

# Procedure file


## Basic information

INI - Own-initiative procedure	<a href="#">1995/2085(INI)</a>	Procedure completed
Reduction in working time		
Subject 4.15.03 Arrangement of working time, work schedules		

## Key players

European Parliament	
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## Key events

13/06/1995	Committee referral announced in Parliament		
18/06/1996	Vote in committee		Summary
17/06/1996	Committee report tabled for plenary	<a href="#">A4-0207/1996</a>	
17/09/1996	Debate in Parliament		Summary
18/09/1996	Decision by Parliament	T4-0462/1996	Summary
18/09/1996	End of procedure in Parliament		
28/10/1996	Final act published in Official Journal		

## Technical information

Procedure reference	1995/2085(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/4/06701

## Documentation gateway

Committee report tabled for plenary, single reading		<a href="#">A4-0207/1996</a> <a href="#">OJ C 211 22.07.1996, p. 0002</a>	18/06/1996	EP	
Text adopted by Parliament, single reading		T4-0462/1996 <a href="#">OJ C 320 28.10.1996, p. 0067-0097</a>	18/09/1996	EP	Summary

## Reduction in working time

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

## Reduction in working time

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The rapporteur, Mr Rocard (PSE, F), emphasised that the sole purpose of his report was to call on the Commission to examine a new taxation policy that would be more effective in combating the rise in unemployment levels. Accepting that the problem of mass unemployment would not be solved within the next few years and that the services sector was no longer capable of taking in workers from industry, the rapporteur called on policy makers to look at introducing reduced working times, which was a potential solution that had still not been considered. Ruling out any sudden or uniform imposition of such a process by legal means, Mr Rocard called on the public authorities to promote negotiations at company level. However, if the call for a reduction in working hours were to gain acceptance there would have to be some agreement on maintaining wage levels. This was why the rapporteur proposed using the only available reserve, namely 4.5% of GNP, which was intended as a means of support for the unemployed yet did not necessarily create one single job. The money saved could therefore be made available to companies as compensation for losses in salary. Mr Rocard also announced that he had changed the title of the text in question in order to take account of demands from the EPP and Liberal Groups; he also wanted to defuse any potential conflict situation by calling on the majority of Parliament to support him in his efforts, which were aimed at validating a concept and certainly not at introducing European legislation in this area. As far as the Council was concerned Mrs Fitzgerald thought that a reduction in working hours could improve the current situation by as much as 1%; while this was not insignificant, neither was it enough to solve the problem. She also referred to this issue by describing the situation as extremely complex. The problem of organising a division of working hours was part of a global debate that also involved the division of income. Inasmuch as the reduction in working hours was difficult to envisage without a loss in revenue, the consequences of such a scheme had to be taken into account. Allowance also had to be made for workers who, for want of a higher salary, wished to work additional hours. Finally, this issue had to be examined in a global context and efforts had to be made to promote a model that was more flexible and at the same time more competitive. Nevertheless, she welcomed the Rocard report, which had stimulated a great deal of reflection, as a valuable contribution to the unemployment problem, an issue to which the Irish Presidency had attached much importance. Commissioner Flynn also welcomed the work done by Mr Rocard, especially for his constructive approach based on cooperation and dialogue. For its part the Commission was engaged in preparing a Green Paper on the organisation of the labour market, including working hours, which had been drawn up as a response to an initiative from Parliament. The redistribution of working hours had to be introduced against a background of greater flexibility, including the use of additional training measures and the introduction of collective agreements. The Commissioner gave his assurance that every connection between reduced working hours, productivity and salary levels would be examined in detail in order to take account of the different aspects involved according to the sector of activity, the country and the social security system concerned. Mr Flynn also said that by following the initiative launched by the Commission the social partners had initiated a debate that was aimed at reaching a balanced agreement at European level on part-time work.

## Reduction in working time

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The European Parliament adopted the report by Mr Michel ROCARD (PSE, F) on the reduction and organization of working time by 300 votes to 56 with 19 abstentions. In its resolution, the European Parliament considered that available work could be better distributed by: - reducing the working week; - increasing the number of part-time jobs with social protection; - gradually abolishing overtime; - introducing longer sabbaticals; - guaranteeing better performance by introducing short breaks during the day; - reorganizing working time. Reducing working times would allow the number of salaried employees to be maintained and new employees to be recruited. The European Parliament considered that Member States' expenditure could be reduced considerably because a reduction in working times would bring about a significant reduction in unemployment both as the result of direct recruitment and by avoiding redundancies. It therefore called on the Commission and the Member States to examine these potential savings in order to determine if they would benefit companies (savings could be used to compensate loss of salary either through direct subsidy or by reducing social security contributions for the first 32 hours' work (for example by 1 ecu per hour) and by increasing contributions on the hours worked thereafter (by 4 ecus per hour). At a general level, the European Parliament called on the Commission to publish within six months an analysis of the experiences in each Member State as the result of reducing working times. It hoped that the social partners would examine different working times and notify their opinions within the framework of their multiannual work programmes. It also hoped that, if the studies drafted by the Commission and the assessments carried out by the Member States (on reducing state expenditure) were conclusive, the partners would consult in order to finalize flexible agreements, especially in the sectors not currently covered by the "working time" directive. It also hoped that they would start negotiations on gradually replacing overtime payments with compensatory time off, thereby enabling several million jobs to be created. Given that these measures would result in a considerable increase in leisure time, the report suggests that the Member States and the Commission examine decentralized strategies for support for lifelong learning, sporting and cultural activities and community social work. Finally, it reiterated that all workers should be placed on an equal footing, irrespective of the working time arrangements which they chose.?