



## Recommendation 919 (1981)<sup>1</sup>

# Protection of workers in the event of employers' insolvency

Parliamentary Assembly

The Assembly,

1. Given the economic crisis and the protection generally afforded workers in Europe if their employers' concern goes bankrupt, notably unemployment benefit ;
2. Noting, nonetheless, that in respect of sums owed to workers the position of preferred creditors, which the legislation in most European countries confers on them, may be insufficient and, at all event, useless if the employer is insolvent,
3. Considers it of prime importance that workers should receive in full the wages due to them for work done in the normal manner before the employer was adjudged bankrupt ;
4. Stressing the need for the state, for this purpose, to guarantee payment of wages, whatever the system of insurance adopted ;
5. Informed of the Directive of the European Communities concerning the approximation of the laws of the member states relating to the protection of employees in the event of the insolvency of their employer, adopted on 20 October 1980 ;
6. Being of the opinion that the existence of this text should not relieve the Council of Europe from the need to take any action, but that it must, on the contrary, serve as a model for extension to all twenty-one member states ;
7. Stressing the interdependence which, at the present time, is more than ever a marked feature of the economic and social problems in Western Europe, which cannot be solved within a small grouping of states,
8. Recommends that the Committee of Ministers instruct an existing committee to study the question and look into the possibility of drawing up a resolution containing recommendations to member states or some other instrument to improve the welfare protection of workers against the hazards of economic life which may result from the insolvency of their employers, it being understood that this instrument should be based, as far as possible, on the corresponding text of the European Communities and establish the following principles :
  - a. the setting up or maintenance of a guarantee fund for the payment of wages, which is independent of the employer's business assets ;
  - b. the financing of this fund primarily from employers' contributions, supplemented from public funds ;
  - c. the state must guarantee the payment of wages due ;
  - d. the guaranteed continuation of the worker's social insurance cover, irrespective of the payment of social security contributions.

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1. Assembly debate on 13 May 1981 (3rd Sitting) (see [Doc. 4699](#), report of the Committee on Social and Health Questions). Text adopted by the Assembly on 13 May 1981 (3rd Sitting).

