Reduction in working time

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The massive sums - currently estimated at £350 billion a year or nearly 4 per cent of the Community's gross product - spent by Europe's exchequers on providing benefits for the Community's 20 million unemployed could be better used to subsidize a reduction in working hours and thus boost the opportunities for recruitment. This is one of a number of novel ideas contained in the much-discussed report by former French Prime Minister Mr Michel ROCARD (PES, F) on reducing working hours in the Community, which was finally adopted. The report (PE 212.851) has been hotly debated by Parliament's political groups over the past 18 months. According to a motion for a resolution contained in the report, the Commission and the Member States should study the potential savings that could result from eliminating unemployment to ascertain whether such savings could be used to compensate employees for wages lost through a reduction in working hours. Such compensation could be paid from the public purse in the form of either a direct wage subsidy to the firms involved or, preferably, an adjustment in the social security contributions paid to the state per employee. This adjustment in social security contributions would ideally be put into effect in such a way as to give an incentive to firms to reduce the number of hours worked by their existing employees. Thus, contributions per employee could be reduced for the first 32 hours worked, say, but might actually be increased in respect of the number of hours worked in excess of 32. Citing Adam Smith and John Maynard Keynes, Mr ROCARD, who was Prime Minister of France from 1988 to 1991, used his explanatory statement to criticize the silence of the Community institutions on the subject of a reduction in working hours and to warn that conventional measures to reduce unemployment, such as encouraging growth, would not be sufficient. His report was drawn up drawn up having regard to Articles 2, 3, 103, 118 and 118b of the EC Treaty. It starts from the premise that large-scale unemployment is still the main scourge threatening social cohesion in the Union. "The persistent residue of unemployment is increasing from one cycle to the next and is not reduced during economic cycles," the resolution said.The struggle against unemployment, therefore, was an absolute social and political priority. However, no single weapon or exclusive solution was capable of dealing with the problem. A key recital says, none the less, that consistent reductions in working hours could lead to a better distribution of existing work on the basis of: * a significant reduction in the working week; * more part-time working with social insurance cover; * the phasing out of overtime; * granting sabbatical leave; * permitting short breaks during the working day; * reorganizing working hours. A significant reduction in working hours would make it possible to reduce unemployment significantly both by directly creating jobs and by enabling redundancies to be avoided. Accordingly, the resolution calls on the European Commission to undertake detailed quantified studies on the effects of policies which encouraged a significant reduction in working hours. The Commission should also examine the experiments to reduce working hours carried out in the Member States. In addition to these studies, the Commission should draw up a draft recommendation setting out options for Member States on reducing working hours so as to promote employment without damaging international competitiveness. The Commission should also encourage the two sides of industry to engage in consultations with a view to concluding flexible agreements on reducing working hours. Such agreements should enable businesses to introduce different arrangements for working hours as employment opportunities arose. The two sides of industry should also enter into negotiations with a view to gradually replacing overtime with compensatory leave, "thereby making it possible to create several million jobs in the Union". However, according to the resolution, the Council and Commission should create the right preconditions to enable all employees to enjoy equal rights, regardless of the type of working hours for which they opt. Concessions to small and medium-sized enterprises must not detract from the rights acquired by workers regarding safety at work and social protection. To deal with the increased leisure that will result if working hours are reduced, the resolution suggested that the Commission and the Member States should consider decentralized strategies to support lifelong learning, sporting and cultural activities and community work. While the prospect at present was

for a four-day week within ten to fifteen years, Mr ROCARD warned in his explanatory statement that "we will not be successful in substantially reducing working hours and, as a result, eliminating unemployment unless such a reduction is wanted".