

INTERNATIONAL WORK-TIME TRENDS: THE EMERGING GAP IN HOURS

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INTRODUCTION

Since the beginning of the industrial revolution, the labour movement and its allies have sought work-time reduction (WTR) for two main reasons – to improve quality of life and to create jobs by better distributing the available work. The difficult struggle for WTR has generated major successes, such as the eight-hour day, the two-day weekend, and paid vacations. The average employee in G-7 nations today is nearly a “half-time” worker by 1870 standards (table 1), even as per-capita GDP has increased by an estimated ten times over the same period (Contensou and Vranceanu, 2000:16).

The long-term reduction of work

hours led some to predict a coming age of leisure. While that may seem like a distant dream to many North Americans facing new pressures for longer hours, WTR continues in many countries today, even if the pace has slowed. Both traditional arguments for WTR – jobs and time away from the job – are still heard around the world. Joining them today are feminist arguments based on gender equity and work-family balance concerns, as well as ecologist’s calls for affluent societies to channel labour productivity growth toward more free time rather than ever-more material production and consumption.

This paper explores the recent divergence in work-time trends among industrialised nations and

Table 1: Annual hours worked per person employed, 1870-1998

YEAR	Canada	France	W.Germ	Italy	Japan	UK	US
1913	2605	2588	2584	2536	2588	2624	2605
1929	2399	2297	2284	2228	2364	2286	2342
1938	2240	1848	2316	1927	2391	2267	2062
1950	1967	1926	2316	1997	2166	1958	1867
1960	1877	1919	2081	...	2318	1913	1795
1973	1788	1771	1804	1612	2042	1688	1717
1990	1683	1539	1566	1500	1951	1637	1594
1998	1663	1503	1523	1506	1758	1489	1610

Source: Maddison 1995 and 2000¹

provides an overview of some European countries which have led recent WTR efforts. It also highlights the growing importance of competing notions of work-time flexibility held by employers and employees, and the related trend toward individualised forms of WTR. It concludes by raising the question of how Canada can resist the American long-hours model and catch up with leading-edge practices.²

POLARIZATION, WITHIN AND BETWEEN NATIONS

The common trend toward shorter hours has given way to an increasing divergence in hours among industrialised nations (table 2). In France, Germany, Japan, and the Netherlands average annual hours declined significantly, by more than 10%, from 1979 to 2000.

Following democratisation in the 1980s, South Korean labour unions also won major hours-reductions. Two countries stand out for increasing hours over this period. In the United States, full-timers' hours, including paid and unpaid overtime, have risen noticeably. In Sweden, longer hours for part-timers, fewer part-timers, and lower absenteeism are the main factors behind longer average hours (Evans et al 2000). Canada, like the United Kingdom, shows a slight decline in average hours, masking the polarisation between growing numbers of long-hours workers and part-timers. In fact, many countries show a gap between the long hours of well-educated, professional, and managerial workers and shorter hours for low-paid, low-skilled workers – a striking contrast to 19th century divisions between a “leisure class” elite and a working class with

Table 2: Average annual hours actually worked per person in employment ³

Country	1979	1990	2000	%Change 1979-1990	% Change 1990-2000	% Change 1979-2000
Canada	1832	1788	1801	-2.4	+0.7	-1.7
France	1806	1657	1562*	-8.2	-5.7	-13.5
Germany, west	1696	1548	1462	-8.7	-5.6	-13.8
Italy	1722	1674	1634*	-2.8	-2.4	-5.1
Japan	2126	2031	1840*	-4.5	-9.4	-13.5
Korea	2734**	2514	2474	-8.0	-1.6	-9.5
Netherlands***	1591	1433	1343*	-9.9	-6.2	-15.6
Norway	1514	1432	1376	-5.4	-3.9	-9.1
Sweden	1516	1546	1624	+2.0	+5.0	+7.1
UK	1815	1767	1708	-2.6	-3.3	-5.9
USA	1845	1819	1877	-1.4	+3.2	+1.7

Source: OECD, 2001

* 1999 figures

** 1983 figure

*** Figures for the Netherlands are for dependent employment. Figures for all other countries are for total employment.

long hours of toil (Contensou and Vranceanu 2000: 22-24).

The “social democratic” institutions of many European nations, such as progressive taxation, comprehensive social programs, and relatively low income inequality, appear to be more conducive to shorter hours than the “winner-take-all” American model. A high correlation also exists between WTR and the percentage of workers covered by collective agreements (OECD 1998: 166-7). Furthermore, Europeans show a stronger preference than Americans for further hours-reductions rather than income growth (Evans et al 2000). These factors suggest potential for a growing hours-gap between Europe and the U.S. That being said, work-time standards and preferences can change greatly with time, and are not an inherent feature of national cultures. In the early 1970s, Americans worked less and had a stronger desire for shorter hours than Germans – positions that have since been sharply reversed (Bell and Freeman 1994). Another reversal in the opposite direction may appear unlikely, but cannot be ruled out over time.⁴

Breaking the 40-Hour Barrier

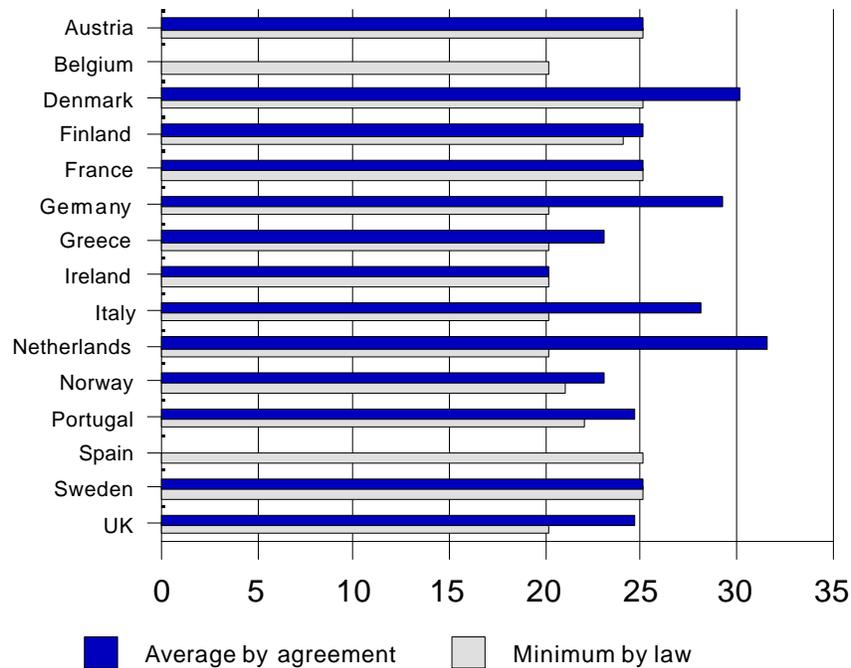
One main factor behind shorter average hours in some countries is a nation-wide standard workweek below 40 hours. Among the first nations to legislate a 40-hour standard were France and the United States, in 1936 and 1938,

respectively. France has kept going with its recent 35-hour law. The Netherlands (36 or 38 hours), Denmark (37), and Belgium (39 in 1999, 38 by 2003) have relied on national agreements to lower the workweek, while some sectors in Germany have a negotiated 35-hour standard. Labour-led movements have also made a concerted push for 35 hours in Finland, Greece, Spain, and Portugal. Some countries, including France, also limit annual overtime per employee to keep actual work hours in line with the legislated standard.

Most Canadian workers live in provinces which have yet to establish a 40-hour standard. In contrast, Japan and Portugal legislated a 40-hour standard in the 1990s, and South Korea has proposed similar action.

Vacations

The 1993 European Union Working Time Directive established a minimum of four weeks paid leave, and several EU countries have a legislated five-week standard (figure 1). Dutch, German, and Italian workers have gained approximately 30 vacation days per year through collective bargaining. In 1998, Denmark was shut down by a national strike over the demand for a sixth-week of paid leave, subsequently phased-in through five additional leave days. In contrast, Canadian laws guarantee a mere two or three weeks vacation, depending on the province and

Figure 1: Annual Paid Vacation Days, Europe

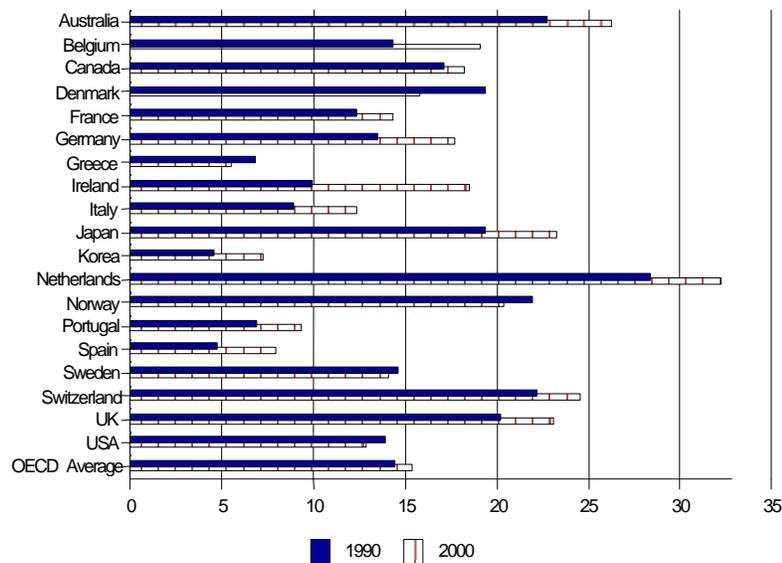
Source: European Industrial Relations Observatory 2002

years of service. Americans have no legally-mandated vacation entitlement, but U.S. workers with five years of service in medium or large firms take an average 13.8 vacation days per year. In Japan, employees have the right to 17.8 vacation days on average, but only take nine.

Part-Time Employment

An increase in part-time work has been an important contributor to

shorter average hours in some countries. Finding the right balance between collective WTR and individualised options such as part-time work has become a key issue in many national work-time debates. Above-average rates of part-time are found both in deregulated economies such as the U.K. (23%) and in relatively solidaristic and regulated economies such as Norway (20.3%), Germany (17.6%), and, most strikingly, the Netherlands (32%) (figure 2).

Figure 2: Part-Time as a Proportion of Total Employment, 1990 & 2000

Source: OECD, 2001 (Part-time is defined as less than 30 hours worked per week)

Canada also has an above-average rate (18.1%). Below-average rates are found in social democratic Sweden (14.0%), but also the United States (12.8%) and especially Southern Europe (Spain, Portugal, and Greece), where female labour participation is low. In all countries, women are more likely than men to work part-time, raising concerns about the gender distribution of paid and unpaid work.

Nevertheless, a progressive model of part-time work – based on the right to make voluntary transitions between full-time and part-time along with guarantees of equal conditions for part-timers – is emerging in some countries.

Work-Time Flexibility for Whom?

Increased employer pressure for work-time flexibility is an important addition to recent work-time debates. Employers have sought the ability to turn labour supply on and off in response to demand fluctuations and just-in-time production requirements, use capital more efficiently by extending operating hours into evenings and weekends, and avoid paying overtime premiums. In Europe, work-time flexibility for employers has often been linked with WTR for workers, frequently through “annualisation” that varies hours throughout the year. Productivity gains from increased work-time

flexibility can, in some cases, help make WTR possible without unmanageable financial sacrifices by either employers or employees. However, the benefits of WTR for workers can be eroded if weekly hours vary excessively and time is freed up only when it suits production needs.

Demands for employee-centred work-time flexibility have also grown, as workers seek to vary their work hours in response to increasingly diverse family and personal needs. Diverse work-time preferences have contributed to the growing emphasis in many countries on individualised work-time options, or "time sovereignty," over the life cycle. While the European Trade Union Confederation continues to call for a 35-hour week across Europe, there is now discussion of a more flexible range of leaves and reduced-hours options over a 50,000-hour work-life (Boulin and Hoffman 1999).⁵ The degree to which such employee time sovereignty can be compatible with employer demands for flexibility is another key, unresolved question.

EUROPEAN COUNTRY PROFILES⁶

France

The boldest recent work-time initiative is France's 35-hour week. A newly-elected Socialist-Communist-Green coalition announced the plan to combat unemployment in 1997, triggering new WTR demands from Finland to Portugal. The main

labour unions hailed the move, while right-of-centre critics attacked it as "economic suicide," predicting investment flight and job losses. France's 35-hour week was designed to walk a fine line, balancing social justice and economic pragmatism within global capitalism's constraints. It combined legislation, collective bargaining to work out the details in each sector or workplace, and significant financial incentives for firms. Salary moderation and negotiated increases in work-time flexibility – to avoid labour cost increases – were key parts of the package.

Thirty-five hours – or 1600 hours annually – became the legal standard in 2000. By February 2002, just over half the private-sector workforce had moved to 35 hours. WTR has taken a variety of forms, including extra days off (an average of 16 per year), shorter daily hours, and "time-savings accounts" to accumulate longer periods of leave.

Despite the critics' fears, unemployment fell from 12.5% in 1997 to an eighteen-year low of 8.6% in 2001, putting almost one-third of the unemployed back to work. In June 2001, France's national planning agency found "indisputable" evidence that WTR was creating vast numbers of new jobs: 285,000 jobs since 1996, about one-sixth of all jobs created in that time, with half-a-million jobs predicted by the end of the process (Rouilleault 2001). (According to the government's estimates, 35 hours

had created or saved 412,000 jobs by February 2002). Another apparent benefit was a sharp decline in involuntary part-time work, due in part to 35-hour agreements that allow part-timers to move to full-time. However, WTR was not enough to spare France from an international economic slowdown, and unemployment crept back up to 9.0% by August 2002.

Studies and polls consistently show that most 35-hour workers have benefited. 59% of the 1600 workers surveyed in a May 2002 report said their quality of daily life had improved, while only 13% said the experience was negative. However, the effect on quality of work was more mixed. Roughly half said the 35-hour week had not changed their working conditions, with others equally divided over whether conditions had improved or deteriorated (Estrade and Méda 2002). Where complaints exist, increased workloads (often due to insufficient new hiring) and the effects of increased work-time flexibility – such as more weekend work – are often the culprits.

Nine out of 10 workers have moved to 35 hours with no loss in pay, although roughly 40% have seen wage freezes – for just over two years on average. The loss of overtime pay, as hours have increasingly been averaged over the year, has reduced income for some. Minimum-wage workers' incomes have been protected, and continue to rise, through a complicated salary

top-up formula and yearly increases in the minimum wage.

The ability to benefit from the 35-hour week has not been evenly distributed. Female managers are the most likely group to say their quality of life has improved (73%), while unskilled female workers are least likely to see an improvement (40%). WTR has made it easier for many women with children to be full-time workers, and both men and women have increased the amount of time they spend with their children. However, employees with more control over their schedules, or who benefit from regularly-scheduled days off, have been more satisfied than those who receive time off when it suits their employer. Higher-income earners have also used their leisure to fuel a short-term travel boom, but four-day weekends to Venice or Amsterdam are out of reach for many – highlighting the need for more cultural and leisure activities available to all. Wage moderation has also been less controversial among the more affluent.

The 35-hour week has been a complicated undertaking, with numerous challenges in sectors such as public hospitals and small business, and controversies over issues such as the minimum wage. It is still early to reach a conclusive assessment. Evidence exists of significant employment gains and quality of life improvements for most employees, and recent economic and academic analyses

have reached broadly positive conclusions (Rouilleault 2001, Brunhes et al 2001, Dayan 2002). However, questions have arisen over whether some workers' negative experiences contributed to the left's defeat in 2002 elections. Recognising WTR's popularity among many of its own supporters, the new centre-right government promised not to undo the 35-hour standard, but to make it more flexible. In September 2002, it announced changes including: an increase in the annual overtime limit from 130 to 180 hours, allowing sectoral bargaining to set overtime premiums as low as 10%, and removing the linkage between payroll-tax cuts and 35-hour agreements. The amendments remove any incentive for firms still at 39 hours to reduce the workweek, and some critics fear an employer push to undo existing 35-hour deals. While acknowledging that the 35-hour week's benefits have been unequally shared, the main labour unions promise to defend the gains that have been won.

Germany

Germany is the prime example of recent WTR achieved exclusively through collective bargaining. Despite government opposition in the 1980s and early 1990s, labour unions, particularly IG Metall, made WTR a priority. Following a major strike, metalworkers gained a phased-in cut from 40 to 35 hours between 1984 and 1995. Almost one-

quarter of German employees were covered by a 35-hour week agreement by 1996.

WTR in Germany has generally come without loss in pay, although salary increases have been moderated. In some cases, hours and pay were cut to save jobs, most notably at Volkswagen, which went to a 28.8-hour week in 1993. The 20% hours cut, with a roughly 15% cut in before-tax pay, saved 30,000 jobs.

Facing stubbornly high unemployment, IG Metall put WTR back on the agenda in 1998 by calling for a 32-hour week, or 1400 hours annually. Breaking with the traditional position of shorter hours for the same pay, IG Metall's president spoke of a "solidaristic wage policy" with the possibility of income sacrifices by high-income workers in return for job-creation guarantees.

The 32-hour demand has since moved to the backburner, in the face of employer resistance and less-than-unanimous worker support. A 2001 IG Metall member survey found that one-third opposed further collective work-week reductions. Support was greater for action on part-time retirement, voluntary choice of part-time, and especially overtime reduction. Recent labour efforts in collective bargaining, and in the "Alliance for Jobs" talks with government and business, have focused on these more popular work-time measures.

Shifting emphasis from collective to individual work-time

options is evident in an innovative 1998 agreement in Lower-Saxony, which links shorter-hours choices to new hiring. For example, if four metalworkers cut their hours from 35 to 28, one unemployed person is hired. In 2000, Germany also passed a new part-time work law, following the Dutch example, which gives most full-time workers the right to reduce their hours, and part-timers the right to increase them, as long as no business reasons prevent it.

Labour unions also face strong employer pressure for work-time flexibility. For example, in 1999, Volkswagen proposed hiring 5000 workers for 5000 marks per month in “breathing factories” with variable hours. Workers were to work as long as necessary – up to 48 hours weekly – to meet production targets. However, IG Metall negotiated a compromise, with an average 35-hour week and a 42-hour weekly maximum.

Netherlands

With unemployment down from 12% in the early 1980s to 2.8% in July 2002, and among the industrialised world’s shortest average work hours, the Netherlands has attracted much attention as a possible economic model.

Facing a severe economic crisis, government, business and labour reached consensus in 1982 on several reforms, including WTR in exchange for wage moderation. By the mid-1980s, the workweek was cut from 40 to 38 hours – or one

more day off per month. In the early 1990s, a 36-hour week was negotiated for about half the workforce in exchange for greater work-time flexibility. A 36-hour week remains the norm, but employer pressure for longer hours has grown due to the tight labour market. Labour unions have generally resisted these pressures, with some exceptions, such as a return to 38 hours in health care in 2001.

The Netherlands has been called the “world’s first part-time economy” due to its high rate of part-time work. This may alarm some observers, but, unlike North America, Dutch part-time is based on the principle of equal treatment. A 1996 law outlaws discrimination between full-timers and part-timers in terms of hourly pay, benefits, and promotion opportunities. By the late 1990s, most collective agreements also guaranteed the right to choose jobs of 35 hours or less. Such measures have contributed to the dramatic expansion of part-time work (associated with a major increase in women’s labour market participation) and a low level of involuntary part-time. Concerns about gender inequity remain, given that women hold 75% of part-time jobs; however, new measures aim to close the gender gap in work time.

Work-time policies are increasingly based on the needs of employees with family responsibilities. The Netherlands has promoted a “1.5 jobs model,”

with both men and women encouraged to work 75% of regular hours when they have young children. This involves efforts to create “long part-time jobs” of 28-32 hours and further expand shorter-hours choices. In 2000, legislation extended the right to reduce one’s hours to all workers, while part-timers can request longer hours. Employers can only refuse if they can show it is not possible for the firm. Advocates say the right to adjust one’s hours will promote work-family balance and gender equity, by allowing long-hours workers (mainly men) to work less and those with short part-time jobs (mainly women) to gain more hours. This could be a very significant reform, giving workers more control over the amount of labour they wish to supply.

Another example of individualised WTR is the inclusion in some recent collective agreements of “multiple choice” options – allowing employees to choose between additional income, days off, or periods of leave. Among other uses, this could allow working parents to “buy time” while caring for children.

The Netherlands introduced new leave provisions in 2001, including ten days of paid leave per year for care of family members and two days paid leave for urgent personal reasons. Also under consideration is a right to leave for long-term care of immediate family members, paid at 70% of the minimum wage. Such

policies aim to close the gap between the Netherlands and Scandinavian countries in reconciling work and care demands, although they have encountered employer resistance. Whether the centre-left government’s defeat in 2002 affects this evolution remains to be seen.

Other European Countries

In addition to its 37-hour standard workweek and six weeks paid annual leave, Denmark pioneered a system of paid educational, child-care, and sabbatical leaves that allows “job rotation” between the employed and unemployed. Finland, Belgium, and Sweden have since adopted similar measures, which finance an employed person’s paid time off with the money saved when an unemployed person is hired as a replacement.

Sweden’s leave policies include 15 months paid parental leave that can be taken any time until the child is eight years old. Swedes also have the right to work 75% of regular hours until their children reach eight years of age, take full-time or part-time leave to pursue education and training, and combine part-time work with a part-time pension before retiring. In 2002, a government committee proposed phasing in five more paid leave days by 2007 – in addition to Sweden’s five weeks vacation.

Belgium’s WTR policies include a new “time credit” system that allows individuals to work a four-

day week for up to five years, and to take a one-year leave during one's career, while receiving a paid allowance from the state. In 1999, Belgium reduced its standard workweek from 40 to 39 hours in 1999 through nation-wide bargaining, with 38 hours planned by 2003. Labour unions are aiming for an eventual 32-hour week.

CONCLUSION

The general trend toward WTR in all industrialised nations appears to be giving way to an increasing divergence in hours. As Canadians, we must ask whether we can find ways to resist the American long-

hours model and catch up with some of Europe's leading-edge practices. Europe may not be a workers' paradise, but it is home to several innovations that might serve as inspiration (table 3).

Canada may not yet be ready for bold, collective steps such as a standard 35-hour week or six weeks vacation, but at the very least it is time for a 40-hour standard in all provinces and three weeks vacation for all. Without forgetting the need for collective work-time standards, a significant expansion of individualised WTR options, creating "time sovereignty" for workers, may face less resistance. The Dutch system of a right to

Table 3: Innovative European Work-Time Reduction (WTR) Policies

Collective WTR:

- standard workweek below 40 hours (France, Denmark, Netherlands, Belgium)
- paid vacations of 5-6 weeks per year (several nations)
- financial incentives for firms that reach job-creating WTR deals with their employees (France, Belgium, many Spanish regions)

Individualized WTR:

- paid educational and sabbatical leaves to allow "job rotation" between the employed and unemployed (Denmark, Finland, Belgium, Sweden)
- right for working parents to choose shorter hours (Sweden, Norway)
- right for all workers to choose shorter hours, and for part-timers to increase their hours (Netherlands, Germany)
- legislated equal treatment of full and part-time workers (Netherlands, EU Part-Time Work Directive)
- "multiple choice" collective agreements with individual choice of higher pay or more time off (Netherlands, Sweden)
- combinations of part-time work with part-time paid leaves for education, parenting, or retirement (various models)
- linking individual shorter-hours choices to new hiring (e.g. IG Metall's Lower-Saxony agreement)

reduce one's hours, and for part-timers to increase them, along with legislation to guarantee equal conditions for shorter-hours workers, stands out as a potential model. The Danish "job rotation" model of educational, child-care, and sabbatical leaves also offers an attractive way to reduce unemployment, improve quality of life, and promote skills upgrading. Meanwhile, widespread concern over work-family balance may provide opportunities for progress, as shown by recent gains in parental leave. Alongside legislative changes, renewed collective bargaining efforts on work-time issues are clearly needed.

Although Canada may lag behind on many of these matters, we do have positive examples to build on. For instance, the federal work-sharing program prevented thousands of layoffs in the latest economic downturn. Unions such as the CEP and CAW have also bargained recently for important work-time gains. Canadian labour unions clearly have a central role to play, and an opportunity to illustrate their continued importance to the broader society, in renewing the historical struggle for work-time reduction.

NOTES

1. Maddison's figures provide estimates for the US and UK – generally considered to be "long-hours" nations today – for 1998 that are noticeably lower than those reported by the OECD and ILO. See also

footnote 3.

2. While this paper focuses on developments in the affluent nations of North, it is worth remembering that the South has work-time struggles of its own, including: limiting the extreme work hours and mandatory overtime characteristic of sweatshop conditions, reducing work time at both ends of the life-cycle through limits on child labour and establishing pension rights, and legislating limits on the workweek (e.g., South Africa introduced a 45-hour week in 1997 and labour unions have pushed for a further cut to 40 hours).
3. These statistics illustrate trends within countries over time, but the OECD cautions against using them for comparisons between nations, due to differences in how hours are calculated.
4. One sign of resistance to long hours in the United States is the growing number of individual "downshifTERS" who are opting out of the work-and-spend society (Schor 2001). U.S. activists are also planning the first "Take Back the Time Day" on October 24, 2003.
5. The current average European work-life is roughly 70,000 hours.
6. For a discussion of recent Canadian developments, see White 2002.

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