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PRESS RELEASE

Two proposed regulations to increase effectiveness of the
European Social Fund

At its last meeting the EEC Commission approved two proposed regulations to increase the effectiveness of the European Social Fund's operations.

The European Social Fund was set up by the Rome Treaty and came into operation in late 1960. Its purpose is to promote within the Community opportunities for employment and the geographical and occupational mobility of workers. It refunds 50% of expenditure on occupational retraining and on resettlement allowances for unemployed and underemployed workers. It makes the same contribution to the financial aid granted by the Member States to maintain the same wage-level for workers whose employment is reduced or suspended as a result of industrial conversion. Up to December 31, 1964, the Fund has paid out a total amount of 24.5 million units of account. Over 330 000 workers have been enabled to find new employment.

Though the results of the Fund's first four years have been positive on the whole, the Commission has become convinced of the need to revise its present rules on account of economic changes and the speed-up of the integration process.

The Commission's new proposals come under three heads:

- (i) Today the European Economic Community is enjoying near full employment. Almost everywhere there are serious strains on the labour market owing to the lack of skilled labour. In these circumstances, the main concern is not so much to eliminate unemployment as to guarantee stability of employment and upgrade workers who have no qualifications or whose skills no longer correspond to the requirements of new production techniques. With this in view, the first measures proposed will enable the Fund to contribute to the cost of in-service training so that workers can acquire skills corresponding to the needs of the labour market.

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- (ii) Economically, the Community is still suffering from regional imbalances. The problem of eliminating unemployment becomes more and more closely linked with that of developing under-developed or declining areas. Consequently a second set of proposals aims at widening the possibilities for Fund operations at regional level through:
 - (a) Contributions by the Fund to expenditure on maintaining the wage-levels of workers who have become redundant on the closing down of a firm operating in an under-developed area and have been taken on by a new firm setting up in the same area;
 - (b) Contributions to finance the construction of retraining centres in areas lacking suitable facilities;
 - (c) Advances from the Fund for retraining as part of regional development or to help migrant workers.

- (iii) One of the main obstacles to the geographical mobility of workers is the housing shortage in most immigration areas. Workers in many cases cannot be joined by their families. One main consequence of separation is instability in the new place of residence, often leading to an early return to the home country or repeated removals. To remedy this situation and improve the living conditions of migrant workers, a third set of proposals will enable the Fund to promote housing construction and contribute to the aid given by the social services to migrant workers and their families.