

European Communities

445.21

+

445.31

EUROPEAN PARLIAMENT

Working Documents

1981-1982

24 August 1981

DOCUMENT 1-425/81

Report

drawn up on behalf of the Committee on Social Affairs and Employment

on ~~employment~~ and the adaptation of working time

Rapporteur: Mr D. CERAVOLO

122

At its meeting on 21 December 1979 the Bureau of the European Parliament authorized the Committee on Social Affairs and Employment, at the latter's request, to draw up an own-initiative report on the 'Communication from the Commission to the Council on work sharing' (COM(79) 188 final of 9 May 1979) and on the 'Council resolution of 18 December 1979 on the adaptation of working time' (OJ N° C 2, 4.1.1980).

At its meeting on 18 December 1979 the Committee on Social Affairs and Employment had confirmed its earlier decision to give its views in a single report on the abovementioned documents and on those listed below, which had been referred to it pursuant to Rule 25 of the Rules of Procedure:

- motion for a resolution by Mr Fellermaier and others on employment policy (Doc. 169/79) and
- motion for a resolution by Mr Dido' and others on the directive on shorter working hours (Doc. 1-377/79/rev.).

At the same meeting the Committee on Social Affairs and Employment appointed Mr Domenico Ceravolo rapporteur.

At its meetings on 23 April 1980, 15 July 1980, 25 February 1981 and 13 April 1981 the committee examined the draft report and at its meeting on 24 and 25 June 1981 it adopted the motion for a resolution by 16 votes to 6 with 2 abstentions.

The following were present: Mr Van der Gun, chairman; Mr Dido', vice-chairman; Mr Ceravolo, rapporteur; Mr Arndt (deputizing for Mr Sarre), Mrs Baduel Glorios, Mr Barbagli, Mr Bonaccini (deputizing for Mr Frischmann), Mr Boyes, Mr Brok, Mr Calvez, Mrs Clwyd, Mr Georgiadis (deputizing for Mr Abens), Mr Ghergo (deputizing for Mrs Cassanmagnago Cerretti), Mrs Nielsen, Mr Prag, Mrs Salisch, Mr Schinzel (deputizing for Mr Peters), Mr Seeler (deputizing for Mr Oehler), Mr Spencer, Mr J.D. Taylor, Mr Tuckman (deputizing for Miss Brookes), Mr Verhaegen, Mr Vernimmen (deputizing for Mr van Minnen) and Mr Wawrzik (deputizing for Mr Estgen).

The opinion of the Committee on Economic and Monetary Affairs is attached.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	15
PART ONE : Summary of the documents under consideration ...	15
(A) Communication from the Commission to the Council on work sharing (COM(79) 188 fin.)	15
(B) Motion for a resolution tabled by Mr Fellermaier and others on employment policy (Doc. 169/79)	22
(C) Motion for a resolution tabled by Mr Dido' and others on the directive on shorter working hours (Doc. 1-377/79/rev.)	23
(D) Council resolution of 18 December 1979 on the adaptation of working time (OJ No. C 2, 4.1.80)	24
PART TWO : Topics and problems relating to adaptation of working time	27
Section 1 : General subject matter of the report	27
Section 2 : Employment and the labour market	28
Section 3 : Social, economic and political aspects of unemployment	32
Section 4 : Economic policies for employment	33
Section 5 : Social policies	34
Section 6 : Adaptation of working time	35
Section 7 : Advantages of a Community initiative to reduce working hours	37
PART THREE : Relationship between new technologies and employment; current measures to reduce working time - European facts and trends	39
Section 1 : New technologies and employment	39
Section 2 : Working hours	47
Opinion of the Committee on Economic and Monetary Affairs	58
ANNEX I : Motion for a resolution tabled by Mr Fellermaier and others on employment policy (Doc. 169/79)	71
ANNEX II : Motion for a resolution tabled by Mr Dido' and others on the directive on shorter working hours (Doc. 1-377/79/rev.)	73

A

The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on employment and the adaptation of working time

The European Parliament,

- having regard to the Commission communication to the Council on work sharing (COM(79) 188 fin.),
- having regard to the motion for a resolution by Mr Fellermaier and others on employment policy (Doc. 169/79),
- having regard to the motion for a resolution by Mr Didò and others on the directive on shorter working hours (Doc. 1-377/79/rev.),
- having regard to the Council resolution of 18.12.1979 on the adaptation of working time (OJ No. C 2 of 4.1.1980),
- having regard to the report of the Committee on Social Affairs and Employment and the opinion of the Committee on Economic and Monetary Affairs (Doc. 1-425/81),

1. Notes that:

- (a) the problems of employment, the restructuring of industry and the adaptation of working time are closely interlinked and that they must be resolved together;
- (b) the characteristics of each are now completely different from what they were in the past as regards their scale, intensity and political, economic and social impact;
- (c) full account must be taken of this in order to devise comprehensive short and long-term strategies that are strictly consonant with the exceptional seriousness of the situation;

2. Considers that:

- (a) the problems mentioned, particularly unemployment, are a challenge which can be tackled and overcome given the Community's enormous potential of energies and resources;
- (b) this challenge undoubtedly marks an historic watershed, requiring new ideas and political instruments, on which the survival of the institutions and democratic values underpinning the Community

depends;

- (c) a way out of the crisis must be found by making speedy and profound changes based on a consensus of the broad mass of people;
- (d) the very fate of the process of European unification is bound up with the Community institutions' ability to bring their specific and original contribution to bear on these major problems;

-
3. Feels that there is a need to define clearly the essential general features and the new aspects of the crisis, so that the governments acting within their national sphere, the two sides of industry within the context of free collective bargaining, and the Community institutions in their promotional, supporting and harmonizing role may cooperate in order to define policies and options and reach agreements within a single framework of reference and by pooling constructive forces;
 4. Noting that the employment situation has deteriorated dramatically to a point where in June 1981 there were 8,445,200 unemployed in the 10 Community Member States, or 7.4% of the working population, stresses that it is not only the scale of unemployment which causes justifiable alarm but also its tendency to spread as evidenced by recent increases, as well as forecasts that the situation will worsen, and that this trend will persist;
 5. Notes that the factors underlying this forecast, some of which have been identified and others of which have not yet been sufficiently quantified, are:
 - (a) population trends, with the arrival on the labour market of the generations born in the post-war period and the annual decline in the average percentage of workers of retirement age;
 - (b) increase in the female labour force as a result of the historical process of emancipation which is particularly strong among the new, educated generations;
 - (c) enlargement of the Community, under way or in prospect, to include countries with a high disguised unemployment, particularly among agricultural workers and women;
 - (d) the pressure of immigration from Third World countries and those of the Mediterranean basin in particular, which will increase if these countries, which are expected to double their population over the next 20 years are not given adequate help for an economic take-off;

6. Notes that within these quantitative trends certain existing qualitative aspects are worsening and that new features are emerging, which, because of their political and social impact, are equally worrying from the employment point of view:

(a) unemployment among young people is tending to get still worse and, according to the most recent estimates, is likely to account for some 50% of total unemployment in the years ahead;

(b) unemployment among women still reveals structural aspects in comparison with male unemployment and the situation is certain to deteriorate with the introduction of new electronic technology;

(c) the geographical distribution of unemployment is no longer a matter of pockets of unemployment confined within the economically weak areas, but is tending to spread to traditionally dynamic areas as a result either of the restructuring of industries such as steel, automobiles, etc., or of the incipient micro-processor revolution so that the latter areas can no longer perform a balancing function as in the past;

(d) occupational mobility will tend to increase sharply and become a feature of the labour market in future;

(e) the structural composition of employment is undergoing a steady and profound change as a result of the introduction of new technologies;

(f) the average duration of unemployment is increasing disturbingly;

(g) the already considerable imbalance between the supply and demand of labour is also tending to worsen;

(h) underground labour markets, in which there is no social security cover, are growing with increasing rapidity;

(i) migrant workers are increasingly becoming the most vulnerable group of workers in the Community as a result of the downturn in the labour market;

7. Notes that serious disruption of the labour market is accompanied by an economic recession and that all the forecasts agree that over the next few years GNP growth will remain below past averages and hence well below the level (4-5%) needed to offset the increase in the supply of labour, let alone the level necessary to reverse the trend and restore full employment;

8. Recognizes that this trend and the pessimistic forecasts are attributable to a series of factors including in particular the energy crisis consequent on increased petroleum prices, rising inflation, the deficit in the Community's balance of payments, the low level of investment and the steep rise in the cost of investment per job created;
9. Notes that in addition to these factors there are also international aspects dominating the crisis scenario, namely the increase in raw materials prices, particularly of energy products, and the new international division of labour which is hitting the very base of Community manufacturing industry: these factors are increasingly compelling the European economy to radically restructure itself and thus shed manpower;
10. Stresses that:
 - (a) while the process of restructuring in the major industries that were once the cornerstone of industrial employment is already underway and fully recognized, it is less well appreciated that the impact of the microelectronics revolution on the labour market will be more important, existing data indicating that it will cause the restructuring to become an ongoing process;
 - (b) this revolution is characterized by the extent of its impact, the far-reaching multiplier effect which it will have in all sectors of economic and social life, profound changes in the organization of work, in the professional and occupational field and in the model of production itself, high levels of manpower savings and unprecedented productivity gains;
 - (c) microprocessor technology differs from traditional technologies in its employment impact, as only a small proportion of the labour force released is reabsorbed in the manufacture of the equipment itself and another small proportion may be absorbed in research and basic software work, while the bulk of the workers will have to look for re-employment in newly-generated productive sectors, in the manufacture of new products, in technical assistance services and in new public and private social services;
11. While confident of the ultimate positive effects of the microelectronics revolution on the general welfare, and hence also on employment, must point out that this final positive outcome can hardly be expected without traumatic upheavals both in terms of unemployment and of high levels of occupational and geographical mobility;
12. Points out that the immediate negative effects of this process may be more acute, in view of the speed of its impact, expected to reach a peak in the mid-1980s, of the stimulant effect of Europe's backwardness with respect to Japan and the USA, and of the fact that, unlike these

countries, Europe is entering this phase in a state of stagnation and widespread unemployment, without the benefit of integrated supporting programmes, particularly in the area of vocational training;

13. Notes that ultimately all the processes of technological restructuring currently in progress, and above all those resulting from the micro-electronics revolution, will lead to major gains in productivity, a sharp reduction in the required working time leading to manpower savings, a need for flexibility in working hours to maximize plant utilization and smooth out the production cycle, as well as a need for greater job mobility;
14. Considers that, against this background, the adaptation of working time should be considered from the points of view of both flexibility and reduction. Behind the Council's resolution and the Commission's communication, which arose from the growing pressures in various Member States for a reduction in working time, there lie demands that transcend purely ideological considerations: that work should be shared to tackle growing unemployment, that the aspirations of workers for better living and working conditions should be met, that the benefits of productivity and the advantages of technological progress should be redistributed not only through wages and salaries and not only to those in employment, and certainly not in the form of further profits to the owners of capital; that the time spent in working and in education should be reallocated; that more leisure time should be available for recreation and cultural activities, for the family, for political and social commitments; that working hours should be made more flexible to promote productivity and guarantee the competitiveness of firms;
15. Emphasizes that to these general considerations must be added the following practical points:
 - (a) the European trade unions have indicated that their main objective for the next few years is a 10% reduction in working time for the same wages to be achieved by one or more of the following means: reduction of the working week to 35 hours, increase in annual paid leave to six weeks, retirement from the age of 60, compulsory schooling up to the age of 16, extension of entitlement to study and vocational training leave (with a willingness on their part to accept a fifth shift in continuous process working);
 - (b) the French Government has undertaken, as part of its programme, to achieve a reduction of the working week to 35 hours;

- (c) substantial reductions in the working week towards the 35 hour level have already been made for certain categories of workers or are currently the subject of negotiations for others;
- (d) early retirement, which is equivalent to a reduction in the total working life, has now become the norm as a means of offsetting the impact on jobs of major restructuring measures;

16. Draws the following conclusions from the foregoing:

- (a) unemployment in the Community has acquired certain completely new structural aspects and now clearly shows cumulative effects, which are no longer offset by existing social measures and which can no longer be naturally absorbed by any future economic upturn of the traditional type;
- (b) it is logical to assume that any recovery in economic output would itself lead to further shedding of manpower as such a recovery would inevitably be dependent on technological restructuring, at least in the major sectors;
- (c) in economic terms, the present unemployment increases the burden on public expenditure, depresses domestic demand, represents a significant loss of wealth as a result of lost production (in 1979 it was estimated on the basis of the average potential output per worker in the Community that 6 million unemployed cost the Community some 75 thousand million EUA, or 4.5% of the Community's GNP);
- (d) in social terms there is a much greater risk of alienation and despair particularly among large groups of young people who, once they have completed their studies, are compelled to experience the trauma of unemployment before beginning their working life;
- (e) a strategy of full employment must remain the basic socio-economic objective of the Community;

- (f) if such a strategy is to be implemented it will be necessary to face up to and overcome the threat posed by the dangerous contradiction between the need for technological modernization and the rigid defence of existing jobs prompted by legitimate fears that despite vocational re-training mobility will end up not as a choice between one type of work and another but between work and unemployment;

(g) this conflict must be stifled at birth by creating the basis for the workers' acceptance of and confidence in large-scale innovation, by involving those concerned and ensuring that they do not come to fear that advanced technologies will be against their interests, if only in the short term;

17. Stresses the need to tackle these problems by means of an overall strategy embracing not only economic policies but also policies of active social intervention;

18. Within this framework and on the basis of all the above considerations, which have an objective logical consistency, expresses its support for the proposals set out in the documents on which this report on the adaptation of working time is based, and lays stress on the following conclusions:

(a) in general terms the idea of combining measures aimed at greater flexibility and reducing working time put forward in the Commission's communication and the range of possible actions set out below appear valid:

- annual volume of work
- overtime
- shiftwork
- flexible retirement and pre-retirement arrangements
- right to training
- part-time work
- temporary work.

In particular:

(b) annual volume of work:

it would be advisable for the 10% reduction not to be confined to the annual duration of work by merely limiting the working week or day and extending paid leave, but that it should also be possible to combine these approaches with early retirement;

(c) overtime: restrictions on overtime are necessary so that genuine reductions in working time are not wiped out; any such reductions should be made in the light of the practical needs of firms for flexibility to allow them to respond to market changes. Overtime which exceeds the authorized limits should be compensated by means of extra paid leave;

(d) shift work: since this practice has increased in recent years,

particularly in the tertiary sector, and will probably become more widespread as a result of the introduction of new technologies, and bearing in mind the serious concern expressed by experts in social medicine as well as the negative consequences on workers' social life, it seems an essential priority that reductions in working time should apply generally to all shifts, although other aspects will have to be considered in particular cases and for specific categories of workers. On the other hand recognizes the cost-saving advantages of wider use of shift-work in connection with the reduction of working time, provided, however, that workers' health is protected.

- (e) flexible and/or early retirement measures: as increasing use is made of such measures to cope with crises in individual industries and as the principle of gradually extending to all workers the right to choose when they wish to retire above a certain age gains ground, it would seem appropriate to consider at this stage ways of adapting the system of pensions to introduce both the principle of individual choice of the retirement age and the option of working shorter hours during the final years of a person's working life;
- (f) part-time working: as this type of organization of work is becoming increasingly common and as it is no longer only women but also young people and older workers who are choosing this option, a number of points need to be made clear:
- this form of work must be the result of a voluntary choice,
 - it must be distinct from other types of reduced working such as temporary work, flexi-time, short-time working;
 - those who opt for this form of work should be granted proportionally the same social rights as those in full-time work;
 - steps must be taken to prevent discrimination, particularly against women, and to ensure that this type of work does not lead to employees being given inferior jobs, losing their career prospects or having lower vocational qualifications;
 - for those who desire it, the transition to full-time working must be facilitated;
 - it should also be possible to regulate by legislation the serious time-patterns of this form of working;
- (g) temporary work is assuming disquieting proportions: firms must therefore be prevented from using this form of working as a way of escaping from contractual or legislative obligations in the field of employment protection. Hence it is necessary to guarantee the economic and social rights of workers by subjecting recruitment agencies to strict regulations and controls;
- (h) right to training: the spread of the technological revolution calls for the urgent and large-scale development - with due regard of course to the society of national needs and traditions - of new and continuous vocational

training, as the latter is becoming an increasingly essential factor in employment. Priority must therefore be given to alternative training as the best method of responding to the essential requirements of production. This means making wider use of training leave for both young people and adults as well as promoting active ways of bridging the gap between school and working life. In the organization of this type of training consideration should also be given to possibilities of employment in non-gainful occupations;

19. Considers that the process of adapting working time, including the reduction of the working week, must necessarily be gradual and smooth, but systematic, and tailored to the requirements of specific sectors and firms and to the special characteristics of each country within the framework of a strategy for economic recovery based on competitiveness, both within the EEC and vis-à-vis third countries, and on improving working and living conditions;
20. Believes that it is also indispensable that this process should be coordinated so that the scope and time-scale of its implementation are consistent with the objective of maximizing the effects on employment;
21. Stresses that these effects on employment should not be seen as an alternative to the results obtainable by adopting appropriate economic policy measures, they must not be overestimated but neither should they be underestimated: even if the main result of this set of measures were to maintain employment levels preventing further unemployment, their impact in this area must be regarded as positive given the present labour market trends;
22. Is nevertheless of the opinion that the increased productivity in a number of sectors makes it possible to reduce working hours without correspondingly increasing costs to firms and also to finance more job-creation in the sector of non-gainful employment;
23. Points out that the problem of the costs of adapting working time, although deserving close scrutiny, should not stand in the way of reaching an agreement: it is widely recognized that this problem is bound up with the various possible responses of firms, with domestic market trends, with the creation of a new external demand, that is factors on which the agreed economic policy measures should be brought to bear; it would therefore appear logical that this problem should be the subject of specific negotiations as to the form and content which this gradual process should take so that the objective of reducing working time can be obtained while guaranteeing the necessary competitiveness;

24. Agrees on the need for a Community initiative and calls upon the Commission to provide this initiative by the adoption of framework directives by the Council which would simply define the common objective in order to guarantee the necessary degree of convergence, while leaving to possible European framework agreements between the social partners the necessary arrangements, which the Community institutions would declare themselves to be ready to support in appropriate forms, and leaving also the specific means to be determined in national regulations and/or collective agreements;
25. Considers that such a Community initiative would facilitate and ensure the **simultaneity** of the pursuance of this objective by allaying fears of possible distortions of competition; that it would preserve the bargaining freedom of the two sides of industry and would stimulate moves towards a gradual harmonization at Community level of the various national employment laws;
26. Calls upon the two sides of industry to break the stalemate of their present contractual relations, to constructively tackle the problems which keep them apart with the support of the Community institutions, and, by understanding the close links between the economic, social and political aspects of the problems of employment, to overcome the obstacles to technological change and adaptation of working time;
27. Instructs its President to forward this resolution to the Council and the Commission,

EXPLANATORY STATEMENTPART ONE: SUMMARY OF THE DOCUMENTS UNDER CONSIDERATION

1. The Committee on Social Affairs and Employment is to report on the following documents:
- Communication from the Commission to the Council on work-sharing (COM(79) 188 fin.)
 - Motion for a resolution by Mr Fellermaier and others on employment policy (Doc. 169/79)
 - Motion for a resolution by Mr Didò and others on the directive on shorter working hours (doc. 1-377/79/rev.)
 - Council Resolution of 18 December 1979 on the adaptation of working time (OJ No. C 2, 4.1.80)

(A) Communication from the Commission to the Council on work sharing
(COM(79) 188 fin.)

2. The Communication contains, first of all, a general premise on the reduction of working time. 'In its different ways (reduction in hours per day, extension of paid leave, re-arrangement of working life), it is both an expression of workers' aspirations and part of the result of improvements in productivity arising from technical and economic progress.

In the present situation, with widespread under-utilization of human resources and continuously increasing productivity, reduction in working hours can also be considered for its possible contribution to employment¹.

3. Another important item is an analysis of the economic and employment situation.

¹

See paragraph 3, p 2 of the Communication

4. The outlook for growth and employment in the Community over the next few years is conditioned to a large extent by the rapid expansion of the population of working age, the rising participation rate among women and the obstacles to restoring adequate and lasting growth. The potential supply of labour in the Community will increase by between 500,000 and 800,000 workers a year until 1985. The net figures correspond to the arrival of about a million young workers in the labour market between 1980 and 1985. The population trend should slow down in the second half of the 80s, and it should subsequently be reversed. However, these general figures cover different national trends.

5. With economic growth of about 3% to 3.5% a year over the next five years, population trends would mean that the present 5.5% unemployment rate would rise until the middle of the 80s. A growth rate of between 4.5% and 5% a year is required if the employment situation is to improve to any extent over the next few years.

6. It is perfectly possible to achieve higher growth rates and a rapid improvement in the employment situation. The present type of slow growth is due neither to the saturation of potential demand nor to any fundamental exhaustion of technical progress : it is due to a number of macro-economic, structural and social or political obstacles.

7. A vast concerted effort is required to deal with these problems. But such an effort is not easy to make. Social protection, although indispensable, should not be allowed to increase structural rigidity; the restoration of adequate growth should not be based on inflation, waste of resources, environmental deterioration and so on - which would only exacerbate future problems. In the circumstances a realistic attitude involves recognising that whatever efforts are made

to restore a considerably higher level of activity, the results of these efforts alone are unlikely to include full employment.

Specific accompanying measures of social and employment policy are required, particularly measures to reduce hours of work'.¹

8. There follows an account of current trends and of the measures adopted in the Member States. This will be presented in an appropriate chapter reviewing, on the basis of all available sources, existing measures to reduce working time.²

9. The Communication lists the prior conditions necessary to ensure that reduction of working hours contributes to a lasting improvement in the employment situation.

From this standpoint, work-sharing policy must :

- 'be integrated with harmonization in the improvement of living and working conditions and prevent the growth of disparities between countries, sectors and occupations ;
- ensure that the increased costs resulting from this reduction of working time are compatible overall with the available margins resulting from productivity gains and that the division of these costs between the parties concerned operates in such a way as to avoid an increase in public expenditure over time on this last point, it will be observed that an immediate increase in these costs could be recovered subsequently by reducing the cost of unemployment over a period of time or through greater employability of the unemployed ;

¹ See paragraphs 4, 5, 6 and 7 pp 2-3 of the Communication

² See Part Three, Section 2, of the Explanatory Statement

- ensure that its costs do not jeopardize the revival of firms' profitability by introducing distortions of competition within the Community and weakening the competitiveness of Community industry throughout the world ;
- take account of possible reversibility so as to allow for possible later changes in the labour market situation ;
- be achieved by constant, spontaneous dialogue, co-operation and negotiation between all the parties concerned. ¹

The role of Community action

10. The Commission wonders whether the role of the Community institutions should not be 'to provide an initial impetus to the steps to be taken on work sharing' ² , by encouraging both sides of industry to set up a dialogue and by translating into the form of appropriate legal instruments any agreements resulting from tripartite negotiations:

11. To this end, the Commission would like to see European outline agreements being concluded in respect of which the European institutions would be 'prepared to take steps to help in reaching the necessary compromises' ³ and to see outline directives adopted by the Council on a proposal from the Commission which 'would be limited to fixing the common aim so as to ensure cohesiveness, and would leave it to national rules or collective agreements to lay down the detailed arrangements' ⁴

¹

See paragraph 17, p 6 of the Communication

²

See paragraph 20, p 7 of the Communication

³

See paragraph 21, first indent, p 8 of the Communication

⁴

See paragraph 21, second indent, p 8 of the Communication

12. Having found that in all encounters with the social partners the parties present accepted the Commission's thesis that, whatever the means adopted, 'it is necessary to ensure the fair distribution among the parties concerned of the costs resulting from the implementation of work-sharing measures' ¹, the Commission comes to the following general conclusion : 'Without wishing to adopt a position today on the whole of the problem, the Commission considers nevertheless that with the prospect of slow growth now facing the Community, the need to restore profitability of firms and to maintain world-wide competitiveness of the Community industry, an effective work-sharing policy requires the allocation of part of the product of growth to the reduction of hours worked rather than to wage increases. Workers will be more disposed to accept such a policy if it is situated in a context of social progress and the democratisation of working life.' ²

13. Here the Commission indicates the following range of possible actions which can be taken on work-sharing :

- annual volume of work
- overtime
- shift work
- flexible retirement and early retirement
- right to training
- part-time work
- temporary work

14. No absolute priority can be assigned to these in respect of their impact on employment. What can be said is that, while lowering retirement age frees jobs which can be immediately filled by other people, other measures, such as limitation of overtime and shift work,

¹ See paragraph 23, p 8 of the Communication

² See paragraph 24, p 9 of the communication

are also likely to have an immediate impact, while other measures still, such as the reduction of annual volume of work by extending annual leave and shortening the working week will have an impact dependent on other measures taken by the firm.

15. Measures such as part-time work and temporary work are designed to increase labour flexibility and should be considered also in the light of possible dangers of discrimination.

16. The right to training is also included in this range of measures since, in the period of rapid and difficult change now being felt by the Community, they 'can also considerably affect the balance of employment'.¹

17. These measures 'should not be considered independently. Some of them affect or complement each other; others are inter-linked. These close links can be illustrated by two examples. The employment effect of a reduction in annual working time is liable to be greatly weakened if there is not at the same time a limitation on overtime worked. Furthermore, the transition from work to retirement can take place gradually by progressive reduction in hours worked by older employees, a combination which is relevant both to retirement age and part-time work'.²

18. In relation to the initiatives which could be taken with respect to various measures, the Commission in its Communication asks the following questions :

- 'The ANNUAL DURATION OF WORK - could it be the subject of outline agreements between the Social Partners ?
- Restrictions on SYSTEMATIC OVERTIME - could it be the subject of a directive proposed by the Commission ?

¹ See paragraph 27, first sub-paragraph, p 10 of the Communication

² See paragraph 28, p 10 of the Communication

Regarding the other questions, the Commission considers that the following initiatives are useful :

- SHIFT WORK will be dealt with by the Commission within its proposal to the Council on steel policy. This will be drafted in close cooperation with the Member States.
- FLEXIBLE RETIREMENT will be the subject of a Communication from the Commission to the various Community bodies concerned.
- The DEVELOPMENT OF TRAINING AND ALTERNANCE TRAINING will be the subject of a Commission proposal in a form to be determined at a later date.
- The EXTENSION OF VOLUNTARY PART-TIME WORK and the problem of TEMPORARY WORK should be discussed at Community level on the basis of studies and suggestions to be presented by the Commission.¹

The economic effects of measures to reduce hours of work

19. 'The actual number of hours worked on average by each worker is now regularly falling in all the Member States by about 0.5% to 1% a year, although the trend started earlier in some States than in others and the practical arrangements vary'.²

In the past, the reduction in hours of work occurred against a background of economic growth, large productivity gains and a fairly tight labour supply, and its essential aim was to improve working conditions. Today it would be regarded as an employment policy measure and would be introduced on a much larger scale (the ESC suggests a 10% reduction over four years). It is thus difficult to refer to past experience. 'It is not an easy task to analyse these multiple, complex and often contradictory effects, and they have not yet been studied fully'.³

¹ See paragraph 30, p 11 of the Communication

² See paragraph 32, p 12 of the Communication

³ See beginning of paragraph 34, p 12 of the Communication.

(B) Motion for a resolution tabled by Mr Fellermaier and others on employment policy (Doc. 169/79)

20. Noting the persistence of unemployment and the likelihood of its aggravation, the resolution calls for a Community economic and social policy based on 'a significant effort to create new jobs'.¹ This should be achieved notably by increasing demand, the development of industrial, regional and vocational training policies both at national and Community level, and by the development of services, especially those needed to satisfy basic needs (improvement of medical facilities, of education, of protection of the environment and of housing).

21. The resolution also calls for development plans for each major economic sector, for guidance for investments and their coordination by means of prior notification, and for public aid for enterprises conditional upon the creation of jobs.

22. It is stressed that these policies to promote employment should form part of the search for a new international economic order and that the Community must demonstrate its 'resolve to give the unemployment problem the priority it deserves'.²

23. The resolution also calls for 'speedier action to reduce the number of working hours, without loss of wages in a manner which is both resolute and flexible'.³

¹ See beginning of paragraph 4 of the Fellermaier resolution

² See end of paragraph 7 of the Fellermaier resolution

³ See beginning of paragraph 8 of the Fellermaier resolution

Such reduction should be obtained by progressively shortening the working week to 35 hours, by increasing annual leave to six weeks, lowering the retirement age to 60 and raising the school-leaving age and allowing longer periods of leave for continuing training.

24. In addition to demanding that the unemployed receive adequate compensation to assure them a decent standard of living, the resolution calls for an annual meeting between the Community institutions, employees and employers to review employment policies so as to improve their coordination, and for the establishment of sectoral tripartite working parties to advise the Community institutions on policies for the major industrial and service sectors.

(C) Motion for a resolution tabled by Mr Dido' and others on the directive on shorter working hours (Doc. 1-377/79/rev.)

25. The resolution, referring to the rise in unemployment, to the recommendations of the relevant Council of Ministers and of the European Council on measures to reduce working time and utilize the industrial apparatus more efficiently, and to the failure, due, among other factors, to the divergencies among the Member States, to resolve the situation, points to the need for 'an outline directive indicating the objectives and guidelines for the gradual introduction, adapted according to sector and country, of shorter working hours and the creation of new jobs to enable production levels to be maintained and increased; this policy should be pursued at both national and Community levels'.¹

26. Finally, the document ' requests the Commission and Council to draft practical proposals in the field of social policy, active employment policy, parafiscal policy and financial aid aimed at encouraging the achievement of these objectives'.²

¹

See end of paragraph 1 of the Dido' resolution

²

See paragraph 2 of the Dido' resolution

(D) Council resolution of 18 December 1979 on the adaptation of working time (OJ No. C2, 4.1.80)

27. Referring to the prospects of exacerbation of unemployment in the 1980's and to the need for an overall strategy for increasing growth potential, competitiveness and innovation, the resolution states that measures to adapt working time are part of this overall strategy to improve the employment situation and that they must 'be conceived with a view to improving living and working conditions; must contribute to improved protection at work and encourage worker participation in social and economic progress'.¹

28. Stressing the need to keep any costs of such measures in check and pointing to 'the possibility of distributing an overall increase in productivity between adaptation of working time and wage increases'² the Council states that while such measures are a matter for collective agreement or for national legislation, their overall coherence should be sought through dialogue and consultation at Community level.

29. In its conclusion, the Council also stresses :

- that any measures to adapt working time should be assessed in the light of their effects on the production capacity of undertakings, productivity changes and wage compensation, and of the need for decentralization and differentiation of sectors and areas of activity and for phased implementation,
- that 'there should be scope for a review of the measures taken'³

30. After these preliminary assumptions, the resolution goes on to list guidelines and considerations for the implementation, in a Community context, of various measures for the adaptation of working

¹ See third preamble of the Council Resolution

² See fourth preamble of the Council Resolution

³ See introduction to the Council Resolution

time. These are summarised below.

31. Linked work and training : This is the subject of a separate ad hoc Resolution¹ on which the European Parliament voted on 13 March 1981².

32. Overtime : Limits should be applied to the systematic use of overtime, due account being taken of the necessary flexibility in the productive process and of the situation on the labour market : one appropriate method of achieving such limitation would be to introduce the principle of compensatory time off for systematic overtime.

33. Flexible retirement : This should be voluntary and should be linked with measures for a gradual withdrawal from working life at the end of the worker's career, such as part-time work and longer holidays for older workers. The Commission is instructed to continue its work on this subject.

34. Part-time work : This is now a reality, but the conditions applying to it should be clarified. Part-time work must be voluntary and open to both men and women. It must not be imposed on persons who wish to work full time. It should not be restricted to women or to relatively unskilled work, and it should not be limited to part-time work, but could be done on a daily, weekly or monthly basis.

35. Temporary work : This has developed considerably : Temporary work must be supervised and temporary workers should receive social protection.

36. Shift work : The working conditions and health aspects, as well as the economic aspects with regard to the competitiveness of undertakings must be borne in mind.

37. Annual working time : The Commission is invited to consider, together with the social partners, what is the best Community approach that could inspire agreements at national, inter-trade or sectoral

¹ See OJ No. C1, 3.1.80 p.1

² See the PRAG report, Doc. 1-460/80 and the Resolution of the European Parliament of 13 March 1981, OJ N° C 77 of 6.4.81, p.71

level. 'Such an approach should bear in mind both the improvement of working conditions and the need to avoid redundancies and the need to encourage recruitment'.¹ It is important to improve conditions of competition and to curb the effect on labour costs.

38. Finally, the Council asks the Commission to present :

- its conclusions on the possibilities of restricting systematic use of overtime and of reducing the actual annual working time,
- specific communications on flexible retirement, part-time work and temporary work.

39. The Council invites the Commission and the social partners to continue consultations on the adaptation of working time in order to formulate a Community approach making for overall coherence and fostering consensus at Community level.

¹

See second sub-paragraph of paragraph 7 of the Council Resolution.

PART TWO : TOPICS AND PROBLEMS RELATING TO ADAPTATION OF WORKING TIME

SECTION 1: GENERAL SUBJECT MATTER OF THE REPORT

40. For the Committee on Social Affairs and Parliament as a whole, this is an important opportunity to examine the existing situation in order to update the whole range of policies offering a solution to the serious problem of the labour market and likely to bring about full employment of the labour force.
41. Given the clear failure of the policies pursued hitherto at national and Community level to tackle the problem of unemployment and the difficulties which emerged in negotiations between the two sides of industry and the Commission, the European Parliament can and indeed must offer guidance and exert political pressure on the basis of an overall view of the situation that transcends the necessarily restrictive perspective from which this issue has been dealt with so far.
42. This view should take into account a number of interacting factors, namely the short term and the more general and medium term economic aspects as well as social, cultural and political considerations. Only within such a comprehensive framework will it be possible to overcome preconceived ideas and take coordinated political initiatives consistent with the avowed objective at both Community and national level in order to remove obstacles to the attainment of the desired objectives by compensating for any temporary negative aspects and to ensure that the whole process takes place as part of a general economic recovery.
43. At present the effectiveness of any parliamentary decision depends on the size of majority and degree of unanimity with which it is adopted.

Hence the need for a debate to identify the various key issues in an atmosphere free from ideological prejudice and which takes account of the need not to miss this valuable opportunity to highlight the European Parliament's ability to endorse the expectations of the two sides of industry in the Community.

44. The political aim is to stimulate an attempt to overcome rigid positions of principle and opposing fronts and thus move on to concentrate on identifying possibilities for coordinating the Community initiatives and political options which will lead to a solution of the problem.

SECTION 2: EMPLOYMENT AND THE LABOUR MARKET

45. The number of registered unemployed in the 10 Community Member States had reached 8,445,200¹ or 7.4% of the active population in June 1981 amid forecasts of further increases which have been confirmed by OECD estimates.

Unemployment is now recognized as a real challenge for the Community.

In various regions this phenomenon will persist throughout the 1980's showing totally new and more widely distributed structural features than in the past while retaining some of the more traditional aspects.

46. The level of unemployment is only one of the most serious problems affecting the labour market as other highly disruptive factors of a qualitative nature are also giving rise to concern, namely:

- a - The groups hit by unemployment, which is increasingly affecting young people, even though they have obtained educational and professional qualifications, and women, who are not only failing to retain the share of the labour market which they have built up over the years but are actually losing ground as often happens when firms are restructuring. This phenomenon is all the more alarming when one remembers that the microelectronics revolution is destined to transform the tertiary sector, public services and office work in the secondary sector, areas in which women have recently achieved a relatively dominant position.
- b - Geographic variations in the distribution of unemployment, which may penalize the less prosperous regions, thus worsening regional imbalances (c.f. crises in the iron and steel industry, textiles, shipbuilding etc.). This historically-conditioned structural unemployment will be felt all the more as the economically stronger areas will also be undergoing the same radical restructuring of technologies and will therefore be unable to absorb workers and compensate for deficiencies in other areas on the same large scale as in the past.

¹ See statistical telegram, EUROSTAT No. 6-1981

- c - The unprecedented increase in occupational mobility which is already taking place and will accelerate in the short and medium term as a result of the application of microelectronics. This development is almost certain to polarize the labour market into highly specialized workers and semi-skilled workers relegating the former to a marginal role or making their qualifications totally obsolete.
- d - The ultimate balance between supply and demand for labour, which will gradually require ever-increasing geographical mobility and a corresponding degree of occupational mobility. Whereas mobility may appear to be a purely physical problem in normal times, it can become a psychological one when it is enforced and frequent.
- e - The growth of a parallel, black market for labour, where the worker has no protection.

47. That the serious qualitative and quantitative disruptions to the Community labour market are of a structural nature is clearly confirmed by their probable duration (throughout the 1980's) and persistent and widespread impact.

48. Current predictions are based on the following generally accepted factors:

- a. The world economic crisis and the resultant attempts at restructuring in the industrialized countries (energy, new international division of labour, etc.).
- b. Energy: in 1978 and 1979 alone Community expenditure on petroleum products rose from 30,000 million EUA to 73,000 million EUA, an increase equivalent to 4% of total gross national product. These figures do not take account of the most recent oil price increases decided on in Algiers in June 1980.
- c. Population trends: The Commission predicts an annual increase in the labour force of 500,000 to 800,000 up to 1985. This trend is predicted to lose momentum in the second half of the 1980's and then be reversed. The consequences will be felt over the whole decade up to 1990. It is attributable to the influx of new young workers, a decline in the annual proportion of workers reaching retirement age and also the increasing number of women seeking work.
- d. Microelectronics revolution¹. It is a real revolution in terms of the extent of its impact, the relatively short period in which the changes will take place, the widespread multiplier effect which it will have on

¹
See Part Two, Section 1 of the Explanatory Statement

all sectors of production and employment, the major technological advances which it will make possible, the radical changes in the organization of work, habits, customs and lifestyles, and the qualitative structural changes which it will bring about in the professional and employment field. In the short time since it started there have already been remarkable productivity gains and advances in profits as well as unprecedented repercussions in terms of restructuring and employment.

It is difficult to predict the tempo of microelectronics applications as there are many domestic and international factors affecting the rate and extent of this process. One thing that is certain, however, is that this phenomenon and its effects on employment will reach a peak in the 1980's. Even if one wishes to avoid pessimistic preconceptions about the effects of the microprocessor revolution on employment and makes the optimistic assumption that the jobs lost and the new jobs created will ultimately cancel each other out, it is nevertheless true that such a balance can be achieved only when the revolution is in full swing, at which point - and this is the political question - occupational and geographical mobility will reach such proportions that they may seriously disrupt the labour market.

The Standing Committee on Employment at its meeting of 26 February 1980 held to discuss this issue '... noted that the introduction of microelectronics underway in the production of goods and in services would inevitably entail significant and complex changes in the pattern of employment, but the nature and scope of these changes could not yet be adequately foreseen or defined'¹. 'Despite the fact that quite a considerable amount of studies and research had been carried out in the Community by the governments, the social partners, the Commission etc., as well as outside the Community and in other international fora, current knowledge was such that even approximate forecasts of the quantitative consequences of microelectronics for the volume of employment including their temporal spread, were impossible'². '... the new technology entailed a radical process of converting a major part of European industry ...'³.

¹ See PE 63.548/Ann.: 3rd paragraph of Section II, 'Analysis', page 2

² Ibid : 5th paragraph of Section II, 'Analysis', page 3

³ Ibid : 4th paragraph of Section III, 'Action to be undertaken', page 5.

- e. Enlargement of the Community to include countries such as Greece, Spain and Portugal, which have high rates of structural unemployment, and association with countries such as Turkey, which already provides the largest contingent of migrant workers in the Community.

Another factor is official and unofficial immigration from Third World countries, notably from the Mediterranean Basin. It is reasonable to assume that immigration of this kind including illegal immigration, which is already high, will continue to grow uncontrolled, particularly if the economies of the Third World are not given sufficient help at this crucial time to enable them to take off.

- f. Forecasts of less sustained economic growth in the Community than in previous years

- Whereas the gross domestic product of the Community grew by 4.6% over the period 1960-1973, the rate of increase for 1973-1979 was only 2.3% and in 1980 it is predicted to be as low as 1.2%.
- Investment in 1979 was also sharply down on the 1973 level.
- The average rate of inflation in the Community has risen and will probably exceed 11% in 1980 with substantial and widening differences between the various Member States. Predictions are that it will settle around the 10% mark in future years.
- The Community's balance of payments, which was still substantially in surplus at the end of 1978, was in deficit in 1979 to the tune of around 14,000 million ECU.
- There are signs of a worldwide recession, although it is not yet possible to assess its extent and duration.
- There has been a substantial increase in the level of investment required to create jobs. According to authoritative studies carried out in Germany it cost DM 17,000 to create one job in 1950, DM 26,000 in 1960, DM 40,000 in 1970, and DM 80,000 at present and it is predicted that this amount will continue to increase as a geometric progression.
- There is more emphasis now on investing in rationalization measures rather than in increasing production capacity and creating new jobs. This trend will be given further impetus by the technological revolution made possible by microelectronics.

49. The Commission estimates that merely to absorb the extra labour force made available by the increase in the working population, economic growth would have to exceed the Community average of 3.5 to 4% and be accompanied by a steady growth in productivity. In order to reverse the trend, growth would have to exceed 4.5%.

SECTION 3: SOCIAL, ECONOMIC AND POLITICAL ASPECTS OF UNEMPLOYMENT

50. These three aspects are interrelated. Unemployment has become a crucial and dramatic issue for the Community. It must therefore be the starting point for all Community socio-economic policies and at the same time a measure of their coherence.

51. SOCIAL ASPECTS. In addition to those facts which are already common knowledge and on which it is not worth dwelling, there is the knowledge that at a time of radical structural changes and greater occupational and geographical mobility,

- there is a greater risk that the already common phenomenon of marginalization with all its disastrous and harmful human and social effects, will assume even more dramatic proportions;
- thanks to greater awareness, public opinion will not tolerate a situation where young people fresh from training and study have to experience working life from the traumatic and desperate standpoint of the unemployed;
- it is increasingly intolerable that the right to work, particularly for young people, should be a variable dependent on economic growth in a society which is so rich in technological and productive potential, so blessed with wealth and so wasteful;
- there is increasing awareness as we stand on the threshold of a major revolution based on great advances in production and productivity which will improve the living and working conditions of man, that there will inevitably be a correspondingly higher social and human cost to be paid at least in the short term.

52. ECONOMIC ASPECTS. The question of the overall economic costs of unemployment must also be examined in the light of justified demands for an upturn in economic growth in terms of efficiency and competitiveness.

While the present phase of industrial restructuring is attributable specifically to the need for more efficient use of resources, the problem of how to make full use of human resources stands out above all others.

Any calculation of the full cost must include: the opportunity cost of the lost production which would otherwise have been generated by full employment, the cost to the state of unemployment benefit, not only in terms of ever-increasing direct subsidies, but also the related social concessions (housing etc.), the cost of occupational training, which sometimes appears something of a paradox, given the underuse, or failure to use the reserves of young people holding educational and professional qualifications.

53. POLITICAL ASPECTS. There is increasing awareness that if we are to emerge from the serious crisis which has hit the world and the European Community in particular, without sacrificing the achievements of democratic society, it will be necessary for the political institutions to gain the broadest possible popular consensus, a new kind of consensus.

The restructuring required by the new international division of labour calls for brave decisions with far-reaching socio-economic repercussions which will require the active support of the social forces at the preparatory and operational stage.

It is abundantly clear that this consensus is both the means and the end and that obstacles to its attainment will arise if the whole machinery of production is not clearly geared to satisfying the basic right to work and the desire for a real improvement in living and working conditions.

SECTION 4: ECONOMIC POLICIES FOR EMPLOYMENT

54. For the information contained in the motions for resolutions dealt with in this report we must go back for brevity's sake to the relevant documents.

55. In its opinion the Committee on Economic and Monetary Affairs also states that 'the present high average unemployment level in the Community must be considered socially unacceptable'¹.... and that 'without a coordinated European approach by the Community and both sides of industry any Community employment policy will be an illusion'².

56. The key to an economic policy for employment is a real willingness on the part of national governments and the Community institutions to regard employment as a primary objective and to plan accordingly the contents and timing of the various interacting regional, sectoral and development policies.

¹ Annexed to the present report: See first indent of point 6, p.59

² Ibid, final indent of point 6

57. The problem of employment cannot be left to spontaneous mechanisms, which we know are incapable of offering a solution in the present circumstances.

58. The energy and environment crises should have shown us the time-lag with which these spontaneous mechanisms warn us of the need for a new approach to production, and also that there are enormous technological and economic resources waiting to be activated and put to use in the interests of society.

59. No one now disputes that the need to safeguard the environment should not be regarded as an opportunity cost but rather as a powerful dynamic factor. In this context it is not a lack of awareness that it is the problem but purely a worrying lack of overall coordination and implementation of the necessary measures.

60. Particularly disturbing is the failure to agree that it is not yet that, leaving aside any ideological, moral and social considerations, the economic recovery of the EEC should be stimulated by full exploitation of human energies.

The present period, which is characterized by declining growth rates and at the same time the stimulus provided by an exceptional technological revolution, should be seen as an opportunity to tackle and solve the employment problem.

SECTION 5: SOCIAL POLICIES

61. In addition to adapting working hours there is a need to review the whole policy of active intervention on the labour market: linking work and training (work and study, study and work, unemployment and study); raising the school-leaving age, standardizing the curriculum and diplomas for professional training; reforming the system of job allocation; reforming and increasing the resources of the Social Fund to cope with structural changes on the labour market and the new dimension of the unemployment problem; setting up a Community labour market monitoring centre as the institutional basis of a comprehensive policy for unifying the market and ensuring the free movement of workers; measures governing illicit labour markets; harmonization of social legislation; monitoring the implementation of the social programme to help migrant workers, a problem which, far from being solved, may well worsen, as migrant workers are the weakest group and are first to feel the brunt of the effects of the crisis on the labour market.

SECTION 6: ADAPTATION OF WORKING TIME

62. It is important in this context to distinguish between measures which, by their tendency to reduce the total volume of work, may also have implications for employment and which therefore cannot be regarded as alternatives to the creation of new jobs:

- reduction in the working week (month or year);
- early or phased retirement;
- reduction in overtime;
- extended holidays;

and measures relating to the flexibility of the labour force and which would promote increased competitiveness and productivity:

- shift work;
 - temporary work;
 - part-time working;
- (the latter could have an effect on employment if it was not used to redistribute existing work as often happens when firms are restructuring).

63. Measures to reduce working hours generally feature prominently in the political discussion even though from a logical and practical point of view all restructuring measures are to be considered as mutually interactive.

64. This report confines itself to general considerations as the Commission, trade unions and employers are currently engaged in a dialogue, the progress and future development of which has obviously had an effect on our parliamentary own-initiative report and on its timing.

65. A reduction in working hours has become the main objective of European trade unionists. The Munich Congress of the ETUC held in May 1979 came to the following conclusions: 'The ETUC intends to seek an immediate 10% reduction in working hours for the same wages through one or more than one of the following courses of action:

- reduction of the working week to 35 hours;
- increase in annual holiday entitlement to six weeks;
- full pension from 60 years of age;
- raising the school-leaving age to 16 and increasing the leave entitlement for study and professional training.

On other specific issues such as the introduction of a 5th shift for continuous processes, the ETUC will undertake to ensure that these are put forward in discussions at European Community level¹.

¹ See point 2 of the general resolution adopted by the Third Statutory Congress of the European Trade Union Confederation on 18.5.1979 at Munich.

66. Many reasons have been put forward in support of a reduction in working hours:

- a - The trade unions stress the indisputable improvement in working conditions which would follow a reduction in the working week and also the contribution this would make towards reducing the very high levels of unemployment in Europe in the short term and hence in helping to bring about a more equal distribution of incomes and an increase in consumption. A reduction in working hours is also seen as an indispensable long term instrument for compensating for the fall in overall employment resulting from the introduction of new technologies and new production systems.
- b - The Commission of the European Community in its Communication to the Council of 9 May 1979, stated that: 'reduction in hours worked is a major component of social progress it is both an expression of workers' aspirations and part of the result of improvements in productivity arising from technical and economic progress... In the present situation, with widespread underutilization of human resources and continually increasing productivity, a reduction in working hours can also be considered for its possible contribution to employment'¹.
- c - The Council of the European Communities points out in one of the recitals to its resolution of 18 December 1979, that measures to adapt working time must also be conceived (in addition to improving the employment situation) 'with a view to improving living and working conditions' and contributing to 'improved protection at work and (encouraging) worker participation in a social and economic progress'².
- d - UNICE, which represents the employers, is not convinced of the effects which a reduction in working hours may have on employment levels and stresses the higher costs which it would entail for firms and the need for a more flexible workforce with greater geographical and occupational mobility.

67. The latest information on the dialogue being conducted at Community level points to an imminent shift in the opposing views of the two sides of industry on this question and hence some progress.

68. The effect on employment and the improvement in working and living conditions are equally important. Both will determine the areas of tension in industrial relations in the years to come and on the scope for making workers, and particularly the younger generations, feel less alienated from the industrial system and the society which it has created.

¹ COM(79) 188 final: first and second paragraphs of point 3, page 2

² See third recital of the resolution: OJ No. C2, 4.1.1980.

69. Account must also be taken of the fact that, in addition to the time spent actually working, workers often spend many more hours travelling to and from work and that all this work-related time is therefore away from home.

70. While the reductions made so far have helped to make the working day much less onerous, only now, with such a further reduction, will it be possible to give workers a really useful period of time for themselves, their families, leisure activities and studies.

71. The controversial issue of the extent to which a reduction in working hours would affect employment and company costs is of course being studied by the trade unions, employers, the Commission and national governments.

72. It is to be expected, however, that the matter will still be in dispute even when these studies have been completed.

The final remarks of a study published in March 1980 by the Commission's Directorate-General for Economic and Financial Affairs are worth noting: 'The result is bound to disappoint anyone who expected precise, generally valid statements and precepts for economic policy action. Empirical evidence on the trend of annual working hours in the Member States is astonishingly meagre. But the state of our knowledge of the trade-off between reductions in working hours and employment is also highly uncertain.'¹

SECTION VII: ADVANTAGES OF A COMMUNITY INITIATIVE TO REDUCE WORKING HOURS

73. A summary of advantages is given below:

- a. a decision at Community level and the resulting convergence of policies would make it easier and quicker to attain the objective;
- b. such a move would prevent widely differing situations from occurring in the various Member States with the disruptive effects this would have on competitiveness;
- c. it would help to meet the widely felt need for rapid harmonization of national social legislation at Community level;

¹ See 'European Economy', No. 5 March 1980 - 'Adaptation of working time': point 7 'Limits of the present analysis and conclusions', page 110.

- d. it would prevent a recurrence of the present situation where working hours are reduced according to criteria which favour the strongest and most privileged categories of workers;
- e. simultaneous and rapid action at Community level would maximise the effect on employment, however large or small this might be, particularly in the years in which unemployment makes itself felt most dramatically;
- f. a Community decision, as opposed to a fragmented and gradual process, would tend to encourage the trade unions in third countries, thus helping to mitigate the effects of such a decision on the Community's ability to compete with other countries.

PART THREE: RELATIONSHIP BETWEEN NEW TECHNOLOGIES AND EMPLOYMENT;
CURRENT MEASURES TO REDUCE WORKING TIME - EUROPEAN FACTS AND TRENDS

74. We think it would be useful to provide various pertinent data on the subjects of employment (impact of the new technologies on employment) and working hours.
75. As regards the first of these subjects, we have decided to present a series of data relating to the rapidly developing microprocessor industry, as this is likely to be the most dynamic and decisive factor in the labour market of the 1980s, not only because it will determine the number of jobs available in many industries, but also because it will have a profound effect on occupational and geographical mobility.
76. On the second subject, we have tried to describe the existing situation in the Community countries in terms of the various components of working hours.
77. Obviously the documentary materials are plentiful. The decision to draw data from the most systematic and comprehensive studies available was not dictated by any particular bias. Only because of space limitations, comparative data from other studies have had to be excluded.
78. Our purpose has been to provide indicative data that would enable the committee to obtain a general picture of the relevant problems. We found, in fact, that the sources used take account of all the most reliable studies currently available.

SECTION 1: NEW TECHNOLOGIES AND EMPLOYMENT¹

79. In its opinion for the Committee on Social Affairs and Employment on the motions for resolutions tabled by Mrs Bonino and others (Doc. 1-485/79) and Mrs Salisch (Doc. 1-795/79), the Committee on Energy and Research notes that: 'The problem of certain technologies - particularly when they are adopted at the present juncture during a time of recession - is that they not only reduce the need for human 'muscle power' but also for human 'intelligence' in certain types of job. Microelectronics, informatics, etc, are cases in point.

¹ In drawing up this part of the document, we have referred in particular to the study by the ETUI (European Trade Union Institute) entitled 'The Impact of Microelectronics on Employment in Western Europe in the 1980s'

The fear therefore arises that unemployment may become a permanent rather than a transitory feature of the modern world for an unacceptably high percentage of its population'.¹

80. For Europe the 1980s will be a time of massive technological innovation both in the production and services sector and in the types of goods produced. This technological revolution will bring about structural changes - both quantitative and qualitative - in the employment sector by stimulating widespread geographical and occupational mobility in the manufacturing and service industries.
81. While in the long term this revolution will most certainly improve living standards and increase leisure time, in the short and medium term it is likely to create an upheaval on the labour market and the social cost to the workers may be great. It is therefore imperative that the matter remain at the centre of any Community manpower policy and, in particular, in the policy concerned with the reorganization of working hours, since the adverse effects can be counteracted only by a systematic Community strategy which, on the one hand, encourages technological development and, on the other, protects the workers against the imbalances and difficulties that will inevitably arise. In other words, society, which as a whole benefits from technological development, must be prepared to bear all the attendant social costs and ensure that they do not fall on only one section of the workforce.
82. Otherwise, if the process is allowed to evolve spontaneously, we shall run the serious risk - with social tensions running so high - of having to cope simultaneously with all the disadvantages of its retardation and the grave consequences for employment.
83. In view of the foregoing, we feel we should immediately set down some of the key facts, drawn from Community, trade union and employers' documentation, so that the context of the problem can be established and kept in sight.
84. There can be no doubt that microelectronics will bring about a veritable technological revolution, because it has a triggering effect on the development of many other technologies in almost every sector.

The microprocessor is the most sophisticated device to have emerged so far in the field of microelectronics and, with its miniature size and extremely low costs, its reliability and flexibility, it represents an enormous qualitative improvement over traditional electronic processing techniques using large computing units. A trade union study

¹ PE 65.965/fin., 20.10.1980

calls microprocessor technology 'the power source of a process of accelerated technological innovation'.

85. It can thus be said that even the telematics sector, which is closely bound up with electronic processing, owes its development in part to microprocessor technology. Telecommunications - the communication of information over distances - will thus be a sector whose growth will be increasingly stimulated by this technological revolution.
86. The main manufacturing sectors affected by the development of the new technology are electronic components, electronic computers and telecommunications equipment. Since all three industries are organized on a worldwide basis, the effects on employment will depend on where the new technology production is predominantly located and the relevant restructuring processes take place.
87. It is, moreover, very likely that Western Europe will be closely concerned by these developments, both because of the foreseeable increase in the share of the market in the three abovementioned manufactures that it will enjoy, not least as a result of joint efforts at Community level, and because it is heavily dependent on powerful United States and Japanese multinationals which tend to promote advanced research studies in their own countries, relegating the production work to Europe.
88. Microelectronics will radically change both production processes and the quality of products. This suggests that numerous sectors will be affected, including the tertiary and the service sectors. All industries that involve some form of automatic control and all products using mechanisms that perform logical functions can use microprocessors with very significantly better price/performance characteristics than those provided by any other existing technology. From automatic control it is only a step to automatic processing of information, i.e. the ability to control production on the basis of conditional instructions. Thus, compared with the traditional computers, expansion is virtually unlimited.
89. Microprocessor technology will undoubtedly find a place in agriculture, fisheries, mining, continuous process industries (chemicals, steel, petrochemicals, etc), assembly and mass production industries, mechanical handling and transport systems, printing and publishing, telecommunications (particularly, as pointed out above, data processing), insurance, banking and the distributive trades, word processing, the tertiary sector and the service industries. In a word, the potential

for microprocessor applications is considerable in any sector where control functions are at present performed manually, mechanically or electronically.

Though introduction of such applications must be expected to take time, in theory, fully automated factories comprising integrated transport systems, machine tools controlled by processors, robots, etc, are already possible.

90. In the area of services, we can expect the development of telematics, a new technology based on the integration of telecommunications and electronic processing systems which will profoundly change living and working conditions, as may be seen from current experiments with 'interactive' information systems involving a link-up between the telephone and the subscriber's television set.
91. As for product innovation, no-one can have failed to be impressed by the extraordinary spread of low-cost pocket calculators and electronic watches. Production of electronic watches will have risen from 250,000 units in 1973 to an estimated 50 million units in 1980, accounting for 16% of the world watch market and more than 40% of the American watch market.
92. Microprocessor technology must be expected to spread very rapidly in Europe, which must catch up on the lead and the competitive advantage of Japan and the USA. Community policy is directed towards that end. The number of robots in use in 1978 will give some idea of how things stand:

	<u>Europe:</u>	<u>Japan:</u>	<u>USA:</u>
Germany	600	3,000	2,500
Sweden	600		
Italy	300-400		
United Kingdom	70		

93. As will be readily appreciated from the foregoing, the effects on employment will be profound and serious in view of the sheer number of the sectors affected and the speed with which the new technologies will spread. Labour-saving is directly proportional to the potential of these technologies for increasing labour productivity or output per worker. To date, the impact on employment has been most marked where the reduction in work proceeds in step with the substitution of microelectronic components for manual, mechanical and electromechanical components.

94. To quote a few significant examples from the ETUI study referred to on page 39:

- Singer now manufacture a sewing machine in which one microprocessor has replaced 350 mechanical parts;
- Standard Electric Lorenz produce an electronic telex machine in which one microprocessor has replaced 936 parts in its electro-mechanical predecessor;
- A mechanical watch takes one thousand or so operations to assemble compared with the assembly of the five components of an electronic watch;
- An electromechanical telex machine takes 75.3 man hours to manufacture, whereas an electronic machine takes only 17.7 man hours;
- The production of a mechanical accounting machine such as Olivetti Audit 24 requires 13 working hours compared with 33 hours for its electronic replacement;
- The production of electronic typewriters requires half the labour content of electromechanical models.

In a word, then, the new production processes based on microelectronics simplify the intermediate stages from the manufacture of components to their assembly as the final product, with a consequent reduction in the labour required.

95. Components manufacture can hardly be labour-intensive if, as Texas Instruments have stated, the level of production to meet world demand for 64K RAM devices in 1985 will require only 1,000 employees!

- The American company, National Cash Registers, has stated that the labour content of the electronic cash registers it manufactured in 1975 was 25% of that of their mechanical or electromechanical predecessors; as a result, it reduced its labour force in manufacturing plants from 37,000 in 1970 to 18,000 in 1975.
- NCR carried out a similar rationalization programme in its plants in Western Europe. In West Germany (Berlin and Augsburg) the labour force was cut from 4,200 employees in 1974 to 400 in 1977, while in the United Kingdom (Dundee) operations were reduced from 3,000 employees and 4 factories in 1975 to 1,000 employees and 2 factories in 1978.

- One study carried out by Olivetti considered a sample of 8 well-known companies producing 'information products' (4 American, 3 German, 1 Italian) and found that they had reduced employment by 20% between 1969 and 1978.

96. There was also a reduction in the proportion of production personnel in total personnel (from 44% to 31% at Burroughs, from 37% to 27% at NCR, from 38% to 22% at Nixdor and from 45% to 31% at Olivetti).

97. This reflects a general feature of the change in the structure of jobs, viz. a transfer of required skills away from precision engineering towards systems analysis and computer programming; and it will be noted that here the effects on occupational mobility are just as serious as the impact on employment.

98. In the United Kingdom telecommunications equipment manufacturing industry employment fell from 88,000 in 1974 to 65,000 in 1978. In France, where the large-scale switch-over to the manufacture of electronic exchanges began in 1978, the employers' trade association, SITT, has said that the workforce of 99,000 will fall by 15,000 over the next 3 to 4 years.

In the USA, Western Electric will have reduced its labour force from 39,200 in 1970 to an estimated 17,400 in 1980. In Switzerland employment in the watch and clock-making industry fell by 46,000 in the mid-1970s and employment in the watch industry in Western Germany is estimated to have fallen by 40% over the same period.

99. In the industries using numerically controlled machine tools or robotics the same developments are taking place and having the same damaging effect on employment. The car industry is typical in this respect. At Volvo's Torlanda plant in Sweden an automated welding line has been introduced which requires 10 operatives per shift - 6 to load the line and 4 to control it. This compares with 50 operatives per shift required previously. The workforce in the Torlanda plant as a whole was reduced by 1,200 between 1976 and 1978 and by a further 300 in the autumn of 1978. A fully computerized production system is currently being discussed which would reduce employment from its present level of 1,030 to 60.

In another Swedish car plant, Saab-Scania, two robots were introduced to do the work of 3 employees. These machines paid for themselves in 15 and 18 months respectively. Fiat's robogate welding lines require 25 operatives as opposed to 125 on the conventional lines they replaced.

Robots have also been used for die casting in car plants, where an average productivity increase of over 35% was achieved.

- 100 . In the television manufacturing industry, automatic assembly of sets has resulted in a twenty-fold increase in labour productivity. One automatic machine operated by 11 people assembles components at a rate of 72,000 items per hour, compared with the manual rate of 300 per hour.
- 101 . The changeover in the printing industry from hot-metal to computerized typesetting has had a drastic effect on employment. In West Germany employment in the printing industry has fallen by 35,000 since 1972 (by the new electronic process 8 million characters can be set per hour, compared with 25,000 previously). In the United Kingdom the situation has been similar, with employment falling from 259,000 to 196,000 between 1967 and 1976. The Royal Commission on the Press, reporting in 1975, estimated that 7,000 of a total of 20,000 print production workers in the national newspaper industry would be made redundant as a result of the introduction of the new technology. The Times dispute mainly arose over the problem of the introduction of new technology.
- 102 . There are conflicting data on the tertiary sector, in which more sophisticated techniques and increased services have been introduced. While the European Commission has estimated that by the mid-1980s the persons employed in the computer industry (at present 200,000) will increase to about 400,000, and the number of computer operatives will rise from 800,000 to 1.5 million, the net employment effect of computerization is less clear. A study carried out by the Swedish National Bureau of Statistics estimated that in Sweden between 1968 and 1977 computerization resulted in a manpower saving in the economy as a whole equivalent to approximately 1% of the total labour force.
- 103 . What is certain is that electronic processing in the services sector is resulting in widespread automation, so that in banking and insurance, for instance, where employment had recently been growing, now it is falling or at most being maintained, despite an increased volume of operations.
- 104 . In France the CFTD bank union has given examples of two large banks where employment has fallen. In the Crédit du Nord employment fell from 12,307 to 10,880 between 1974 and 1979 and in the Crédit Lyonnais employment fell from 47,102 to 46,145 between 1975 and 1977. It is against this background that the Nora-Minc report forecast a

reduction of employment in banking in France of 30% over the next 10 years.

In West Germany the number of employees in banking grew by 3.7% per annum up to 1974, after which it began to fall.

In Belgium employment growth of 10.2% per annum for 1964-1974 fell to 0.7% per annum for 1974-1977. In the United Kingdom employment growth fell from 3.3% to 0.6% and in Denmark from 6.1% to 0.7%.

- 105 . It is claimed that the introduction of stand-alone word processors will double a copy typist's physical productivity potential.

The British clerical union, APEX, has estimated that, over a wide range of applications, stand-alone word processors result in increases of productivity of between 30% and 80% and that the installation of a machine with several terminals can result in productivity improvements of 200-300%.

A word processing system introduced by the local government authority in Bradford in the United Kingdom resulted in employment of typing staff being reduced from 39 to 19. At the Norwegian insurance company, Storebrand, the introduction of a similar system made it possible for 13 persons to be assigned to tasks originally performed by 75.

- 106 . Except in West Germany and the United Kingdom, employment in telecommunications in Europe has increased. However, there has been a significant decline in the employment of telephone operators, primarily as a result of the introduction of automatic dialling. Between 1963 and 1978 employment of telephonists fell by 25.2% in Austria, 12.6% in Denmark, 16.1% in Italy, 6.2% in the Netherlands and 32.3% in the United Kingdom. Employment also fell in North America following the installation of electronic exchanges, especially among technical maintenance staff, since the maintenance requirement of the new systems is half that of conventional systems. Western Electric estimate that there will be a 75% reduction in labour in maintenance, repairs and installation work as a result of the introduction of electronic exchanges. It is expected that the use of transmission satellites will reduce the demand for maintenance services even further.

SECTION 2: WORKING HOURS

107. We think it would be useful to group our data about the situation in the Community (in 1978) under the headings contained in the European Trade Union Confederation's demands concerning the reduction of working hours. These data are mainly drawn from the European Trade Union Institute's study entitled 'Reduction of Working Hours in Western Europe - Part One: The Present Situation'.

108. The package of proposals formulated by the ETUI at its Congress in Munich in 1979 is as follows:

10% reduction of working hours with no drop in pay - This objective to be achieved by means of one or more of the following measures:

- reduction of the working week to 35 hours,
- increase in the annual period of paid leave to 6 weeks,
- retirement at 60 years of age,
- raising of minimum school-leaving age to 16 and more leave of absence for further education and vocational training,
- introduction of a fifth shift in shiftwork.

A. The working week

109. Normal weekly working hours in the Member States, as established by law and/or collective agreements, are as follows:

Country	Statutory provision	Collective agreements
Belgium	40	40
Denmark	-	40
FRG	48	40
France	40	40
Greece	-	45
Ireland	48	40
Italy	48	36 to 40
Luxembourg	40	38.6 to 40
United Kingdom	-	37.5 to 40
Netherlands	40	40
Finland	40	35 to 40
Norway	40	40
Sweden	40	37.5 to 40

N.B. Some, though not all, of the working hours fixed by collective agreement include breaks (for meals, etc). The hours actually worked are therefore often shorter.

The data are averages: there are variations from sector to sector.

B. Working hours fixed by collective agreement in the various economic sectors

110. We feel that it would be useful to indicate the sectors, in some Member States, in which collective agreements have already reduced weekly working hours to less than the national average.

Belgium

111. A 36-hour week is now worked in certain sectors (large stores, night work in the printing industry, workers in the metallurgical and mechanical industries, large consortia, finance companies) and in a few companies (Coditel, Gervais Danone).

In some sectors it is planned to introduce a 36-hour week gradually over a period not exceeding two years.

37 hours	mutual benefit insurance companies
37½ hours	dock workers
37¾ hours	banks
38 hours	oil industry, insurance companies, public sector workers, gas and electricity workers, wholesalers and retailers of medicinal products, Philips, MBLE, Rank Xerox

It will be appreciated that these are only examples: the trend in Belgium is clearly towards a progressive reduction of weekly working hours.

France

112. For most categories of workers the standard contracts stipulate a 40-hour week, the exception being banks and insurance companies, which have a shorter working week, some firms in the metallurgical and chemical industries and telephone companies (switchboard operators work a 36 to 38-hour week).

Italy

113. From 36 to 40 hours in the public sector; 37 hours 20 minutes: for industrial workers on regular shiftwork, also for banks, insurance companies and in the transport and telecommunications sectors.

Luxembourg

114. 38.6 hours per week: workers in the iron and steel industry and in other sectors.

The Netherlands

115. Most people work a 40-hour week. A few sectors and firms have other arrangements, e.g. the working week for dock workers is 37 $\frac{3}{4}$ hours.

Federal Republic of Germany

116. Most people work a 40-hour week. Workers in tobacco factories who have reached 60 years of age and completed at least 10 years' pensionable service may opt either to receive their pension (equivalent to 75% of their salary) immediately or to work a shorter week (20 hours), with no drop in salary.

37 $\frac{1}{2}$ hours for shiftworkers: a reduction of the hours worked by persons engaged in particularly arduous work is planned in some undertakings (35 hours in Associated Press, 35 hours for women working in distilleries).

United Kingdom

117. 37 $\frac{1}{2}$ hours: office workers; workers in firms making keys and locks (in England), telephone repair workers

38 hours: tobacco companies, firms producing electrical goods, paint factories (Scotland)

In some firms: 39 hours: Texas and Sainsburys; 38 hours: Calor Gas and Littlewoods; 37 $\frac{1}{2}$ hours: Firestone

118. All these data show that not only the 40-hour week has become standard in some countries and some sectors, but that there is already a definite trend towards a further reduction of weekly working hours.

C. Hours actually worked per week

119. The data given below have been drawn from trade union sources and from material published by the Statistical Office of the Community and by the ILO.

Country	Source	1968	1973	1974	1975	1976	1977	1978
Belgium	EEC		41.0	39.5	37.1	38.5	37.1	
Denmark	ILO	37.8	33.5	34.2	33.1	33.3	33.0	
France	TU	45	43.6	43.0	42.2	41.8	41.4	41.1
FRG	EEC		42.9	41.7	40.9	42.3	42.1	
Greece	ILO	43.7	43.4	43.8	42.7	41.9	41.0	41.8
Ireland	ILO		42.2	41.5	41.3	42.1	42.7	
Italy	EEC		41.8	41.7	41.5	41.6		
Luxembourg	EEC		43.7	43.6	40.9	40.3	39.5	
Netherlands	EEC		43.2	41.9	40.8	41.8	41.1	
United Kingdom	EEC) ILO)		43.4	42.9	41.8	42.2	42.3	
Norway	TU		39	39	39	37	37	
Finland	ILO	39.1	38.0	38.4	38.4	38.2	38.4	
Sweden	TU	39.8	37.4	37.3	37.1	36.9	36.4	36.2

120. It would be wrong to place too much reliance on these figures since they also cover workers temporarily laid off or working part-time, which brings down the average. Moreover, in some cases no allowance is made for breaks, absenteeism and strikes, while in others the data relate to the number of hours paid and not to the number of hours actually worked. Then again, the table does not differentiate between the number of hours worked by men and the number worked by women.

121. In France, the United Kingdom, the Federal Republic of Germany, the Netherlands and Ireland, the working hours stipulated in collective agreements are often exceeded, mainly through overtime working.

This is why some trade union organizations give priority to securing a reduction of overtime working, while preserving existing agreements (e.g. the Swedish and Norwegian national trade unions organizations and the LCGB).

Other unions take the line that demands for a reduction of overtime working should be linked to demands for a reduction of working hours, again with no change in existing collective agreements (FGBT, CSC, FO, TUC, Fed. Unit. Italian).

122 . The rate of unemployment in the individual Member States clearly has a bearing on the various arguments put forward in favour of a reduction of working hours (solution to unemployment, improvement in living and working conditions, social and family considerations and equal treatment for men and women).

D. Paid annual leave

123 . The ETUI congress in Munich (18 May 1979) proposed six weeks annual leave as one measure to be used in combination with others to achieve a 10% reduction of the working week.

It is clear, however, that the sixth week represents a reduction of only 6.12% where the holiday allowance is at present three weeks, 4.16% where the allowance is four weeks and 2.1% where it is five weeks.

124 . According to their view of the economic costs and the likely impact on employment, or for tactical reasons, the trade unions differ in the relative importance they attach to the various possible solutions to this problem. The employers would seem in many cases to prefer an increase in the annual holiday entitlement to a reduction of weekly working hours (e.g. the agreement with the German steelworkers of January 1979), since this would be less disruptive to the organization of production.

125 . It is arguable, however, that, while there would be distinct advantages from the social viewpoint (e.g. an increase in leisure time), longer holidays would have only a slight impact on employment except in a few sectors such as the tourist and the entertainment industries.

E. Annual leave - statutory provision and/or collective agreements

126 . The following data are taken from trade union and Commission sources:

Country	Statutory provision	Collective agreements
Belgium	4 weeks	idem
Denmark	4 weeks	5 weeks
FRG	3 weeks	4 weeks - 5 weeks 3 days
France	4 weeks	idem
Greece	2 weeks	-
Ireland	3 weeks	idem
Italy	2 weeks	4 weeks minimum
Luxembourg	5 weeks	idem
Netherlands	3 weeks	4 weeks-4 weeks 3 days
United Kingdom	-	3 - 4 weeks
Finland	4 weeks	idem
Norway	4 weeks	idem
Sweden	5 weeks	5-8 weeks

127 . This table shows that in almost all the countries concerned the holiday entitlement is 4 weeks. The exceptions are Ireland, Greece and to a lesser extent the United Kingdom.

It is expected that a fifth week will be introduced in Denmark in 1981. In those countries where five weeks are the norm, the trade unions are already demanding a sixth week. In some countries there are more favourable provisions for special categories of workers, especially the elderly, the disabled and working mothers. In some cases it is the best-paid workers who enjoy the longest holidays.

128 . In specific sectors and firms the holiday period can be longer (five weeks). Some categories of workers have obtained the sixth week, e.g. steelworkers in the Federal Republic of Germany, steelworkers in nationalized concerns in Italy, older workers in the chemical industry in the Netherlands, and public employees in Sweden.

F. Public holidays

129 . These vary from country to country and are subject to negotiations:

Country	Number of days
Belgium	10
Denmark	9.5
FRG	9 - 13
France	6 - 9
Greece	6 - 12
Ireland	7
Italy	10 or 11
Luxembourg	10
Netherlands	7
United Kingdom	8 - 10
Finland	5
Norway	10
Sweden	11

G. Minimum school-leaving age

130 . Another part-measure recommended by the ETUI is to raise the minimum school-leaving age to 16.

131. While this measure would impose an additional financial burden on the State, it would not affect the costs borne by business and industry. Moreover, it would have an immediate impact on employment and a permanent effect on the overall size of the active population.

The provision of additional education and of vocational training for young people would then, of course, become an urgent problem. The professional training of young people and their preparation for working life should benefit from this extra period of schooling.

132. The only problem is a legal one. In many countries the school-leaving age has already been raised to 16. In Europe the age fixed by law varies between 14 and 16 years.

14 years	Belgium (there is a government plan to raise this to 16 years) and Italy
15 years	Ireland, Luxembourg, Federal Republic of Germany
16 years	Denmark, France (since 1969), Netherlands, United Kingdom (since 1972)

16 years	Finland, Sweden, Norway

It should be noted, however, that the law allows for some flexibility, for instance where part-time work combined with schooling is used to facilitate the transition to working life.

133. In many countries most young people continue their studies beyond the school-leaving age. In Belgium, for example, as many as 95% of school children are said to take up courses of higher education. In France and the United Kingdom the numbers are put at 30% and 28% respectively (it should be borne in mind, however, that in these countries the minimum school-leaving age is higher).

134. The main aim of the trade unions is either to ensure that the minimum school-leaving age is raised or to influence the content of the school curricula, depending on the situation obtaining in their respective countries.

The Swedish national trade union organization, for instance, is pressing for one to three years of study or vocational training to follow the period of compulsory schooling.

H. Retirement age

- 135 . The ETUI calls for 'retirement at 60 years of age and the guarantee of a maximum retirement pension'.

The important point here is that no distinction should be made between men and women and that workers should receive the 'maximum retirement pension', i.e. the ETUI stands opposed to any early retirement scheme that carries a smaller pension.

- 136 . In some countries, however, the idea of a flexible age limit or 'self-determination' is favoured, in the sense that the choice of retirement age should be left to individual workers.

- 137 . The statutory retirement age in the various countries under consideration is as follows:

Country	Men	Women
Belgium	65	60
Denmark	67	67
France	65	60
FRG	65	65
Italy	60-65	55-65
Luxembourg	65	60
Netherlands	65	65
United Kingdom	65	60
Finland	65	65
Norway	67	67
Sweden	65	65

- 138 . The actual situation in these countries may be summarized as follows:

Denmark = It is estimated that only 50% of Danes continue to work until the age of 67, since the law provides for the gradual acquisition of the full pension between the ages of 60 and 66.

France = Retirement is a right and not an obligation. A man may exercise this right on reaching 65 years of age and a woman on reaching 60 years of age. At these ages the full pension may be drawn, provided that contributions have been paid for 37½ years.

- Italy = (a) In the private sector the age limit is fixed by collective agreement and is 60 for men and 55 for women;
- (b) In the public sector the age limit is fixed at 65 for both men and women, though persons who have been in work for 40 years may retire earlier.

139. In conclusion, retirement at 60 is the norm:

- in Italy: in the private sector
- in the United Kingdom, the Federal Republic of Germany and Luxembourg: for women.

140. Early retirement schemes have been introduced in various countries to cope with the employment problems arising from the closure of factories or to achieve an immediate reduction in the present levels of unemployment.

I. Overtime

141. In addition to the measures already described, the ETUI proposes that working hours should be reduced by limiting overtime and that any additional hours worked should be compensated by time off.

142. This proposal, if implemented, would help ease the employment situation. It would also help protect working conditions, which are adversely affected by overtime working. Moreover, reducing overtime, which is generally remunerated at higher rates of pay, would not be so costly as reducing normal working hours.

143. The trade union movement has consistently been opposed to quantifying in financial terms the extra burden created by certain working conditions. Without a reduction of overtime, any attempt to reduce working hours would be pointless.

The trade unions maintain that overtime should be made subject to the following conditions:

- it should be of an 'exceptional nature',
- the limits set should be strictly observed,
- exceptions should be allowed only in very special cases.

144. The information available on the actual amount of overtime worked is extremely varied, not always comparable and in some cases simply non-existent.

145. In 1977 the Statistical Office of the European Communities produced a sample manpower survey from which the following data on workers who worked more than the standard 42 or 45-hour week are reproduced below.

Hours worked in excess of the 42 or 45-hour week

Country	42 hours or more % of workers	45 hours or more % of workers
Belgium	9.1	7.2
Denmark	13.0	9.4
FRG	19.3	13.7
France	38.9	25.2
Ireland	25.8	20.3
Italy	27.2	15.2
Luxembourg	10.6	8.1
Netherlands	14.0	11.4
United Kingdom	24.3	18.4

These data are not, of course, completely reliable.

L. Shiftwork

146. The following table gives an idea of the pattern of shiftwork in industry in the Community:

SC = semi-continuous

o = occasional (shiftwork alternating with normal working)

Country	Shift-work	Main type of shiftwork	Sectors with the highest amounts of shiftwork
Belgium	20.6	SC 40%	Cars, energy, minerals
Denmark	14	o 50%	Paper, chemicals
FRG	20	o 64%	Energy, chemicals, metallurgy
France	31.3	o 61%	Metallurgy, paper, textiles
Ireland	18.8	SC 50%/50%	Textiles, chemicals, paper
Italy	22	o 53%	Metallurgy, paper, non-metallic minerals
Luxembourg	41.5	SC 48%	Metallurgy, chemicals, fibres
Netherlands	10.6	o 39%	Food products, textiles, metallurgy
United Kingdom	30	o 47%	Cars, metallurgy, chemicals

147. The ETUI is opposed on principle to any work that interferes with normal daily living patterns. However, it is recognized that in some sectors it is not possible to confine work to one part of the day.
148. Shiftwork is almost always introduced for reasons relating to investment productivity. Where shiftwork cannot be avoided, it is proposed that its harmful effects should be mitigated by:
- reducing the number of hours worked by the shiftworker,
 - introducing additional shifts in fixed shift systems,
 - introducing breaks and rest periods.
149. The introduction of a fifth shift is the last of the measures proposed by the ETUI for reducing working hours.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Draftsman of the opinion: Mr B. BEUMER

On 27 November 1979 the Committee on Economic and Monetary Affairs appointed Mr B. Beumer draftsman.

It considered the draft opinion at its meetings of 23 and 24 January, 23 and 24 April, 27 and 28 May and unanimously adopted it at its meeting of 5 and 6 June 1980.

Present: Mr Delors, chairman; Mr Deleau, vice-chairman; Mr Beumer, draftsman; Mr Beazley (deputizing for Mr Balfour), Mr von Bismarck, Mr Caborn, Miss Forster, Mr Hopper, Mr Mihr, Mr Purvis (deputizing for Sir Peter Vanneck), Mr Spinelli (deputizing for Mr Piquet) and Mr von Wogau.

Introduction

1. Employment prospects for the 1980's are not rosy. The main reasons for this are limited economic growth, continuing increases in the price of energy and raw materials (with the resulting need - accentuated by changes in the international division of labour - for restructuring), the gradual introduction of new technologies and demographic trends.
2. All Member States are considering whether, and how, in addition to the improvement of growth, innovation, the stimulation of demand and the reduction of discrepancies in the labour market, the adaptation of working time can help improve the employment situation.
3. The committee considers that reduction of working hours cannot be seen as a substitute for the creation of jobs - the opportunities available in small and medium-sized companies deserve particular consideration - but as a possible additional instrument whereby something can be done to counteract the continuing high level of unemployment.
4. The aim is not that less work should be performed but rather that at least the same amount should be done by a greater number of people. This could also improve the ratio of employed to unemployed persons which is at present putting pressure on social solidarity. Perhaps the extent of moonlighting is indicative of this although this is something which should be investigated more carefully.
5. The committee itself realizes that present gloomy employment prospects require more than just supplementary measures but also that the economic prospects limit the room for manoeuvre. The whole question calls for careful and discriminating evaluation.

I. Basic premises

6. The committee based its assessment of the situation on the following basic premises:
 - the present high average unemployment level in the Community must be considered socially unacceptable;
 - in the present circumstances the reduction of working hours must be judged initially in terms of whether it can help improve the employment situation;
 - on the basis of its terms of reference the Committee on Economic and Monetary Affairs has considered aspects such as the effects on costs inflation and methods of financing, the aim also being to investigate whether there are more than just short-term effects;

- the Community's limited economic autonomy must also be borne in mind: the external competitive position is a significant secondary consideration;
- when considering alternative ways of reducing working hours, humanizing factors which raise the quality of work must also be considered where possible;
- without a coordinated European approach by the Community and both sides of industry any Community employment policy will be an illusion.

II. Basic data and studies

7. Unfortunately there is a lack of coherent statistics on working hours and forms of employment. Nor are there any clear definitions of concepts. The lack of information makes it even more difficult to judge the reduction of working hours as an instrument of employment policy.

8. In the numerous studies on the reduction of working hours the national approach is predominant. This applies particularly to (econometric) models, and means that they are of limited value in making general judgements. Thus in the various investigations differing premises are often used and this makes comparison more difficult.

III. Alternatives

9. Reduction of working hours can be:

- per day/week
- per year (e.g. holidays)
- length of working life (early retirement)

III. 1. Reduced hours per day/week

10. It is difficult to make generally valid statements on the impact of the adaptation of working hours on macro-economic variables such as production, productivity and employment. The effects are always conditioned by the form chosen, the rate and extent to which it is introduced, methods of financing and also the economic situation of industry and the government.

11. The significance of the effects is mainly determined by the following factors:

- extent of changes to overall operating time; if this was reduced proportionally less than the reduction of working hours, this would limit the adverse effects on production and employment;
- similarly, any surplus capacity
- and the existence of any internal labour reserves
- the extent to which a reduction of working hours could lead to an increase in production capacity;

- changes in hourly productivity (see points above).

Initial increases in hourly productivity generally tend to fall off in time:

- financing methods;

if any falls in production and productivity per person are not offset (higher hourly productivity, adjustment of wage costs) the profit position deteriorates, competitiveness is affected even more, there is faster obsolescence of existing plant and possible repercussions on gross investment activity;

- government budgetary policy: of significance for the level of effective demand;

- the questions as to whether the labour market is prepared for extra demand;

- the possible 'additional' increase in the labour supply if more jobs are available

12. In view of these factors it can be expected that a reduction of working hours will of itself have repercussions on production capacity, production and productivity per worker. The essence of our investigation is to determine the relationship between these disadvantages and the increased employment opportunities created by the reduction of working hours.

Differentiation by sectors

13. It is useful to differentiate between the effects on the (private) market sector and the public services sector (services sector wholly or partly financed by government).

Market sector

14. Within the market sector account must be taken of the differing trends in each branch of industry. Branches of industry which are less capital-intensive can in general - as long as sales potential remains unchanged - expand production capacity more easily than capital-intensive ones (where longer preparation is needed for investments and there is greater dependence on profit prospects). Those sectors in particular, which are directly involved in international competition, have only limited flexibility. In view of the various different factors affecting the impact of reduced working hours, it would be unrealistic to adopt a blanket approach.

15. It is also important to have a clearer picture of trends in the micro-processor industry. The Commission should help to coordinate both the promotion of a suitable scale for this industry and the prevention of unnecessary surplus capacity leading to future unemployment.

The production and application of micro-processors may result in sharp increases in productivity in certain sectors. Part of this must be used for adaptation of working time when jobs are lost. There must also be an investigation into the systematic expansion of services (e.g. bank opening hours).

III. 1. a. Possible impact in the market sector

16. A reduction of operating time in proportion to the reduction in working hours would mean a drop in production capacity. It would then not be possible to increase employment unless there was already surplus capacity or internal labour reserves. Surplus capacity would make it possible to expand employment, but this could hinder future recovery. It is, above all, essential to allow undertakings a certain degree of flexibility in their management and to afford undertakings and their employees the opportunity of organizing their weekly timetable over the number of days they desire.

17. In non-capital-intensive sectors where capacity is of less importance the opportunities for expanding employment are theoretically greater. One must not overlook the fact that there would be a drop in productivity per worker in both sectors.

Maintenance of operating time

18. A possible alternative here is the introduction or expansion of shift work.

19. Increased shift working (also part-time working) can counter negative effects on production. An important factor here is the extent to which organizational friction with its negative influence on productivity can be eliminated.

20. The use of rota systems can be extended considerably particularly in the services sector.

More shift work

21. More thought must therefore be given to increasing shift work (relationship of volume of work and number of jobs given a full complement of workers).

Experience with shift-free days also points in this direction.

22. The Commission put forward the following basic considerations:

- in contrast to a reduction of working hours, increased shift work leads to increased production, employment and a better capital-output ratio;
- from the point of view of work distribution this alternative has certain advantages: in principle no reduction of wages is required;
- there is a greater possibility of reducing working hours if this is done

in conjunction with increased shift work: the operating time can remain the same, loss of production may occur;

- increased shift working with less than proportional reduction of operating time (extension of operating time) means there is the possibility at least of maintaining real income.

23. The structurally high level of unemployment, high and increasingly capital-intensive investments and the growing trend towards reduced working hours underline the importance of this alternative. It is, moreover, still essential to link this with the humanizing aspect. In view of the type and scope of the increasing labour supply, part-time working also merits special attention.

Part-time work

24. An ILO study (1977) showed that the ratio of persons seeking part-time work to available jobs was 10:1. The majority of these were women. This indicates an important trend in the job market.

25. The Commission has noted that investigations in various countries at macro-level have shown the following economic effects (in comparison with full-time employment):

- better hourly productivity - particularly for monotonous jobs; lower absenteeism because of sickness,
- more flexibility - increased and easier disposition of workers
- greater reliability - attendance, motivation
- higher average administration and training costs.

Most of the studies tend to consider that, on balance, this is positive, also in view of trends in the structure of production which requires increasing flexibility.

26. It is therefore desirable to achieve some system of social security and taxation which does not penalize part-time employment.

It is also important that there should be ample career and promotion opportunities within part-time employment; the lack of these is still a major obstacle to a more comprehensive reorganization of work (particularly for male wage-earners).

27. It must also be borne in mind that a redistribution of labour could produce an extra supply and thus limit any drop in employment. On the other hand a higher employment level means more production (services) and greater demand based on purchasing power.

III. 1. b. Effects in the public services sector

28. The characteristic feature of this sector is the provision of collective services. There should be pressure here to maintain the provision of services. This may produce organizational, personnel or budgetary problems.

The opportunities for increased shift working (and part-time employment) appear greater here than in the market sector. If services are to be maintained at the same level it must be assumed that there will be an increase in costs (extension of work facilities and accomodation, in addition to extra personnel costs).

29. The introduction of reduced working hours (shift systems) should not be so rapid as to impair the provision of services. Extra employment can be created in this sector but certainly not in proportion to the reduction in working hours.

III. 1. c. Assimilation of the effects of reduced working hours

30. The reduction of working hours taken by itself has the following effects: loss of production and production capacity, a tendency (at least at the beginning) towards better hourly productivity, loss of capital productivity.

Assimilation of the adverse effects must in principle be through full wage compensation if there are to be any lasting positive effects on employment. Any adverse effects on average profit levels must after all be viewed as counter-productive.

31. Where the adverse effects (loss of production/capacity) can be limited by means of the alternatives chosen the work distribution and long-term employment effects may also be more favourable.

This would apply, for example, where the loss of productivity per employee was lower than that caused by the reduction in working hours.

32. If unemployment is reduced, the relief in terms of lower public expenditure must be investigated. Here the effects would seem to be limited if they are accompanied by a drop in the level of production and consequently lower tax revenue.

33. One must ask to what extent and under what conditions a proportional adaptation of wages could be deflationary and therefore again have adverse effects on employment. This should be included in the consideration and subjected to closer examination.

Finally, it can be concluded that if, by keeping operating times at the same level or increasing them, the volume of production is not reduced and there is sufficient scope in the job market, there may be positive effects on labour productivity (a reduction of working hours may cut down loss of time through sickness) and the positive effects can be strengthened. This optimum solution will obviously not obtain by any means everywhere.

III.2. Reduction of total working life

The alternatives here are: early retirement and training leave.

Early retirement

35. Early retirement would not expand the demand for labour but it would reduce the labour supply.

The advantage is that there would be no reduction of operating time.

Important aspects which must still be borne in mind are the influence of early retirement on hourly productivity, the situation on the labour market and the method of financing.

With regard to the latter, the companies' profit position remains a significant secondary consideration, as does the government's budgetary position (in this case: government pension funds).

36. A drop in unemployment can in theory increase the income of the central government. If this increase is greater than the negative effect on tax revenue the government should be able to provide some support. Of course the overall impact is dependent on the extent to which voluntary early retirement is acceptable and the free jobs can be filled by suitable replacements.

37. Most studies indicate a drop not only in unemployment but also in the number of jobs available. On balance, it must therefore be assumed that whereas voluntary early retirement can make a small contribution to solving unemployment it will be more useful as regards the creation of vacancies.

Alternative training

38. The number of apprenticeships available for young people seems to have fallen rather than increased in recent years. Given the discrepancies on the labour market very great importance must be attached to additional training geared to requirements. The policy guidelines on this matter prepared by the Council (resolution of 22 November 1979) should be vigorously implemented with the help of the European Social Fund. The Commission should strongly support this policy and should present an interim report on Member States' policies to Parliament before 1982. Any obstacles caused by restrictive national social security legislation must be eliminated. Consideration must also be given to which alternatives such as increased shift work, and part-time work can be combined with forms of alternance training.

IV. Institutional aspects

39. The credibility of European institutions is at stake if they do not manage to convince Europeans that they are making considerable efforts to improve the employment situation. Insofar as the reduction of working hours can contribute to this, there would be more hope if Member States' policies were more in line with each other. Unilateral action increases competitive inequality.

40. Alternatively, maximum pressure could be exercised for one aspect in one Member State so that another Member State would have to follow suit. In the absence of coordination this could be a severe burden on Community resources particularly for weaker sectors/countries. Consultation and harmonization could be an aid to convergence, whereas their absence would only increase the problems.

41. There must be close cooperation with the social partners between whom cogent and productive consultations at European level are a matter of urgency. The European Community must help create a climate in which the dialogue between labour and capital can be revived. The Community's present machinery would appear to be inadequate for this.

42. It would be useful if there could be meaningful tripartite conferences. The aim of these is, after all, to involve the social partners to a greater degree in the Community's socio-economic decision-making. They offer the opportunity to lay the foundations for better operation.

43. The joint committees would be more effective if more was discussed than just social problems and if companies were obliged to provide them with more information. Their terms of reference must be specified more precisely. In line with the Commission's recommendations, the joint committees must be extended to all the major sectors of the Community. Financial support to a certain branch of industry could be made conditional on the operation of a joint committee. With regard to the adaptation of working hours, for example, these committees could be particularly important as a choice will have to be made from the various possibilities for the various sectors and the rate of introduction decided on. This could also be a way of achieving the necessary decentralization.

44. At present the Standing Committee on Employment could be considered the suitable body for wide-ranging consultation on socio-economic subjects between the Council, the Commission and both sides of European industry. Within the Standing Committee a sub-structure could be instituted to formalize the consultation procedure.

The Council must be represented by ministers from all sides of the socio-economic triangle (Social, Financial and Economic Affairs).

This should produce outline agreements which could be implemented within national labour agreements and/or could apply to certain sectors. However it would be unrealistic to have consultations between the European social partners without consideration of national or sectoral differences.

45. The Commission must play a more important role in the tripartite conference by submitting proposals which will help the social partners to define their positions. The Council must play a more active role by taking responsibility for a draft final declaration which must be submitted for final decision.

A target which could be included here with regard to the adaptation of working hours would be as follows: an annual adaptation of an average of 1.5-2% depending on the situation in each country/sector - provided that it did not stimulate inflation and increase the number of jobs available. The difficulty at present is that the Council as such has never stated its position in the Committee.

46. In view of the differing situations in countries and sectors, care must be taken not to produce guidelines which might be too strict. Nevertheless, for certain alternatives, e.g. systematic overtime, a framework directive could be useful. Account should be taken in this case of smaller companies, the particular conditions of seasonal employment, the labour market situation and those with low incomes.

47. The tripartite consultation must lead to binding basic agreements with each separate Member State adopting its own decisions in line with these basic agreements, taking into account the responsibilities of the social partners at national level and the national situation (e.g. differences in productivity).

48. The adoption of the position that (national) social partners are completely autonomous will make it impossible to achieve an employment policy and make convergence based on a better harmonization of working conditions illusory.

V. Summary of conclusions

49. Introduction and basic premises

- (a) the current economic situation and prospects offer only limited scope for introducing versions of reduced working hours;
- (b) reduction of working hours should not be considered a substitute for job creation but rather as an additional instrument in the fight against the continuing high level of unemployment;
- (c) given the socially unacceptable nature of this high level of unemployment, reduction of working hours should now be aimed at the performance of at least as much work by more people;
- (d) in view of the limited economic autonomy of the Community, external competitiveness forms an important secondary consideration;
- (e) without coordinated European action by the Community and the social partners a Community employment policy is illusory.

Statistical information and studies

- (f) the incompleteness and lack of comparability of statistical data and research/models stands in the way of any worthwhile judgements.

Alternatives and relevant factors

- (g) it is difficult to make generally valid statements on the effects of the reduction of working hours on macro-economic variables such as production, productivity and employment opportunities. The effects are dependent on the alternative chosen, speed/ extent of introduction, method of financing, economic position of business/government;
- (h) a less than proportional reduction in operating time would limit the adverse effects on production and employment;
- (i) if any drop in production and drop in employee productivity cannot be offset (higher hourly productivity, adaptation/easing of wage costs) the profit position deteriorates as does competitiveness, equipment becomes obsolete more quickly and there may possibly be repercussions on gross investments;

(j) possible development (scale, capacity, employment prospects) in the micro-processor industry make a coordinated approach by the Commission both desirable and sensible;

(k) the key question is how any adverse effects relate to any additional employment opportunities to be achieved via the reduction of working hours;

Shiftwork (more intensive use of industrial equipment) and part-time work (greater flexibility in working hours

(l) increased use of shift work systems can counteract negative production effects, particularly if organizational difficulties which have a negative effect on productivity can be offset; this should if possible be linked to humanizing employment;

(m) in view of the type of labour available and growing preferences, stimulation of part-time work is desirable: tax and social security arrangements should not penalize part-time work; promotion prospects should be greater; part-time workers should be more fully involved in the firm's activities; more possibilities should be given to young people entering employment (linked to study/training) and for older people approaching retirement;

Assimilation of the effects of reduction of working hours

(n) with regard to distribution of increased productivity and in view of the limited prospects for growth a choice will have to be made between reducing working hours and increasing wages if there are to be long-term effects on employment; a more intensive use of industrial equipment relieves the problems of distribution;

(o) if there is little or no drop in the volume of production and the situation on the labour market offers enough scope, a reduction of working hours would be advantageous for hourly productivity and positive effects could be expected;

(p) under certain conditions a (framework) directive on systematic overtime could be supported;

(q) voluntary early retirement can have a favourable effect on unemployment levels; however if it is not linked to a replacement supply it would also result in a loss of employment opportunities. The contribution which this alternative can make is therefore limited;

- (r) without more scope for and stimulation of ongoing training, which must be aimed at reducing discrepancies on the job market, the effects on employment of any form of reduction of working hours will only be limited; schemes to link reductions in working hours to additional training/education should be encouraged wherever possible; young people should receive better information about their working lives;

Public services sector

- (s) if working hours are reduced, this should not be done so fast as to affect the provision of services;

Institutional aspects

- (t) unless there is proper cooperation for this purpose at European level between the European institutions and the social partners it will not be possible to get a Community employment policy off the ground and it will be difficult to fit in with convergence;
- (u) the Standing Committee on Employment and the joint committees must be given a real task to perform;
- (v) consultation between the Community and the European social partners should produce framework agreements - an annual reduction in working hours (e.g. 1.5-2%) should be one component of such agreements - which take into account the powers of the social partners at national level and sectoral differences.

MOTION FOR A RESOLUTION (Doc. 169/79)

tabled by Mr FELLERMAIER, Mr PISANI and Mr LANGE on behalf of the Socialist Group

with request for an early vote

pursuant to Rule 47(5) of the Rules of Procedure

to wind up the debate on oral questions

Docs. 125/79 and 126/79

on EMPLOYMENT POLICY

The European Parliament,

at the conclusion of its debate of 9 May 1979 on the oral questions by Mr FELLERMAIER, Mr PISANI and Mr LANGE (Docs. 125/79 and 126/79) on employment policy,

1. Notes that unemployment continues to affect some 6 million people, that the situation is likely to become even worse and that an early return to full employment is unlikely,
2. Draws attention to the ineffectiveness of the policy of concerted action decided on at the Copenhagen and Bremen summits to tackle the problem of underemployment,
3. Demands that the Community be provided with an economic and social policy capable of solving the unemployment problem, responsibility for adopting the necessary measures lying with the Council and the Governments of the Member States,
4. Insists that a significant effort be made to create new jobs and, more particularly, that demand be increased; that industrial, regional and vocational training policies be developed both at national and Community level; that jobs be created by developing the service sector, and specifically those services needed to satisfy the basic requirements of the working and retired men and women of our Community (improvement of medical facilities, education, the environment and housing),
5. Considers that investment in each major economic sector is guided by development plans and that an investment notification system should be introduced at both national and Community level and that coherence should be ensured,
6. Feels that the granting of government aid to private enterprise should be conditional upon the creation of jobs and compliance with the procedure outlined above,
7. Stresses that national and Community policies to promote employment form part of the search for a new international economic order and international division of labour, which will in the immediate future enable the developing countries to progress in parallel with the industrialized countries, and at the same time demonstrate the Community's resolve to give the unemployment problem the priority it deserves,

8. Demands that speedier action be taken to reduce the number of working hours, without loss of wages, and that this be done in a manner that is both resolute and flexible ; this can be achieved by
 - (a) progressively shortening the working week to 35 hours,
 - (b) increasing annual leave to 6 weeks,
 - (c) lowering the retirement age to 60,
 - (d) raising the school-leaving age and allowing longer leave for training purposes,
9. Demands that unemployed persons whom society does not guarantee the right to work receive adequate compensation to assure them of a decent standard of living,
10. Demands increased joint action at Community level with respect to employment policy ; to this end
 - (a) requests that a thorough discussion, to be prepared by the Commission and attended by the European institutions, employees and employers, be held each year to review the employment situation and the outcome of policies pursued and to decide on policies for the next year ; expects the Council to bring about an improvement in the Tripartite Conferences along the lines proposed by the Commission,
 - (b) requests that tripartite sectoral working parties be set up to advise the Community institutions on the major industrial and service sectors ; requests the Council in this connection to put into effect the declaration it itself made in Copenhagen in April 1978 and asks the Commission to draw up detailed proposals defining the terms of reference and working methods of these tripartite working parties,
11. Instructs its President to forward this resolution to the Council and Commission.

MOTION FOR A RESOLUTION (Doc. 1-377/79/rev.)

tabled by Mr DIDO', Mr VETTER, Mr MOREAU, Mrs LIZIN, Mr DELORS, Mr RUFFOLO, Mr LEZZI, Mr FERRI, Mr SARRE, Mr ZAGARI and Mr COLLA on behalf of the Socialist Group

with request for urgent debate pursuant to Rule 14 of the Rules of Procedure

on the DIRECTIVE ON SHORTER WORKING HOURS

The European Parliament,

- having regard to the rise in unemployment resulting from the general economic crisis and the restructuring in progress in certain industrial sectors,
 - pointing out that the reorganization of working time and more efficient utilization of the industrial apparatus were among the measures recommended by the Council of Employment and Social Affairs Ministers and endorsed by the European Council, as requested by the European Trade Union Confederation,
 - noting the detailed studies on the matter submitted by the Commission,
 - whereas the meetings between the social partners, in particular at Community level, have failed to resolve the situation, thereby opening up the prospect of increased social tension,
 - in view also of the impact which a new division of labour may have on the economies of the Member States and on the Community as a whole and, moreover, of the current divergence of the Member States' economies, which must be progressively harmonized through the introduction of 'Community instruments',
1. Requests the Commission, in accordance with the conclusions of the Council of Ministers for Social Affairs meeting in the Standing Committee on Employment on 22 May 1979, to submit, before the next Council meeting on 22 November, practical proposals which take account of the available studies and of consultations with the social partners, for an outline directive indicating the objectives and guidelines for the gradual introduction, adapted according to sector and country, of shorter working hours and the creation of new jobs to enable production levels to be maintained and increased; this policy should be pursued at both national and Community level;
 2. Requests the Commission and Council to draft practical proposals in the field of social policy, active employment policy, parafiscal policy and financial aid aimed at encouraging the achievement of these objectives;

3. Instructs its President to forward this resolution to the Council and Commission.

JUSTIFICATION

In view of the deadline of 22 November 1979, Parliament should deliver an opinion on this matter at its October part-session with a view to guiding the Commission's work on a subject which affects tens of millions of European workers.