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WORK SHARING AND ITS ECONOMIC AND SOCIAL IMPLICATIONS

(Communication to the European Council - Strasbourg,
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WORK SHARING AND ITS ECONOMIC AND SOCIAL
IMPLICATIONS

1. The European Council of 12/13 March asked the Commission to present a communication on the economic and social implications of a concerted policy of work sharing; in addition it asked the Council to make a particular study of the actions relative to limiting the systematic use of overtime and to developing alternance training.

The present communication is an interim response to this mandate.

2. The debate on work sharing begun in 1978 in the Standing Employment Committee and the Tripartite Conference, has continued on the basis of a communication from the Commission to the Council of Ministers of May 1979.

The Economic and Financial Affairs Council undertook a first exchange of views linked to provisional conclusions, on the basis of an oral report from the President of the Economic Policy Committee and invited this Committee to undertake a detailed study of these problems.

The Council of Ministers of Employment and Social Affairs of 15 May asked the Commission especially to undertake its studies and analyses, taking account of the requests of the European Council and the guidelines of the Council, in order to establish a community framework for work-sharing for :

- the annual duration of work
- the limitation of systematic overtime working
- the development of vocational training and alternance training
- flexible retirement
- voluntary part-time working

- temporary work
- continuous shift working.

and to present proposals as soon as appropriate.

The European Trade Union Confederation which held its Congress in Munich from 13 to 17 May considered that these conclusions did not commit the Council of Ministers sufficiently.

In addition, during the Standing Employment Committee of 22 May, the trade union representatives, - despite the wish of the Council, reiterated by the Chairman, to make real progress on work-sharing before 1 December - refused to continue to participate as long as the employers organisations did not express clearly their willingness to participate in negotiations on this subject.

3. The analyses of the economic and social implications of work-sharing that the Commission has begun is too little advanced to afford a precise representation of the effects of a measure such as the reduction of working hours. It is nevertheless possible to at least outline the conditions in which such measures might be put into effect.

In this respect the Commission fully accepts the conclusions of the Council concerning in particular the demands of internal and external competitiveness, the complementary role of a policy of growth which would have to reinforce work-sharing measures, and the fundamental role of the social partners. It believes equally that an uncoordinated implementation of work-sharing measures by Member States would have serious consequences for their internal and external competitiveness. These risks justify the community framework which the Council desires.

The Commission emphasises that the effects of work-sharing on employment depend notably on the following factors :

- work-sharing can have positive effects on productivity which may in turn reduce the employment impact whilst improving the profitability of the firm;

- work-sharing implies a negative effect on wage costs, and thus restricts growth, increases inflation and reduces demand;
- finally, it affects the internal organization of the firm and may have its positive employment effect limited by local shortages of staff, particularly the qualified.

To help resolve the question of costs an examination is required of means of sharing these between the state, workers and firms. Public budget support appears less desirable, given the present budget levels and the risk of spreading. A direct link between work-sharing measures and wage increases may be more suitable to avoid the impression that the same factors of productivity can provide both increased revenue and reduced working hours at the same time. The distribution of the benefits of productivity must, in the end, reflect the requirements of employment growth.

These considerations lead the Commission to the following guidelines which are the basis for its initiative :

- a) work-sharing, in so far as it is a complementary policy cannot be based on a single measure but on a range of measures, varying according to circumstances yet avoiding cumulative effects;
- b) it implies a strict link with wage increases, gains in productivity being allocated in part to the reduction of working time rather than increases in pay;
- c) it relies, in the case of most measures, on the autonomy of the social partners and must be negotiated between them. Nevertheless, the public authorities are also concerned, whether the guardians of the public budget, by their role in overall coordination of policy, or in the exercise of their legislative and regulatory function.

a) finally, the risk of increasing economic divergence and of provoking a deterioration in industrial relations. This must lead the social partners, in view of the resolution of the European Council of 12 and 13 of March, to take the initiatives necessary to develop their dialogue at Community level.

It will be appropriate in this respect to aid and encourage direct negotiation between the social partners at Community level with a view to reaching conclusions in an agreed European framework concerning the redistribution of the annual volume of work or the harmonization of provisions regulating continuous shift working.

It will also be important to forsee the development by the Community institutions after discussions with the social partners, of Community provisions relative to the limiting of systematic overtime working, to the development of vocational training and alternance training and to temporary work.

Finally, there will be a need for deeper consideration and broad consultations on the question of extending voluntary part-time working and the introduction of a system of flexible retirement.

The Commission will follow-up the work begun during the second half of this year, furthering its examination of Community actions along with the analysis of economic and social implications.

It requests the European Council

- to note this work programme
- to invite the social partners to cooperate actively in the realization of the programme.