



**europaean
community**

BACKGROUND INFORMATION

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BACKGROUND NOTE

EUROPEAN COMMUNITY LINKS SOCIAL PROGRESS WITH ECONOMIC GROWTH

Most persons benefit from economic growth, but some are neglected -- the craftsman who loses his job to automation or foreign competition, the family farmer who must sell his land, or the handicapped, elderly, and young who lack the necessary skills to find a meaningful place in an increasingly industrialized and technological society. The European Common Market hasn't found all the answers but is setting an example for the rest of the world in experimenting with ways to bring these people back into the economic mainstream.

The United States "can profitably draw on some of the experiences in Europe with regard to manpower training and continuing education programs," said a recent subcommittee report of the US House Foreign Affairs Committee.

The Community has tried to soften the inevitable social repercussions of economic progress, technological innovations, and increased foreign trade, by instituting a comprehensive policy of adjustment assistance.

Over 20 years ago, the Community member countries foresaw that workers in the declining coal and steel industries would need retraining for jobs in other fields. Because of this foresight, 55-year-old Helmut Preuss, who had worked for 12 years at a coalface in the Ruhr but faced an imminent layoff in the mid-Sixties, is now a crane driver and earns much higher wages.

Preuss -- a real person -- is but one of more than 400,000 coal and steel workers who have benefited from the Community's adjustment assistance programs. Since 1952, the Community has spent some \$156 million retraining coal and steel workers for new jobs and helped finance about 130,000 dwellings for workers who relocated. The Community has also granted \$204 million in reconversion loans to bring new industries into the mining regions.

Social Fund Also Gives Adjustment Assistance

The Community's adjustment assistance is not limited to the coal and steel sector: the European Social Fund was set up more than ten years ago to promote the "geographical and occupational mobility" of all workers in the Community. The Fund has been so successful that the six member countries decided in May to widen the scope of its activities. The Fund's budget for next year will be nearly tripled to \$282 million.

Besides helping workers relocate (geographical mobility) or learn new skills (occupational mobility), the enlarged Fund will provide temporary income maintenance, assist in job counseling, ensure equal opportunity employment, and grant various aids to increase employment.

Previously, the Fund focused almost exclusively on the unemployed and underemployed. Now the Fund may grant aid to anyone eligible for a salaried occupation and to some self-employed persons, such as piece-work farm hands and handicapped workers. In addition, the new Fund not only will continue to respond to government initiatives, but will also take action in the private sector.

A recent Commission proposal for adjustment assistance in the textile industry gives an example of how the Social Fund is used. In just three years , 1967-70, employment in the Community's textile industry dropped from 1,761,000 to 1,687,000. Recognizing this tragedy in human terms, the Commission set forth a three-point proposal for Fund aid: unemployed textile workers would be helped to find new jobs that will utilize the skills that have often taken a lifetime to acquire. Whenever possible, these workers will be taught new skills in order to continue working in the textile industry, where they feel at home. Since many of these workers live and work in rural or semi-rural areas, socio-economic information services will be set up to advise them.

Adjustment Assistance Includes Farmers

Adjustment assistance policies, commented US Special Representative for Trade Negotiations William D. Eberle in an addendum to a September report by the Organization for Economic Cooperation and Development, "could be developed for agriculture if there were a political will to do so....the difference between industry and agriculture is a matter of governmental attitude more than it is of fundamental differences in the nature of the problem." The European Community has demonstrated this political will.

Not only has the Commission proposed that between \$130 million and \$163 million in Social Fund aid be spent annually for retraining redundant farmers, but this March the Council of Ministers took action on an adjustment assistance program especially for farmers. For the next five years, the Agriculture Guidance and Guarantee Fund will offer \$313 million in retirement pensions to encourage farmers to leave the land. In addition, \$119 million in Farm Fund aid will be allotted for retraining farmers for new jobs.

An additional \$130 million to \$163 million will be earmarked annually from the Social Fund for retraining farmers. An estimated 1,800,000 Community citizens will leave agriculture over the next decade.

The US House subcommittee report recommended: "In the light of changes in our social, political, and economic structures, it is important for the United States to study how the European industrial rationalization and manpower systems operate in order to evaluate the competitive forces our own management and labor are facing in international markets, as well as from the standpoint of the structuring of US adjustment and conversion assistance."

The Community has made a firm commitment towards a global strategy of readaptation which deliberately combines the social and the economic. All activities must fit either within the framework of a Community policy or into programs tending to remedy employment imbalance at the source. The concern with underscoring the economic context of activities chosen is indicative of the new, global concept of the EC Social Fund mission.

The Commission is henceforth empowered to promote, complete, or financially support preparatory studies and pilot projects.