

The management and reduction of working time in the Community

European File

Shorter working hours: this has been one of the battle cries of workers' organizations throughout history and it has been answered with some impressive advances. The standard eight-hour working day was only introduced in some countries in 1918, but, nevertheless, from the beginning of the century to the present day, the number of hours worked by a wage earner up to retirement has been cut progressively from 120 000 to 70 or 80 000.

For a long time reductions in working hours were primarily prompted by the desire to improve living and working conditions. Up to the start of the economic crisis in 1974-75, rapid improvements in productivity in a period of full employment had allowed the fruits of growth to be shared by increasing wages and prolonging leisure time. Today, for the first time, the question of managing working time is being considered as part of overall employment policy.

The current situation is dominated by the problem of unemployment which:

- is affecting increasingly large numbers of people in Europe: at the beginning of 1981, the number of registered unemployed in the Community had passed the 8 million mark and the total is, sadly, likely to rise further in the near future;
- is tending to become structural: for the last five years, more than 5% of the Community's working population has been on the dole, over 10% in some Member States;

- daily threatens new sectors of the population, although women, young people and those living in certain regions are still hardest hit.

The outlook for the future is hardly encouraging.

- The high birthrate of the 1960s means that the number of young Europeans looking for a first job each year outstrips the number of workers retiring. The annual surplus is now running at between 500 000 and 800 000 and the trend is unlikely to reverse before 1985.
- New concepts about the role of women and the family, combined with social and technological developments are leading an increasing number of women to seek paid work.
- The number of immigrant workers is stabilizing: the number of immigrants returning to their homelands — often themselves hit hard by the crisis — is falling but the integration of immigrants' children and the enlargement of the Community (Greece today, Spain and Portugal tomorrow) is causing new problems.
- Our economies are bad at adjusting to increased demand for jobs. Europe has to meet both the challenge of increased competition from new industrial rivals and repeated oil-price rises, which fuel inflation. Difficult structural changes are upon us and, for the second time in ten years, demand and economic activity are falling off. If a fresh worsening of the employment situation is to be avoided, economic growth must equal that of productivity. Recent technological breakthroughs (telematics, etc.) and the low level of investment are, however, hampering this aim.

Against this background, a reduction in working hours takes on a new meaning. For several decades, and up until a few years ago, this reduction had been of the order of 1% a year. Is this rhythm sufficient or should it be speeded up? Can we be content with a situation where job applicants remain excluded from work or are forced out of it? Should the cards not instead be re-dealt and the overall amount of work available, in terms of the number of jobs and working hours, divided so that salaries are shared between the greatest number of people and so that all job-seekers find work.

But how can this new division be brought about when :

- people in Europe show widely different preferences in this respect. A poll carried out for the European Commission in 1977 showed that 37% of Europeans would prefer a reduction in daily or weekly working hours, 25% longer holidays and 33% a lower retirement age;
- a redistribution of labour would pose tricky problems from the point of view of industrial incomes, the wage bill, and the capacity of firms to innovate and change. These are the major criticisms that greet the idea of a faster reduction in working time, while supporters of the idea, on the contrary, expect new jobs to be created or at least existing ones safeguarded.

The same trend, but very varied from country to country

In all Community countries, trade unions, employers and governments are discussing the possibilities of cutting working hours, although these discussions are based on widely differing ground-rules and often take place in an atmosphere of conflict.

- In France, the Barre government tried to promote a pact between trade unions and employers by appointing a mediator. President Mitterrand has declared himself in favour of a negotiated reduction in working hours.
- In Denmark, the government has put a plan to parliament limiting overtime to 100 hours per worker per year, with the detailed arrangements for achieving this left to collective agreements between workers and employers. Working overtime would give an employee the right to both extra payment and compensatory time off.
- In the Netherlands, dockers in Rotterdam and workers at an oil company in Amsterdam, who work around the clock, succeeded in securing the recruitment of a fifth shift, but have had to give up wage rises and various holiday rights in return.
- In Belgium, more than 50% of employees already work a 38-hour week (36 hours in some sectors). The government gives subsidies to firms which switch to 38 hours (or less) and which employ youngsters seeking their first job or unemployed people who have been out of work for long periods of time.
- In the Federal Republic of Germany, an unusually bitter wrangle within the steel industry has led to the gradual introduction of a six-week paid holiday and rest periods or extra time off for night-shift workers and older employees. This agreement has been used as a model for numerous others, both in industry and in the public sector.
- In Italy, shift work in some sectors has been reorganized with the working week cut to 36 hours, spread over six days of six hours each.
- In the United Kingdom, public sector employees have been on a 37.5-hour week for some time. Manual workers, whose working day is long and often made longer by overtime, have greeted an agreement reached in the steel industry as something of a breakthrough: the working week was cut to 39 hours and five weeks paid holiday is being phased in.

These examples, which are given purely as illustrations, show:

- the difference in results obtained. In countries such as the FR of Germany, Italy and the Netherlands, the legal working week is still 48 hours, while collective agreements in fact set the actual level at 40 hours or less, as in other countries;
- the wide variety of experience. In each Community country, the starting point and the end result have differed according to work sector and region concerned. Some companies have introduced original formulae for organizing their workforce, which have experimental value;

- the very different role played by the State according to national practices and the policies of the various governments. Most feel that the question of working time should be dealt with first and foremost by the social partners (trade unions and employers). Legal provisions in the field are particularly scant in Denmark and the UK. And the caution of the German Government, for example, contrasts starkly with the more active role of the French and Belgian Governments, which are doing their best to encourage trade unions and employers to reach agreement.

Reasons for Community action

A double pressure – from trade unions and plain economics – has urged the Community to take up the issue of working time, while still respecting the priority of social partners and the Member States in the field. In fact:

- too wide a diversity in working hours from one country to another could provoke distortions of competition within the common market. Moreover, any reduction in working time, in whatever form, has repercussions on production costs and therefore on a firm's capacity to compete. Uncoordinated developments within the Community could aggravate cost differences, hampering certain industries or firms, whose share of the market would dwindle to the advantage of their better placed competitors and thus slow down the alignment of Member States' economies, which is one of the Community's objectives.
- these objections would lose their sting if a reduction in working time was achieved at international level or at least within the Community, one of whose central aims is to improve the living and working conditions of its citizens. The trade unions recognized early on the need for concerted international action in this field. In 1979, the European Trade Union Confederation (ETUC) called for a general reduction of 10% in working time over four years, with the actual mechanics of the reduction (35-hour week, six weeks annual holiday, retirement at 60 years, etc.) left to negotiation at national or sectoral level.

A Community approach to the problem would allow targets to be set and a framework established within which the social partners or national legislatures could fulfil their broader and more immediate roles. It would also permit the Community to play a part in existing initiatives, to coordinate and if necessary channel them towards fixed objectives.

Nevertheless, Community action cannot be expected to achieve too much in the isolated field of managing and reducing working time. European job prospects depend above all on the economic and monetary policies that the Member States employ to curb inflation and improve competitiveness. The European Commission is convinced that the effectiveness of these policies could be reinforced by Community-level coordination, as much in economic and monetary policy as in industrial policy, energy, research and foreign relations.

The Community approach

Working time has been the subject of frequent discussions at Community level for several years, with European Commission proposals, debates and resolutions by the European Council and the Council of Ministers, meetings of the Standing Committee on Employment and the Tripartite Conference, in which the Commission, Member States, trade unions and employers are represented. UNICE and ETUC, the European-level employer and trade union organizations discussed the topic several times during 1978, thus marking a new step in the history of industrial relations in Europe.

At the close of the 1978 Tripartite Conference, the Community adopted a balanced strategy aimed at curbing the economic crisis and boosting employment. Its three key aims are: higher economic growth, which is lasting and less inflationary, and backed by increased investment; changes in economic structure; social measures in the field of employment and working time.

On social measures, the European Commission presented the Council of Ministers with a set of guidelines in May 1979 for policies on the job market and working conditions, taking account of the imbalance between supply and demand for labour. The Commission also proposed a Community approach for reducing overall annual working time, restricting regular overtime, broadening the possibilities for flexible retirement, encouraging temporary work and extending schemes for alternance between work and training.¹

Talks with governments and the social partners have allowed the Commission to establish a number of preliminary guidelines for a Community approach:

- the question of working time cannot be separated from the wide aim of improving living and working conditions;
- increased production costs resulting from a reduction in working time must be capable of being offset by productivity gains;
- companies' profitability and the international competitiveness of the Community must not be jeopardized;
- the measures adopted must allow for subsequent changes in the employment situation;
- all the interested parties must be involved in constant dialogue, cooperation and negotiation.

The economic repercussions of a reduction in working hours and its effects on employment are subjects of lively debate. Employers' representatives point out a number of uncertainties and risks and want in-depth studies on the evolution of production

¹ This latter aim will not be enlarged upon here since it is now being considered within the broader framework of professional training.

costs and productivity. Their key problem is to know whether reductions in working time will be compensated for in terms of salary costs, and, if so, to what degree, along what lines and at whose expense.

The European Commission has been quick to warn its partners that, given the structural imbalance between supply and demand for labour, possible side effects and the response of companies (rationalization, changes in production patterns, overtime, subcontracting, etc.) there is no simple arithmetic model for calculating the immediate effects of a reduction in working time on employment. Faced with this, studies have been launched within the framework of the research programme on the evolution of the labour market and the Community Economic Policy Committee has defined a number of guidelines on the basis of an expert's report on national experience. The European Commission recommended a differentiated and progressive approach, taking account of the needs of different sectors. The elements of this approach could be, according to the particular case:

- framework agreements negotiated at European level between the social partners, either at their initiative or following a Community move and, where appropriate, with the technical and intellectual support of the Commission;
- the drawing up of framework directives setting out major common objectives, whose means of implementation would be worked out at national or sectoral level.

These guidelines have been refined following talks with the social partners and national experts. The Council of Ministers was therefore in a position to adopt a resolution on the management of working time on 18 December 1979, which breaks new political ground since it lays down the first elements of a common European language in the field of industrial relations and social policy. Steering clear of tempting but controversial aims, the Council chose to talk of 'management' of working time rather than 'work-sharing' and stressed the social as much as the employment implications of such a policy. The Council established the scope and guiding principles of Community policy but has yet to decide on the means for implementing it, preferring to leave the Commission to continue more detailed talks with the social partners.

As a first step, and in parallel with what has been done in the Member States, the Commission, at the request of the Council and in close cooperation with the social partners, has produced communications on flexible retirement, part-time working and temporary work. The Commission has also been asked to assess the possibility of developing a Community approach to a reduction in annual working time and restricting regular overtime, bearing in mind the responsibility of the social partners in these areas.

- Overtime: there is no question of prohibiting overtime but rather of restricting its regular use without jeopardizing the need for flexibility in the production process and on the job market. The Commission has suggested an effective system of voluntary restraint based on paid leave being taken in compensation for overtime worked above a certain threshold. During discussions with the social partners, the first outlines of a future Community strategy on overtime emerged.

- Annual duration of work: the accepted wisdom is that agreement on this point will only be reached through voluntary accords between employers and unions at European level. No overall agreements of this type have been reached at this level before and their negotiation therefore required the establishment of necessary structures. A series of 'summit' meetings between UNICE and ETUC have dealt with the Commission's idea of a European framework agreement in some depth. The first European agreements on the harmonization of working time in certain agricultural sectors offer some sort of model, although they cannot be transposed directly. Talks between the social partners need to continue.
- Voluntary part-time work: the Commission feels that this type of work should not be treated as a special case. It should be covered by a voluntary agreement between all parties concerned; it should not be restricted to half-time work nor be only available to women or the least-skilled workers. The Commission does not want to generalize part-time work at any price but to do away with legal and professional discriminations that penalize it. Certain accepted minimum Community standards could be necessary here. The large measure of agreement reached on these guidelines at the meeting of the Standing Committee on Employment on 12 December 1980 points to the possibility of concrete measures being drawn up.
- Flexible retirement: governments and the social partners have agreed that workers should gradually be given the right to choose for themselves the age at which they retire. The social and psychological value of such a reform is clear, but accompanying provisions will be needed to offset its economic and demographic effects. The Commission has been asked to draw up these provisions.
- Temporary work: this type of work meets certain requirements of the economy but care must be taken to avoid abuses arising from short-term contracts or the employment of temporary workers. During the meeting on 30 October 1980, the Standing Committee on Employment and the European Commission agreed that social protection for temporary workers needed to be strengthened. Their right to information and various advantages enjoyed by other workers in the firm where they are employed must be recognized and guaranteed. The particular difficulties of temporary workers employed outside their country of residence merit special attention. Community action along these lines can be envisaged.



All these problems are new to the Community and the Community can only become involved gradually, respecting the priorities of the different parties concerned. Nevertheless, the Community institutions and particularly the European Commission are now devoting major efforts to encouraging dialogue and coordinated development in these fields within the Community ■



The contents of this publication do not necessarily reflect the official views of the institutions of the Community.

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