various measures to ensure that their receipts from the Fund shall be a bonus on top of their national expenditures. We should all be well aware that the way these decisions now work out in practice will be very closely watched. The Commission is traditionally the watchdog of the Community, but in this instance the Commission will certainly not be alone. There is a wide-spread conviction that the future of the Community Regional Fund after the review due in 1977 - indeed the future of the Community expenditure more generally - will depend critically on whether in practice the new Regional Fund leads to an increase in the total of Community resources being devoted to development.

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