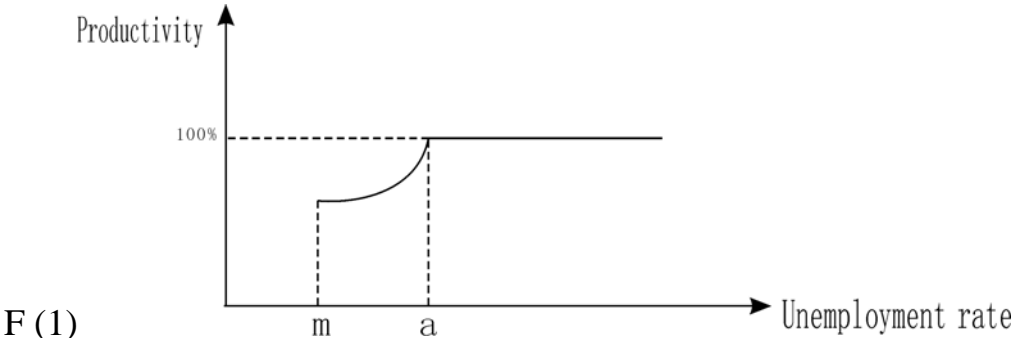


# **Work sharing with Market --resolving high unemployment**

**Abstract:** The enterprise where work sharing is carried out can achieve corresponding unemployment benefits. The “efficiency wage theory” considers that unemployment rate may increase productivity, But after the productivity reaches 100%, the productivity is still 100% when the unemployment rate continuously rises . Therefore, dropping the unemployment rate to the point a [vide fig(1)] will not lose the productivity through the work sharing. The unemployment benefits achieved by the unemployed men set time limit. The part which exceeds time-limit can be taken as “reduction in taxes for enterprises”. Staff and works of work sharing may do second job but the enterprise where second work be done can't achieve the unemployment benefits ,so unemployment insurance ( system )will be changed primary income ensure(system).

The enterprise where work sharing is carried out can achieve corresponding unemployment benefits. Having achieved the unemployment benefits , the enterprise is able to carry out work sharing (A man works and another loses employment, if every man works by turns for “half a month”, has stagger holidays of “half a month ” and takes “half ” of the wage, the

“unemployment problem” will be “resolved”). (If enterprises resolved the “unemployment problem”, the unemployment benefits should be given to the enterprises...). The “efficiency wage theory” considers that unemployment rate may increase productivity, (when the unemployment rate rises, after the present employees lose employment, it will be very difficult for them to seek for a job, so, they will more carefully work at the present posts, and working efficiency will rises). But after the productivity reaches 100%(100% is a maximum value), the productivity is still 100%(no longer arises) when the unemployment rate arises again, as shown in Fig (1)



The point m is critical one between frictional unemployment and involuntary one. The point a is a beginning point where the productivity has reached 100%.

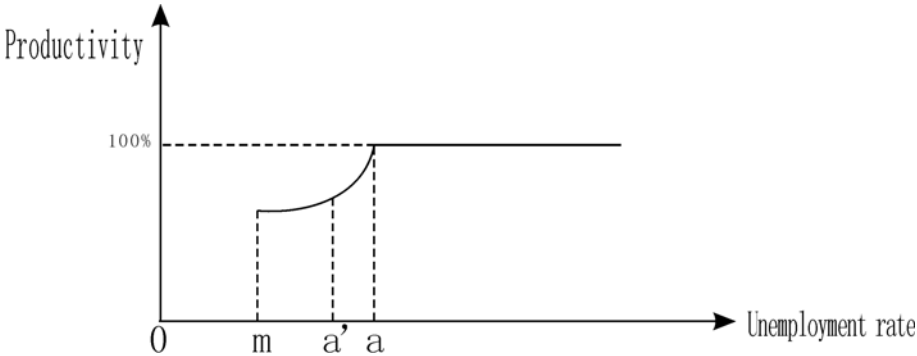
Fig (1)

Therefore, dropping the unemployment rate to the point a will not lose the productivity through the work sharing. For working personnel, it is feasible to carry out the work sharing, if the unemployment rate is higher, it is very difficult to find a better job. The skilled personnel cannot be first carried out the work

sharing, the technical personnel with primary and middle levels can do the work sharing first, and the technical personnel with senior level who wants to carry out work sharing, can carry out work sharing. At any post, if only supply (labor) exceeds demand, the work sharing can be carried out.

For enterprises, if only the income from the work sharing is bigger than the losses arising from there, it is feasible to carry out the work sharing . The income of the enterprises work sharing is the decreased unemployed men—the unemployment benefits.

The enterprises where the work sharing is carried out, also can maximize the profit of the work sharing, as Fig (2)



F(2)

After the unemployment rate drops to the point a, the staff and workers can continue to be increased to carry out the work sharing . If the unemployment rate continues to drop, the efficiency will be decreased, for example, the point a' as Fig (2). But, at this time if only the “marginal income” is bigger than marginal losses, it will be still feasible to continue to add persons to carry out the work sharing till the marginal income is equal to the marginal losses-point b

as shown in Fig(3); at this time the profit is the maximum value,

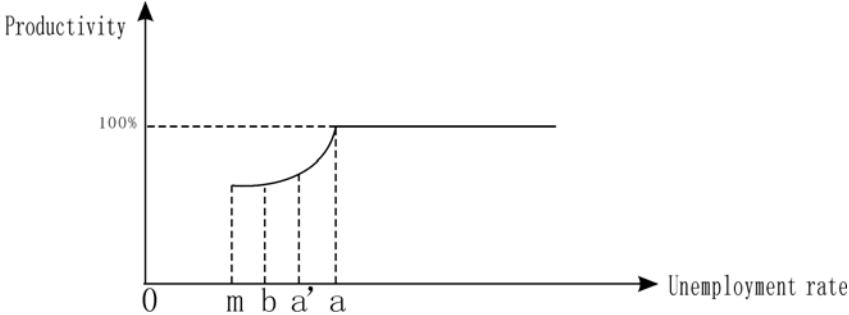


Fig (3)

Carrying out work sharing will increase number of times of relief of a shift, and administrators’ workloads will be increased, but if only the work of relief of a shift is sample, augmentation of administration work is limited, and in the range of normal work, it is unnecessary for increasing administrator’s wages. For any job, if only the relief of a shift is sample, the work sharing can be carried out.

The work sharing may increase distribution of labor things, in the condition that the total of labor things are kept fixed, they may be distributed to the persons who share work according to the working time. In the time of the problem of lack of labor things, it can be resolved with their own funds. For the bigger office articles, tools, machines and equipment, which cannot be distributed, the losses arising from the work sharing can be minimized through enhancing their management, maintenance and repair, and the losses may link up with wages of the work sharing .

The profit of the work sharing=income of the work sharing -efficiency loss of the work sharing-equipment loss-maintenance costs.

For the present full-time staff and workers, some of them want to get more time of rests and entertainments, so, when the unemployment rate begins rising and the supply of labor forces begins exceeding demand, some volunteers will carry out the work sharing at will, which is not needed to wait until the influence of the unemployment rate to productivity reaches 100%. Because the marginal propensity to consume of the low incomes is more than that of the high incomes, the unemployed men will make the consumption increased after they get jobs and increase incomes. Increasing consumption will also promote the exaltation of the production and increment of employment as well as decrement of unemployment. For the man who wants to change from full-time work into work sharing and wants to get more rest time, decrement of incomes unnecessarily brings up decrement of consumption, even if the decrement of consumption is done, its decreased extent will be very small, and for the man who wants to get more time of entertainments, the entertainments will increase consumption, promote economic development and extend employment. After the break and entertainment are well, the working efficiency and productivity will be more increased, which will also promote economic development and increment of distributions, incomes, consumption and employment.

The enterprises, which need to reduce employees, not only can reduce employment, but also carry out work sharing . If enterprises do not plan to change the present staff and workers (After the enterprise reduce employees, new staff and workers can be engaged when the enterprises extend production,

that is replacement of staff and workers), the work sharing can be carried out .For the enterprises which newly established, the work sharing can be also carried out, the more staff and workers can be engaged, from whom the staffs who can hold important posts and key ones can be found out, which is propitious to increase level of the enterprises as early as possible. Increment of enterprise's level will radically guarantee the economic development, so will employment level. For vacant posts arising from leaving office and retirement, the engaged staff and workers also can carry out work sharing .

If the unemployment rate is higher, the extent of the work sharing is bigger in the enterprises where the work sharing is carried out, and the enterprises where the work sharing is not carried out, may be in unfavorable position. The bigger extent of the work sharing is, the more income is, and the enterprises will be in the beneficial position. Therefore, in the enterprises where the work sharing is not carried out, the work sharing can be carried out among their present staff and workers, “the equilibrium of the work sharing” will be finally realized in markets of employment (between enterprises).

Except rest and entertainment, the margin time out of the time of the work sharing belongs to insufficient employment and “a part time of unemployment”. The “part time of unemployment” will “incentivize” the personnel who share work. So we can say that the “incentives” of the persons who share time is composed of two parties such as the unemployment rate and insufficiency rate of the self-employment.

100% productivity="incentive" of unemployment rate + "incentive" of insufficiency rate of employment.

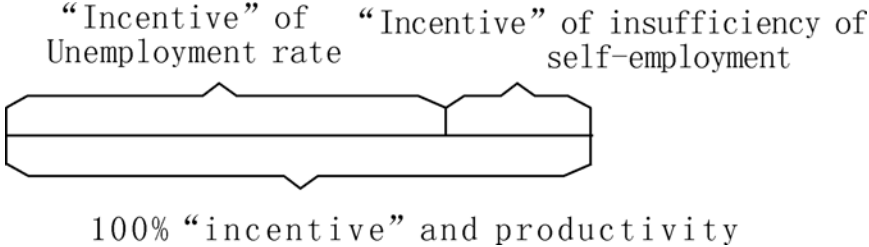


Fig (4)

Therefore, after the work sharing starts and insufficiency of employment “incentivizes”, the “unemployment rate ” point that makes the productivity reached 100% is lower than the point a, that is  $a_1$ . (The point a subtract “incentive ”of insufficiency of the self-employment).

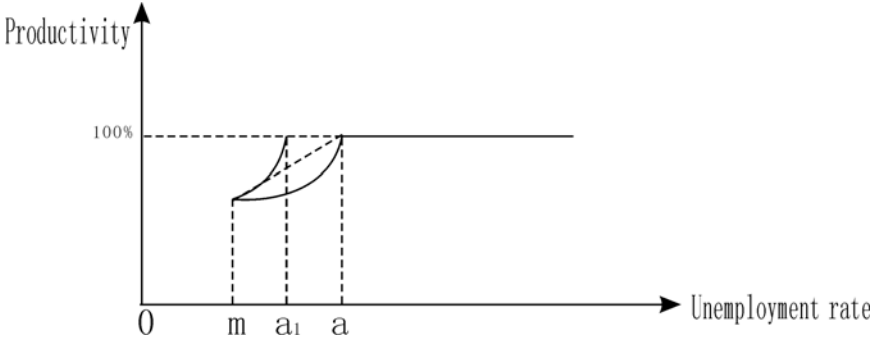


Fig (5)

The higher the unemployment rate is , the more the resolved unemployment is ; the more the resolved unemployment is , the bigger the extent of the work sharing and the longer the time of holidays by turns there is ; the longer the time of holidays by turns there is , the higher the insufficiency rate of the self-employment is, and the higher the insufficiency rate of the self-employment

is , and the bigger the “incentive” of the insufficiency rate of the self-employment is, the smaller the “incentive” of the unemployment rate is and the lower the resolved unemployment rate may be, Till only there is fictional unemployment—voluntary unemployment.

For different staff and workers, the influence of the unemployment rate on working activity may be different. For some persons, in the time of “3%”, their working activity has reached 100%, and for the other persons, in the time of “5%”, their working activity can reach 100%. When enterprises carry out the work sharing, the man who is not too sensitive to the unemployment rate, can first carry out the work sharing (the insufficiently of self employment will make the activity of the man who is not too sensitive to the unemployment rate early reach 100%.)

The unemployment benefits achieved by the unemployed men set time limit. The part which exceeds time limit can be taken as “reduction in taxes for enterprises”. Staff and workers of work sharing may do second job but the enterprise where second work be done can’t achieve the unemployment benefits , so unemployment insurance ( system )will be changed primary income ensure(system).

For the social security department, from the determining the unemployed and granting unemployment benefits to fixing the work sharing and paying off the unemployment benefits to enterprises, the workloads and social security costs will not be increased. Checking and examining the work sharing is carried

out with enterprises for unit, a lot of persons can be checked and examined once, which will greatly reduce workloads. The social security departments may collect, settle and announce at any time the information such as the extent of the work sharing of all posts, the time of seeking for a job, etc., providing them for the man who accepts an offer of employment and carries out work sharing for reference. The man who carries out work sharing , may resign to accept an offer of employment, if the extent of work sharing of the other enterprises is smaller.

If working time is form 12 to 11 months is a year, the stagger holidays of a month is done,  $(12-11)/11$ 、9%(more than 9%)employment measures will be increased, and  $(12-11)/12$ 、8.3%(more than 8.3%) unemployment rate decreased. If the frictional unemployment rate is about 3%, the decreased unemployment rate will be  $8.3\%(1+3\%)$ =about 8.06%(more). So, it is very easy to decrease 8%unemployment rate (but a month's holidays without salary have to be added... ).

(second draft)

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