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„Short-time“ employment schemes in Europe

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**Center for Global Work and Employment
at Rutgers University**

Preventing Unemployment during COVID-19:
Lessons from European “Short-Time” Employment Schemes?
Webinar, 18 June 2020



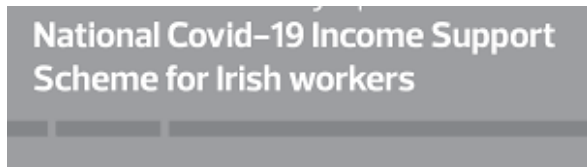
Variety of short-time employment schemes in Europe



Korttidsarbete



Kurzarbeit



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

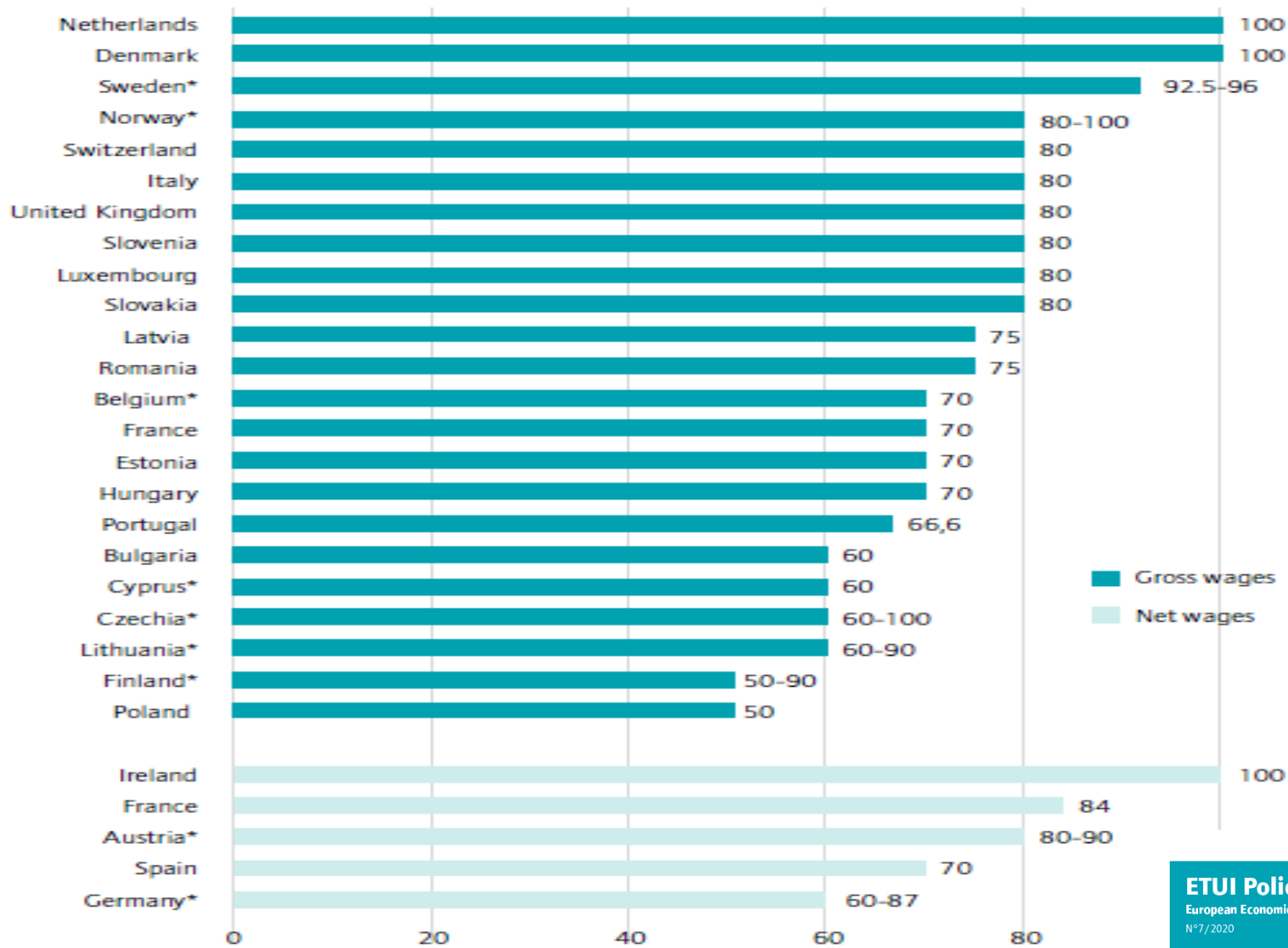
Employers:

- 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*



Wage compensation for workers in short-time employment schemes



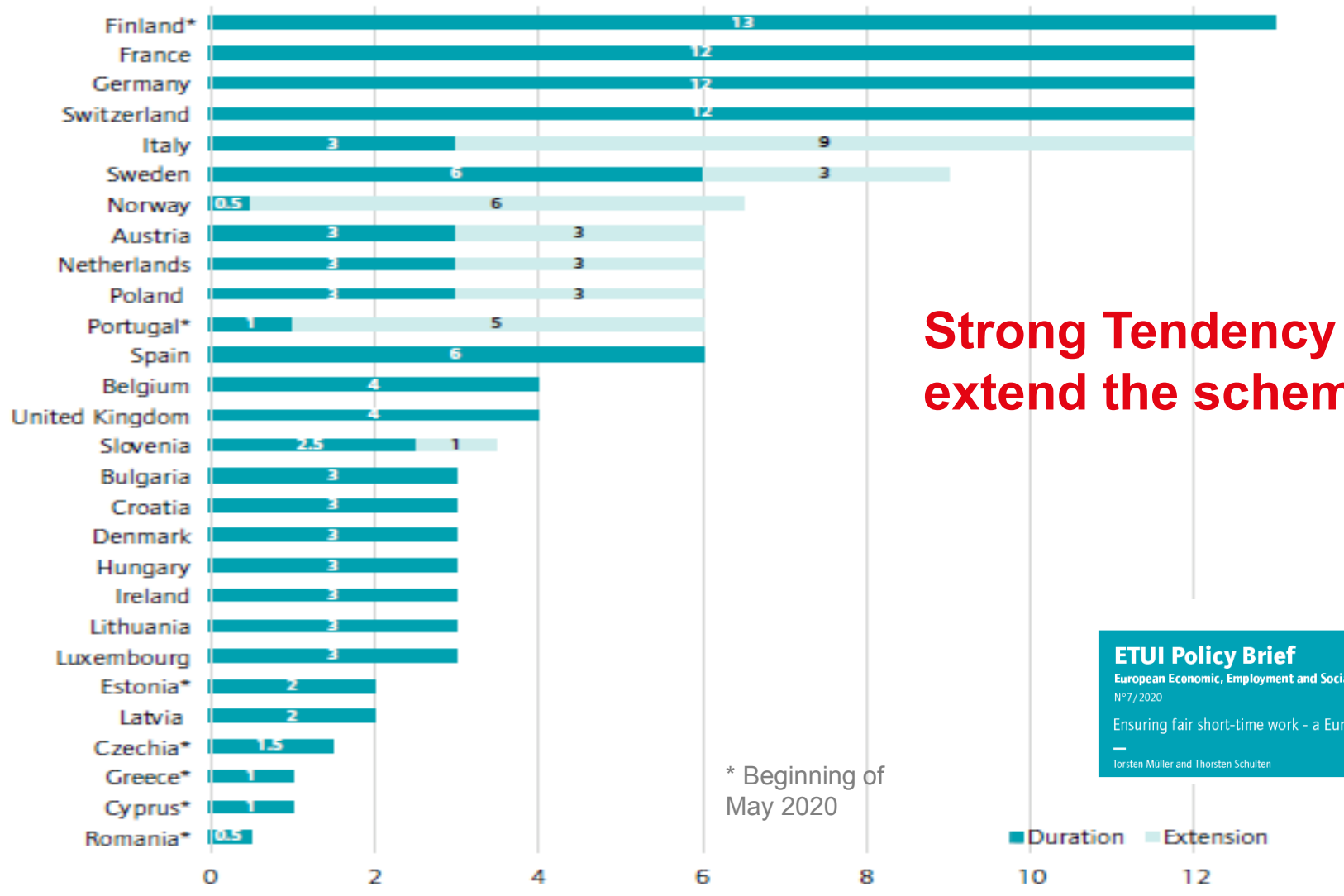
Special protection for Low wage workers:

- **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

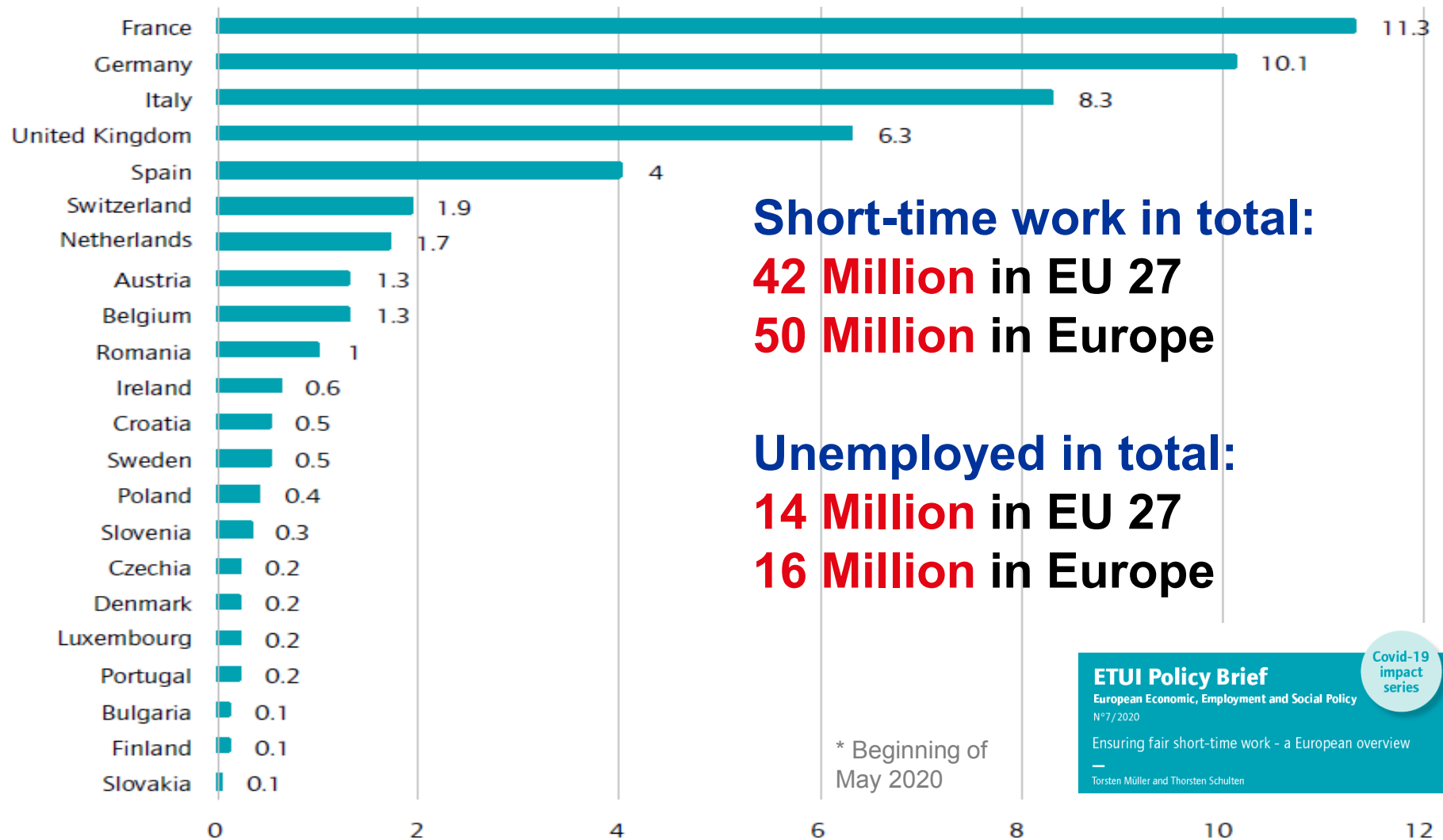


Strong Tendency to extend the schemes !

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

Covid-19 impact series

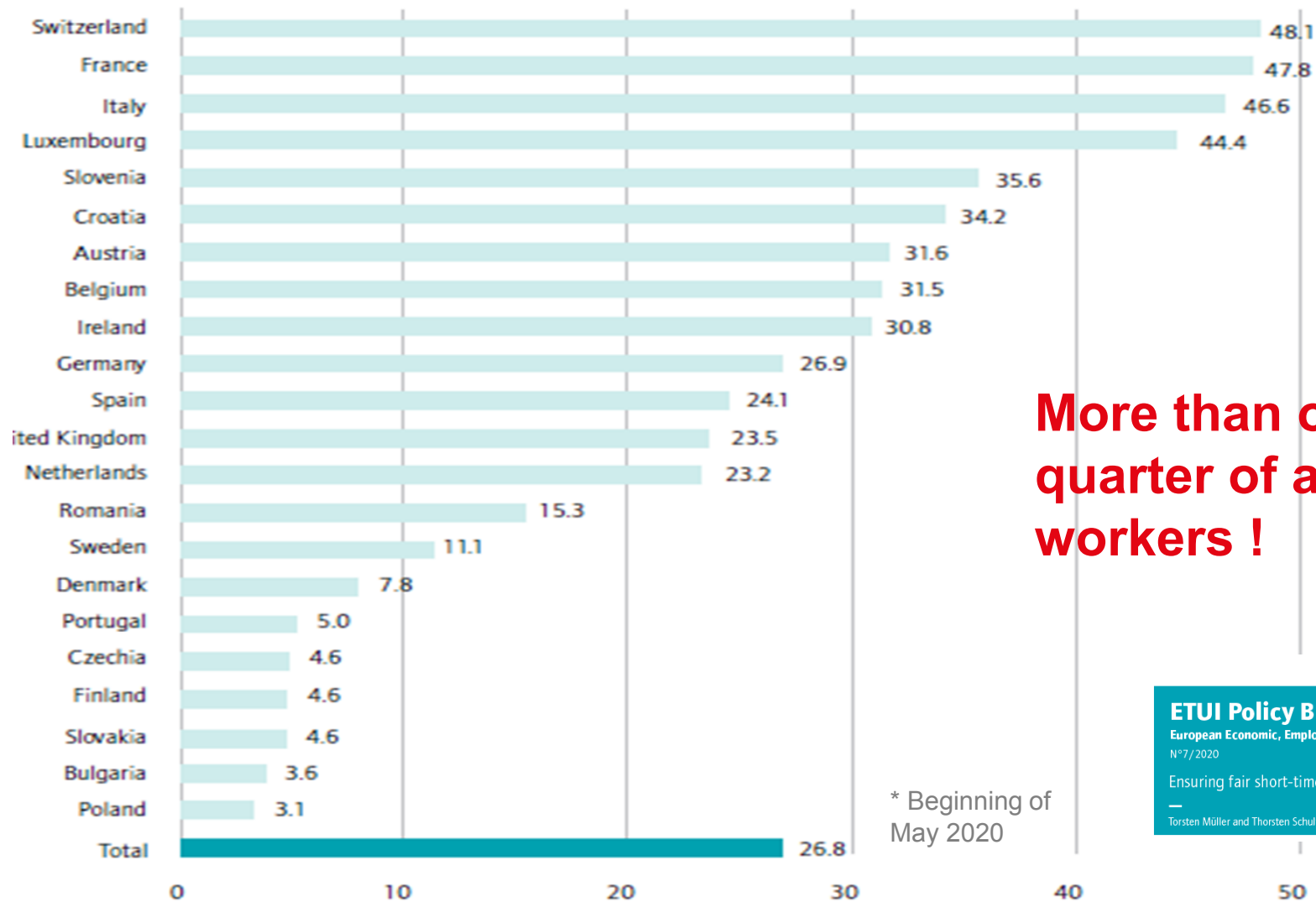
Number of workers (actual or applied) in short-time employment schemes*



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Percentage of workers (actual or applied) in short-time employment schemes*



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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

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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 employees' wages while 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 deficiencies 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.
- The key criteria are: (1) Short-time work (STW) schemes should cover all sectors, companies and categories of workers; (2) They should at least cover 80 per cent of the original wage; the lowest amount paid should be at least a minimum wage at the level of

Download: <https://www.etui.org/publications/policy-briefs/european-economic-employment-and-social-policy/ensuring-fair-short-time-work-a-european-overview>



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<https://www.wsi.de/en/index.htm>