„Short-time“ employment schemes in Europe

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Preventing Unemployment during COVID-19: Lessons from European “Short-Time” Employment Schemes?
Webinar, 18 June 2020
Variety of short-time employment schemes in Europe

Korttidsarbete

National Covid-19 Income Support Scheme for Irish workers

Activité partielle

CASSA

INTEGRAZIONE

ERTE: Expediente de Regulación de Empleo Temporal
Especial COVID-19

Coronavirus Job Retention Scheme
Online service now live

WSI

18 06 2020

Prof. Thorsten Schulten
Basic concept of short-time employment schemes in Europe

Temporary instrument to avoid unemployment in response to a temporary crisis situation

Workers:
• Temporary reduction of working time down to zero hours
• (Partial) wage compensation for reduced working time

Employers:
• Reduction of labour costs through wage subsidies
• Retention of a qualified workforce which enable to return rapidly to economic activity after the crisis

Financing:
• Unemployment Insurance
• State
Wage compensation for workers in short-time employment schemes*

* Beginning of May 2020
Wage compensation for workers in short-time employment schemes

Special protection for Low wage workers:

- **Minimum wage as Minimum Compensation!** (France et al.)
- **Higher percentage of compensation for low wage workers** (Austria: 90% instead of 80%)

Income caps …
for wage compensation!
Duration of short-time employment schemes in months

Strong Tendency to extend the schemes!

* Beginning of May 2020

ETUI Policy Brief
European Economic, Employment and Social Policy N°7/2020
Ensuring fair short-time work - a European overview
— Thorsten Müller and Thorsten Schulten

WSI 18 06 2020 Prof. Thorsten Schulten
Number of workers (actual or applied) in short-time employment schemes*

Short-time work in total:
- 42 Million in EU 27
- 50 Million in Europe

Unemployed in total:
- 14 Million in EU 27
- 16 Million in Europe

* Beginning of May 2020

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[Graph showing the number of workers in short-time employment schemes in various countries, with France leading at 11.3 million and Romania having the least at 0.1 million.]
Percentage of workers (actual or applied) in short-time employment schemes*

More than one quarter of all EU workers!

* Beginning of May 2020

ETUI Policy Brief
European Economic, Employment and Social Policy
N°72/2020
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Criteria for fair short-time employment schemes*

- **Wage compensation:** At least 80% with higher compensation rate for low wage workers
- **Sufficient duration:** for the whole crisis period
- **Dismissal protection:** during short-time work
- **Inclusiveness:** Coverage of all workers
- **Fair share of the costs:** Ban on paying out dividends
- **Full involvement of workers’ representatives/trade unions** in the implementation of the schemes.
Further Reading:

ETUI Policy Brief
European Economic, Employment and Social Policy
N°7/2020

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Key points:

— At the end of April 2020, in the EU27 there were more than 42 million applications for support for workers on short-time work or similar schemes, which corresponds to about one quarter of the overall EU workforce. If one includes the United Kingdom and Switzerland, the number of applications for short-time work rises to more than 50 million.

— With its proposed SURE programme to provide financial support to national short-time work and similar systems, the European Commission has recognized the importance of short-time work for avoiding unemployment and supporting employment in cases where at the same time allowing companies to adapt working hours to the drop in demand.

— The SURE programme, however, only provides financial support and therefore perpetuates potential structural disadvantages of national systems.

— Based on a comparison of the different short-time work schemes in Europe, this policy brief identifies some criteria for fair short-time work which enables workers not only to retain their job, but also to live a decent life.


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