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Report

drawn up on behalf of the Committee on Regional Policy, Regional Planning and Transport

on aspects of the Community's regional policy to be developed in the future

Rapporteur: Mr F. L. DELMOTTE

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English Edition

In its resolution of 5 July 1973 on 'Community regional policy' the European Parliament, having regard to the interim report of the Committee on Regional Policy and Transport (Doc. 120/73), 'invited its committee to make a continuous study of these problems and report to it on the matter'.

The European Parliament confirmed this mandate in its resolution of 16 December 1976 on 'the First Annual Report of the Commission of the European Communities on the European Regional Development Fund for 1975' (Doc. 440/76) when it 'called upon the committee responsible to keep these matters under constant review and to report to it with a view to revising the regulation establishing the Fund ...'

In order to accomplish this task the Committee on Regional Policy, Regional Planning and Transport requested permission, by letter of 23 February 1977, to submit a report on 'aspects of the Community's regional policy to be developed in the future' (objectives laid down in the final communiqué of the 1972 Summit and Article 2(2) of the Regulation establishing the Fund).

By letter of 3 March 1977 the President of the European Parliament authorized the Committee on Regional Policy, Regional Planning and Transport to draw up a report on this subject. The Committee on Economic and Monetary Affairs, the Committee on Budgets and the Committee on Agriculture were asked for their opinions.

On 23 February 1977 the Committee on Regional Policy, Regional Planning and Transport confirmed the appointment of Mr Delmotte as rapporteur.

At its meetings of 15 and 16 March and 29 and 30 March 1977 the Committee on Regional Policy, Regional Planning and Transport considered the draft report. It adopted the motion for a resolution and the explanatory statement on 30 March 1977 by 22 votes to one against and three abstentions.

Present: Mr Evans, chairman; Mr Nyborg, Mr McDonald, Mr Durand, vice-chairmen; Mr Delmotte, rapporteur; Mr Albers, Mr Brown (deputizing for Mr Hamilton), Mr Brugger, Mr Corrie, Mr Ellis, Mrs Ewing, Mr Fuchs, Mr Gibbons (deputizing for Mr Liogier), Mr Giraud, Mr Herbert, Mr Hoffmann, Mr Johnston, Mr Kavanagh, Mrs Kellett-Bowman, Mr Ligios, Mr Mascagni, Mr Meintz, Mr Osborn, Mr Seefeld, Mr Starke, Mr Zywietz.

The opinions of the Committee on Agriculture and the Committee on Budgets will be published separately.

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A

The Committee on Regional Policy, Regional Planning and Transport hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement :

MOTION FOR A RESOLUTION

on aspects of the Community's regional policy to be developed in the future

The European Parliament,

- having regard to its resolutions of 5 July 1973¹, 15 November 1973², 13 December 1973³, 12 March 1975⁴, 18 November 1976⁵ and 16 December 1976⁶
 - having regard to the report of the Committee on Regional Policy, Regional Planning and Transport, following upon its interim report of 1973, and the opinions of the Committee on Agriculture and the Committee on Budgets (Doc. 35/77),
- (a) The need for a Community policy
- noting that, despite the aid policies of the Member States, the divergence between average per capita incomes in the richer and poorer regions of the Community has continued to increase and that many of the existing major areas of concentration have been consolidated;
 - whereas the existence of regional disparities also constitutes a threat to the sound operation of the Common Market and the internal cohesion of the Community and an obstacle to the progress of economic and monetary integration and the enlargement of the Community ;
 - whereas an overall Community structural policy is a 'good investment' for the Community as a whole, in that uncontrolled congestion and migration are more costly than measures to encourage the balanced development of the regions and the existence of regional imbalances is one of the factors arresting general economic expansion ;

¹ OJ No. C 62, 31.7.1973

² OJ No. C 108, 10.12.1973

³ OJ No. C 2, 9.1.1974

⁴ OJ No. C 76, 7.4.1975

⁵ OJ No. C 293, 13.12.1976

⁶ OJ No. C 6, 10.1.1977

- pointing out that the Heads of State or Government, meeting in Paris in October 1972, agreed that 'a high priority should be given to the aim of correcting, in the Community, the structural and regional imbalances', invited the Commission 'to prepare, without delay, a report analysing the regional problems which arise in the enlarged Community and to put forward appropriate proposals', undertook to 'coordinate their regional policies' and invited 'the Community institutions to create a Regional Development Fund

(b) Regional policy as a framework for aid from the Fund

1. Considers that the Commission would be fulfilling only part of its task in confining itself to setting up a Regional Development Fund and drawing up a report analysing regional problems; in fact it has still not submitted the 'appropriate proposals' for solving these problems as it was invited to by the 1972 Summit ;
2. Urges the Commission, therefore, to comply with the provisions of Article 2(2) of the Regulation on the Fund and, 'when re-examining the Regulation..... in due course (before 1 January 1978) (to) make the appropriate proposals for the Community's regional policy and for aid from the Fund'¹.
3. Points out that this distinction between the Community's regional policy and aid from the Fund made by the 1972 Summit and the Regulation establishing the Fund is essential, since the Fund is only one of the instruments under this policy ;
4. Considers that a genuine Community regional policy should serve as a framework for aid from the Fund, although the Commission itself points out that 'until now the Community has not had a comprehensive regional policy of the character called for by the Summit'² and that since 1973 no real progress has been made in working out such a policy ; ,
5. Considers that the re-examination of the Regulation on the Regional Fund should be combined with a thorough assessment of the principles and methods of a genuine overall regional policy, no less than of the size and allocation of the Fund, which should follow on naturally from such a policy ;
6. Feels that regional policy should allow a new geographic distribution of human activities in line with socio-economic objectives and introduce radical structural changes, whereas in certain cases the present system

¹ OJ No. L 73, 21.3.1975, p.1

² Paragraph 8 of the 1973 report on regional problems in the enlarged Community - Doc. 70/73.

of aid promotes the survival of structures based on outdated occupations, thus standing in the way of the adjustments needed to reduce regional imbalances ;

7. Considers that a substantial increase in the resources of the Regional Fund will be necessary if the Fund is to play its full role in an overall Community regional policy;

(c) An overall regional planning policy for the Community

8. Takes the view that this policy should be structural and comprehensive and not simply financial, since it should be aimed at overall regional planning in the Community, i.e. the development of the peripheral agricultural regions, the redevelopment of declining industrial areas, control of growth in areas of excessive concentration and cooperation between internal transfrontier regions and with external frontier regions;
9. Considers that the development of peripheral agricultural regions is the most important and most difficult type of development to set in train because of the special problems involved, which are not exclusively economic ;
10. Is of the opinion that Community action is justified when certain sectors with structural difficulties, such as the textile, coal-mining, iron and steel and shipbuilding sectors etc., play a dominant role in numerous important regions;
11. Feels that the Commission should encourage all forms of cooperation between internal and external transfrontier regions on the basis of studies which must be carried out in the regions concerned.
12. Considers that the major economic and urban concentrations, which are overpopulated and environmentally impoverished cost society dearly in economic, social and human terms and that the Community should devise disincentives to be applied simultaneously in all areas of the Community that suffer from excessive concentration ;

(d) An overall policy coordinating programme aid

13. Points out that it is necessary not only to combat economic disparities but also to bring living standards more closely into line and that national regional policies based solely on industrial development aid have not, generally speaking, attained their objective, as the standard of infrastructures may be more important than financial aid in promoting development ;

14. Believes that the primarily economic approach of the Commission and Council should be amplified to embody a more wide-ranging concept of development that takes due account of the human aspect, and once again stresses the need for the Fund, proceeding in close cooperation with the other Community instruments, to provide aid for social, educational and vocational training infrastructures, which represent a heavy burden for some Member States given their high cost and the absence of any immediate profit;
15. Feels that the aim should be to introduce an overall structural regional planning policy, by concentrating all aid resources on priority objectives for development and structural change in certain regions;
16. Stresses once again that, if this objective is to be achieved, it is essential to coordinate the Community's general and sectoral policies, its financial instruments having a regional impact and national policies and aid schemes of importance to the regions;
17. Considers it essential to initiate development programmes with a view to ensuring such coordination, concentrating resources and checking the effective use of aid;
18. Believes that such programmes should be sizable, coherent and inter-dependent, to which end it is necessary to compile, on a uniform basis, more detailed regional statistics which may be integrated in regional models to serve as a basis for development programmes;
- (e) The role of the local and regional authorities and the publicizing of aid
19. Points out that the Community's aim is to establish a coordinated, inter-dependent and varied unit that takes account of local and regional characteristics and in which the region has an important role to play;
20. Calls on the Commission and Council to take into consideration the trend towards decentralization of powers and resources which is gaining momentum in certain Member States;
21. Points out that it considers it essential, in view of the general character of the development, for the public to participate in the development process through their elected representatives at all levels, since such participation is indispensable to the success of the development programmes;

22. Urges the Commission to define, in collaboration with the Member States, the role of the various local, regional and national bodies in working out and implementing programmes for which Community aid is granted;
23. Considers it essential that aid from the Fund should be given adequate publicity in order to make the public more aware of the Community's activities;
24. Points out that, with the increase in its budgetary powers, it will have to have access to certain data on the basis of which it will be able to make a serious economic appraisal of the use and effectiveness of Community funds, and notes, in particular, that it is only by properly controlling the results that it will be possible to improve the Fund's standing and enable it to assure its own future and expand;
25. Considers that the revised Regulation should specify the minimum information that would need to be published, namely, for each economically significant region and for each programme whatever the amount involved: the identification, nature and amount of investment, the amount of national aid and any other sources of finance, the amount of aid from the Fund and the number of posts created or maintained;
- (f) the amount of the Fund and allocation criteria
26. Points out that it has always been opposed to the amount of the Fund being allocated to the Member States according to a previously-determined scale, since the funds needed for a Community regional policy should be determined on the basis of the relative needs of the most needy regions, and draws attention to the desideratum that the Fund be established over a sufficiently lengthy period to allow large-scale, medium- and long-term investment;
27. Considers that it is necessary to place a Community reserve at the Commission's disposal so as to permit, in exceptional cases and within the framework of the Community's regional policy, the release of appropriations (for all areas of the Community), after consulting the parliamentary committee responsible;
28. Points out that it has always agreed with the Commission, despite the Council's objections, that the annual appropriations for the Fund fall within the category of non-compulsory expenditure, which means that it has the right of amendment, and urges that, with effect from 1978, the endowment of the Fund should no longer be laid down in advance in the

Regulation, so that in the context of the budgetary procedure it may retain its control over the creation, increase and utilization of the Fund's financial resources;

29. Draws attention to the advantages offered by the Fund, which take the form of interest subsidies or guarantees against exchange risks;
30. Points out that it has expressed its disapproval of the fact that the Fund introduces a mechanism for subsidies, based on priorities established at national level on the strength of different methods, data and criteria for each country, whereas a Community regional policy should be founded on priorities established in accordance with Community criteria.
31. Points out that it has already asked the Commission to use the criteria that the latter itself proposed in 1973 (for the drawing up of a list of regions eligible for aid from the Fund), based on a comparatively low per capita product, a high percentage of workers engaged in agriculture or in a declining industrial sector, structural under-employment, a consistently high unemployment rate and high emigration figures;

(g) National aid capacity and additionality

32. Considers that the overall differences that exist in the Community between the various Member States are partly due to the fact that some of these countries have to bear the cost of the underdevelopment or redevelopment of substantial areas in their territory, and this cost may exceed their national aid capacity;
33. Points out that it has already urged that aid from the Fund should be concentrated as a matter of priority on the regions with the most serious imbalances in the States with the lowest relative aid capacity in the Community;
34. Considers that aid from the Fund, which is modest in itself, should be granted only when national aid alone is insufficient for the implementation of an effective programme and points out that the Community contribution is justified only if it complements national aid and has a multiplying effect;

35. Feels that the principle of global or horizontal additionality observed by the Commission is necessary but inadequate since it may curtail the right of assessment and control of the Commission for certain individual projects; as these projects have to be incorporated in programmes, it suggests that the Commission should also use the principle of additionality for each programme and considers that, as a condition for making further grants, the state concerned should prove, at the end of each programme, that the principle of additionality has been observed;
- (h) Conclusion: the need for flexible and indicative planning of land utilization in the Community
36. Urges the Commission and Council not to delay in reviewing the Regulations establishing the Fund and working out regional policy measures, in order to ensure the smooth operation of the Fund in 1978;
37. Considers that - in order to ensure the coherence of the various regional programmes and the coordination of all aid resources to serve the priorities established by the Community - the implementation of a Community regional policy calls for overall planning of the Community's economic and social development in the form of flexible and indicative plans aimed at relocating production centres throughout the Community and providing for incentives or disincentives for private decision-making centres and commitments for the public authorities;
38. Is of the opinion that this land utilization/planning should be carried out at national and regional level but formulated by the Community with the aid of the States and regions, which would mean a strengthening of the Community's role as a political decision-making centre.
39. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENTSUMMARY: A comprehensive structural regional development policy

Interventions by the Fund should fit into the framework of a comprehensive structural regional development policy to be formulated at Community level.

- (a) This regional policy should be comprehensive and structural, since it should aim at the redevelopment of the entire territory of the Community, that is, at the development of peripheral agricultural regions, at the reconversion of declining industrial regions, at curbing the growth of regions with excessive concentration and at cooperation between trans-frontier regions.

Thus comprehensively conceived, this policy is a sound 'investment' for the whole Community and warrants an increase in the Fund's resources.

- (b) This policy should be comprehensive and structural because it should not aim solely at reducing economic disparities, but also at harmonizing standards of living. It should not be confined to infrastructures directly involved in economic development, but should comprise all infrastructures, and especially those in the social and cultural sectors.
- (c) This policy should be comprehensive and structural because all the intervention measures must be genuinely concentrated on priority objectives for development and on the structural transformation of certain regions. This presupposes the coordination of the Community's general and sectoral policies, of financial instruments having a regional impact and of national aids and measures with regional implications.
- (d) This policy should be comprehensive and structural because it should fit into the framework of development programmes determining the vocation of each region and anticipate the development in order to stimulate it. Such a comprehensive and structural approach inevitably leads to European-scale planning of land use.

- (e) This policy, being comprehensive and structural, should be formulated and implemented with the active participation of the local and regional authorities concerned.

It thus has important political and institutional implications, because it should involve the regions in the task of European construction.

- (f) This comprehensive and structural policy should establish Community priorities. The concentration of resources on these priority actions implies a strengthening of the Commission as a political decision-making centre.

This 'deliberate action to guide the geographical distribution of economic and other human activities' will necessitate a reinforcement of the Commission's powers to allow genuine European-scale planning of land use.

I - INTRODUCTION: The mandate of the 1972 Summit and of Article 2(2) of the Regulation establishing the Fund: a regional policy providing a framework for the Fund's activities.

1. Implementation of a Community regional policy was one of the priority objectives for the Community laid down by the Heads of State or Government meeting in Paris in October 1972. For the purpose of achieving it they¹

'- invited the Commission to prepare without delay a report analysing the regional problems which arise in the enlarged Community and to put forward appropriate proposals.

- undertook to coordinate their regional policies.

- invited the Community institutions to create a Regional Development Fund to be set up before 31 December 1973.'

2. In response to the Paris Summit declaration of the Heads of State or Government, the Commission submitted to the Council on 4 May 1973 a 'Report on the regional problems in the enlarged Community.'²

The European Parliament considered this report at its part-session of July 1973 when an interim report on Community regional policy drawn up by Mr F.L. Delmotte on behalf of the Committee on Regional Policy and Transport³ was adopted.

3. The Commission's report on regional problems in the enlarged Community did not contain any formal proposals as requested in the final communiqué of the Paris Summit. It confined itself to indicating guidelines within which such proposals should be made. These guidelines were closer to the European Parliament's views than the regulation on the Regional Fund which was adopted by the Council.

¹ See Ref. 15

² See Ref. 6

³ See Ref. 1

N.B. - These numbers refer to background documents listed in the Annex to Chapter XV.

On 27 July 1973 the Commission submitted to the Council formal proposals concerning the two Community regional policy measures decided at the Paris Summit (one of them involving a definite timetable):

- establishment of a Regional Development Fund by 31 December 1973;
- coordination of national regional policies¹.

The European Parliament delivered its opinion on these two proposals on 15 November 1973².

On 11 October 1973 the Commission further submitted to the Council a proposal for a regulation on the list of regions and areas eligible for aid from the Regional Development Fund³. The European Parliament, which was consulted on the matter, delivered an opinion on this proposal on 13 December 1973⁴.

4. Debates within the Council on the size of the Regional Fund endowment and its sharing among Member States blocked any decision for over a year. Finally the proposals on which the European Parliament had been consulted were modified or even withdrawn by the Commission and the Council. Since the modifications were substantial, the Council consulted the European Parliament again on 5 March 1975 on the following documents⁵:

- a proposal for a Regulation establishing a European Regional Development fund;
- a proposal for a Decision setting up a Regional Policy Committee;
- a proposal for a Financial Regulation supplementing the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities.

The European Parliament delivered its opinion on these proposals on 12 March 1975⁶ and in the conclusion of its resolution noted

'18. that the provisions proposed are based on diverse national policies and still only amount to a policy of assistance to national regional policies.'

¹ See Ref. 8

² See Ref. 2

³ See Ref. 9

⁴ See Ref. 3

⁵ See Ref. 10

⁶ See Ref. 4

The European Parliament:

'19. nevertheless decided not to propose any amendments in order to ensure that the Regional Development Fund may become operational as soon as possible, but emphasized its reservations on the new regional policy proposals ...'

and

'20. therefore requested 'the Commission to take into consideration its opinions on the occasion of a reconsideration of the regulation before 1 January 1978 - when the presentation of development programmes becomes obligatory, their cohesion and effectiveness will only be guaranteed if all development factors are taken into consideration and if local authorities take part in their elaboration and implementation.'

5. Finally, on 18 March 1975, the Council adopted Regulation (EEC) No.724/75 establishing a European Regional Development Fund, the Financial Regulation supplementing the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities and a Decision setting up a Regional Policy Committee¹.

The European Regional Development Fund, established in March 1975, became fully operational in July of that year.

The first aids from the fund were granted in October 1975 and the first payments made in the following December. Pursuant to Article 16 of Regulation (EEC) No. 724/75, the Commission of the European Communities on 29 June 1976 presented to the European Parliament its 'first annual report on the European Regional Development Fund, 1975'².

The European Parliament delivered its opinion on this report on 16 December 1976³. Parliament:

- stressed that 'an examination of this Report has shown that it already provides guidelines for a revision of the Regulation after 1977 ...'

and

'26. ...while reaffirming its reservations in regard to the Regulation adopted by the Council;

27.called upon the committee responsible to keep these matters under constant review and to report to it with a view to revising the regulation establishing the Fund both in respect of the resources placed at its disposal and in respect of the provisions governing their use and allocation.'

¹ See Ref. 11

² See Ref. 7

³ See Ref. 5

Article 18 of the Regulation establishing the Fund provides that:

'on a proposal from the Commission, the Council shall re-examine this Regulation before 1 January 1978'.

Article 2(2) lays down that, when re-examining the Regulation, the Commission shall make

'appropriate proposals for the Community's regional policy and for aid from the Fund during the subsequent period'.

The Regulation thus makes a very clear distinction between, on the one hand, the Community's regional policy and, on the other, intervention by the European Regional Development Fund which is only one instrument of that policy.

6. The distinction is reaffirmed in the opening sentence of the annual report on the European Regional Development Fund, 1975:

'...The European Regional Development Fund is not to be confused with Community regional policy'...

It cannot alone bring about the structural changes necessary to reduce the regional imbalances in the Community.

The European Parliament has always emphasized the urgent need to make this instrument operative. Since 1966 Parliament has been recommending the establishment of a special fund to finance regional development (see paragraph 10 of the Resolution of 27 July 1966 following the Bersani report). But Parliament has always urged that it should form part of a Community-wide redevelopment policy.

7. It must be recognized that national regional policies, based essentially on aids for industrial development have, on the whole, failed.

Community regional policy therefore involves questions more fundamental than those concerning the size of a Fund.

Indeed, the concept of Community regional policy implies more than the existence and functioning of the Regional Development Fund. The European Parliament has repeatedly asked that an overall regional policy