

### *2.2.1. Decoupling of Production Time and Working Time*

Positive effects on employment by a national decoupling of production time and working time are to be expected, if the demand for a product is relatively price elastic. When costs and prices decrease, demand rises. If such measures are taken not only on national but on international level, the positive effects on employment will be lower. Demand will react less elastically if all producers reduce prices simultaneously than if individual suppliers gain market shares through price reductions.

Yet, from a dynamic point of view, a general non-sector-specific decoupling of production and working times, the increasing output-capital ratio and the pressure for „capital deepening“ will temporarily promote the propensity to invest. If the positive demand-effect of these investments outweigh the capacity-effect (and the potential subsequent rationalization effects), a positive net-effect on employment may be the result in the medium-term. Moreover, a higher level of employment could be achieved even with the same capital stock (with given investments).

Longer production times, as a competitive measure, in certain enterprises or branches are particularly necessary, when international companies are offered a considerably higher output-capital ratio through the decoupling of production and working times in other countries with similar production conditions as Austria. From the employment point of view the Advisory Council therefore recommends the decoupling of production and working times particularly for branches with capital-intensive production so as to make possible cost and price reductions, while preserving the legitimate interests of the employed.

### *2.2.2. Adjustment of Working Hours to Production Fluctuations*

In those fields where flexibility represents a decisive competition-related quality dimension for the demand by consumers or enterprises, the adjustment of the working time to production fluctuations can constitute a useful measure.

The Advisory Council therefore recommends to take into account employment effects when implementing the new possibilities of compensating fluctuations of the order volume through adjustment of the working time to production fluctuations. Positive employment effects can be expected in particular when overtime and extratime are being reduced and when the leave can be taken in blocks. The practical implementation must be decided upon by the social partners at enterprise or supra-enterprise level.

### *2.2.3. Reduction of Working Time*

A reduction of the regular working hours theoretically allows for a distribution of the available amount of work amongst more people. Particularly in view of the increasing output-capital ratio due to constant technical progress this possibility will continue to be part of the repertory of working time policy.