The European Social Fund (ESF) is one of the longest-standing instruments of supranational policy available to the EU. Since 1957, it has allowed the Community to intervene in all its Member States to improve the labour market conditions. The ESF allows the participation in the labour market of both workers impacted by the trade liberalisation prompted by the EU and marginalised segments of the population, mostly by providing training activities. In the context of the emerging European Social Union, the ESF is of paramount importance, since it constitutes a buffering policy that facilitates reconciliation between the EU economic sphere, dominated by market integration, and the nation-based welfare states. In this policy focus we are going to reconstruct the history of this particular policy instrument; then we will proceed to analyse its operations, based on its stated policy goals and instruments, and to provide some measures of its impact based on its budget and its visibility.

History of the ESF

The ESF was created by the Treaty of Rome in 1957. According to the ILO group's preparatory documents, the Common Market could create economic and social problems in the labour market; hence the need for a supranational policy to contrast these problems. According to Tomè (2013), the beginnings of the ESF were just 'modest': the unemployment rate was around 5% and the only 'problematic country' was Italy. The policy only supported unemployed people for retraining operations or the reconversion of companies; however, the main beneficiaries were individuals. This situation changed because of the economic crisis of the 1970s, which caused unemployment and job insecurity to soar. The ESF adapted to the new situation through a new regulation issued in 1971, which introduced the possibility of 'joint action to improve the balance between supply and demand for manpower in the Community' in order to 'intensify preventive action against unemployment and underemployment'. In order to better meet this objective, the eligibility criteria were also reformed to provide assistance to specific groups within the labour force (e.g. adult women who wanted to be reintegrated in the labour market). The council's resources were also substantially increased.

In 1977, the ESF was adjusted once again to introduce multiannual guidelines determined by the Commission; according to Tomè (2013), one of the major innovations of this period was the fact that, in 1975, the ESF began to be linked with the European Regional Development Fund. During the period 1984–1989, the Fund remained substantially unchanged, with a minor reform in 1983 which further extended the ESF's objectives to fighting youth unemployment. In the same period, part of the ESF resources were employed in the Integrated Mediterranean Programmes, which were fostered to create development in the less developed regions of Italy, Greece, and France. The peculiarity of the intervention was the so-called 'integrated approach': ESF resources were used along the ERDF to foster local development.

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This was quite a strong departure from the sectorial logic of intervention that has regulated the ESF hitherto: what was targeted were not the problems affecting a given sector, but those affecting a place. Moreover, the ESF instruments were combined with that of the ERDF to target both human resources development and local economic and infrastructural development. The IMPs were the prelude to a radical reform: in 1986, the Single European Act changed the legal landscape. The Commission, according to Tomè (2013), decided to adjust the ESF to cater to the needs of the less developed regions within the Single Market; the ESF was integrated within the cohesion policy, along with the other structural funds (especially the ERDF and, following the Maastricht Treaty, the cohesion fund). The ESF now shared a set of common principles with the other Structural Funds: programming periods were introduced to have a more coherent action through time. Moreover, the concentration principle was introduced to assert that the development of the laggard regions was an absolute priority: unlike in the past, the substantive criteria regulating the distribution of funds were mostly decided by the Community and not by the Member States. Other existing principles, i.e. the additionality principle, stating that the Community intervention was complementary and not substitutive to the Member States' action in the same field, and the partnership principle, stating that the Community, the national and the local authorities, along with partners from the civil society, shares responsibility for the joint policymaking of the cohesion policy. While the ESF has maintained its characteristics ever since, there have been substantial changes in the way in which the ESF is employed since 2005. According to Salgado (2013), the ESF has been increasingly used to pursue the employment objectives contained in the Lisbon agenda first, and then Europe 2020. Following the mid-term revision of the Lisbon strategy in 2005, the EU decided to use the resources from the ESF to pursue EU-wide objectives via a set of ex-ante conditionalities; this tendency has also been referred to as the 'strategic turn' of cohesion policy (Manzella and Mendez 2009).

The 2013 crisis also contributed to a radical reform of the ESF. While the strategic turn of the ESF, and the cohesion policy in general, continued, the integration between the Fund and the objectives of Europe 2020 became even more accentuated (Donati 2018). The ESF, in fact, needed to contribute to achieve the Europe 2020 objective of 'inclusive growth' through three thematic objectives concerning employment, social inclusion, and education.

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The compulsory earmarking provides that 'at least 20 per cent of ESF funding must be devoted to the social inclusion priority' (Fargion and Profeti 2016). Along with these innovations, the ESF, as part of cohesion policy, was subjected to macro-economic conditionality, a form of conditionality defined by the former Commissioner László Andor as 'exogenous', since it does not share the goals of the policy, but rather makes the policy instrumental to the achievement of macro-financial stability within the Eurozone and the Single Market in general.

ESF: policy goals and instruments

According to Tomé (2013), the ESF can be defined as a 'human resource development' (HRD) policy, since investment in training is central to ESF intervention. Hence, ESF can be better understood through the lenses of the human capital theory, according to which 'training will provide benefits for individuals, organisations and countries as a whole'. The benefits are 'better wages for individuals', 'higher productivity' for organisations, and 'high equilibria' for societies. This ties into the logic of territorial development of the ESF: when there is a low equilibrium, 'productivity, skills and investments are all low', and this is the result of a vicious cycle that exists in under-developed territories. Vice versa, in affluent territories, investment in skills is high, hence resulting in a virtuous cycle of investments. When this theory is adjusted to factor in labour mobility, as has been the case for the Common Market and especially the Single Market since 1986, it creates a situation where ‘a depressed economy with a shrinking labour market and poor social infrastructures expels and repels the labour force’ while, simultaneously, ‘a region with (…) positive features like a booming economy, vacancies in the labour market, and good social policy infrastructures’ tends to do the opposite. Hence, the logic of public intervention that undergirds the ESF is that of a ‘public support to HRD’: ‘the existence of the ESF corresponds to the political belief that HRD policies are needed to balance the European economy’.

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However, Tomè also recognizes that, while the HRD paradigm is well suited to explain the creation of the ESF and the major part of its intervention, this policy logic has been complemented throughout the various reforms that have occurred by other complementary policy goals: that of support of ‘unemployed, specific target groups, young people and a myriad of groups of people and organisations facing employability problems’. Along with these policy goals, the goal of ‘social inclusion’ has become an integral part of the ESF, to the point that under the 2014-2020 multiannual financial framework, public expenditure to foster social inclusion should account for 20% of the ESF allocations in each Member State, a compulsory earmarking that could be further reinforced for the next programming period 2021–2027, raising the resources devoted to social inclusion programmes to 25% (European Commission 2019). This, according to Fargion and Profeti (2016) is in line with a general shift in the policy objectives of Cohesion policy: ‘with the realignment (…) with Europe 2020 priorities, the social dimension has gained increased visibility (and legitimacy) in the narrative which has accompanied the formulation of the new ESIF regulation for 2014–2020’: ‘if Cohesion policy is to contribute to the Europe 2020 strategy, it needs to contribute to the new EU inclusive priority, with a further broadening of its goals and related expectations’. In this regard, the ESF has become an instrument which is able to steer national and regional social policies, in major European countries, towards the quantitative social inclusion objectives introduced during Europe 2020 (Jessoula and Madama 2018).

How relevant the ESF is?

In terms of budget, the ESF is one of the most relevant expenditure items available to the EU. During the 2014–2020 programming period, the global resources of the ESF were €86,405.02 billion in current prices (source). Of the total ESIF budget, the ESF represented 19% (7.95% of the total 2014–2020 financial framework).

But how visible the ESF really is among the general public? In 2010, the 350 Special Eurobarometer on the European Social Fund directly answered this question. The report shows that 58% of Europeans do not know what the ESF is, and while almost 40% have heard of it, only 13% know what it is. While this result may be disheartening for a Fund that has existed since the Treaty of Rome, the Report actually finds a silver lining in the fact that 'awareness seems to have improved since spring 2009, when a Eurobarometer survey showed that 67% of Europeans had not heard of the ESF'.

The Eurobarometer also includes a disaggregation of these results according to the respondents' occupation, their economic status and their social positioning. Concerning the section on the respondents' occupation, it is particularly interesting to note that the groups with better knowledge of the Fund are managers (56%) and other white-collar workers (52%), along with the self-employed (52%). Conversely, the percentage is lower among some of the ESF's target groups, such as the unemployed (36%) and manual labourers (39%), although they are more exposed to the ESF programmes.
Regarding economic status, measured in terms of 'difficulties paying bills', the result is similar: those who 'almost never' have difficulties are more aware of the existence of the ESF (43%) than those who have difficulties paying bills 'most of the time' (34%). The same can be said concerning self-perceived social status: those who are 'high' on the social staircase are, in percentage, more aware (46%) than those self-positioning themselves in the lower strata of society (33%).

Conclusion

The ESF, thanks to its long history, represents one of the most stable instruments available to the EU in contrasting the negative effects that the trade integration policy spurred by the Single Market and EMU has created. While the ESF is one of the main items of the EU Budget, financially speaking, it is still largely unknown to the general EU public. In the future multi-annual financial framework, the ESF (as the ‘European Social Fund Plus’) is going to incorporate other social policy instruments of the EU: the FEAD, the EASI, the EU Health Programme, and the YEI (which is already part of the ESF 2014–2020 regulation). On the one hand, compulsory earmarking will keep some of the objectives of the pre-existing funds distinct from the ESF+ (especially in the case of the FEAD and the YEI). On the other hand, this operation is going to increase the overall visibility and the budget of the ESF. This could serve as a good compromise between the functional need of multiple instruments of social policy, and the symbolic strive to confer the European Social Union, and the ESF, a wider European public.

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