

# The European Social Fund

## European File

- Thanks to the help of the European Social Fund — wrote the British Gas Corporation — a large number of unqualified and unemployed youngsters — mostly located in Britain's most depressed regions — have had a second chance at becoming fully-qualified fitters, specialists and technicians in the gas distribution sector and achieve the same level as apprenticed workers.
- Between 1973 and 1977, Ireland's Industrial Training Authority expanded the capacity of its vocational training centres by 73% and its programmes and techniques were rapidly modernized with the help of the European Social Fund.
- In five regions of Italy some 6 000 people under 25 years of age are training for three years (1978-80) as nurses, radiology and laboratory technicians, etc. The aim is both to raise the level of qualifications of hospital personnel and to provide first jobs for young people.
- In one year, Germany's public and private advisory and welfare associations for migrant workers have helped over one million migrants (mostly young people) to cope with their employment problems. A good quarter of the cost is covered by the European Social Fund.
- At the St. Pierre hospital in Brussels, people who have been handicapped following heart attacks undergo physical and psycho-social examinations to help them find a job suited to their work capacity. These tests are partly financed by the European Social Fund.

During the last few years the European Social Fund has enabled several thousand unqualified workers in Greenland to equip themselves for new jobs. It also assists data-processing training courses organized for small and medium-sized companies in France's Rhone-Alpine region. Tens of thousands of foreign workers employed in the Netherlands benefit from programmes which — thanks to European solidarity — integrate language courses, training activities and individual orientation.

There are an endless number of examples we could mention. Since it was set up in 1960, the European Social Fund has given assistance to three and a half million workers. In 1978 — the latest year for which comprehensive figures are available — 570 million European units of account<sup>1</sup> were allocated for financing projects affecting close on one million workers throughout the Community. The funds for 1979 amount to 767 million EUA, representing a 35% increase in the budget.

The European Social Fund has given financial support to projects aimed at improving the job situation in the European Community: vocational training, retraining of workers from depressed regions and industries, assistance to migrant workers, helping young people and the handicapped enter working life, and resolving the problems caused by technical progress, etc.

Normally, aid from the European Social Fund should not be a substitute for the usual governmental expenditure in this area. It should, by contrast, encourage the relevant authorities to increase efforts to relieve unemployment problems. Requests for intervention can emanate from private organizations (companies, associations, etc) as well as from public authorities. But it is up to national governments to send these requests to the European Commission.

The Social Fund takes upon itself half of the cost of projects undertaken by public authorities. Projects undertaken by private organizations receive a subsidy equivalent to that from the relevant national authorities.

## **Why and how**

- The principal objective of the European Social Fund is to help improve the living conditions of Europeans. This is also one of the Community's principal aims.
- The European Treaties which set up the Common Market specify the implementation of common policies. Realizing these policies, though beneficial over the long term, can have undesirable effects during the early stages in certain cases, particularly as regards employment. Technical innovation, it can be argued, has helped bring about more open competition amongst Community industry. It would be suicidal to try and block innovation. Leaving present difficulties aside, it is the means of our future prosperity. The European Social Fund helps smooth out difficulties by assisting vocational training schemes for workers. It thereby helps create conditions for a better employment situation and new economic progress.

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<sup>1</sup> 1 EUA = about £ 0.66 (at exchange rates current on 12 November 1979).

- The Nine can only develop into a Community in its real sense if the inequalities between its countries, regions, economic sectors and categories of workers are progressively reduced. The Social Fund accords priority to those groups most affected by economic crisis and to workers in problem regions. In 1978, Italy and the United Kingdom, (two countries where unemployment especially affects the highly-populated regions) received 41% and 20% respectively of available funds.

The economic crisis, which began to bite in 1973 and whose consequences are still being felt, makes the work of the Social Fund even more vital. The Nine are confronted with the daunting problem of six million unemployed. The Social Fund is an expression of their solidarity.

The European Social Fund already has a long history behind it:

- signed in 1951, the Treaty establishing the European Coal and Steel Community (ECSC) was concerned with the interests of workers in these sectors. To promote the 'improvement of living and working conditions of the labour force', the ECSC finances programmes for job creation and retraining which help workers in the coal and steel industries to adapt to new economic, technical and social circumstances. In this way more than 51 000 workers benefited in 1978 from Community aid amounting to more than 60 million European units of account;
- the Treaty of Rome, signed in June 1957 and creating the European Economic Community, took its inspiration from ECSC experience. To improve job opportunities in the Common Market and help raise living standards, the Treaty catered for the creation of a Social Fund. The object was to compensate for the difficulties of certain groups caused by economic change resulting from the working of the Common Market;
- for a number of reasons, the European Social Fund, in its initial conception, did not operate entirely satisfactorily. Of course, from 1960 to 1973, it did help more than one and a half million workers. Its procedures, however, were relatively cumbersome, and its objectives too limited. This prevented it from fully achieving the hopes held for it;
- the deficiencies persuaded the European Commission and Community ministers to reform the Social Fund by extending its objectives, making its operating rules more flexible and increasing its budget. The 'new' European Social Fund came into being on 1 May 1972 and has become the motor of a more dynamic Community employment policy. The number of interventions has multiplied. Instead of automatically reimbursing operations undertaken by Member States, as was the case initially, the Fund now responds more to the Community's policy priorities. More flexible management enables it to advance money, to extend credits from one operation to another, and to extend its financial commitments beyond the current year, by progressively reducing delays in payments... at least when Member States do not delay in putting in their requests for funds.

When can the European Social Fund intervene?

- The Fund can be used when the employment situation is affected, or risks being affected, by measures taken in the framework of Community policies. To be able to intervene, the Fund must obtain a specific decision from the Community's Council of Ministers. This is the case for intervention relating to the agriculture and textile sectors and to categories such as migrant workers, young people and women.
- The Fund can also intervene when the job situation is affected by more durable difficulties which are not particularly the result of Community policy. Such intervention does not require a ministerial decision; within the limits of the funds available, it is the responsibility of the European Commission.
- The Fund can also finance preparatory studies or pilot projects dealing with new training methods.

### **The work of the European Social Fund**

In all sectors of the European economy there are problems of adapting to, and improving, working conditions. The Fund's work deals especially with eight priority sectors: problem regions, young people, the handicapped, migrant workers, women, adapting companies to technical progress, textiles and agriculture.

- *Regions*: training programmes to help regional development take first place in the work of the European Social Fund. The size of funds committed is justified by the willingness to reduce Europe's economic divergences. Other Community financial instruments, such as the European Investment Bank and the European Regional Fund, work towards the same objective by encouraging industrial and infrastructure investment. The European Commission is trying to increase their effectiveness through better coordination and the deployment of integrated operations in the problem regions. Operations supported by the Social Fund aim first of all to give a wider training to those seeking jobs. This can help regional development and, in certain cases, the survival of a homogenous industrial fabric composed of small and medium-sized companies. The Social Fund also subsidizes management training as well as efforts to keep an adequate working population in the problem regions. Projects carried out in Europe's top five priority regions (Greenland, French Overseas Departments, Ireland, Northern Ireland, Italy's Mezzogiorno) led to job opportunities affecting 235 000 people in 1978.
- *Young people*: 38% of the total unemployed in the Community are under 25 years of age, whereas they constitute only 17% of the working population. Funds for projects assisting the young unemployed have consequently increased by almost 70% between 1978 and 1979. The European Social Fund supports numerous vocational training programmes aimed at those wishing to acquire new qualifications. The main beneficiaries are those young people threatened by long-term unemployment, in particular those who have the opportunity to benefit from the traditional systems. The selection criteria adopted accord a certain priority to requests affecting small and medium-sized companies as well as those benefiting young girls and women in occupations from which they have been traditionally

## European Social Fund allocations

	1978		1979	1980
	Approved sums in million EUA	Number of persons affected	Authorized allocations in million EUA	Allocations in million EUA (Commission proposal)
Regions	263.9	349 000	313.9	427.5 min <sup>1</sup>
Young people	179.3	300 000	302.0	367.0
Handicapped	48.1	72 000	61.0	75.0
Migrants	18,5	234 000	23.0	30.0
Women	7.7	12 000	18.0	20.0
Technical progress and groups of companies	18.6	9 850	12.1	47.5 max <sup>1</sup>
Textiles	21.6	13 500	35.0 <sup>2</sup>	30.0
Agriculture	10.4	16 000		
Pilot schemes	1.5		2.5	3.0
<b>Total</b>	<b>569.6</b>	<b>1 000 350</b>	<b>767.5</b>	<b>1 000.0</b>

<sup>1</sup> These two factors are given in one budgetary figure since the allocations depend on the requests presented.

<sup>2</sup> Also one budgetary figure.

excluded. Moreover, new types of aid have been introduced during 1979 with a total value of 72 million EUA. Their objective is to support the creation of new jobs for the unemployed, under 25 years of age. This could cover jobs likely to give them professional experience or help provide the basis for a stable future career. It could also relate to stable or temporary jobs in the public service field which are not yet filled.

- *Handicapped*: retraining handicapped people for work requires both vocational training and adaptation. Numerous specialist public and private organizations have been able to extend or continue their work with the help of the Social Fund. Programmes which are of particular interest to the Fund relate to the employment or reemployment of handicapped people in competitive industry, particularly in zones where such activities are least developed. Special attention has also been given to new demonstration schemes which experiment with and improve re-adaptation methods and techniques.
- *Migrant workers*: the economic crisis seriously affects the six million migrant workers living in the Community. Some 21% of them are unemployed, often because they lack even rudimentary training and basic qualifications. In 1978 the Social Fund participated in the organization of language and vocational training courses for some 130 000 migrant workers. Increasingly, the linguistic and vocational aspects of such courses are closely integrated, conforming to the Fund's priorities. Faced with the particular difficulties of migrant workers' chil-

dren, the European Social Fund also participates in organizing education courses to help them at school. 100 000 children benefited from such assistance in 1978. Finally, the Fund subsidizes guidance services (particularly concerning jobs) and in 1978 it helped give specialist training to some 4 000 teachers and social workers.

- *Women*: both men and women benefit equally, without discrimination, from all aspects of the Social Fund. By supporting programmes specifically directed towards women, the Fund aims to help them face the particular problems they meet in their working lives. The financial impact of these programmes has more than doubled between 1978 and 1979. They cover vocational training activities in the strict sense, but also measures which favour access to employment and courses which should help women obtain confidence and enable them to follow regular training courses, particularly in sectors where the labour force is traditionally male. Two categories of women benefit from such interventions: those who have lost their jobs (about 30% of the cases in 1978), and those who wish to start work again after a long gap due, in general, to family constraints and bringing up children (about 70% of the cases in 1978).
- *Technical progress and groups of companies*: the Social Fund contributes in a modest way to technical progress and the modernization of companies in numerous sectors of the economy. This was highlighted in 1978 by a project which concerned the personnel of 28 typographical companies representing 70% of the Italian daily press (similar projects were previously undertaken in the United Kingdom and in the Netherlands). The Social Fund has given support to numerous training programmes benefiting workers in the chemical, metallurgical and construction industries required to use new technologies. It has also contributed to the retraining of small traders, craftsmen, and workers in the glass industry affected by job cutbacks. In sectors such as data processing which suffers, by contrast, from labour shortages, the Fund has helped modernize small and medium-sized companies by training managements in the disciplines of industrial management, technological innovation and import techniques.
- *Textiles*: the Social Fund has paid particular attention in recent years to dealing with the serious social problems in the textiles and clothing sectors. In this industry, as in others, it is necessary to adapt products and change production methods. The majority of work in hand aims at giving additional qualifications to workers wishing to stay in the most viable sectors of the industry, in particular young people. Only 15% of the requests put forward in 1978 concerned people ready to take jobs in other sectors of economic activity.
- *Agriculture*: linked to the reduction in job opportunities in industry, the slow-down in the rural exodus in Europe has resulted in a net reduction in interventions by the European Social Fund in the agriculture sector. Current contributions amount only to a quarter of those in 1976. The main objective of these interventions is to provide training for people leaving the land. In return, other areas have received increased allowances, for example the relocation of families in rural areas and the retention of farmers in complementary activities, e.g. in jobs 'of the future' such as the management of rural parks or nature reserves.

- *Pilot projects*: an examination of the achievements of the European Social Fund would be incomplete if the studies and pilot projects carried out in all the sectors above were not mentioned. Projects where results have been widely distributed should help all those responsible in Community countries to improve their efforts to combat unemployment and improve working conditions. Amongst the 24 new projects financed in 1978, some aim at training the heads of small companies or those in charge of job placement services. Others encourage the development of methods to help women, young people and the handicapped find jobs. The Social Fund also participates in a project to train young people as draughtsmen in the petrochemical industry, and to encourage apprentices to use self-help methods.



The evolution of the European Social Fund since its creation has demonstrated a large capacity for adaptability. By progressively modernizing its means of action and, above all, by responding quickly to the development of the European economy, the Fund has become a rapid and effective instrument for intervention. In recent years its action has given priority to the two most sensitive sectors: employment of young people and the difficulties of certain regions. Yet one problem remains: the growing disparity between the volume of requests for aid and the resources available to the European Social Fund. This gap had stretched from 52% in 1977, to 93% in 1978 and has scarcely shown any reduction since then. The European Commission and the European Parliament are pushing for an increase in the financial resources available to the European Social Fund in 1980. It is up to the people of Europe and their governments to say just how far they are ready to go to establish Community solidarity in the battle against unemployment ■



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The contents of this publication do not necessarily reflect the official views of the Institutions of the Community.

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