TIMES ARE CHANGING

WORKING TIME
IN 14 INDUSTRIALISED COUNTRIES

Edited by
Gerhard Bosch,
Peter Dawkins and
François Michon

International Institute for Labour Studies  Geneva
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Preface and acknowledgments

This book is the work of the International Symposium on Working Time (ISWT). The ISWT has brought together experts in the field of working-time research from countries in Europe, America, Asia and Australasia. Between 1985 and 1990 three conferences were held in Brussels, Paris and Vienna in the course of which, amongst other things, participants from 14 countries have been developing comparable papers on their respective countries. The names and addresses of the authors follow this preface.

To the extent possible, the country studies contained in this volume follow common guidelines set by the editors. The authors have been asked to explain the economic situation and the industrial relations system in their country, and to provide information on the duration, structure, flexibility and reduction of working time. However, the individual country situations, the state of research as well as statistical data varied so much that the country reports could not have identical structures. They cover the period up until 1990.

Nevertheless, they contain a wealth of information on, and analysis of, working time and allow or even provoke generalisations on recent trends in working time and explanations of similarities and differences between countries which are necessary for further comparative research as well as for normative discussions on future working-time standards in international decision-making bodies such as the ILO, the EEC and the relevant bodies of the international unions, etc.

Because of the recent political changes in Eastern Europe the chapters on the Soviet Union and Hungary in this book are now historic analyses of working time in centrally-planned socialist economies which do not exist anymore. However, they are valuable tools for starting future research on the transformation of socialist working-time regulations and patterns into new forms of working time.

The authors wish to acknowledge the assistance and collaboration of the International Working Party on Labour Market Segmentation and the International Institute of Labour Studies (IILS) of the ILO. In particular, Gerry Rodgers, Head of the Labour Market Program of the IILS, deserves special mention for ensuring the publication of this book. The IILS also provided some translation and editorial services for some of the papers. The EEC, the PIRTEM - CNRS (France) and the Vienna Chamber of Labour (Austria) provided sponsorship and support for the ISWT without which our activities would not have been possible.
Finally we would like to pay a special tribute to Val Smith, Noelle Doss and Cheryl Orchard at Curtin University in Australia for their important work as sub-editors and for preparing the manuscript for publication.

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1 Working time in 14 industrialised countries: An overview

Gerhard Bosch, Peter Dawkins, François Michon

I. Introduction

The debate on working time has undergone considerable changes in the last 40 years. In the 50s and 60s, during the phase of steady economic growth, working hours were reduced in most developed countries; simultaneously working conditions were improved through new working-time schedules such as the introduction of the free weekend. In this period, a regulatory framework of "standard working time" was established under the aegis of legislation or collective agreements.

The notion of "standard working time" usually referred to the duration of working hours, i.e. full-time work (mainly 40 hours per week or slightly more), several holiday entitlement weeks per year, the position of working hours (normally between Monday and Friday during the day), and the compensation, limits and procedures for deviations from the standard (overtime, weekend work bonuses, maximum daily and weekly hours, with exceptions for Sunday work for social and technical reasons). These norms and regulations differed between countries depending on the level of economic development, the strength of the labour movement, etc. However, a tendency towards harmonisation, reinforced by the establishment of an international framework of working-time standards, mainly by the ILO (Blainpain, 1988, p. 13), could be observed.

Agreement on international standards were reached within the framework of the ILO after the First World War and in the first decades after the Second World War. The first ILO convention in 1919, for example, indicated that working hours should not exceed 8 hours a day and 48 hours a week. The Convention No. 116 indicated that each country should pursue a policy of progressive reduction of normal working hours with a view to obtaining 40 hours a week. The EEC Recommendation of 22 July 1975 (Blainpain, 1988, p. 17) also dealt with the principle of the 40-hour week. The Recommendation affirmed the 40-hour week as a social standard which should be reached, if necessary, in
several stages. The conventions No. 14 and No. 106 of the ILO provided for a weekly rest of at least 24 consecutive hours in every period of seven days (see figure 1). These conventions were not ratified by all countries partly due to fears of negative impacts on production and competitiveness and a strengthening of the labour movement, or because regulation of working time was exclusively left to collective bargaining. Major industrial countries like the United States or Japan did not ratify even one convention on working time and stayed completely out of this international regulatory framework.

From the 1970s onwards, working time became a far more controversial issue between the social partners. Trade unions demanded substantial working-time reductions as a remedy against increasing unemployment. Employers rejected working-time reductions wanting more working-time flexibility instead ("flexibilisation" - a word taken from the French) to reduce unit costs and improve productivity. Depending on the economic situation, the existing regulatory framework and the industrial relations system, working hours have been reduced and flexibilised to very different degrees in different countries.

As well as the flexibilisation of standard working hours there is a new tendency to regulate new types of working time which emerged alongside the standard rigid full-time work, especially part-time and temporary work and flexi-time. But in spite of this development a new national or international consensus of how working time should be structured in future is so far not in sight. EEC proposals for directives on part-time and temporary work were blocked in 1982. The Commission will work out new proposals within the context of the SOCIAL CHARTER. The ILO too has yet to find the majority support to put the subject of part-time and temporary work on the agenda of the annual labour conference. The re- or deregulation of night work for women seems to have top priority (Convention No. 89 of 1948) (ILO, 1989b and 1990).

After a long period of harmonisation of working-time standards between countries in the 50s and 60s, we now observe somewhat contradictory developments. Because of economic (increasing international trade, worldwide operating of multinational companies) and political (EEC integration, employers and national governments intend to improve their competitiveness by adjusting working-time to the needs of enterprises. The different industrial relations systems, social structures and economic conditions cause these changes to take place in various ways. Further, this flexibility is traded against working-time reductions, wage increases and other changes in working conditions in very different ways. The different speeds of reduction and flexibilisation cause variations in working-time standards as well as actual working hours between countries.

In a situation characterised by rapid changes in one of the core issues of working life, it seemed very worthwhile to obtain comparable insights into how these changes are taking place in different countries. In this book we present a panoramic view of the recent developments
Figure 1: Chart of ratifications of ILO conventions on working time

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X: Ratified
O: Not Ratified
-: Denounced

No. 1 & No. 30: The provision that the working hours in industry shall not exceed 8 hours a day and 48 hours a week in industry (No. 1) and commerce and offices (No. 30).

No. 14 & No. 106: Provisions for a rest period of at least 24 consecutive hours in every period of 7 days in industry (No. 1) and commerce and offices (No. 106).

No. 47: It requires states to declare their approval of the principle of the 40-hour week.

No. 79 & No. 90: As a general rule persons under 18 years of age should not be employed or work at night.

No. 89: Women in industry shall not be employed at night.

No. 103: Period of maternity shall be at least 12 weeks including a compulsory leave following confinement.

No. 132: Provision for a holiday of not less than 3 working weeks after 1 year of service.

No. 138: Minimum age for young persons to begin work, which should not be less than 15 or the age of completion of compulsory schooling.

No. 140: Provision for the granting of paid educational leave for the purpose of training at any level.

concerning working time in fourteen industrialised countries. Our purpose is to describe the similarities and differences in working-time developments over the last two decades, and to explore the economic, social and institutional forces which determine them. We include in our study, countries with very different working-time structures such as the United States, Canada and Japan with their particularly long working hours, the main Western European countries and Australia all of which traded flexibility against the reduction of hours in different ways and two (former) socialist countries, Hungary and the Soviet Union, which have very unusual working-time structures given their well developed informal economies. Our choice of countries guarantees a diversity of material which, it is hoped, will foster an understanding of this complex subject and of the changes taking place therein.

Working time is the main subject of this book. However, the issue of working time is closely connected to questions of wages and other working conditions, all of which are affected by the flexibilisation and reduction of working hours and vice versa and this will also be reflected in the book. Changes in wages or other working conditions may be a substitute for those in working hours and various patterns of such substitution and supplementation between flexibility of working time, wages, employment conditions and skills are visible.

The chapters comprising the national studies follow common guidelines provided by the editors. The authors have been asked to explain the economic situations and the industrial relations systems in their countries, and to provide information on the duration, structure, flexibility and reduction of working time. However, the actual situations, the state of research and the statistical data bases differed so that the country studies do not have identical structures.

However, they contain a wealth of information and explanations of working time and allow or provoke generalisations on recent trends in working time and explanations for similarities and differences between countries which are necessary for further comparative research as well as for normative discussions on future working-time standards in international decision-making bodies of the ILO, the EEC, of unions and employer organisations, etc.

The national reports were completed in 1990. They could not take into account the dramatic political and economic changes which have taken place since then. This is especially true for the reports concerning the former Soviet Union and Hungary. Both reports are now historic analyses of centrally-planned socialist economies which do not exist anymore. Future research on working time in former socialist countries will have to deal with the question of how socialist working-time regulations and patterns have been transformed into new market-economy forms of working time. These two reports will be valuable tools in starting such research.

In the following synthesis of the 14 national studies we first describe the duration and structure of working time (section II). In section III we provide a portrait of recent changes in working time, i.e. mainly reduction and flexibilisation but also extension and standardisation of working
hours. In both sections we refer to comparative statistics of the ILO, EUROSTAT, and other sources. In section IV we seek to explain similarities and differences between the countries, to the extent that they can be explained by the structure of the industrial relations system and the economic situation. The synthesis is concluded in section V with some remarks on the influence of wider social structures such as religious and social traditions, family and local community structures, etc. and on the relation between working time and labour market structures.

II. Duration and structure of working time

1. Duration of working time

(a) Weekly and yearly working time

The most widely applied measure of the duration of working time is still weekly working hours. Individual workers and their families calculate their time for paid and unpaid work and leisure time mainly over the period of a week. In addition, most firms refer to average weekly working hours when they plan operating hours, shift schedules, etc. However, this measure of working time proves to be increasingly insufficient. With increasing flexibilisation of working time, hours are more and more unequally distributed over the year and weekly hours become averages of working time over longer periods. Therefore more and more firms today refer to yearly instead of weekly working hours. For international comparisons of the duration of working hours it has become quite common to use yearly working hours. This measure includes weekly hours as well as public holidays and holiday entitlement days. This proved to be useful due to the increasing differences in the length of annual leave between countries which have reduced yearly working hours substantially. In the United States and Japan average paid annual holiday entitlements amount only to about two weeks while in Europe, five or six weeks are common.

It is quite difficult to compare yearly working hours across countries since the method of statistical surveys and the definition of working hours are different in each country (Grubb, 1989; ILO, 1988, pp. 3-4). A number of authors and institutions are nevertheless trying to build up from these different national sources, comparable tables on the yearly duration of working hours. These tables should be read with caution. Maddison remarks in his methodological notes that "working hours data are among the weakest of those used" (Maddison, 1982). Differences between working hours can easily be caused by different statistical concepts. But the existing comparative statistics allow at least an identification of trends in the development of working time.

Maddison shows that average actual working hours per person were roughly the same in most capitalist countries between 1870 and
1913. In this period, working hours per year were reduced in all countries from about 2,950 hours to about 2,600 hours (table 1). Hours were first reduced through protective legislation for women and children, and then in most countries, through limitations of the daily and weekly duration of working time for all workers. In some sectors working time was reduced through the first collective agreements and by the introduction of scientific management, i.e. labour processes with high intensity which made it more profitable to work shorter hours (Taylor, 1947).

Since the First World War, it became obvious that at the national level, working-time policies were influenced not so much by economic as by political developments. Collective bargaining was established and labour governments came into power for the first time in some countries. France was the first country to introduce the 40-hour week under the popular front government of 1936 while in Germany at the same time, working hours were increased after the labour movement was crushed by the growth of Nazism. In the United States working hours were reduced in the 30s with the New Deal policy to fight unemployment.

Immediately after the Second World War in many European countries working hours remained at the high war-time level during the period of economic reconstruction. At this time the developed countries of the "New World" (Australia, United States, Canada and New Zealand) were the first to introduce the 40-hour week. They did not have to rebuild destroyed economies and the strengthened labour movement was successful in demanding its share of the economic growth after many years of restraint during the war.

With the construction of the Welfare State in the major Western European countries, working hours were substantially reduced in the post war era. The figures provided by Maddison suggest the hypothesis that standard working hours were harmonised again in Western industrialised countries between 1950 and the early 70s due to a reduction in variations in their duration. Japan was the only exception. This hypothesis may explain the development until the 60s or early 70s. Since then, however, our national studies show that behind the similar figures on actual working hours one may find very different distributions of hours between part-time work, standard hours of non-shift workers, standard hours of shift workers, absenteeism and overtime.

The effect of these factors on actual working hours has been clarified by the report of the Swedish Working-time Commission, which at present seems to give the best international comparative data on duration of working hours. The average agreed working hours for non-shift workers in the whole economy differ less between the West European countries. They are, however, much higher in the United States and Japan (table 2). In some countries, however, standard hours of shift...

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1. For the tasks of the working commission see the Swedish report by Petterson in this volume. Unfortunately the commission report does not include all the countries which are represented in this book.

2. Agreed hours are the working hours fixed by law or collective agreements (weekly hours x 52 weeks - (public holidays + holiday entitlements days)).
and non-shift work vary substantially today. In Sweden and France, for example, the agreed hours of continuous shift workers in the metal industry are more than 200 hours per year lower than those of non-shift workers (table 3). In reaction to high absenteeism among shift workers, the difficulty in recruiting workers for inconvenient hours and to union demands concerning compensation for such hours, shorter working-time standards for shift workers have recently been established in some countries.

The variation in actual working hours\(^3\) between countries is much higher than that of agreed hours because of the remarkable differences in overtime, absenteeism and part-time. Japan and the United States with their already high level of agreed hours also have the lowest rates of absenteeism and the highest percentages of overtime (table 4). These two countries together with the United Kingdom with its high level of overtime have much longer actual working hours per full-time worker than most other developed industrialised countries. Norway and Sweden have the highest absenteeism\(^4\) and (in spite of long agreed hours for non-shift workers in the case of Sweden) the shortest working hours for full-time employees. These two countries also have very high percentages of part-time workers (table 5) so that they have the shortest actual working hours per employee.

An interesting indicator which has rarely been used up to now, is the *working hours per person in employable age*. With the increasing participation of women in the labour force it reflects more and more the average working hours of parents in family households. In the Scandinavian countries because of the high participation rate of women, the persons in employable age work on average much longer than in central Europe. In this, the Scandinavian countries are fast approaching the situation in the United Kingdom and United States, which have long working hours for men. Obviously the way in which paid (and unpaid) work is distributed between the sexes is one of the main differences between countries.\(^5\)

From this point of view the most traditional, patriarchal country seems to be the Netherlands with the lowest average working hours per person in employable age. In this country a very low participation rate of women who, in addition, mostly work only part-time is combined with

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3. Actual hours refer to agreed hours plus overtime and minus absenteeism and part-time effects. The most elaborated system of measuring actual yearly working hours seems to exist in West Germany (see table 2 in the German report).

4. The high rate of absenteeism in Sweden is partly explained by parental leave which is counted as absenteeism. In Germany it is not counted as absenteeism and does not cut down the statistical measured working time.

5. Finland is rarely taken notice of in this respect although it represents a remarkable, unique case. After the Second World War, this country developed an excellent system of public childcare and has now the highest percentage of women in employable age working full time among Western countries (Bergmann 1989). The duration per person in employable age, nearly reaches Japanese standards (table 2).
Table 1: Annual hours worked per person, 1870-1979

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### Table 2: Duration and reduction of working time (ranking)

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<tr>
<th></th>
<th>Agreed working hours</th>
<th>Reduction of agreed hours in %</th>
<th>Actual working hours per employee</th>
<th>Change in %</th>
<th>Working hours per person on the working age between 55-64 years</th>
<th>Change in %</th>
<th>Working hours per person</th>
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<td><strong>Sweden</strong></td>
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<td>1 438 (1)</td>
<td>1 482 (1)</td>
<td>+3.1 (10)</td>
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<tr>
<td><strong>Norway</strong></td>
<td>1 714 (2)</td>
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<td>-6.6(3)</td>
<td>1 563 (2)</td>
<td>1 537 (2)</td>
<td>-1.7 (7)</td>
<td>1 131 (6)</td>
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<tr>
<td><strong>Denmark</strong></td>
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<tr>
<td><strong>Finland</strong></td>
<td>1 720 (3)</td>
<td>0 (8)</td>
<td>-7.5(1)</td>
<td>1 818 (8)</td>
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<tr>
<td><strong>Germany</strong></td>
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<td>1 850 (9)</td>
<td>1 696 (7)</td>
<td>-3.3 (1)</td>
<td>1 122 (5)</td>
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<td><strong>United Kingdom</strong></td>
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<td>0 (8)</td>
<td>2 113 (10)</td>
<td>2 085 (11)</td>
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</table>

The table is based on figures of Eurostat. It is assumed that hours of part-timers are 25 per cent lower than of full-time employees and that hours outside of industry are 2.5 per cent longer than in industry.

Table 3: Agreed working hours in European metal manufacturing industry for non-shift, two-shift and continuous-shift workers (1989)

<table>
<thead>
<tr>
<th></th>
<th>Weekly hours&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Public holidays&lt;sup&gt;2)&lt;/sup&gt;</th>
<th>Holiday&lt;sup&gt;2)&lt;/sup&gt; entitlement days</th>
<th>Agreed yearly working hours</th>
<th>Model&lt;sup&gt;4)&lt;/sup&gt; plant</th>
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<tr>
<td></td>
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<td>B</td>
<td>C</td>
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<td>B</td>
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<td>36.3</td>
<td>33.36</td>
<td>12&lt;sup&gt;3)&lt;/sup&gt;</td>
<td>21&lt;sup&gt;3)&lt;/sup&gt;</td>
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<td>40</td>
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<td>7</td>
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</table>

Key: A = non-shift  
     B = two-shift  
     C = continuous shift

Notes:
1) European Metal Workers' Federation in the Community.  
2) Institut der deutschen Wirtschaft, Internationale Wirtschaftszahlen, 1989, p. 28.  
4) Assumes that 75 per cent of employees do not work in shift, 20 per cent work in two-shift systems and 5 per cent work in continuous shift systems.  
5) In the steel industry - a branch with a high proportion of continuous shift workers, the average weekly time is only 36.5 hours.

short working hours for men. This low average duration per person in employable age is only possible because of the developed welfare state which guarantees men high wages. In other countries like the United States and the United Kingdom, women appear to have been forced into the labour market by low or even decreasing real wages. This "emancipation through the market" does not seem to lead to stable positions for women in the labour market comparable to those in the Scandinavian countries. It would appear that the Scandinavian system has led to greater emancipation of women than in other countries.

A last indicator for the duration of working hours are the working hours per person including children and older people. This indicator also reflects the relation between active and inactive populations. In countries with low participation rates for women, short hours for the employed and many provisions for early retirement, i.e. Germany, France, Belgium and
Table 4: Overtime and absenteeism

<table>
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<tr>
<th>Country</th>
<th>Overtime (% of hours worked) 1985</th>
<th>Absenteeism 5) (hours per year) 1981</th>
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<tr>
<td>USA 1)</td>
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<tr>
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<td>4.2 3)</td>
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1) Manufacturing  
2) Full-time males only  
3) Males on adult rate in mining and manufacturing  
4) Manual workers  
5) Workers in industry


Table 5: Part-time work and participation rate of women

<table>
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<td>2.9</td>
<td>66.0</td>
<td>14.9</td>
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1) 1985 for Netherlands; 1986 for Belgium, France, Germany, Italy and United Kingdom; 1987 for Japan, Sweden and United States, Australia, Canada.  
2) This figure represents data for the years 1979-1987.

the Netherlands, such an indicator may hint at the difficulties in financing old age pensions and welfare institutions through the contributions and taxes of the employed. In those countries many tasks like child education or geriatric nursing have of necessity, to be provided through unpaid family work, whereas it could be financed by the welfare state if the percentage of employed of the persons in employable age increased. The Swedish study points out very clearly how closely the expansion of the welfare state and the participation rate of women are linked. Women are mainly employed by the state in social services in Sweden, transforming erstwhile unpaid household work into paid work.

(b) Lifelong working hours

The actual duration of lifelong working hours has developed in a very contradictory way in recent decades. On the one hand it was reduced by early retirement, longer time at school and new leave entitlements. On the other hand increased participation rates of women engendered a prolongation of average hours. This contradictory evolution is reflected in the development of the participation rate of younger men and women. Table 6 shows remarkable differences between countries. Sweden has by far the highest participation rates of persons of employable age (1987 83.4 per cent) mainly because of the high and continuous participation of women in the labour market and the rather high pensionable age for men and women. Netherlands, with a low overall participation rate (58 per cent in 1987) which is the result of a low participation rate of women and a shorter working life of men, provides the sharpest contrast. To understand the present differentiated developments it seems therefore to be necessary to look at working-life hours of men and women separately.

Traditionally the male working life cycle has been continuous between school and retirement and is only involuntarily interrupted by unemployment. The reports indicate some still very minor changes that may assume greater importance in the future. Parental leave in some countries may now be shared between parents (for example in Sweden and Germany), although in practice the leave is still mainly taken by mothers. France and Belgium have recently passed laws on unpaid sabbaticals. Those may be taken for any purpose for a period of between 6 and 12 months (Belgium) or 11 months (France). Examples of sabbaticals agreed upon through collective bargaining also exist. Already in 1963 the United Steelworkers in the United States negotiated an agreement providing for 13 weeks of paid vacation every 5 years to the

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6. Lifelong working hours are arrived at by multiplying the actual yearly working time with the number of years worked. The number of years worked is determined by school leaving and retirement ages as well as by long term leave (parental leave, sabbatical and educational leave) and interruptions of working life.

7. This indicator, however, does not take into account changes of yearly working hours.
senior half of the workforce. In Germany some states passed laws on educational leave entitling each worker one week a year to undertake education or training. Working-life hours of men were generally reduced through early retirement and longer school time (see section III, l(c)).

On the contrary, in most cases women's working life cycles are still characterised by interruptions of employment upon marriage or after childbirth. Also women often end employment before retirement age to nurse old or sick relatives or just to have more time for household work or leisure. All reports mention the increasing participation rates of women in all age brackets as one indicator of changing lifelong working time patterns. The participation rates of married women with small children are increasing most rapidly. Periods of interruption after a childbirth are becoming shorter, in addition the number of potential and actual working years per woman is augmented due to a decreasing number of children. The possibilities for women within the traditional division of labour in families to return to work and to combine work and family are influenced by public childcare facilities and full- and part-time parental leave entitlements. In some countries (United States, Japan, Canada, Australia, United Kingdom) the dominant working-life cycle of women seems to be characterised by the sequence "full-time work, interruption, (probably unemployment), part-time", in Sweden by the sequence "full-time work, parental leave, part-time work, full-time work" and in the other countries by a mixture (see also section III, 2). Parental leave (paid and unpaid) which was implemented in many countries in recent decades reflects increasing pressures on the part of women to be granted rights for a more continuous working life by guarantees against unemployment and a return to their former jobs and the receipt of paid child care. Leave entitlements institutionalise working life interruptions and may transform former discontinuous working-life patterns into a new model of standard working life which integrates these interruptions.

Because of the different working-life cycles of men and women and the different working-life duration between age cohorts, skill levels, etc. lifelong working hours are difficult to measure. Some authors have tried to calculate potential lifetime working hours (see table 7). Potential lifetime hours of full-time workers with a continuous working life have been substantially reduced in most countries in recent decades. There is a difference in such potential lifelong working hours of about 20,000 hours between the industrialised countries, with Japan having the longest hours.

8. Austria 1 year unpaid; Belgium 1 year paid sabbatical; Canada 24 weeks unpaid; France age 3 years partial benefits; Germany 12 months allowance paid; Hungary age 3 years benefits paid; Sweden 276 days paid/age 18 months unpaid/part-time until 5 years; USSR age 1 year unpaid (ILO, 1988, p. 10).

9. They multiply the agreed yearly working time of full-time workers with potential working years. Potential working years are the years between the age of 16 and the pensionable age (Schuldt 1990, p. 42). Actual lifetime working hours of different countries have not yet been compared as far as we know. A similar calculation can be found in Timar, 1988.
Table 6: Participation rates of older and younger workers

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Males and females</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
<th>Changes in participation rates of men</th>
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<tr>
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<tr>
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<tr>
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<td>36.5(2)</td>
<td>10.1(2)</td>
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<td>64.6</td>
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<tr>
<td>United Kingdom</td>
<td>1968</td>
<td>73.5</td>
<td>91.9</td>
<td>38.1</td>
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<td>77.8</td>
<td>68.4</td>
<td>36.6</td>
<td>77.3</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1) 14 - 24 years  
2) 60 - 64 years  
3) 16 - 24 years  
4) This figure is computed for the period 1971-1980.


2. The structure of working time

Above, we have compared average national figures on the duration of working hours. Taking into consideration the different participation rates of women and of part-timers, and absenteeism and overtime we already know that very different structures of hours may be hidden
behind equal averages of duration. The reports also show that within some countries, in addition to the above-mentioned differences between paid hours worked by men and by women, there are fairly stable structures of unequal durations of working hours between the following groups.

A. Differences between white and blue collar workers

Collective agreements which cover both white and blue collar workers do not exist in many countries. In the United Kingdom and Canada for instance, white and blue collar workers are generally organised in different unions with different labour contracts. The working time of white collar workers is normally shorter than that of blue collar workers. In Germany and France white and blue collar workers are covered by the same agreement, while in Austria and Sweden white and blue collar unions have harmonised the agreements at least for working time standards.

B. Differences between sectors

In some countries shorter working hours seem to be a privilege of certain male dominated white collar sectors like banking, finance, insurance, real estate, while in female dominated white collar sectors like the retail trade and in blue collar sectors working hours (agreed and standard hours) are much longer. Such differences seem to be most pronounced in the United States, Canada and United Kingdom. Table 8 shows, for example, that yearly working hours in British banking and insurance are more than 200 hours below those of manufacturing or the retail trade (table 8). Contrary to the case of the United Kingdom, in Belgium, Germany, France and the Netherlands hours in manufacturing are lower than in banking, insurance and the retail trade.
### Table 8: Yearly working time in different sectors

<table>
<thead>
<tr>
<th></th>
<th>Industry and construction</th>
<th>Manufacturing</th>
<th>Metal industry</th>
<th>Construction</th>
<th>Wholesale</th>
<th>Retail trade</th>
<th>Banks</th>
<th>Insurance</th>
<th>Variation*</th>
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<tr>
<td>Europe Average</td>
<td>1,757</td>
<td>1,761</td>
<td>1,740</td>
<td>1,756</td>
<td>1,834</td>
<td>1,825</td>
<td>1,734</td>
<td>1,718</td>
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<tr>
<td>Belgium</td>
<td>1,537</td>
<td>1,559 (1)</td>
<td>1,546 (1)</td>
<td>1,388 (1)</td>
<td>1,777 (2)</td>
<td>1,763 (2)</td>
<td>1,661 (2)</td>
<td>1,679 (2)</td>
<td>389</td>
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<tr>
<td>Denmark</td>
<td>1,740</td>
<td>1,740 (7)</td>
<td>1,748 (7)</td>
<td>1,728 (7)</td>
<td>1,814 (6)</td>
<td>1,821 (6)</td>
<td>1,786 (9)</td>
<td>1,727 (6)</td>
<td>94</td>
</tr>
<tr>
<td>FRG</td>
<td>1,692</td>
<td>1,701 (4)</td>
<td>1,684 (3)</td>
<td>1,658 (3)</td>
<td>1,783 (3)</td>
<td>1,781 (3)</td>
<td>1,770 (6)</td>
<td>1,756 (7)</td>
<td>125</td>
</tr>
<tr>
<td>Greece</td>
<td>1,831</td>
<td>1,829 (8)</td>
<td>1,815 (8)</td>
<td></td>
<td>1,835 (7)</td>
<td>1,841 (11)</td>
<td>1,858 (11)</td>
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<td>France</td>
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<td>1,679 (3)</td>
<td>1,672 (2)</td>
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<td>1,764 (1)</td>
<td>1,756 (1)</td>
<td>1,714 (4)</td>
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<tr>
<td>Ireland</td>
<td>1,943</td>
<td>1,944(11)</td>
<td>1,920(11)</td>
<td>2,038(10)</td>
<td>1,875 (9)</td>
<td>1,860 (8)</td>
<td>1,762 (5)</td>
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<td>Italy</td>
<td>1,728</td>
<td>1,727 (6)</td>
<td>1,736 (5)</td>
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<td>1,868 (8)</td>
<td>1,861 (9)</td>
<td>1,801(10)</td>
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<tr>
<td>Luxembourg</td>
<td>1,704</td>
<td>1,706 (5)</td>
<td>1,740 (6)</td>
<td>1,695 (4)</td>
<td>1,793 (4)</td>
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<td>1,777 (8)</td>
<td>1,778(10)</td>
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<tr>
<td>Netherlands</td>
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<td>1,650 (2)</td>
<td>1,816 (7)</td>
<td>1,810 (5)</td>
<td>1,774 (7)</td>
<td>1,760 (8)</td>
<td>154</td>
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<td>Portugal</td>
<td>1,948</td>
<td>1,941(10)</td>
<td>1,934(10)</td>
<td>1,990 (9)</td>
<td>1,800 (5)</td>
<td>1,996(11)</td>
<td>1,610 (1)</td>
<td>1,661 (1)</td>
<td>380</td>
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<tr>
<td>Great Britain</td>
<td>1,880</td>
<td>1,876 (9)</td>
<td>1,852 (9)</td>
<td>1,976 (8)</td>
<td>1,921(10)</td>
<td>1,883(10)</td>
<td>1,665 (3)</td>
<td>1,675 (2)</td>
<td>311</td>
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</tbody>
</table>

*Source: Eurostat, 1988.*

*Difference between the highest and lowest.*
because the strong unions in these sectors have taken the lead in the politics of working-time reductions (see section III, 1). Probably these differences are diminishing at present. In the service and white collar sector there seems to be a substantial amount of unpaid overtime. Trade union influence in these sectors is weak and the requirements for extended working time may come alongside increased reliance on the voluntary commitment associated with professionalism. Lack of union control may lead to an informalisation of working-time standards, which makes it more and more difficult to trust official statistics. The public sector has generally followed working-time reductions which were agreed upon in the private sector with a time lag of several years. This development can be identified in the British, Austrian, Australian, German and Swedish studies.

C. Differences between small and large firms

In some countries working-time standards are applied to most enterprises (Australia, Germany, Sweden, Belgium, France); in other countries agreements only cover the unionised sector, which comprises mainly larger enterprises (United States, Canada, Japan). There is considerable evidence in the country reports that in some small enterprise sectors working time has been expanding in recent years (sweat shops). In previously mentioned countries, scheduled hours are often much longer in small enterprises where unions are not represented. In Japan, for instance, small firms have longer scheduled hours, whereas large firms have a higher amount of paid overtime. Working-time differentials are then, in fact, leading to wage differentials. Even when small firms are covered by legal or conventional working-time standards they are often only poorly implemented due to weak trade union representation.

D. Differences between low, middle and high skill and status levels

In the early phases of capitalist development the majority of the employees had to work very long hours and a minority of better qualified employed working closely together with the proprietor, worked shorter hours. Today, in many countries, there seems to be a tendency towards a U-shaped redistribution of hours between the status and skill levels: longer working hours for higher levels, shorter hours for middle levels, longer again for some strata of low skill and status levels. Some country reports mention that supervisors, executive managers, academics, etc. are not covered by working-time laws or collective agreements (see also for a comparative view on EEC countries Blainpain/Köhler, 1988). For example, West German collective agreements and Australian awards usually do not cover all executive managers. Competition has increased and the traditional "relaxed" working atmosphere of executive managers has changed. Work intensity and working hours have increased. This development is rarely reflected in statistics because unpaid overtime is part of the implicit work contract of these employees and a condition for career building. The British report also points out that working hours of skilled workers are longer than those of unskilled because of skill
shortages and insufficient training and retraining within British companies. In many countries, working-time legislation and agreements do not fully cover subcontractors, agency workers, low qualified jobs in the service sector (e.g. fast food) and small firms. Increased competition, because of high unemployment, allows employers to increase working hours legally or illegally. Finally, declining real wages force low paid workers, who are generally less qualified, to increase their offer of hours. They are prepared to accept all offered overtime work. An inverse relationship between wage levels and labour supply can be observed. The higher earnings of the low skilled workers in West Germany probably explain the decline of overtime there while overtime hours are increasing in the United Kingdom and the United States where real wages of unskilled workers are already low and even declining.

E. Differences between formal and informal sector

The informal economy has expanded rapidly in some Western countries (especially Italy). Reasons for this include high unemployment and the possibility of increasing profits and raising individual net wages by avoiding taxes and social security contributions and health protection. In these partially illegal activities, unions are not represented and legislation is not enforced. Gross pay is normally lower and working hours longer than in the formal sector. In Hungary and the Soviet Union the informal economy seems to have been the necessary complement to compensate shortages which resulted from the rigid planning system which was in power until 1990. According to the Hungarian report, workers were forced at that time to work in the informal economy because of low wages in the formal sector. The number of hours worked in the socialist sector declined due to a reduction of standard working hours with a corresponding increase in working hours in the informal sector. These examples demonstrate that in countries with a developed informal economy, standard working hours in the formal sector do not sufficiently describe actual working hours. In countries with a well developed informal economy, standard working hours in the formal sector do not sufficiently describe actual working hours.

In all countries, however, one finds remarkable differences, albeit to different degrees, in working hours between the sexes. Regarding working hours across other groups and economic sectors some countries show a considerable heterogeneity (United States, Japan, United Kingdom, Canada) while others present much more homogeneity. The reasons for the heterogeneity and homogeneity will be dealt with in section 4.
III. The dynamics of working time

1. Reduction and extension of working time

In the long term, the reduction of working time obviously is the dominant trend. Also, in the last 20 years actual working hours were reduced in most countries but by very different combinations of increasing part-time work, reducing agreed and actual weekly and yearly working hours and lifetime hours. However, in analysing this main trend one easily overlooks some manifest tendencies towards an extension of hours at least in some countries and for some groups of workers within different countries. These tendencies may indicate the increasing differentiation of the duration of working hours between and within countries after a long period of standardisation and harmonisation of working hours. Therefore, these tendencies should be looked at in more detail.

(a) Part-time work

In all countries reviewed here the proportion of part-time workers increased in the last 20 years and reduced the average actual working hours (see figure 2). On the one hand, the increase of part-time work took place spontaneously through the market. On the other hand, some countries promoted part-time work by public labour market programs (United States, Canada, France, Belgium). Part-time work is mainly women's work (see figure 3) and its growth is closely linked to the participation rates of women and their position in the labour market. In some Scandinavian countries with the participation rates of women at over 70 per cent the proportion of part-time workers stagnated (Sweden) or even declined (Norway). In Sweden, average yearly hours of part-timers increased. This indicates that contrary to present beliefs the process of working-time reduction through increasing proportions of part-time work may not persist if women's position in the labour market is stabilised. In most countries, however, the position of part-timers on the labour market seems to be more unstable than of full-time workers. In addition, a certain proportion of part-time work is involuntary. In an economic crisis, the proportion of involuntary part-time work increases. This is referred to as unemployment. Public policy supports this trend by providing part-time unemployment compensation (for instance Belgium) or public financed training on a part-time basis for young workers employed during the rest of their time. In Italy, the education contract is a fixed contract (24 months maximum) for young persons (up to 29 years of age) which includes, beyond normal work, a certain amount of time spent in education and training (in 1986 it was a minimum of 100 hours per year). The contract receives substantial financial subsidies from the State (Blainpain, 1988, p. 320). The effect of part-time

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10. In Belgium for example, already 30 per cent of all part-timers are part-time unemployed and receive beside their part-time salary a partial unemployment compensation.
Figure 2: Trends in total number of part time workers in industrialised market economies

![Bar chart showing trends in part-time workers](image)

Source ILO: Conditions of Work Digest, op. cit., p. 32
Source: ILO, 1989a, p. 32.

Figure 3: Men and women who work part time as a percentage of total workers

![Bar chart showing part-time work percentages](image)

Source ILO: Conditions of Work Digest, op. cit., p. 33
work on the average duration of working time seems to depend very much on the public policy, which could both encourage or discourage part-timers from working longer hours and full-time workers from working shorter hours.

(b) Weekly and yearly working hours

Reduction of agreed weekly working time is demanded by nearly all trade unions in industrialised countries. The member unions of the European Trade Union Federation for example, share the conviction that weekly working hours should be reduced to 35 hours. The unions wanted not only to improve working conditions but also to enhance the possibilities of successfully combining work and leisure. In the 70s because of increasing unemployment, the primary aim of working-time policy became the fight against unemployment. It was only in Sweden and Japan with their low unemployment figures, that this goal did not play a role. The study on Sweden underlines that, contrary to other European countries, because of labour shortages Swedish working-time policy in the 80s did not pursue general quantitative employment effects but only followed qualitative goals such as the emancipation of women. Therefore in this country neither yearly agreed hours nor lifelong working hours were reduced in the 80s (see table 2). In Japan, parliament recently passed a new working-time law which will probably end the stagnation in the process of working-time reduction through the introduction of the 40-hour week. In the United States agreed hours have stagnated since the early 70s; the unions' demands for reductions were not successful. The study on the United States even mentions examples where unions had to accept a prolongation of agreed hours in the context of concession bargaining. The steel and automobile workers' unions for example, agreed to give up paid personal holidays.

In Europe and Australia, however, agreed yearly working hours were reduced substantially in the last two decades. All fourteen country studies underline the difficulty in going below the former standard of 40 hours per week. Negotiations on working-time reductions became more controversial. Because of lower growth rates and productivity increases the margin for distribution became smaller. Employers refused to concede further working-time reductions because they were afraid of reduced competitiveness. Some countries tried to smooth the conflict on weekly working time by subsidising working-time reduction if new workers were employed (for example so-called solidarity contracts in France).

11. Very often the outcome of recent weekly working-time reductions was an annualisation of hours because the weekly hours may be spread unequally over the year.

12. The European Trade Union Federation tries to co-ordinate working-time policy between its member unions. On flexibility the European unions have divergent positions. On working-time reduction, opinion is, however, approaching agreement. During the 1989/90 conflict on working-time reduction in the German metal industry, the German IG Metall was publicly supported by the other European metal workers' unions.
Experience proved, however, that financial subsidies for voluntary working time reductions had only a limited effect. Only after strikes (Germany, Denmark, United Kingdom) or state intervention (France, Italy, Belgium, Netherlands) could the threshold of 40 hours be passed. In most countries agreed weekly working hours now range from 35 to 39 hours. In some countries labour market conditions have changed. In the second half of the 80s the number of jobs increased and unemployment diminished. In these tightening labour markets trade union demands for working-time reductions seem to be less urgent than in the previous decade from the perspective of seeking help to reduce employment (Netherlands, Germany, etc.).

Actual yearly hours did not follow the recent reduction of agreed hours in all countries. In particular, the chapters on the United Kingdom and Italy describe rises in overtime which compensate the reduction of agreed hours or even extend actual hours mainly for manual workers. The Italian chapter suggests that this increase in overtime is mainly a result of the economic upswing, a conjunctural effect; in the long run actual hours would follow agreed hours. The British study is less definite in this point; if the causes of this effect ie. low pay and labour shortages endure, a high overtime level may become a long-term trend.

(c) Lifelong working hours

In the 70s and 80s many European governments reduced the pensionable age (France, Germany) or widened possibilities of early retirement. The main aim was to prevent long term unemployment of older workers in case of redundancy or to help young or unemployed workers to find work (so-called solidarity contracts between young and old workers). State or social security financed early retirement provisions became common in nearly all West European countries with the exception of the Scandinavian countries and the United Kingdom. In Sweden the total participation rate in the age bracket 55-64 years even increased because of the higher participation rate of women. But work strain for older workers was relaxed through part-time schemes. Such part-time schemes for older workers became widely accepted in Sweden because of long term and stable support for such schemes by the social partners. In France and Germany part-time schemes for older workers were short-term political fashions and were not generally accepted. In the United Kingdom the government strictly refused to take the responsibility beside the limited job release program for reducing unemployment by public intervention in the labour market. In all the other European countries, early retirement for many older workers became the normal alternative to dismissal or long term unemployment in the late 70s and in the 80s. In particular, France, Belgium and the Netherlands reduced unemployment by early retirement. They have the lowest participation rates of older men (table 7).13

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13. The Belgian authors report that the already comparably high unemployment was reduced by early retirement schemes from about 18 per cent to 12 per cent.
In Australia, the United States and Canada one finds only private pre-pension schemes which exclusively cover workers of specific enterprises. In these countries, the participation rate of older men declined between 1968 and 1987 thereby being much lower than in Europe. Recently in Canada and the United States, the compulsory retirement age of 65 was phased out. This abolition of the mandatory retirement age slowed the reduction in the participation rate of older men. But in spite of differences in the speed of the reduction of actual retirement age this form of working-time reduction was by far the most common. It is not surprising, however, that Japan again is the exception (see table 7).

In future decades, the reduction of the actual retirement age might be reversed in some countries. Because of financial problems of old age insurances and high costs of early retirement schemes, these schemes are being phased out or access to them is being made more difficult (Germany, France, for example) and the pensionable age will be increased (Germany). In particular, the pensionable age for women will be increased in the course of harmonisation of men's and women's retirement entitlements.

Working-life hours were also reduced by longer mandatory school years and the trend towards higher education and the participation rate of employable persons aged between 15 and 24 years declined therefore in many countries (France, Netherlands, Belgium, Japan). However, in the United States and Canada it increased noticeably, even though the percentage of younger age cohorts in the educational system rose. We suppose that an important proportion of the differences in the participation rates of the younger age cohorts are caused by a different statistical treatment of the mainly seasonal and part-time work of students. The borderlines between work and education have become less strict. This can also be concluded from the observation that in periods of high unemployment a proportion of the otherwise unemployed are moving into the school and university system.

(d) Different costs and temporalities of working-time reduction

Different strategies of working time reduction have different macro- and microeconomic costs. From a macroeconomic point of view early retirement schemes and reductions of agreed hours seem to be the most costly measures whereas unregulated part-time work without wage compensation is regarded as the cheapest measure. Neo-classical economists usually recommend part-time work as the only acceptable

14. For comparisons of the outcome of early retirement schemes one can only take into account the participation rate of older men. Because of the traditionally high participation rate of men between 55 and 64 years, reductions of the participation rate reflect purely the effects of early retirement schemes. Participation rates of older women, however, are difficult to interpret. They reflect on the one hand, the tendency for early retirement and on the other, the increasing interest of women in remaining in paid work after the age of 50.
means of work-sharing as it does not increase wage costs. However, this
is not the place to argue on the possible employment effects of different
strategies of work sharing. But we would like to emphasise that the costs
of different strategies of working-time reduction depend very much on
the specific conditions of these reductions. Most working-time
reductions in the late 70s and 80s were governed by wage restraint or
concessions for more working-time flexibility or flexibility in other
working conditions (see section 5). The chapters on Belgium, the
Netherlands and Germany point out that reductions of working hours
were traded against long term wage moderation. As a result, in these
countries, in spite of rapid reductions of agreed hours, the proportion
of wages in percentage of the GNP fell to the low level of the late 50s. Thus
shorter hours combined with a flexibilisation of work organisation
promoted a modernisation of the work organisation and thereby a
reduction of unit costs. These facts, unequivocally call for a revision of
the conventional assumption that reductions of agreed hours are always
an expensive strategy. A microeconomic analysis would distinguish the
differential costs of working-time reductions for individual firms. As most
early retirement schemes are financed by public funds, firms generally
welcome such schemes and use them extensively to get rid of older and
disabled workers. However, at the macroeconomic level, the costs of such
a strategy of externalisation are extremely high.

The countries differ substantially in the speed of working-time
reductions and in the forms and the order of measures taken. In the
United States and Canada actual working hours have been reduced by
an increase in part-time work and private pre-pension plans. In Japan, the
expansion of higher education raises the age of entry into working life. In
Europe and Australia the spectrum of measures seems to be broader, as
unions were strong enough to negotiate reductions of agreed working
hours and the State intervened in work-sharing policy (see section IV, 2).
Some of the country studies (France, Belgium, Netherlands, Italy,
Australia) stress that working-time policy changed in the last 15 years
starting with a centralised policy of reduction, passing through a period
of trade-offs between reduction and flexibilisation of working time and
concluding with a more decentralised policy of flexibilisation of working
time without reduction. In the late 70s and early 80s, rising
unemployment and the collapse of collective bargaining, necessitated
increasing State interventions in formulating and implementing work-
sharing policy. This led, on the one hand, to a number of public financed
work-sharing programs (early retirement schemes, solidarity contracts)
and, on the other hand, to State intervention in collective bargaining
through legislation or trilateral agreements. Due to the increasing financial
problems of the State, there was a switch towards a policy weighted more
to the supply-side which at first demanded more flexibility for further
reductions of working time and then narrowed to flexibility of weekly
working time and the extension of the actual retirement age in order to
improve the worsened competitiveness of the countries.

This sequence of policy patterns is not reflected in all the countries.
In Germany for example, the process of weekly working-time reduction
continues; in the United Kingdom and Japan it seems to have started again. These reductions will probably influence new weekly working-time reductions in other countries. We suggest therefore, that there is no general tendency to end the long term trend of weekly working-time reductions in favour of a greater flexibilisation of working time. Because of specific economic, social and institutional conditions some countries may forge ahead while others are latecomers.

2. The flexibilisation and standardisation of working time

(a) Capital and labour-side flexibility

All reports describe an increase in flexibilisation of working time in recent years. It became obvious that the term flexible working time was used in very different ways reflecting diverse working-time patterns in the countries as well as different reasons for and evaluations of ongoing trends. We would first like to situate the term flexibility in this context.

In 1985, the OECD made a distinction between (a) the mobility of manpower, (b) the flexibility of manpower costs, and (c) labour flexibility in the enterprise. Working-time flexibility is part of the quantitative dimension of enterprise flexibility. It comprises adjustment of working time to fluctuations of (daily, weekly, seasonal, conjunctural) orders and to extension of operating or shop opening hours. In this respect, working-time flexibility means *variability and increasing amounts of unsocial hours* like night and week-end work (Michon, 1987). Adjustments to fluctuating orders or longer operating hours could be more finely tuned by *differentiation* of the average working hours through part-time work, overtime, temporary contracts, etc. In the German metal industry collective agreements even allow, to a certain degree, a differentiation of the normal agreed hours. Very often working time flexibility is just a *substitute for flexibility of manpower costs*: variability of working hours allows, for example, for the transformation of paid overtime into normal working hours without overtime supplements, or for the average hours of part-time workers to be prolonged without paying overtime supplements. The country studies appear to demonstrate that an important portion of what is discussed under the heading of working-time flexibility is a way of reducing wage costs. One of the most common forms of flexibilisation is the widened possibility of spreading agreed working hours over longer periods. So often, working-time flexibility does not mean that working hours are spread over the year differently, but just that the same hours are paid less.

Other quantitative aspects of enterprise flexibility concern actions on the number of workers employed, i.e. (permanent or temporary) hiring and firing. In secondary labour markets with low pay and high insecurity we find working-time flexibility together with precarious jobs. In this *precarious work model part-time, temporary work and hiring and firing dominate. It combines all the quantitative aspects of enterprise flexibility and its main aim is to reduce wage costs.* Some country
studies (Canada, United Kingdom) show that this model is gaining importance with the increasing structural change towards the service sector.

Qualitative flexibility means multi-skilling to adjust to changing technologies and products. Multi-skilling and strategies of hiring and firing contradict each other; the enterprise would lose its best skilled workers. The attractiveness of working-time flexibilisation for employers could be the possibility to combine quantitative and qualitative flexibility. In primary segments of the labour market one finds working-time flexibility in combination with job stability and multi-skilling. Here, contrary to the situation of secondary labour, unsocial and over-long hours are compensated for. In the stable work model, short-time work, paid overtime, flexi-time and job security dominate (Michon, 1987).

This capital-side approach only includes the need of enterprises to adapt to quantitative changes through changes of working-time schedules. Needs for more flexible time schedules also emerge from the labour-side of the labour market. With increasing participation rates for women the need for part-time work and parental leave increases. Higher wages, increasing numbers of one or two person households together with more individualised life styles give rise to demands for free individual choice in working time especially for training leave, sabbaticals, etc. (Bosch, 1989a). Flexibilisation of working time strengthens the possibilities for more individual choice. This may produce a differentiation of the duration and position of individual working hours. Contrary to the precarious work model individual choices require social guarantees such as paid leave, the right to return to work after a prolonged absence, social assurances, etc.

(b) Regulated and unregulated flexibility

There is no doubt that there are increasing pressures for working-time flexibilisation following demands from capital. This is reflected in OECD documents which represent the main stream opinion of governments of industrialised countries. In the early 70s during a labour shortage, the OECD proposed a "co-ordination of flexibility policy and manpower policy" in order to "make individual choice coincide as far as possible with variable manpower requirements" (Rehn, 1973). In the 80s working-time flexibilisation was no longer a matter of individual choice but of adaptation to economic change (OECD, 1985).

This process of adaptation of working-time to capital needs took the form of deregulation in those countries which had a well developed framework of legal or conventional regulations on working time. Unions had to concede more flexibility to employers against reductions for the workers at least in most West European countries and Australia. In several European countries, new working-time laws were passed (Sweden, France, Belgium) or are on the agenda (Germany, Austria, Netherlands). These laws allow longer daily and weekly maximum hours, longer periods of variability, widened possibilities of Sunday work and night work for women and allow greater derogation from legal minimum
An overview

standards through collective agreements. These working-time laws seem to be co-ordinated by governments of EEC countries and are probably intended to generate a new and more flexible regulatory framework for employers in the more competitive EEC internal market of 1992. Countries outside the EEC (e.g. Austria) try to adjust their standards to the expected developments in the EEC so as to make later entry into the EEC easier. Through these working-time laws governments try to raise the weight of (capital-side) flexibility in the present trade-off between flexibility and reduction of working time.

In Canada and the United States, flexibility of working time became less of a burning issue than in Europe because of the lack of strong legal rules on working time. In the United Kingdom employers are less restricted by laws. Collective agreements also seem to give them the degree of working-time flexibility they want (mainly over-time and part-time). They are more concerned with getting rid of demarcation rules within enterprises.

In contrast to these rapid changes of legislation and collective agreements, actual working-time structures seem to be far more conservative. The abolition of the interdiction of night work for women did not incite a remarkable increase of such hours for women in industry in France, Belgium or United Kingdom. Similarly, other new possibilities of working-time flexibility are not used by employers. It is often forgotten in the present, mainly ideological, discussion on flexibility that flexibility also may incur costs and that standardisation may reduce costs. The Italian study reminds us that standardisation was once introduced as a means of controlling work intensity and the discipline of workers as well as control by workers over the duration and position of hours. The ambivalent character of the structure of working hours for both capital and labour is not new. It is inherent in all working-time laws and agreements which are compromises between capital and labour.

There are conflicting as well as overlapping interests of employers and workers in working-time flexibility. This book presents a rich panoramic view of conflicting interests such as resistance to work unsocial hours, involuntary part-time, etc. The dominant impression is that working conditions deteriorate and that the unions are put on the defensive by new capital strategies of working-time flexibilisation. However, the studies also contain examples of overlapping interests such as the good reputation of flexi-time among employees (see for example, the Austrian report), and the fact that higher wages for unsocial hours are a strong incentive for workers to accept working-time flexibility, especially if wages are low.

In fact, it was the recognition of conflicting interests between workers and employers that caused unions or political parties to put pressure on some governments to change working-time legislation. They tried to regulate flexibility to make it more acceptable to workers and to reconcile diverging interests. Workers who do two 12-hour shifts on Saturday and Sunday are paid for 39 hours in France and 38 hours in Belgium. Some German collective agreements contain minimum standards for part-time workers. The unequal distribution of working time over the
year (modulation) could also be compensated for by retraining. In Italy a new law strengthens the unions' position in collective negotiations on part-time work. Thus employers have also had to pay for more flexibility. At least in countries with a traditionally high density of regulations, capital-side flexibilisation was traded against working time reductions, wage increases or training possibilities. These working time reductions, however, cover only specific groups and are therefore not comparable with general working-time reductions. The main differences between countries cannot be explained by quantitative indicators of working-time flexibility but in the way this flexibility is regulated and is traded against improvements in working conditions.\footnote{Of course, some indicators like proportion of shift workers, short-time workers, overtime hours, etc. could give some hints on differences between countries. However the existing statistics presented in the reports are far from being comparable. Some reports mention increasing proportions of shift workers (Austria, Australia, etc.), others declining (Netherlands). These figures may reflect conjunctural effects, sectoral shifts as well as long term changes.}

A good example of this hypothesis is provided by part-time work. Among the countries represented in this volume, Sweden and the United Kingdom have very high percentages of part-time work (table 5). The British study mentions lack of social protection of part-time workers by legislation or collective agreements and a passive attitude of unions towards part-time work (see also Thurmann and Trah, 1990). Part-time in these countries is mainly low-paid female work. It is regarded as a trap with respect to income and career perspectives. The Swedish study presents part-time as a new working-time standard which is well protected and actively shaped by unions. In Sweden, part-time work has more the character of part-time leave with guarantees to go back to full-time work. Part-time work seems more a voluntary intermediate working-time reduction in employment biographies (for parents, older or younger workers) than a permanent status which has only disadvantages.

Part-time work increased most rapidly in the 1960s long before working-time flexibility was discussed from the capital-side point of view as a means of "adjustment to structural change" (OECD, 1985). Under the pressure of unemployment and due to the growth of a service sector with low trade union representation, this potential supply of labour that had been built up very often had little choice but to accept the conditions offered or not to be hired at all. But part-time work is still not completely flexible. Part-time jobs are often offered in the afternoon or at night, but women often can only work in the morning during school hours (Germany, Austria) or on Saturday.\footnote{In France for example, there is no school on Wednesday: the four-day week is a typical French part-time pattern. In Germany, school usually ends at noon. Women mainly work in the morning or on Saturday when the husband does not work.} Although capital interests are gaining increasing control over the time, bias and tenor of new part-time agreements these are also formed by the interests of employees, which
are deeply embedded in family and household structures.  

(c) **Standardisation and harmonisation of working hours**

At least in political debates on working-time, flexibility is the dominant issue. It is supposed that working hours are becoming more differentiated across groups and that working-time standards are becoming obsolete. Given the overwhelming influence of the public debate on flexibility one tends to neglect contradictory developments.

This is especially evident in countries with highly differentiated working hours (see section II, 2) where there are strong tendencies towards harmonisation of formerly differentiated working hours. In the United Kingdom for example, differences in agreed working hours between blue collar and white collar workers and between sectors are diminishing. A similar harmonisation of agreed hours takes place in Italy. In several other countries differences in agreed hours between sectors were reduced through the centralisation of the policy of working-time reduction which left less room for divergent branch-specific developments such as those in the 60s (Germany, France, Belgium, Netherlands, Italy, Austria).

The spread of flexibility regulations in some countries may also be taken as an indication that working-time norms are not obsolete. One of the main characteristics of the “standard working-time model” was that it never excluded flexibility but that it provided specific possibilities for deviations from the norm (Michon, 1987, p.158). It could be argued that, at least in some countries, we are moving towards a new working-time standard which includes part-time, different kinds of leave and new compensations for unsocial hours (night and week-end work) but less compensation for overtime and variable hours. This new working-time standard is much more flexible than the former standard. This flexibility may, however, broaden the coverage of the standard and include the different working life cycles of men and women.

IV. **An explanation of the different structures and dynamics of working time**

The country studies show that an important part of the differences in working time across countries described above can be explained by the different economic situations and by the divergent systems of industrial relations and regulation of working time.

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17. A recent report of the EEC clarifies how much the duration and the position of hours of women for instance, depend on school time and public child-care provisions (Moss, 1988).

18. One of the facts which is overlooked at present is the considerable amount of working-time flexibility in the past. Earlier, because of low wages, most overtime was accepted. In the 50s, for instance, weekend work was widely accepted throughout Europe. Today, with shorter hours and an established weekend it is more difficult to recruit workers for weekend work.
1. Working-time regulation and industrial relations

The main difference between the industrial relation systems concerning working time seems to be the existence or the absence of a mechanism to generalise norms for wages, working time and social security provisions. Such a mechanism could be a law or a trendsetting collective agreement, which is compulsorily (declared generally binding) or voluntarily applied to non-union members (principle of ergo omnes). Among the countries represented in this volume we found both decentralised and more centralised systems of working-time regulation and industrial relations.

(a) Decentralised systems

In the decentralised system there exists only a weak legal framework regulating working time. In the United States, Canada and Japan general legislation governing the working hours of adult men rarely exists. The few existing regulations mainly concern child work, night work for women and working time of mothers. Working time in these countries is mainly left to voluntary regulation or is regulated by the so-called market forces. Working hours are mainly negotiated at enterprise level. The reasons for this are manifold:

— Trade unions are split into many fractions and trade union density is low (even declining in recent years in Japan and the United States). Under these circumstances it is difficult for unions to harmonise demands.

— Employers' organisation are also decentralised. Because of divisions among their counterparts in the unions they see no need to centralise their organisation. In cases of conflict they are mainly represented by law firms (United States, Canada).

— Legal provisions for social security are weak, so that for example, health insurance and pension plans have to be negotiated at enterprise level.

— These countries have never been governed by a labour party which could have strengthened the unions' influence and through which unions could also have had a strong voice in the political arena.

— Collective agreements are only applied at the enterprise level. Legal mechanisms to extend coverage are non-existent or ineffectively used. In Canada, only some agreements are declared generally binding and then only for about 5 per cent of non-trade union members', though some sectoral agreements exist in the public sector obviously covering all employed in this sector. Nevertheless, only 40 per cent of the employed are covered by collective agreements.

The result of these decentralised negotiation systems is extreme diversity of duration and structure of working time between enterprises.
The Japanese study concludes that there is no general normal working standard.

In these decentralised systems of bargaining (United States, Canada, Japan) the debate on flexibility of working time is not very intense. In periods of high unemployment these systems have a strong built-in mechanism of deregulation through the competition between unionised and non-unionised enterprises. Unionised enterprises use concession bargaining to duplicate the working-time flexibilisation and prolongation obtained in the non-unionised sectors by concession bargaining. There is, however, substantially less concession bargaining in Japan than in the United States because of low unemployment.

The decentralisation of negotiations also makes it difficult for unions to harmonise demands. On the contrary, it puts unions in economic crisis through the decentralised concession bargaining, on the defensive. To improve the competitiveness of their plants in shop-floor negotiations, unions are likely to concede wage cuts and prolongation of working time. Other plant unions have to follow these concessions. For union federations it is difficult to coordinate or even control these local or plant negotiations and to maintain industry-wide minimum standards. In the United States 10 to 15 years ago, trade unions were still convinced that reducing working time would reduce unemployment. However, in recent years they have had to accept a reduction of paid time in several sectors.

Union fragmentation usually coincides with a general permissive or even supportive attitude towards the expansion of peripheral workers. In Japan, unions do not organise peripheral workers. In Canada and the United States they are not able (and very often even not willing) to protect them. Regulation of flexibility is non-existent in these countries. Such regulations would have had to be built upon existing general working-time legislation and social security systems both of which do not exist there.

(b) More centralised systems

The other countries had (at least temporarily, after the second World War) some mechanism to generalise working-time standards for nearly all or for a majority of those employed. Legislation provides some general rules for working life, e.g. the prohibition of Sunday work or maximum daily or weekly hours. The more specific working-time conditions are mainly regulated by collective bargaining which has, however, in certain countries or at certain periods, been helped by supportive legislative mechanisms, to generalise these norms. The following mechanism of generalisation can be distinguished.

(i) Generalisation based on collective agreements: In Europe working time is dominantly regulated by sectoral or branch-wide agreements. These guarantee workers equal working time and pay
and employers equal competitive conditions. The function of branch-wide agreements is especially pronounced in countries with unitary and centralised unions (Austria, Germany, Sweden). In these countries the dominant trade union federations have almost a monopoly over association. (ÖGB in Austria represents 100 per cent, DGB in Germany 81 per cent, LO in Sweden 70.4 per cent of all organised trade union members - see table 9.) In the erstwhile Federal Republic of Germany only one industrial union negotiates in each sector, in Austria, two, and in Sweden also branch-wide agreements if they succeed in co-ordinating negotiation, mainly two. More split trade union movements may also reach Since the early sixties, the Italian unions have co-ordinated their collective bargaining and reached joint agreement for industrial sectors, which were applied to non-union members as well. In the United Kingdom, working-time agreements have also been negotiated at the branch level and signed by several unions. The role of branch-wide collective bargaining in these two countries seems to be less stable, however, because of the split of unions. Branch-wide agreements allow for substantial differences in working hours between sectors, depending on how co-ordinated collective bargaining between branch unions is (see section II, 2).

(ii) Generalisation of sectoral agreements through the State or some official body: Trade unions in most countries do not usually cover all enterprises. They are weakly represented especially in small enterprises and in the service sector. To avoid unequal competition between enterprises which are covered by an agreement and others which are not covered, agreements can be extended. In Germany, for example, the Minister of Labour can declare collective agreements generally binding and uses this mainly in sectors characterised by small enterprises (construction, hotels, restaurants, hairdressing); in the United Kingdom minimum wage and working-time conditions for industrial sectors were agreed upon in the "wage councils", in which unions, employers and the State were represented. Since 1986, young workers under the age of 21 fall outside the scope of the provisions of the Wage Councils and the Councils can only set one minimum rate of pay and a single overtime rate and can no longer regulate holidays (see footnote 6 in the Chapter on Great Britain).

(iii) Generalisation based on law: In the former socialist countries trade unions did not have the possibilities for autonomous collective bargaining. State legislation almost exclusively regulated working time. In some capitalist countries too, the State regularly intervenes

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19. Equal pay is a prerequisite for equal working hours. Pay differentials between the same categories of workers usually also cause working-time differences both from the employers' and the workers' side. Low paid workers are inclined to work longer than higher paid. Employers tend to use low paid workers longer (not more intensively) than high paid workers.
### Table 9: Association monopoly — percentage of aggregate membership

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**Key:**
- AU = Austria
- UK = United Kingdom
- GE = Germany
- SW = Sweden
- DE = Denmark
- NO = Norway
- IT = Italy
- SZ = Switzerland
- NE = Netherlands
- FR = France

**Source:** Visser, J. (1990).

In blocked negotiations on working time mainly to compensate the weakness of trade unions and to promote new working-time structures (e.g. flexible time schedules). In France the 39-hour week and the fifth week of holiday entitlements as well as new provisions for flexibility were introduced by law. Of course legislation may
Table 10: Aggregate union density rates, 1920-1985

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| 1985 | 57.9 | 82.2 (b) | 14.5 | 34.3 | 35.5 | 23.6 | 63.0 | 80.3 | 29.3 | 45.8 a)

Key: AU = Austria, UK = United Kingdom, DE = Germany, FR = France, GE = Germany, IT = Italy, NO = Norway, SW = Sweden, NZ = Switzerland, NE = Netherlands, UK = United Kingdom.

(a) = 1984. (b) =

only fix some general working-time rules. Because of the diversity of working conditions in branches, it has to leave the regulation of specific problems to branches or enterprises.

(iv) **Generalisation based on trilateral consultation:** Regulations of working time may also be achieved through joint consultation between unions, employers and the State. Such trilateral consultation seem to be specific for countries with a split trade union movement where the unions have close links with political parties such as in France, Belgium, Italy and the Netherlands. **Trilateral consultation seems to be a mechanism of political integration of the labour movement as well as an approach to macroeconomic policy.** In the Netherlands after the war, during the period of reconstruction, most decisions on economic policy, wages and working time were concluded in the tripartite Foundation of Labour. In France the State only intervenes in working-time disputes if a solution is not found in branch-level bargaining or trilateral consultation.

(v) **Generalisation based on arbitration or conciliation systems:** Under the Australian and New Zealand system of industrial relations, hours of work and working-time arrangements are determined quasi-
legislatively through Conciliation and Arbitration Commissions. In certain sectors and countries, trend-setting awards can be identified, whereby the award system is not only flexible to adjust to specific conditions such as collective negotiations but has also traditionally tended to guarantee a flow across all sectors of important changes in working-time arrangements. The award system was initially developed to help a fragmented trade union movement, but in the past it has also helped small unions to survive.

These mechanisms greatly influence the reduction and flexibilisation of working time. A general strategy of work sharing which covers all workers requires the overcoming of plant egoism which is dominant in the decentralised systems of collective bargaining. This is not easy for unions because core workers forego possible wage increases and overtime supplements. They probably value wage increases higher than more leisure time and the additional employment of workers. Only unions which cover core and peripheral workers, small and large firms and whole sectors and which are helped by the State to generalise working-time standards are able to develop macroeconomic views and to use work sharing as an instrument in the fight against unemployment even in times of economic crisis.

In countries with strong unions and where collective bargaining plays an important role, unions were able to demand, and to achieve, working-time reductions. They succeeded after much conflict but had to concede more flexibility to the strong employers' associations. The State did not directly intervene in bargaining (Germany). State intervention or trilateral consultation tended to follow the logic of arriving at a political compromise between the demands of the unions and employers and the economic policy of the State. The governments tried to diffuse conflict over working time by providing the financial resources for work-sharing programs. The "solidarity contracts" in Italy (see pp. 226-227) or the operation "5-3-3" and the Hansenne experiments in Belgium (see pp. 105-106) are good examples of this policy. For these work-sharing programs the unions had to accept a trade-off between flexibility and working-time reduction. Flexibility as well as reduction of working time were justified as instruments of economic policy of the state to improve competitiveness.

(b) Dynamics of industrial relations systems

The industrial relations systems have heavily influenced and shaped changes in working time. But with these changes the industrial relations systems were themselves transformed. Negotiations on working time have been an important starting point for the ongoing reorganisation of industrial relations.

In the United States and Canada the competition between unionised and non-unionised enterprises seems to have strengthened the decentralised character of collective bargaining. The substantial loss of influence of unions supports this tendency, especially in the United States. In both countries it is, at present, unlikely that the State will take
any initiative to regulate the duration or structure of working time. Both
country studies underline that the weak role of the State is supported by
the pronounced federalism of legislation on working time. The
competition between the states for investments prevents the
establishment of new working-time standards (Tarullo, 1989). This is
completely different from the situation in Japan. There the State plays a
crucial role in economic policy and is able to intervene in working-time
developments. With the new working-time law which the State
introduced because of foreign pressures, the intention is to reduce weekly
working hours to 40 in the 90s. This is a move towards centralised
regulation. However, this concerns only the duration of agreed working
hours; at the same time the State widened the scope for the enterprise to
flexibilise working hours.

Negotiations on working time also play a crucial role in the
transformation of some of the more centralised systems of industrial
relations. Two different tendencies of developments could be observed in
the countries represented in this volume:

(i) A clearcut decentralisation: This could be enforced by a
deregulation of working-time standards. A prominent example is the
United Kingdom. The government abolished the responsibility of the
"Wage Councils" for regulating working hours and guaranteeing minimum standards outside the coverage of collective
agreements. The atmosphere of deregulation encourages employers
in their attempts to question branch-wide collective bargaining. One
of the important questions to emerge out of the conflict over the
negotiations on weekly working-time reductions is whether the
result will be the establishment of a new working-time standard for
manual workers or the collapse of the industry-wide engineering
agreement. In addition, the withdrawal of the State from supporting
the process of working-time reduction may create a similar impulse
towards decentralisation as was the case in the Netherlands when
the State withdrew from the Foundation of Labour.

(ii) A more complex division of labour between State, branch-wide
and enterprise collective bargaining: In all the countries
concerned, the importance of enterprise bargaining increased. The
agreed flexibility could only be implemented at the shop-floor level
because it has to be adjusted to the specific needs of the enterprise
as well as of the work force. At the same time, however, the State or
collective bargaining took on new functions in regulating new
forms of working time such as parental leave, part-time work and
flexi-time. The rich collection of examples of such new functions of
legal or branch-wide regulations question the widely-shared opinion
that there is a definite move only towards the decentralisation of
bargaining. But the country studies unanimously indicate that plant-
level negotiations within a more complex system of industrial
relations have gained importance. Those unions that could adapt to
this new situation best, were ones that already had a tradition of
plant-level bargaining within their system of collective bargaining.
(e.g. Sweden through local unions, Germany and Austria through works' councils).

Finally the studies also demonstrate that in most countries, an equilibrium in the way working time will be regulated has not been found. The needs of the enterprises and individuals are far from being unanimous. *Flexibility as well as the manifold forms of reduction of working time are areas of experimentation.* This produces not only clearly conservative ideas of deregulation but also "a certain helplessness of the legislator towards the new development. This points to an attitude of trial and error with providing some sort of possible legislation but leaving it to the collective partners to do what they like with it in order to find out which could be the best way of further legislation at a later stage" (Blainpain and Köhler, 1988, p. 19). Such a *period of transition* will, however, end in deregulation if the unions are too weak "to do what they like"²⁰ and to control and shape the process of flexibilisation at the plant as well as on the branch and state levels.

2. The economic situation and working time

In economic terms, industrial relations systems are, contrary to orthodox beliefs, *not an exogenous factor. The working-time standards they set influence economic performance substantially.* A recent IILS study²¹, for example, suggests that labour protection measures such as minimum wages improve economic performance.

If there is no floor to wages and other elements of labour costs (like working time), or no protection, labour will be in abundant or excess supply because there will be a natural tendency to lower the wage rate; people will be forced to sell their labour and offer their services unconditionally to make a living. There is little or no incentive for firms to make improvements; it is only when labour becomes scarce that any systematic interest emerges to treat labour in a decent way and to improve its productive capacity. The role of labour standards, then, is twofold: they have to ensure that competition is not primarily based on squeezing labour but rather on promoting the productive capacity of the work force, thereby improving chances for competing through better products, processes and market opportunities. To achieve this, depressive, downward-tending competitive forces have to be curbed by way of a general minimum floor to wages and terms of employment, as well as the assurance of compliance with set standards (Sengenberger, 1990, p. 9).

Beside these possible economic effects of the standards set by the industrial relations systems we would like to stress four other links between economic conditions and working time, which emerged from the reports:

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²⁰ This is underlined in a recent report of the French government on collective bargaining. It is said that unions are too weak in many enterprises to reach improvements in working conditions as trade-offs for more capital-side flexibility. Therefore the branch-wide bargaining has to play a significant role (Commissariat au Plan, 1988).

²¹ For further elaboration of this, see Sengenberger (1990).
(i) **The link between the decline of growth rates, high unemployment and the debate on work-sharing:** After the first oil shock in 1973 growth rates in most countries fell substantially. This coincided with the entrance into the labour market of the age cohorts of the post-war baby boom and an increasing number of women entering the labour market. There was a rapid increase in the total labour force which could not be absorbed. Particularly in European countries like Belgium, Germany, United Kingdom and France the number of jobs decreased or stagnated for more than a decade (table 11). In other countries the labour force grew much faster than the total employment (Australia, Netherlands) which also caused increasing unemployment. Because of this high unemployment and of low job increases ("jobless growth"\textsuperscript{22}) in the 70s and early 80s unions demanded working-time reductions to create more jobs.\textsuperscript{23} In wages in the socialist sector in Hungary and in the formal economy in Italy also explains the increase in hours worked in the informal sector.

(ii) **The link between pay and work sharing:** In countries, sectors and enterprises with low pay it is difficult for unions to raise the issue of work sharing. Working-time reductions will reduce wage increases.\textsuperscript{24} The higher the wage level the more likely workers will prefer working-time reductions to wage increases. The British study underlines the concern of British trade unions about low pay of manual work. Low wages seem to be an important reason explaining the permissive attitude of unions towards the extension of working-time through overtime. Probably the real wage losses in the United States in the last two decades also explain the low pressure of workers towards the reduction of working-time. Low wages in the socialist sector in Hungary and in the formal economy in Italy also explains the increase in hours worked in the informal sector.

---

\textsuperscript{22} The "jobless growth" seems to be as important as high unemployment in explaining the rise of the work-sharing debate. People no longer believed that economic growth alone would create enough jobs in future.

\textsuperscript{23} The reports gave divergent answers on the employment effects of working-time reduction. The German report reviews recent studies which come to the conclusion that working-time reductions have positive employment effects. The Dutch and Australian reports mention contradicting results. Different estimations on employment effects may be caused by different conditions in the implementation of working-time reduction, by diverse methodological approaches as well as by contradicting theoretical views. Unfortunately we do not have enough room to discuss this question further.

\textsuperscript{24} This hypothesis is supported by a recent comparative survey in EEC countries. It shows that workers in the EEC countries with higher pay are more likely to prefer working-time reductions than those in countries with lower pay (European Economy, 1989).
<table>
<thead>
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<td>000's</td>
<td>%</td>
<td>000's</td>
<td>%</td>
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<tr>
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<td>3,190</td>
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<td>30.1</td>
<td>1,311</td>
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<td>7,580</td>
<td>14.2</td>
<td>6,520</td>
<td>12.4</td>
</tr>
<tr>
<td>Austria</td>
<td>197</td>
<td>6.2</td>
<td>65</td>
<td>2.1</td>
</tr>
<tr>
<td>Belgium</td>
<td>294</td>
<td>7.5</td>
<td>-80</td>
<td>-2.1</td>
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<td>107</td>
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</tr>
<tr>
<td>Germany</td>
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<td>3.8</td>
<td>-935</td>
<td>-3.5</td>
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<td>1,622</td>
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<td>11.7</td>
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<td>19.6</td>
<td>44,238</td>
<td>14.3</td>
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</table>

(iii) The link between competitiveness and working time: In countries with low international competitiveness there are strong economic pressures to improve competitiveness. This means, for example, allowing for more flexibility to adapt to changed markets or to decrease unit cost. Working-time reductions can only be implemented without monetary compensation and therefore will not be accepted by workers and unions (see (iii)). International competitiveness seems to be one of the main factors explaining the move from reduction to flexibilisation of working time which could be observed for example in France, Australia and Italy in the 80s. In these countries the high trade deficits, deficits in the current account balance and high unit cost increases (table 12) raised the resistance of the employers and the State to further reductions and supported their demands for more flexibility. The United States and British studies mention that high trade deficits was one of the main arguments used by employers in resisting union demands for working-time reductions. To reach working-time reductions under such unfavourable economic conditions, the British unions themselves offered more flexibility to prevent unit cost increases. It is no accident that West Germany is the first country to introduce the 35-hour week in a major sector. Because of its high trade surpluses it was possible to go ahead with further reductions without risking trade deficits. Countries with less favourable trade balances followed the German working-time reductions of 1985 with a time lag (e.g. Austria, Denmark, Norway). Increasing imbalances in international trade are an important reason for different working-time policies across countries. If the countries with a favourable trade balance like Germany and Japan do not reduce working time, the process of working-time reduction will probably be slowed.

(iv) Working time and regional integration: It is believed that the integration of markets and political integration (like that of the EEC) will have substantial consequences for working-time structures. The opinion that the duration of working time will be harmonised through competitive pressures is widely shared. The studies, however, provide considerable evidence contradicting such a simplistic view. Working hours, wages and levels of productivity are very heterogeneous. Even within countries and within single branches different working-time structures may co-exist.\textsuperscript{25} Shorter

\textsuperscript{25} Sengenberger shows that productivity levels of small and large firms correspond to wage and working-time differentials. In West Germany and Sweden wages and working hours are nearly equal in small and large firms. Productivity levels are also the same because small firms under such conditions have to be innovative to survive. In Japan, however, small firms pay much less and have longer agreed hours compared to large firms; their productivity level is also much lower (Sengenberger, 1987, pp. 236-238).
Table 12: Some economic indicators

<table>
<thead>
<tr>
<th></th>
<th>Growth of real GNP/GDP Average</th>
<th>Unemployment rate</th>
<th>Labour costs (percentage from previous period) compensation per employee</th>
<th>Unit labour costs</th>
<th>Trade balance</th>
<th>Balance on current account</th>
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<td>2.7</td>
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<td>4.6</td>
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<td>4.0</td>
</tr>
<tr>
<td>United States</td>
<td>2.2</td>
<td>7.7</td>
<td>7.1</td>
<td>5.6</td>
<td>6.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Australia</td>
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<td>9.8</td>
<td>6.9</td>
<td>7.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Japan</td>
<td>3.8</td>
<td>2.4</td>
<td>5.5</td>
<td>3.9</td>
<td>2.0</td>
<td>1.0</td>
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<tr>
<td>Austria</td>
<td>1.6</td>
<td>2.8</td>
<td>6.9</td>
<td>4.2</td>
<td>4.6</td>
<td>2.2</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.4</td>
<td>10.8</td>
<td>7.0</td>
<td>3.4</td>
<td>4.7</td>
<td>1.3</td>
</tr>
<tr>
<td>France</td>
<td>1.6</td>
<td>8.9</td>
<td>11.9</td>
<td>4.2</td>
<td>8.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Germany</td>
<td>1.4</td>
<td>6.3</td>
<td>5.2</td>
<td>3.4</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Italy</td>
<td>2.0</td>
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<td>5.9</td>
</tr>
<tr>
<td>Netherlands</td>
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<td>11.4</td>
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<td>1.8</td>
<td>2.9</td>
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<tr>
<td>United Kingdom</td>
<td>1.5</td>
<td>9.5</td>
<td>11.3</td>
<td>7.6</td>
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<tr>
<td>Sweden</td>
<td>1.7</td>
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<td>8.1</td>
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<td>7.5</td>
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<tr>
<td>OECD Europe</td>
<td>1.7</td>
<td>9.1</td>
<td>10.5</td>
<td>5.5</td>
<td>8.1</td>
<td>3.7</td>
</tr>
<tr>
<td>OECD Total</td>
<td>2.3</td>
<td>7.6</td>
<td>8.2</td>
<td>5.3</td>
<td>6.2</td>
<td>3.5</td>
</tr>
</tbody>
</table>

hours and higher wages in one country or in one enterprise may be compensated by higher productivity. Firms with low productivity may survive because they rely on long hours and low wages. There is no indication that countries with longer working hours are more competitive than those with shorter hours. In the French school of regulation, strategies of firms or countries to improve competitiveness by low remuneration and long hours are described as defensive flexibility which in the long run uncouples these countries and firms from technological progress. Offensive flexibility on the contrary would allow for combining shorter but more flexible hours, multi-skilling and product innovation (Leborgne and Lipietz, 1990). Countries which are mainly based on mass production and which do not develop new products have to compete through low costs. They probably rely more on forms of flexibilisation which reduce labour costs such as temporary contracts, part-time work, etc. Countries which compete mainly through specialised products do not need as much numerical flexibility. Their competitiveness is based more on functional flexibility. We contend that there will be no tendency towards harmonisation of working-time standards across countries through the market. Market forces would allow for and even enforce differentiation. Harmonisation of working time can only be produced by regulatory mechanisms to generalise working-time standards (see section IV, 2(b)). Such a harmonisation will have consequences for productivity. If wages and working time are, for example, harmonised across EEC countries then productivity levels will have to adjust to a standard level as well.

V. Conclusion

The focus of this book is on the duration, structure, reduction and "flexibilisation" of working time in fourteen industrialised countries. In this chapter, we have attempted to provide an overview of the similarities and differences between these countries with respect to these four aspects of working time and to provide some analysis of the causes of and influences on these similarities and differences.

In our analysis, we have concentrated in particular, on the influence of different industrial relations systems and of macroeconomic forces. For example, an important distinction was drawn between decentralised and centralised industrial relations systems; decentralised systems such as those found in the United States, Canada and Japan tend to give rise to enterprise-level determination of working hours and diversity between enterprises. Especially in Japan, there is no general working-time standard. At a time when there has been an intensive debate about working-time flexibility in countries with more centralised systems, such a debate has been largely absent in the above countries because of the innate flexibility of their systems.
With regard to macroeconomic influences, our international comparisons have illustrated some important influences. Economic growth and rising standards of living tend to result in the demand for greater leisure which is an important determinant of the long term decline in hours worked across all countries. At times of high unemployment, especially where strong trade union movements existed, in most Western European countries and in Australia, there have been demands from the labour movements for reduced working time as a method of "work sharing". Some working-time reductions took place as a result but their effect on the reduction of unemployment is a matter for debate. In countries facing balance of payments problems and considerable concern about international competitiveness in recent times, (e.g. France, Australia and Italy) there has been a move from attention to the reduction of working time, towards an interest in "flexibilisation". By contrast, Germany, untroubled by such problems, continues to take an interest in working-time reduction. In even more stark contrast, Japan has started to confront the issue of working-time reduction because of its "over-competitiveness".

While we have emphasised industrial relations and macroeconomic influences, we are aware that there are important social and cultural influences. In Japan, for example, attitudes to work and to the firm have been an important cause of their relatively long hours of work and require an understanding of social and cultural forces. In the Netherlands there appears to have been a relatively strongly traditional view of the role of women which has been a cause of their relatively low participation rate and short working hours.

Another factor to which we have paid little attention, but which deserves further research, is the effect of different tax and welfare systems on working time. It is evident, for example, that the progressive income tax structure in Sweden appears to have been a major determinant of its relatively short working hours for men, but relatively long working hours for women.

Finally, we have noted that there are important differences in the structure and duration of working time across firms, sectors, occupations, genders and countries. Research on the structure of labour markets has tended to concentrate on differences in remuneration. We would argue that another key dimension is that of working time. By examining evidence on working time in these fourteen industrialised countries this volume seeks to make a contribution in this area. We hope that the reader will find these fourteen country studies illuminating.

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An overview


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2 Australia

Peter Dawkins¹ and Meredith Baker²

I. Introduction

This chapter seeks to examine the duration, structure, reduction and flexibilisation of working time in Australia. Section II presents evidence on developments in the labour market and working time in the last two decades and includes evidence on the length and structure of the working week, year and lifetime. Section III explains how working time is regulated with special reference to Australia’s distinctive Arbitration and Award System. Section IV provides a broader view of the industrial relations system as a whole and the way in which trade unions, employers and government operate in the system. Section V considers the way in which reductions in working time have been brought about and their effects. Section VI looks at the pressures to increase the flexibility of working time arrangements. Section VII draws some conclusions.

II. Developments in the labour market and working time in the last two decades

1. The demand for and supply of labour: An overview

Over the last twenty years national output has increased by about two thirds and employment has increased by approximately 40 per cent (from about 5 million to about 7 million), representing about a 25 per cent increase in productivity over that period. This represents a quite poor productivity record compared with the older industrial countries of the northern hemisphere quite apart from the new industrial countries of East

1. School of Economics and Finance, Curtin University of Technology and the Western Australian Labour Market Research Centre.

2. National Institute of Labour Studies, Flinders University of South Australia.
Asia. The Australian economy has traditionally relied on its primary sector for export earnings and has protected its relatively small manufacturing sector. Over 65 per cent of the labour force now works in the service sector and in recent years employment growth has been dominated by part-time employment in the service sector.

The resident population of Australia has increased from about 12 million at the end of the 1960s to about 16.5 million at the beginning of the 1990s. There has tended to be a natural increase of about 125,000 persons a year with an additional 50,000 to 100,000 per year increase due to net overseas migration. Of the total population there has been an increase in the proportion who are 15 years and over, from just over 70 per cent in the mid 60s to 77.0 per cent at the beginning of the 1990s.

The proportion of the population aged 15 and over in the labour force (the participation rate) has been virtually constant at around 60 per cent. This, however, masks an important compositional change in the labour force with the participation of males aged 15 or over declining from about 85 to 75 per cent (due to the decline in participation of males aged 60 and over) and an increase in the participation of females aged 15 and over from about 38 to 50 per cent, over the last twenty years. Of the total labour force there has been a substantial decrease in the proportion who are in employment from about 98 per cent to about 91 per cent, with unemployment, therefore, increasing from about 2 per cent to about 9 per cent of the labour force.

The female unemployment rate has tended to be higher than the male unemployment rate. For example in 1975 male unemployment was about 5.5 per cent and female unemployment 7.5 per cent. These rates moved closer together to become approximately equal at around 8 per cent for males and females by the end of 1990. The incidence of unemployment has had a negative relationship with age up to the age of about 40, levelling off thereafter. These observations have held (more or less) over the last twenty years. The age group aged 15 to 19 has experienced unemployment rates about four times greater than those aged 35 to 44 which has resulted in a rate of 18-22 per cent for the younger group in the most recent years, as opposed to about 5 per cent for those aged 35 or more. Twenty to twenty-four-year-olds have had a rate of about 9-13 per cent recently, and 25-34-year-olds about 7-8 per cent.

2. Working time

(a) Duration of working time

Figure 1 graphs the decline in "agreed" weekly hours of work in Australia from 1910 to 1980 for men and women separately. It can be seen that there was a substantial reduction between 1910 and 1950 but that from 1950 to 1980 there was little change. In line with equal opportunities policy, in the 1980s separate series for male and female normal hours have not been produced. Data for adult persons have been published, however, and show a decline from 39.3 in December 1981 to
37.9 in December 1989 due largely to the gradual introduction of the 38-hour week.

Table 1 provides an industry breakdown of standard weekly hours of work for the years 1981 and 1989. In 1981 average standard hours ranged from 37.49 in communication to 40.00 in textiles, clothing and footwear in June 1981. By December 1989 they ranged from 36.44 in communication to 39.14 in paper products, printing and publishing with all industries an average decline of between 0.4 hours per week and 1.8 hours a week, reflecting a general move away from the 40-hour week towards the 38-hour week.

Figure 1: Normal weekly hours, males and females, Australia

Table 1: Wage and salary earnings weighted average standard weekly hours of work, industries, Australia, adult persons

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<thead>
<tr>
<th>Industry</th>
<th>1981</th>
<th>1989</th>
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<tr>
<td>Mining</td>
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</tr>
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<td>Basic Metal Products</td>
<td>39.93</td>
<td>38.24</td>
</tr>
<tr>
<td>Fabricated Metal Products; Other Machinery &amp; Equipment</td>
<td>39.94</td>
<td>38.10</td>
</tr>
<tr>
<td>Transport Equipment</td>
<td>39.93</td>
<td>38.33</td>
</tr>
<tr>
<td>Other; Includes ASIC sub-divisions 25, 28 &amp; 34</td>
<td>39.91</td>
<td>38.44</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>38.91</td>
<td>37.36</td>
</tr>
<tr>
<td>Construction</td>
<td>39.82</td>
<td>37.82</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>39.92</td>
<td>38.25</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>39.99</td>
<td>38.34</td>
</tr>
<tr>
<td>Transport &amp; Storage</td>
<td>39.45</td>
<td>37.74</td>
</tr>
<tr>
<td>Communication</td>
<td>37.49</td>
<td>36.44</td>
</tr>
<tr>
<td>Finance, Property &amp; Business Services</td>
<td>37.49</td>
<td>31.30</td>
</tr>
<tr>
<td>Public Administration &amp; Defence; Excludes employees in the Defence Forces</td>
<td>37.64</td>
<td>37.18</td>
</tr>
<tr>
<td>Community Services</td>
<td>38.48</td>
<td>37.77</td>
</tr>
<tr>
<td>Recreation, Personal &amp; Other Services</td>
<td>39.69</td>
<td>38.80</td>
</tr>
<tr>
<td>All Industries; Excludes employees in the Defence Forces, Agriculture, Services to Agriculture and employees in private households</td>
<td>39.28</td>
<td>37.89</td>
</tr>
</tbody>
</table>

Note: Figures relate to June of each year.
Source: ABS, Award Rates of Pay Indexes, Australia, Cat. No. 6312.0.

Turning to "agreed" hours on an annual basis, account has to be taken of annual leave, public holidays, etc. Annual holiday entitlements have shown an upward trend. This, along with the increased leave entitlements, produced a downward movement in "annual normal hours" in the period after 1950 when weekly normal hours remained fairly static. Carter and Maddock (1984a, p.225) considered the impact of annual leave and public holidays on the hours of work per week averaged over a single year. The result of these adjustments is depicted in figure 2 which indicates clearly that allowing for annual leave and public holidays produces a step-wise reduction in (adjusted) standard hours since 1947 not evident from the raw figures. In adjusting for annual leave, Carter and Maddock assume that actual leave taken equals two-thirds of leave entitlement (which is four weeks per annum). They arrive at this assumption by using data from Australian Bureau of Statistics (ABS) on average annual leave taken by all employees. This usage may result in some understatement, as casuals (not ordinarily eligible for paid annual
leave) are included in the ABS calculation. Notwithstanding this, in 1980 adjusted standard hours were fractionally above 36, nearly four hours below the apparent figure.

A similar but more complex approach has been adopted by Steinke (1983) to estimate the decline in the standard working year between 1948 and 1982. His discussion covers annual leave, long-service leave, public holidays, sick leave, maternity leave, study leave and leave without pay. His results suggested that for both males and females, the standard hours in the working year fell significantly. In 1948, the standard hours in the working year were 1927 for males. By 1982, the figure was 1802 - a drop of 125 or 6.4 per cent. For females, the decline was 99 or 5.2 per cent. Moreover, these calculations do not take into account study leave, leave without pay, or maternity leave. On this basis, however, the adjusted standard working week in 1982 was 34.7 hours for males and 34.9 hours for females.

Figure 2: Adjusted standard hours 1914-80, Australia

Note: Adjusted hours allow for annual leave and public holidays.

Source: Carter and Maddock (1984a, p. 228).
Table 2: Average hours worked by employed persons

<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th></th>
<th></th>
<th>Females</th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Full-time</td>
<td>Part-time</td>
<td>Total</td>
<td>Full-time</td>
<td>Part-time</td>
</tr>
<tr>
<td>(August)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>na</td>
<td>na</td>
<td>41.3</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>1970</td>
<td>na</td>
<td>na</td>
<td>41.4</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>1975</td>
<td>41.3</td>
<td>15.1</td>
<td>40.3</td>
<td>37.4</td>
<td>15.7</td>
</tr>
<tr>
<td>1980</td>
<td>41.5</td>
<td>16.4</td>
<td>40.1</td>
<td>37.9</td>
<td>15.4</td>
</tr>
<tr>
<td>1981</td>
<td>41.2</td>
<td>16.3</td>
<td>39.8</td>
<td>37.8</td>
<td>15.7</td>
</tr>
<tr>
<td>1982</td>
<td>40.9</td>
<td>16.7</td>
<td>39.4</td>
<td>37.4</td>
<td>15.4</td>
</tr>
<tr>
<td>1983</td>
<td>41.0</td>
<td>16.7</td>
<td>39.6</td>
<td>38.0</td>
<td>15.4</td>
</tr>
<tr>
<td>1984</td>
<td>41.6</td>
<td>16.1</td>
<td>40.0</td>
<td>38.1</td>
<td>15.8</td>
</tr>
<tr>
<td>1985</td>
<td>41.3</td>
<td>16.1</td>
<td>39.8</td>
<td>37.7</td>
<td>15.8</td>
</tr>
<tr>
<td>1986</td>
<td>41.6</td>
<td>15.4</td>
<td>39.9</td>
<td>37.8</td>
<td>15.5</td>
</tr>
<tr>
<td>1987</td>
<td>41.8</td>
<td>15.3</td>
<td>39.8</td>
<td>37.9</td>
<td>15.6</td>
</tr>
<tr>
<td>1988</td>
<td>42.5</td>
<td>15.0</td>
<td>40.6</td>
<td>38.2</td>
<td>15.6</td>
</tr>
<tr>
<td>1989</td>
<td>42.9</td>
<td>14.4</td>
<td>40.7</td>
<td>38.7</td>
<td>15.6</td>
</tr>
<tr>
<td>1990</td>
<td>42.6</td>
<td>14.8</td>
<td>40.4</td>
<td>38.8</td>
<td>15.6</td>
</tr>
</tbody>
</table>

Source: ABS, Labour Force Survey, Cat. No. 6203

Data on actual working hours has only been available since the 1960s when the ABS introduced the Labour Force Survey of households. Columns 3 and 6 of table 2 show the average actual weekly hours worked in Australia, by males and females for selected years since 1966. On average males have consistently worked about ten more hours than females. There was a fall in average hours between 1966 and 1980 since which time average hours have been quite static. The table also distinguishes between full-time and part-time employees in columns 1, 2, 4, and 5. Here signs of falling hours of work are not so clear (although they were not available for 1966 or 1970). The major reason for falling average hours, indeed, was probably the growth in part-time employment, which we consider later. If anything hours of work of full-time employees appear to have increased slightly over the 1980s. It can also be seen that men consistently worked more hours than females; i.e. about three hours. It is also noticeable that average actual hours for men are always higher than agreed hours, considered above, while for women they are typically slightly lower.

Since the second half of 1979 the ABS has undertaken a survey of overtime hours worked. Table 3 presents annual averages of overtime worked per employee in the survey and per employee working overtime. Overtime hours appear to have declined between 1980 and 1984 but picked up from the last quarter of 1984 following the recovery of the
Table 3: Overtime - All industries, Australia (May)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average weekly overtime hours per employee in the survey</th>
<th>Average weekly overtime hours per employee working overtime</th>
<th>Percentage of employees in the survey working overtime</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>1.43</td>
<td>6.98</td>
<td>20.42</td>
</tr>
<tr>
<td>1981</td>
<td>1.49</td>
<td>7.00</td>
<td>21.33</td>
</tr>
<tr>
<td>1982</td>
<td>1.29</td>
<td>6.89</td>
<td>18.69</td>
</tr>
<tr>
<td>1983</td>
<td>1.21</td>
<td>6.84</td>
<td>17.58</td>
</tr>
<tr>
<td>1984</td>
<td>1.11</td>
<td>6.76</td>
<td>16.42</td>
</tr>
<tr>
<td>1985</td>
<td>1.23</td>
<td>6.75</td>
<td>18.21</td>
</tr>
<tr>
<td>1986</td>
<td>1.23</td>
<td>6.76</td>
<td>18.14</td>
</tr>
<tr>
<td>1987</td>
<td>1.23</td>
<td>6.79</td>
<td>18.11</td>
</tr>
<tr>
<td>1988</td>
<td>1.38</td>
<td>7.27</td>
<td>19.01</td>
</tr>
<tr>
<td>1989</td>
<td>1.46</td>
<td>7.44</td>
<td>19.56</td>
</tr>
<tr>
<td>1990</td>
<td>1.36</td>
<td>7.29</td>
<td>18.70</td>
</tr>
</tbody>
</table>

Source: ABS, Job Vacancies and Overtime, Cat. No. 6354.0.

Australian economy, until 1990 when the economy was moving into recession. It would appear that a great deal of the adjustment of overtime hours worked takes the form of changes in the percentages of employees working overtime rather than in the average hours that they work. Overtime is generally highest in the mining and construction industries and parts of manufacturing and lowest in wholesale and retail trade, public administration and defence and community services.

Table 4 presents evidence from the Labour Force Survey about the incidence of part-time employment since 1966. Clearly females have dominated part-time employment over this period, increasingly so as time has passed. The increasing incidence of part-time employment has resulted from a growth of female employment, the increased incidence of part-time employment amongst women and, to a certain extent, the increased incidence of part-time employment amongst men. It should be noted that the definition for part-time (usually worked less than 35 hours per week) is broader than that used in some other countries, such as Britain (30 hours). None the less, the levels and trends in part-time employment appear to be similar to those in Britain.

Evidence on the incidence of part-time employment by industry reveals that it is highest in the service sector, with retail trade, community services and recreation, personal and other services being especially important. These are also the industry groups that account for the highest proportion of part-time employees.

Having considered weekly and annual hours of work let us turn, briefly, to lifetime hours of work. The minimum school leaving age has remained at 15 and the age of entitlement for the state retirement pension has remained at 65 for men and 60 for women. On average, however,
school participation rates have increased for 15-year-olds and over and labour force participation rates of over 60s has declined. This has resulted in a reduction in the expected working lifetime for males and females, although as noted earlier the intensity of participation of women within that lifetime has increased substantially.

(b) Non-standard hours: shiftwork, nightwork and weekend work

This section addresses the incidence of and trends in "non-standard" hours of work in Australia. By "non-standard" hours we are referring to work outside of standard hours, in the form of shiftwork, nightwork and weekend work. Dawkins (1985) has presented evidence based on ABS surveys in 1976 and 1981 on the extent of nightwork, shiftwork and weekend work in Australia. Since then there has been another survey of Alternative Working Arrangements, in 1986.

The 1976 evidence on weekend work showed that about one-quarter of full-time employees worked at the weekend in their main job, as did about one-third of part-time employees. The industries where weekend work was particularly important were entertainment, recreation, restaurants, hotels and personal services, agriculture, retail trade, transport and storage, mining and community services.

The 1981 data on nightworkers showed that 10.3 per cent of male employees, 5.4 per cent of female employees, and 8.4 per cent of all employees were nightworkers (defined as employed persons who in any
one of the four weeks prior to the survey date worked a total of fifteen hours or more between 7p.m. and 7a.m.). Of the nightworkers in 1981, trades and production workers were by far the most important occupational group (43 per cent). Mining, transport and storage, recreation, personal and other services, and manufacturing were the industry groups that were the heaviest employers of nightworkers.

In the 1981 (ABS, 1983) survey, of all workers classified as nightworkers 165 600 (less than half) were working thirty or more hours of nightwork. Of these, the majority were rotating shiftworkers, though 58 900 were in the "other" category, which includes permanent nightshift workers. In addition to the nightworkers who were rotating shiftworkers (219 300) there were another 207 800 rotating shiftworkers, presumably working day or afternoon shifts. Community services was the most important employer of rotating shiftworkers, followed by manufacturing, and transport and storage.

The 1986 (ABS, 1988) survey found that 44.3 per cent of workers were "weekend workers", defined as employees who worked at least one weekend in the last four weeks; 12.1 per cent were classified as nightworkers and 11.2 per cent as shiftworkers. Nightworkers were defined as employees who, in any one of the four weeks prior to the interview, worked a total of 15 hours or more between 7p.m. and 7a.m. Shiftworkers were defined as employees who, in any one of the four weeks prior to the interview, worked a shift. A shift exists where two or more distinct periods of work are performed within a 24-hour day.

The definition of a weekend worker in 1986 was broader than in 1982 which may explain at least part of the apparent growth of weekend work. The definition of nightworkers, however, was the same, indicating a substantial growth in nightwork.

III. Regulation of working time

1. Legislative framework

Under the Australian system of industrial relations, hours of work and hours arrangements are determined quasi-legislatively. Formal industrial relations are regulated by laws of the Australian Parliament and the Parliaments of the six states. In each state, federal and state industrial tribunals, established under the respective laws, operated independently.

The Australian Parliament, under the Conciliation and Arbitration Act established the Australian Conciliation and Arbitration Commission replaced in the 1980s by the Industrial Relations Commission. In general, awards of the Commission contain provisions which set minimum terms and conditions of employment, including hours of work, for workers covered by the awards. The general picture in Australia is that the great majority (about 85 per cent) of wage and salary earners are covered by industrial awards which spell out in detail the terms and conditions of employment. There are, however, some interesting exceptions. The
Australian Bureau of Statistics collects data on the incidence of awards by employee categories. For all employees approximately 15 per cent are not covered by awards, etc. By contrast, managerial and executive employees were observed to have generally low coverage, with 55 per cent not covered by awards, etc. There is little variation in these trends by gender.

Historically, one of Australia’s trend setting awards has been the Metal Industry Award. In the 1980s, however, amendments to the National Building Trades and Construction Award, (1975), had an important impact in areas such as superannuation entitlements. Given the historical significance of the Metal Industry Award over time, we discuss a number of clauses in this award in so far as hours of work arrangements are concerned. There are a number of different Metal Industry Awards, for example in the different states, but they have very similar content. The example used here is from South Australia.

Under Clause 18 of the Award, the ordinary hours of work are an average of 38 per week to be worked on one of the following bases:

(a) 38 hours within a work cycle not exceeding seven consecutive days; or
(b) 76 hours within a work cycle not exceeding fourteen consecutive days; or
(c) 114 hours within a work cycle not exceeding twenty-one consecutive days; or
(d) 152 hours within a work cycle not exceeding twenty-eight consecutive days.

The prescribed week days are Monday to Friday, and the ordinary hours of work are between 7a.m. and 6p.m. The spread of ordinary hours may be altered by mutual consent between the employer and the majority of the employees, but must not exceed 10 hours of work on any day. Shift work provisions are set out in clause 19 of the award. These deal with definitions, hours, rosters, allowances, overtime and Sundays and holidays. Clause 21 deals with the calculation of overtime payments, including time-off allowances with pay after every 4 hours of overtime (crib time). Ten paid public holidays are given per annum plus additional days, which vary between states. For work undertaken on a public holiday, a worker is to be paid at double-time and a half (Clause 22). Moreover, an employee is entitled to 8 paid days of ordinary working time, or 64 hours of ordinary working time (for an employee who normally works more than 8 ordinary hours on any day) in the case where the employee is absent from work on account of personal illness (sick leave) (Clause 24). Maternity leave provisions are set out in Clause 24A. Clause 25 sets out provisions relating to annual leave, under the Metal Industry Award. A period of 28 consecutive days leave, including non-working days, is allowed annually to an employee after twelve months of continuous service. An employee on weekly hiring shall accrue annual leave at a rate of 2.923 hours for each 38 ordinary working
hours worked. During a period of annual leave an employee receives an annual leave loading of 17.5 per cent of his or her annual salary. An employee is also entitled to two days leave without loss of pay for death of a close family relative (bereavement leave) (Clause 26).

An important aspect of the institutional arrangements concerning working hours is the distinction between permanent and casual employment. Dawkins and Norris (1990) discuss the definition of casual employment. In the arbitral awards casual employment is defined in different ways both between and within industries. In one award, for example, it is defined as a situation in which "a worker is engaged by the hour and who may be dismissed or leave the employers service at any moment without notice and except as hereinafter provided shall not be engaged for more than 30 hours per week in ordinary hours" (Shop and Warehouse State Award, Western Australia, 1977). In the New South Wales retail agreement casual workers are defined in line with Common Law. "A casual employee is a person employed for a specific task or period with the need for such employment being unforeseen by the employer" (Industrial Agreement, 1984). In other industries, casual employment is often defined with much less precision (Brooks, 1985, pp. 166-8). Whatever the definition casual employees are usually paid a loading to compensate them for the fact that they are usually (but not always) not entitled to holiday or sick leave. This loading is typically at the rate of 20 per cent but in some awards is significantly higher. It is the lack of entitlement or holiday and sick leave that forms the basis of the statistical definition. The most comprehensive set of data on casual employment is the survey of alternative working arrangements (ABS, 1983). Evidence of the incidence of trends in casual employment, so defined, can be found in Section VI of this paper. It is important to note that casual employment, so defined, and much of the casual employment as defined by arbitral awards (which corresponds quite well with the statistical definition) is distinct from the traditional view of casual employment as employment lacking in continuity. Casual workers are often employed on a continuing basis. Such casuals are sometimes referred to as "permanent casuals".

IV. Industrial relations system

1. Arbitration and the award system

As noted in Section III formal industrial relations operate, for the most part, either under the federal Industrial Relations Commission or under its state counterparts. It is the role of arbitration that is distinctive about the Australian system. While collective bargaining operates to a certain extent, it has been traditionally less importance in determining outcomes than in many other countries, with arbitration tending to decide the outcome (with varying degrees at different times).
The history of the arbitration system has displayed a certain amount of tension between centralisation and decentralisation and between the principles of "the living wage" and "comparative wage justice" on the one hand and the "capacity to pay" on the other. The critics of the system, however, tend to emphasise the tendency of the system to operate in a centralised way and to rely on the principle of "comparative wage justice" thus tending to cause changes in wages and employment conditions to "flow on" across all sectors and thus place the labour market in a "straight-jacket". Indeed the federal Industrial Relations Commission holds National Wage Cases to decide what should happen to wages in general, sometimes effectively imposing a common wage increase for all employees in the system.

The supporters of the system, however, suggest that there is no evidence that the labour market would produce substantially superior outcomes from the point of view of labour market flexibility or efficiency without the Arbitration System, and that the system provides a suitable institutional framework for the operation of a macroeconomic incomes policy.

2. Trade unions

Wooden (1985) in examining the industrial relations system has suggested that a legacy of the system of industrial courts and tribunals has been a larger number of trade unions. The latest information available is that at 30th June 1988 there were 308 reporting trade unions covering 53 per cent of all employees in Australia (ABS, 1988). The large number of unions means that in many workplaces these can be two or more unions representing employees. Many of the unions are very small and operate in only one state, with 46.5 per cent of them having less than one thousand members.

There is, however, a central union organisation, the Australian Council of Trade Unions (ACTU) which purports to represent 75 to 80 per cent of union members. Hedey (1970) developed various indicators of union centralisation that relate to the role of the national labour federation. Wooden (1985) notes that the ACTU obtains low scores on all counts, having low control over strike funds, for example, a small staff and a low level of dues collected from its members. None the less, since 1983 the ACTU has had an arrangement with the government, known as the Accord, whereby it seeks to reach agreement about the appropriate level of wage increases and deliver any necessary wage restraint in return for an influence on other aspects of government policy. Although it is difficult to establish the "counterfactual" (what would have happened without the Accord) the Accord has generally been regarded as quite successful in restraining real wages. Time will tell whether such a corporatist style approach to economic policy will be successful in the long run. While union membership has declined slightly under the Accord, the ACTU has had an important place in the wage setting system. It has also been seeking to reduce the number of unions through amalgamations.
3. **Employers associations**

Another of the problems associated with such a corporatist approach to economic policy is the reluctance of employers to coalesce into a united organisation. As Wooden (1985) has documented, the rise of organised labour in Australia promoted the counter growth of employers associations, and over time the machinery of compulsory arbitration helped to facilitate the emergence of diverse and numerous employer interest organisations. Plowman (1980) estimated that there were in excess of 700 employers associations. A certain amount of centralisation of employer power has occurred, however, over the last fifteen years. The creation of the Confederation of Australian Industry (CAI) in 1977 has helped provide a focus for employers but it has failed to achieve universal recognition and support, with some of the larger manufacturing organisations claiming that their own lobbying power declined considerably in the wake of the creation of the CAI. Furthermore, the influence of the CAI was somewhat undermined subsequently by the creation of the Business Council of Australia (BCA), representing large individual companies. To quote Wooden (1985) "there seems to be little sign that employers and employer groups see any great incentive for engaging in collective action. Their main concerns are with their own economic well-being and because their interests are so narrow, social costs are not likely to be a major consideration affecting their behaviour".

4. **Government**

With the arbitration system being a central feature of the industrial relations system, the role of elected governments in industrial relations has perhaps been less than in many other countries. However, the government can put its case to the Arbitration Commission and has at various stages used the Arbitration System as the mechanism for an incomes policy. The Accord with the ACTU that has operated since 1983 has been the classic example of this. Under the Accord real wages have declined in a period in which structural adjustment to problems associated with declining terms of trade and a severe balance of payments deficit has represented the major influence on economic policy.

5. **A centralised or decentralised system?**

In some ways the Australian system of industrial relations appears to be centralised. In other ways it appears to be decentralised. The importance of the Australian Industrial Relations Commission in the wage setting system, and the practice of National Wage Cases, make the system appear centralised. The traditional importance of "comparative wage justice" and the tendency for changes in conditions to the generalised by "flow-ons" through the system. In the mid-1980s, with the
implementation of the Accord, a "corporatist style" wages policy, the system appeared to be becoming more centralised.

On the other hand, we have noted that the trade union movement has traditionally been somewhat fragmented because of the large number of unions, and that employers organisations have also been fragmented. Also the ability of firms to pay over-award wages, and for there to be localised awards and agreements, suggests that the system may not be that centralised. Indeed Wooden (1990) has pointed out that in Calmfors and Driffill's (1988) ranking of the degree of centralisation/decentralisation of seventeen countries, Australia comes in the middle of the range. He further points out that Calmfors and Driffill (1988) demonstrate that the best performing countries from a macroeconomic point of view are either centralised or decentralised. Australia, being in the middle of the range, has performed poorly on the macroeconomic indicators.

In its early years, the Accord appeared to be trying to move the economy towards the centralised end of the range, with essentially common wage increases for all being enforced by centralised agreement between the ACTU and the Government. In more recent times however, the Accord has tried to build flexibility into this centrally agreed system, allowing for productivity bargaining at industry and enterprise level. It is unclear how this tension between centralisation and decentralisation is going to be resolved, but there do appear to be strong decentralising tendencies, perhaps as the result of a significant amount of deregulation of the economy in the 1980s.

V. Reductions in working time

1. Introduction

We noted earlier that between 1947 and 1980 reductions in working time were achieved primarily through increases in holidays, etc. rather than shorter hours per week. In the 1980s, however, there has been a reduction in agreed working hours (see Section II). Other methods of reducing working time in the form of earlier retirement ages and sabbaticals, etc. have been discussed but neither the government nor the Arbitration System have legislated or awarded such changes. Early retirement has often been encouraged, however, by private arrangements between employer and employee.

The reduction in agreed weekly hours in the first half of the 1980s was largely the result of the introduction, in many awards, of the 38-hour week. A quite common method of this reduction was in the form of rostered days off. This reduction coincided with a wage explosion and was an example of trade unions' bargaining power in the early 1980s. Since that time however, under the operation of the Accord, reductions below 38 hours have not been permitted and in the current economic climate dominated by concerns about balance of payments problems and productivity growth, further reductions seem unlikely.
To help underline the pressures and influences on agreed working hours let us consider the stance taken by the Confederation of Australian Industry (CAI), the Australian Council of Trade Unions (ACTU), and the Government.

The (former) Department of Employment and Industrial Relations documented the attitude of the employees, union and government in the mid-1980s, (DEIR, 1984).

The CAI has strongly opposed trade union campaigns for reduced hours, arguing that a reduction in hours would not lead to the greater employment (as claimed at times by the ACTU) but instead that it tends to result in more overtime. Further, they have argued that higher hourly labour costs would lead to greater investment in labour-saving technology, and would add to inflation and unemployment.

In the early 1980s, however, a number of employers agreed to a 38-hour week and less in some cases, due partly to the effectiveness of industrial action particularly in the metal industry. Some employers sought to achieve trade-offs against these reductions, in the form of greater flexibility in working time (e.g. shiftwork), wage restraint, introduction of dispute procedures, cost offsets, e.g. elimination of cash payments, and greater acceptance of new technology.

At the same time the ACTU supported a reduction in standard hours of work to 38, without reductions in hourly pay, as a major means of redistributing increased productivity and the increased wealth of Australian industry; of assuring greater leisure time for those in employment; and of increasing job opportunities for the unemployed. Having achieved a general reduction of standard working hours to thirty-eight, the ACTU has not pushed for further reductions. Indeed, under the Accord, as part of their general restraint, they have basically agreed that such reductions should not take place.

Between 1978 and 1982 the Commonwealth Government opposed any reduction in the hours of work of its employees (the majority work less than 40 hours per week). In July 1982, in response to changes in the community in hours of work, a Memorandum of Understanding was agreed between the ACTU and the Government. "The Memorandum provided guidelines for negotiation of agreements to reduce the 40-hour week in Commonwealth employment, and established a National Co-ordinating Committee with Government and Union representatives to oversee and co-ordinate negotiations. The guidelines set the following conditions:

- negotiations were to be undertaken on an authority by authority basis;
- there were to be limited flow-on implications to other areas;
- there should be negligible cost to the Government and appropriate offsets in return for shorter hours; and
- agreements should be tested and approved by the relevant arbitral tribunal" (DEIR, 1984, pp. 16-17).
The Government thus recognised the emergence of a general community standard of 38 hours per week. It has opposed further reductions in hours below this. Indeed it has been a feature of the Accord, which in turn has featured in the Arbitration Commission's National Wage Guidelines, that there should be no reduction in standard hours below 38 hours. As noted earlier this has been accepted by the ACTU and trade unions in general, although some building unions have argued for further reductions.

In the second half of the 80s the policy focus moved away from working time reduction towards greater flexibility in working hours arrangements in order to increase productivity. We will discuss this in section VI of the chapter.

2. The effects of shorter working hours

There is a somewhat limited amount of research evidence on the effects of shorter working hours in Australia.

The Bureau of Industry Economics (BIE) has undertaken research on the impact of shorter working hours. Their report (BIE, 1984), explored the theoretical issue discussed above and went on to describe case study work that the BIE had undertaken. Because of the small number of case studies and the substantial differences between most of the case studies, which were in a range of industries, they found it inappropriate to draw economy-wide conclusions. It was noted, however, that productivity improvement was an important requirement to avoid detrimental effects of shorter hours. In some cases specific productivity offsets were negotiated along with shorter working hours, in others they were not. Evidence suggested that where such offsets were negotiated, some were likely to be successful, some were not.

Another Australian study is a Discussion paper circulated by the Victorian Chamber of Manufacturers, "The Economic Impact of a Uniform Move to a 35-Hour Working Week" (Turnidge, 1981). This paper includes the results of a simulation of the IMP econometric model of the Australian economy.

The IMP simulation treats the effects after four years of a reduction in standard hours from 40 to 35 per week. Two simulations are reported: Case one, with the assumption that reduced work hours are compensated by increased employment, and Case two, with the assumption that reduced hours are made up by overtime at "time and a half" rates (Turnidge, 1981, p. 18). The outcomes after allowance for balance of payments effects are summarised in table 5.

These results are interpreted in the VCM paper to indicate that the introduction of a 35-hour week into Australia in a once off, across the board, fashion would have very unfavourable consequences for the economy" (Turnidge, 1981, p. 40). Turnidge (1981, p. 45), thus concludes "that a move towards a shorter working week would be inflationary, lead to a deterioration in our competitive position and to slower growth, and without necessarily generating significant gains in employment".
Table 5: Australia: IMP simulations (average annual effects after 4 years) of single 12.5 per cent reduction in working hours (percentage changes)

<table>
<thead>
<tr>
<th></th>
<th>Case 1</th>
<th>Case 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>1.7</td>
<td>-2.9</td>
</tr>
<tr>
<td>GDP</td>
<td>-3.5</td>
<td>-6.8</td>
</tr>
<tr>
<td>Investment</td>
<td>-4.2</td>
<td>-6.4</td>
</tr>
<tr>
<td>Consumption</td>
<td>-5.0</td>
<td>-10.4</td>
</tr>
<tr>
<td>Real disposable income</td>
<td>-3.8</td>
<td>-8.1</td>
</tr>
<tr>
<td>Consumption deflator</td>
<td>6.8</td>
<td>10.1</td>
</tr>
</tbody>
</table>


Carter and Maddock (1984b) (using ABS data for the period 1974-75 to 1980-81) have estimated the elasticity of output with respect to changes in hours. They interpret their estimate of 1.7 as suggesting that, on average, Australian industry is "operating on a relatively steep portion of the daily output curve. Therefore, in the absence of productivity offsets, the output costs of a reduction in daily hours are likely to be high" (Carter and Maddock, 1984b, p. 163). In their treatment of macroeconomic effects they concluded that if an assumed 1 per cent exogenous growth through to the year 2001 was appropriated by reduced working hours, weekly standard working hours would fall to 33, but the cost in terms of income foregone was estimated as being equal to 50 per cent of current per capita GNP.

VI. The flexibilisation of working time

Employers have generally been in favour of greater flexibility in working time principally to meet variations in production. The push by employers for such increased flexibility has been demonstrated in two ways. Firstly, many employers have taken advantage of such flexibility that exists within the existing award structure. The classic example of this is on the increased use of part-time and casual employment. In Section II we noted the substantial growth of part-time employment. As Dawkins and Norris (1990) have shown this is mostly in casual employment defined as those employees who do not receive holiday or sick leave. They report estimates of casual employment based on ABS data which suggest that casual employment increased from about 13 per cent of employees in 1982 to about 19 per cent in 1986. Casual employment is dominated by women with about 29 per cent of female employees being in this category. Bearing in mind that most casual employees are paid a premium for their casual status, but the great
advantage to employers is the ease with which they can determine the number and timing of their hours of work and the work required for altering such arrangements.

Secondly, employers and their representatives have also been seeking to increase the flexibility of the awards and agreements that they operate under with respect to working hours arrangements. This took on special significance in 1987 with the operation for that year of "two-tier" wage increases. In this system, which was introduced by the Arbitration Commission and which the Government and ACTU have supported, the first tier of wage increases basically represented a common award to all employees so determined in the National Wage Case. There was pressure building up within the incomes policy, however, to allow greater flexibility and decentralisation in wage determination and the second tier provided the basis for this. Up to a maximum amount employers and unions could negotiate wage increases on the basis of productivity improvements.

While the application of such trade-offs have often incorporated arrangements of little consequence, Dufty and Dawkins (1989) note that there have been some examples of potentially important changes to work practices. Among the mechanisms for increasing productivity were various attempts to increase the flexibility of working time. These have included, for example, changes to the spread of hours, changes in overtime practice, removal of shiftwork restrictions, and flexible rostered days off. Evidence on how such trade-offs have operated is limited. In a study of the Metal Industry in New South Wales, Frenkel and Shaw (1989) found that such offsets were significantly more successful in terms of their effectiveness, where they were more successful in their productivity bargaining than their less dynamic counterparts.

In 1989 wage increases under the arbitration system and the Accord, were made conditional upon the move to restructure awards. Such restructuring has been able to include changes in working hours arrangements, as well as the skill structure of awards and the introduction of 'multi-skilling', 'broadbanding' and 'career paths'. It is too early to evaluate the success of award restructuring, although some critics, e.g. Wooden (1990) are suggesting that it is "difficult to ignore the suspicion that the process is predominantly about alleviating wage pressures and not about the delivery of genuine productivity improvement and workplace reform." (Wooden, 1990, p. 60). Most awards apply to a number of enterprises and therefore award restructuring is not generally enterprise based. It is hard to forecast future developments, but both the Labour Government and the Liberal/National Opposition are talking about the need to move to enterprise bargaining. If enterprise bargaining does develop and grow in the 1990s, it is very likely that the flexibility of working time will remain very much on the agenda.
VII. Conclusion

Australia has experienced developments in working time that are similar to those in many other countries. They include, for example, the long run decline in hours worked by full-time employees and the increased incidence of part-time employment, although average hours of full-time employees has shown signs of increasing in the 1980s. The duration of the working lifetime has also tended to decline due to increased schooling and earlier retirement although the intensity of participation of women has increased significantly.

In the last twenty years unemployment has increased substantially and it is sometimes argued that reduced working time is a way of sharing the work out. However, the spate of reductions in weekly agreed hours in the early 1980s coincided with rising unemployment and although there may not have been a causal link, empirical evidence and conventional wisdom suggests that this is not an effective way of countering unemployment.

The major concerns of economic policy in the mid to late 1980s have been to do with international competitiveness and in this context the government has been discouraging potentially costly reductions in working time. Attention has become increasingly focused on productivity. In that context the increased flexibilisation of working time has been a mechanism for productivity trade-offs in the wage setting system. Another feature of the flexibilisation of working time is the increased use of casual employment.

References


3 Austria

Gerhard Stemberger¹

I. Introduction: Labour market and working time - Major trends of the last two decades

When reviewing the development of working-time policy in Austria over the last two decades, both the similarities and the differences become clear.

In both decades a reduction of standard working time occurred and the reduction of actual working hours continued. The process of bargaining and implementing shorter working time was nearly the same, and in both decades working-time reductions were accompanied by the spread of a new flexibilisation of working time. However, these similarities are superficial. It is the changes to many important aspects of working-time developments, that are the really significant features to be considered when comparing these two periods.

The reduction of normal weekly working hours (from 45 to 40) was made in three steps between 1970 and 1975. This reduction was fought and won primarily on the grounds of protecting basic values for employees such as health, safety and more free time for recreation and personal obligations. It was introduced at the end of the 1960s as a result of relatively strong pressures from the trade union movement, and was favoured by an encouraging economic climate and a high demand for labour. If arguments concerning the employment situation played a role at all in this process, they focused upon how to meet labour demand in a tight labour market confronted with working-time reductions.

At the same time this was the period of a first boom in the spread of flexible working hours, which was then synonymous with flexi-time (literally 'gliding time'). By emphasising "working-time sovereignty" for employees, companies implementing flexi-time hoped - amongst others things - to attract and/or retain scarce qualified labour with this new working-time option.

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¹ Social Research Department of the Vienna Chamber of Labour.
But the economic situation changed at the end of the five years in which the reduction was implemented. Though originally not intended as a means to protect full employment, working-time reductions proved helpful when Austria suffered the recession of 1974/75, with the ensuing problems in the following years. Both the economic performance and employment situation remained significantly better than in most other European OECD countries during the 1970s. Of course this fact must not be attributed exclusively to the effects of working-time reductions. A wide variety of policies, structural conditions and exogenous influences contributed to this result.

Besides the effects of working-time reductions the relatively high employment level in Austria in this period has been commonly explained as the outcome of an "Austro-Keynesian" policy of compensatory demand management combined with cautious incomes policy and investment promotion schemes, plus a wide variety of selective labour market measures (e.g. subsidies for the employment of apprentices, higher employment in the public sector, hoarding labour in the nationalised industry, cushioning unemployment by lowering the number of foreign employees; retraining and early retirement). The effects of this policy were supported by the increase of employment in the service sector due to pent-up demand for labour which could not be satisfied during the preceding period of tight labour market conditions before the 1974/75 recession.

At the beginning of the 80s this picture changed. Though the unemployment rates in Austria remained amongst the lowest in the OECD area, after 1981 unemployment rose to a very high level by Austrian standards. The national and international economic trends, the perceived effects of the new technological revolution and demographic developments did not give rise to an optimistic view of the future of the labour market.

At the same time it seemed impossible to continue the active countercyclical policy of the 1970s because it had gradually led to the build-up of a structural deficit problem which left less room for manoeuvre. The rapidly worsening situation of the nationalised industries in the iron and steel sector aggravated these problems.

On the trade union side these developments led to arguments over employment and demands for further working-time reductions. After vigorous public debate a joint study of experts from both sides of the fence (i.e. the employers and employees) was undertaken in 1984 (Beirat, 1984). This study confirmed that shorter weekly working hours would have positive effects on the labour market if the implementation of these working-time reductions were harmonised with the main economic partners. From 1985 onwards the implementation of this working-time reduction began step by step on an industry level.

The first stage of this new period of working-time reduction, marked by grave economic problems and a worsening situation on the labour market until 1987, differed significantly from the last period.

The shift to employment arguments reflected the worsening economic situation and the weakened union power. However, since the
Table 1: Demographic development - Forecast of children and aged population as a percentage of the active population

<table>
<thead>
<tr>
<th>Year</th>
<th>Children (below 15 years)</th>
<th>Aged (60 years and more)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>29.5</td>
<td>32.3</td>
</tr>
<tr>
<td>1990</td>
<td>28.5</td>
<td>32.8</td>
</tr>
<tr>
<td>1995</td>
<td>29.4</td>
<td>32.7</td>
</tr>
<tr>
<td>2000</td>
<td>29.1</td>
<td>33.7</td>
</tr>
<tr>
<td>2005</td>
<td>28.1</td>
<td>36.1</td>
</tr>
<tr>
<td>2010</td>
<td>26.2</td>
<td>37.8</td>
</tr>
<tr>
<td>2015</td>
<td>25.3</td>
<td>39.6</td>
</tr>
</tbody>
</table>

Source: Österreichisches Statistisches Zentralamt.

The implementation process of working-time reductions is rather slow, its employment effects are hardly visible.

In contrast to the last period working-time reductions are now often directly linked to working-time flexibilisation in a more or less open trade-off. At the same time the main trend in flexibilisation has changed completely; as the former idea of conceding (and instrumentalising) employees' co-determination in fixing working hours has (at least in practice) receded into the background. The aims of optimising the use of capital intensive equipment, lowering labour costs, and counteracting a decline of actually and efficiently worked hours parallel to the decline of standard working time by both traditional (like shiftwork) and new (like band-width models and flexible year) forms of flexibilisation without individual employees' co-determination are obvious. Though frequently still hidden behind "time sovereignty" propaganda referring to new values of the employees, the shift to strengthen direct working-time hegemony of the employers in order to improve compatibility by flexibility was, and still is, the main feature of this trend. This tends to neutralise and counteract the effects of working-time reductions with regard to labour costs as well as employment to a significant extent.

Another important new aspect in this period was that the trend to working life-time reduction, which in previous years was another way to improve the situation in the labour market, has come to a dead-lock and is even likely to be reversed. Referring to the difficult budget deficit situation, the increase in pension costs, and the long-term demographic trend (see table 1), the Austrian government at the end of the 1980s began cutting entitlements to early retirement and discouraging reliance upon such entitlements. Since then there has been open discussion about raising the retirement age of females (now 60) to that of males (now 65) or even raising the normal retirement age in the 1990s.

Since the effects of such measures would be counterproductive on the labour market under given circumstances, especially with regard to
the problem of youth unemployment, some people (ie. the Minister for social affairs) argued that this would make weekly working-time reductions even more important and urgent. However, the present coalition government (Socialists and Christian Democrats) has shifted from its 1970s policy which gave priority to the maintenance of full employment to a policy which gives priority to the stabilisation of the federal budget and reduction of the deficit. The government has therefore remained in quite a reserved position, leaving the bargaining over working-time reductions and flexibilisation to the social partners, and avoiding taking any initiatives towards the acceleration of this process.

In addition, the improvement of the economic situation in Austria since 1988 has led to a new stage in this process of working-time reductions. This improvement had only a minor effect upon the rate of unemployment, but had more significant effects upon the climate within the labour force and the trade union movement. The increase of wages has been very slow in recent years. Now the improvement of income ranks very highly amongst employees, in any case higher than a faster progress in working-time reductions. The first experiences of employees with regard to the effects of working-time reductions seem to contribute to this lack of enthusiasm for further incorporation of shorter weekly hours. This is again weakening the efforts of the trade union movement in pursuing a General Collective Agreement in 1991 for the reduction of weekly working hours to 35. The development of working time and working-time policy in Austria must be seen in the context of the Austrian system of economic and social partnership (ESP).

II. The Austrian system of "economic and social partnership"

1. Roots, main features and institutions

The system of ESP has its roots in the difficult political and economic situation of Austria following the Second World War, and in the conclusions most influential political groups in Austria drew from the experiences of the First republic and its decline, ending in annexation by Hitler's Germany in 1938 and integration into the Nazi war machine. These conclusions were that a small country with a weak economy could not survive without close co-operation between the main political and social forces of that country, and compromises between the contradictory interests of the social classes and movements. This conclusion was reinforced by the common interest in ending the allied occupation as quickly as possible.

The system of ESP emerging in this post-war period was established as a close network of connections and, above all, involved establishing "rules of the game" in policy and decision making between the biggest interest organisations and the government. The four most
important of these organisations are the Federal Chamber of the Economy, the Presidential Conference of Austrian Chambers of Agriculture, the Council of Austrian Chambers of Labour and the Austrian Trade Union Federation (ÖGB). Though these organisations are non-partisan (in the sense of not being affiliated to specific political parties), owing to their social composition the leading positions of the first two organisations were (and are) held mainly by supporters of the Austrian People's Party (ÖVP) (Christian Democrats); the leading positions of the latter two by supporters of the Austrian Socialist Party (SPÖ).

Another factor fostering the development of the Austrian system of ESP might be seen in the existence of a large sector of state-owned and state-controlled economy in Austria, which has its roots in the post-war period (and is running through a serious crisis now). The management of this sector involved close co-operation of the so-called "social partners" which played an important role in shaping the development of the nationalised banks and industries from the beginning.

This constellation favoured the development of a framework of close co-operation and, to some extent, division of labour between the government and the big interest organisations. The social partners were granted a direct role in the drawing up of economic and social policy. Thus the government, on the other hand, had the guarantee that the measures taken had the approval of the principal forces determining Austrian economic policy and there would be no strong organised opposition against them. The latter was guaranteed by the high centralisation and straight organisation of the interest groups. Up until now the Austrian governments, irrespective of composition, have taken care that decisions on any important economic or social issues were preceded by a degree of compromise between the social partners.

This system of ESP by no means excludes sharp controversies between the big interest organisations, however there is nearly always some kind of compromise or a postponement of decision until the competing interests can be reconciled.

The system of ESP has run through some institutional changes becoming more institutionalised over time. The Joint Commission for Price and Wage Issues, based on voluntary agreements between the leading organisations of the employers and employees, is the most important institution of ESP. It is composed of representatives of the four organisations mentioned above, and is chaired by the Federal Chancellor. Since 1961 all major wage and price changes must be discussed by this commission. Price increases of certain products and services must be approved by the Subcommittee for Price Issues. Neither wage increases nor wage guidelines are included in the Sub-committee for Wage Issues. It only discusses and judges the most important wage and salary claims which are autonomously decided and put forward by the unions, before they are submitted to the employers.

The third sub-committee of the Joint Commission is the Advisory Committee for Economic and Social Issues which conducts studies on important economic and social issues and elaborates on
recommendations. It is composed of experts appointed by each of the four organisations. Its recommendations must be unanimously approved by the presidents of the interest organisations. It also played an important role in the decision-making process relating to working-time issues. Both the reduction of weekly working hours by stages from 45 to 40 hours between 1970 and 1975, and the now ongoing process of a further reduction of weekly working hours, were preceded by a study of this Committee (Beirat, 1969, 1984).

Though the system of ESP during the last two decades has aroused significant criticism from one side or the other, it has maintained its key role in the Austrian political, economic and social reality. It has calmed, or at least contained, social and political conflicts, which is reflected for example by Austria's very low strike rate. Besides a still widespread basic political and ideological consensus on the utility of this system, the high centralisation and straightforward organisation of the interest representations of employers and employees, combined with a very high rate of corresponding partisan membership, there has been little scope for effective deviating activities or policies on the basic level.

2. Institutional representation of employers and employees

There are three main institutions that represent the interests of employees in Austria - at company level the representative body of the workers' councils (shop stewards); at industry or sector level the trade unions which are unified and centralised in the ÖGB; and the chambers of labour as the statutory bodies for the representation of workers interests, a specifically Austrian Institution.

Workers' councils may be established in any Austrian company employing at least five workers. They are entitled to negotiate binding agreements at company level with the management relating to wages, working conditions and so on. Company agreements may establish more favourable terms for the employees than provided by collective agreements or laws but must not undercut the superior standards. Workers' councils are elected by all employees of the company whether they are unionised or not. About 60 per cent of Austrian employees and about 95 per cent of the members of workers' councils are unionised. The members of workers' councils are usually the main link between the unions and the companies. The leading positions in the trade unions are to a great extent composed of leading members of the workers' councils of the most important companies.

Trade unions: Austria is one of the few countries in Western Europe in which the employees are organised in a single representative and unified trade union movement. The industrial union system (all employees in the same industry or sector in one union) has been the proclaimed aim of the Austrian trade union movement since 1945, but it could not be achieved in its pure form. The significant exception is the Union of Private Sector Employees, a white-collar union covering all industries and sectors except the public service. Besides this special
white-collar union there are nine blue-collar unions, four unions covering
the public service sectors and a special union for those employed in the
arts, the media and free-lancers.

The federation is highly centralised. The fifteen member unions
have no legal status of their own. The federation sets up the general
principles and guidelines of the union policy and controls the finances.
But the federation has also conferred certain rights upon the individual
unions. The most important of these rights is an extensive autonomy in
the collective bargaining policy determining wages, certain social benefits
and working conditions including working-time matters at industry or
sector level. Their counterparts on the employer's side in negotiations are
the various sections of the Federal Chamber of Economy (membership in
this chamber is compulsory for all employers and most of the self-
employed).

Though the federation is non-partisan (in the sense of not linked to
or dependent upon political parties) there exist several officially
recognised political factions within the ÖGB shaping its policy. The
biggest and by far most influential of these factions is the Socialist
Unionists (aligned to the SPO) followed by the Christian Unionists
(aligned to the ÖVP).

The Austrian chambers of labour are established in each of the
nine federal provinces and are united in the Council of Austrian chambers
of labour at the national level. They are the statutory bodies which
represent and promote the social, economic and cultural interests of all
wage and salary earners, whether unionised or not. While trade union
membership is voluntary, membership in the chambers of labour is
compulsory for all employees with the exception of most civil servants.
Though the chambers of labour are autonomous bodies, they work in
close conjunction with the unions and in general on the same line of
policy. But there is a certain voluntary division of responsibilities with
the unions. Though the chambers of labour were entitled to negotiate
and sign collective agreements, in practice they confer this power to the
trade unions. They concentrate on participation in the system of ESP, in
legislation (proposals to improve the regulations, expert opinions on draft
laws and statutory regulations, etc.), participation in implementing the law
(co-determination and participation in advisory committees and
commissions) and in jurisdiction (nominating judges for the labour
tribunals, the court of arbitration, etc.), on research work for the unions
and on individual services for all employees, e.g. information and advisory
services. Thus the Austrian system of industrial relations is based on
highly organised and centralised interest representation both on the
employers' and the employees' side, which corresponds with a highly
elaborated and centralised framework of ESP-influenced decision making
in economic and social legislation and collective bargaining.
III. Legislative and contractual framework and main standards of working-time regulation

Working-time matters in Austria are governed by a hierarchy of legislation (federal acts), collective agreements and company-level agreements, complemented by individual agreements.

The most important laws dealing with working-time matters of Austrian employees (except civil servants and - to a certain extent - agricultural labourers) are the Working Time Act (1969), the Rest Periods Act (1983), and the Paid Holiday Act (1976). The main standards provided by these acts are summarised in table 2.

Collective Agreements are, in the case of some explicitly stated matters, entitled by the Working Time Act and the Rest Periods Act to provide standards which have the same legal status as the laws themselves. This emphasises the outstanding position of the social partners in the Austrian system of policy making. Thus the partners of the collective agreements are entitled to allow the flexible averaging of the 40-hour week over a period of "several weeks" (up until now usually interpreted as a maximum period of two months), to extend the maximum of legal overtime up to another five hours per week; to allow the averaging of the 36-hour weekly rest over a period of four weeks for those employed in specific building projects (to allow the specific working-time arrangement of "decade working schedule" four rest days after ten working days) and so on.

The main regulations provided by collective agreements are terms specifying or complementing legal standards. Common terms of this type are provisions for higher premium rates for qualified overtime (e.g. night work), premium rates and other specifications for shiftwork, additional days extending the annual leave, specific terms for part-time work (minimum weekly hours, distribution, etc.), regulations of compensatory hours or days in lieu of overtime pay, regulations providing additional breaks and so on and, most importantly at present, shorter weekly hours, at industry or sector level.

Company-level agreements may additionally specify these regulations and provide terms more favourable for the employees. They are bound by the relevant standards of laws and collective agreements. In practice, however, they frequently undercut these standards illegally under the pressures of worsening economic problems within the company and of an unfavourable labour market, or at least the workers council tolerates this practice. For example, in 1984 a survey analysing the company-level agreements on flexi-time, covering a total of about 33,000 employees working flexi-time in Vienna, revealed that more than 50 per cent of these agreements undercut legal or collective agreements standards with regard to one or several terms, especially regulations of covering overtime and the averaging of working hours (Stemberger, 1984). Thus to some extent some kind of shadow market for working-time arrangement has developed at the company level, often deviating
Table 2. Main legal standards provided by the Working Time Act, the Rest Periods Act and the Paid Holiday Act

Working Time Act

Normal working hours: Eight hours per working day, 40 hours per working week. Another distribution of the weekly working time is allowed: (a) to provide an extension of the weekend for the employee; (b) in the case of shiftwork; or (c) on condition that a collective agreement entitles to averaging the 40-hour week over a period of "several weeks".

Overtime: Maximum - five hours per week and an additional 60 hours per year (extension of these limits may be allowed by collective agreements or with permission of the Labour Inspectorate). Premium Rate - 50 per cent (obligatory); higher premium rates are frequently provided by collective agreements.

Maximum working hours: Normal working hours and overtime must not exceed ten hours per day (exceptions for continuous shiftwork, etc.). Weekly working hours (normal and overtime) are limited to 50 hours in the standard case, but extension is possible on account of the exceptions mentioned above.

Rest Periods Act

Minimum weekly rest: 36 hours during the weekend, which is defined as starting from Saturday 1 p.m. and ending Sunday midnight.

List of public holidays and regulations of the exceptions from compulsory rest during these including provisions for pay. There are 13 public holidays in Austria. Employees working on public holidays are entitled to a minimum premium rate of 100 per cent.

Paid Holiday Act

Annual leave with pay:
- minimum five weeks (since 1986), six weeks after 25 years of service;
- up to six extra days for workers employed under particularly hard conditions in frequent night shifts.

Paid sick care leave: up to one week per year in case of sick care necessities within the family.

substantially from the officially provided standards, and at the same time hardly ever revealed in official statistics and surveys. This seems to be one of the side effects of a high level of formal standardisation of working time.
IV. A sketch of working time today in Austria

1. Length of working time

(a) Daily and weekly working hours

Normal weekly hours were reduced from 48 to 45 hours in two steps between 1959 and 1962 by General Collective Agreement; and from 45 to 40 hours in three steps between 1970 and 1975 by General Collective Agreement and the Working Time Act. Since 1985 collective agreements at branch or sector level shortened weekly working hours from 40 to 38 or 38.5 hours (see section V).

Daily working time (normal hours and overtime) must not exceed ten hours as a statutory limit. In practice, however, this provision is quite frequently violated in a considerable number of companies as the annual reports of the Labour Inspectorate reveal.

Distribution of weekly working hours is progressively deviating from the five-day week of eight hours a day in many sectors of the Austrian economy. Until now there has been a clear trend towards compressed working weeks (four and a half days) mainly for white collar workers, and various flexible working hours distributing daily and weekly working hours in a differentiated and flexible manner.

Overtime hours are frequent and widespread over all sectors of the economy, a practice that has remained largely untouched by recessionary trends. The legal standards are often violated with respect to overtime limitations and overtime pay. National enquiries have revealed that about 7 per cent of the employees working overtime are receiving no pay at all for it, and compulsory standards on overtime premia are undercut even more frequently (47 per cent of the Austrian employees are working overtime; 14 per cent every week throughout the year on an average of eight hours per week; 10 per cent in certain periods of the month throughout the year; 6 per cent during several months of the year; and 17 per cent less frequently). In 1982 the average weekly overtime hours per Austrian employee amounted to 1.82 hours per week. This level has remained quite stable over recent years.

Part-time work (between 14 and 35 normal weekly hours) has increased in the recent years, its share of employment rising from 5.2 per cent in 1969 to 8 per cent (of all employees) in 1987 (micro-census data; including part-time work under 14 hours per week, the part-time rate can be estimated at about 10 per cent now). This rate is still comparatively low and there are no signs for a general rapid growth in the future. About 90 per cent of part-time workers are female. Only about 5 per cent of the civil servants work part-time, but this portion is expected to rise in the wake of new legal provisions in the civil services. In other sectors of the economy there are no legal provisions hampering or restricting part-time work. There is higher demand for part-time employment, especially from employed and unemployed females, than is supplied or needed by the companies. Furthermore there is a large discrepancy between demand
and supply of part-time employment in terms of working-time allocation, demand preferring fixed regular morning hours, supply mainly providing for afternoon hours and/or in a flexible time schedule (Bretschnieder et al. 1985, Pirker and Schienstock 1985, Mesch et al. 1986).

(b) **Annual working time**

Taking into account normal working hours, overtime, public holidays, annual leave with pay and sick leave, the number of annual effective working hours for full-time workers was estimated at about 1,800 hours in 1982 (Beirat, 1984). Since then annual leave entitlement has been extended, paid sick care leave was introduced and the process of shortening weekly hours has set in. Generally this average has continued to drop, with some variation from sector to sector.

(c) **Working lifetime**

Compulsory education ends at 15 years of age. The official retirement age is 65 years for males and 60 years for females. Voluntary early retirement is provided for those who have worked for 35 years under national insurance at an age below these limits; the minimum age for retirement under this regulation is 60 years for males and 55 years for females. However, in aiming to relieve the labour market, in recent years the Austrian government has even provided entitlements for retirement below these limits: the Special Support Act entitled unemployed male employees to early retirement at 59 years of age, unemployed female employees at 54 years, and in specific cases early retirement at 55 years and 50 years for males and females respectively. Recently this trend towards working lifetime reductions has reached a deadlock and has begun to reverse.

2. **Working-time arrangements**

There are many working-time arrangements practised in Austria deviating from a fixed eight-hour/five-day scheme enabling employers and employees to a flexible allocation of working hours or an adaptation to specific temporal necessities (Stemberger, 1983, 1984; Mesch et al., 1986). For example:

*Shiftwork* is frequent and still spreading. The number of employees working constantly in shifts in Austria increased from 250,000 in 1978 to approximately 350,000 employees in 1987, which equals 14 per cent of all employees (micro-census data).

*Flexi-time* (literally "gliding time") has been steadily spreading in Austria since the end of the 60s, with a calculation period of one month and the provision that carry-over of ten credit or debit hours to the next period is allowed (in practice the great majority accumulate credit hours only, sometimes to the considerable amount of 100 credit hours or more). Application is most common amongst salaried employees (the wage-earning portion of all employees on flexi-time amounts to about 20 per
cent). The total of "gliding" employees is now estimated to be about ten per cent of all Austrian employees.

"Bandwidth schedules" involve weekly working hours being varied within a certain bandwidth. Normal working hours are averaged over a certain period (for instance two months with 45 hours a week, followed by two months with 35 hours a week), with the aim of avoiding pay for overtime premiums and so-called "idle time" in the wake of fluctuations of incoming orders. For a long time these measures were not legally permitted in Austria, although they were practised secretly in some companies. Some of the collective agreements since 1985 have legalised this schedule. However, their actual spread cannot be estimated yet.

The flexible year, with long periods of extended working time and compensatory months of paid leave, was practised as a variation of bandwidth schedules in some sectors of the building trade, mostly in an illegal form not allowing for overtime premiums and exceeding the statutory limits of overtime. Some of the new collective agreements and employers' claims for amendments to the Working Time Act, are aimed at legalisation of various types of flexible year schedules.

Part-time work is practised in many flexible forms, being itself a means to flexibilise the allocation of working time for the company even if practised by way of a fixed scheme for the individual. In recent years the flexible scheme of the so-called KAPOVAZ (literally "capacity-oriented variable working time") has spread first above all in the retail trade, regardless of the strict opposition of the trade unions and the official condemnation on the part of the employers' organisations. At least 4,000 employees in the retail trade are now working KAPOVAZ in various schemes (Stemberger, 1987). The general characteristic of KAPOVAZ is that there is neither a fixed length (except a certain guaranteed minimum) nor a fixed allocation of working time. The employer disposes of the working time on short notice corresponding to his necessities. An extreme (and illegal) variety of KAPOVAZ is "work on call", not even providing a minimum of guaranteed (and paid) working hours and not providing any remuneration for the time spent waiting at home for the call.

Some of the working-time schedules mentioned above (ie. flexitime) claim to meet individual preferences of employees and are still propagated as the dawn of "working-time sovereignty" for employees. Practical and research evidence (Baier and Balog, 1985, Stemberger, 1984) has tainted these grand promises, at least under given circumstances and with regard to today's practice of these schedules. However, flexi-time and variable days still enjoy a considerably good reputation amongst many employees and are not generally rejected by the trade unions.

None the less other achievements of the labour movement have proven more effective in providing the means to adapt working time to the personal needs of employees (ie. working-time reductions, provisions protecting overtime abuse and vastly extended working hours, provisions for longer rest periods, extension of paid annual leave, paid sick care leave, entitlement to free hours for personal commitments, etc). These
achievements, however, contradict current flexibilisation trends and flexible time schedules and run the risk of being extinguished by them (Stemberger, 1984, Baier and Balog, 1985, Mesch et al., 1986).

V. Recent trends in collective bargaining for reduction and flexibilisation

1. New agreements on working-time reductions

The worsening of the labour market at the beginning of the 1980s led to a vigorous public debate and to a second study of the Advisory Committee for Economic and Social Issues in 1984. As in 1969, the idea was that the economic implications of shorter working hours had to be clarified in order to provide for a common basis of negotiations. The Advisory Committee confirmed the positive effects of shorter working hours with regard to the labour market, based on the joint expertise (econometric studies) of the Austrian Institute for Economic Research and the Institute for Superior Studies (Beirat, 1984). The significance of this confirmation lies more on the political than on the scientific level. For the first time in the dispute over working time the results were unanimously approved by the representatives of both employees and employers, the latter until then claiming that working-time reductions would worsen the labour market situation as a result of deterioration competitiveness. However, the Advisory Committee recommended that actions be made in harmony with the developments in other countries to avoid deteriorated competitiveness, and to proceed in a differentiated way on an industry or sector level rather than by uniform national provisions in the first stage of the reduction process.

In 1985 working hour reductions by collective agreements were implemented in certain sectors (such as printing, etc.) of industry in accordance with the recommendations of the Advisory Committee. In 1988 these agreements covered about 1.1 million employees (about 40 per cent of all employees), providing working-time reductions to 38 or 38.5 hours per week. At the beginning of 1989 about 1 million of these were actually working reduced hours, and for the rest working-time reductions will start in 1990. However, with more agreements at the sector level, an increase in this number can be expected in the near future and in the meantime working-time reductions to 37 hours were agreed upon for some smaller sectors (for example white-collar work in the printing trade).

Although negotiations proved difficult in certain sectors, serious conflicts or strikes, comparable with those in neighbouring countries, have so far been avoided. The ÖGB, pushing for working-time reductions on an industry and sector level, is now claiming a General Collective Agreement on a reduction of weekly working hours by stages to 35 hours by the early 1990s.
The most important of the first agreements on working-time reductions was the agreement for white-collar and blue-collar workers in the metallurgical industries. Normal working hours in these industries were reduced from 40 to 38.5 hours per week as of November 1, 1986. The compulsory 50 per cent extra pay for overtime had to be paid only if the employee worked more than 40 hours, and not if he worked more than the agreed 38.5 hours per week. The subsequent collective agreement (valid since November 1, 1988) however provided that a special premium rate of 30 per cent has to be paid for the difference of 1.5 hours between agreed and statutory normal working hours. It also raises this premise to the normal overtime premium of 50 per cent.

The collective agreement for white-collar and blue-collar employees in the metallurgical industries contained the following options for putting into practice the reduction of working hours, if the option of an even reduction of working time by 18 minutes a day (ie. 1.5 hours per week) is not chosen.

(a) Uneven distribution of normal working hours, a five-day week with an average of 40 hours, and compensatory leave for the additional 1.5 hours per week within a settlement period of 26 weeks.

(b) Evenly distributed normal working hours can be extended to 40 hours (or the 40-hour week can be maintained), if compensatory whole days are provided. Compensatory leave has to be used up within 13 weeks. Undertaking level agreements may extend the period for using up compensatory leave to 52 weeks.

(c) The Bandwidth Schedule is similar to model (a). It is based on varying weekly working hours, with the agreed normal working hours to be averaged over a certain settlement period. Working time must be fixed for each week of the schedule at least two weeks in advance within a bandwidth between 37 and 40 hours per week.

2. Evaluation and prospects

Though these new provisions have been in operation for some years now, the practical consequences are difficult to overlook. In February 1987 a trade union survey covering 908 companies of the metallurgical industries revealed the following agreements at the company level:

— 21.7 per cent had agreed to shorter daily working hours;
— 22.5 per cent had agreed to shorter weekly hours on one day per week (usually on Friday);
— 0.5 per cent had agreed to shorter working hours by extending work breaks;
36.9 per cent had agreed to maintain the 40-hour week and provide compensatory leave (most common in form of work holidays on days sandwiched between public holidays and weekends);

3.3 per cent had agreed to implement a bandwidth schedule;

15.1 per cent had agreed to a mixture of the variations above.

In some economic sectors (namely the paper producing and processing industries and some branches of the metallurgical industries) working-time reductions seem to have had some employment effect, whilst in others this effect seems to be questionable at least for the first period after the implementation. Findings concerning the developments made during the last period of working-time reductions indicate that the employment effects of working-time reductions generally take time to become evident because most firms initially react by extending overtime work or by utilising the shortened hours more effectively. At the same time the question arises as to whether the effects of moderate reductions in working time on employment are now neutralised by the application of new options for working-time flexibilisation, and in some cases even reverse these effects. The new provisions for average working hours and other means of working-time reductions also result in an increasing vagueness of overtime definitions, reducing the protective function of the legal overtime provisions. If the new options of flexibilisation and differentiation of working time were widely put into practice, unfavourable long term effects on the entire social time structure could not be excluded. Thus the traditionally cautious position of trade unions in Austria, versus the prevailing trend towards flexibilisation, supported by the research findings on the effects of changes in working-time arrangements in recent year (Baier and Balog, 1985; Mesch et al., 1986; Stemberger, 1983,1984,1985,1986/7, 1987), still shapes negotiations. At the same time unions are trying to design a positive set of claims for a different trend in working-time flexibilisation which favours the interests of employees.

Thus, the agreements at the top level tend to cause considerable problems for worker's councils at the company level, further intensified by the fact that the relative balance of power on the top level of interest representation does not correspond to the situation in most companies. The new collective agreements are likely to shift problems to the company level.

VI. Further perspectives

Negotiations for an amendment to the Working Time Act have started within the framework of ESP. The employers' organisations claim:

- legal permission for averaging weekly hours within a bandwidth up to 45 hours per week over an annual calculation period;
— alteration of the legal provisions for compulsory overtime premiums;
— extension of the limits for overtime work;
— the right of employers to decide unilaterally the matters of compensatory leave for overtime (timing, etc.);
— reduction of compensatory rest periods;
— alteration of the specific provisions for working-time protection for females and juvenile employees;
— permission for weekend work to be done on economic grounds (at present it is permitted only for imperative technological reasons or in the interests of the public).

On the other hand, employees’ organisations, though willing to negotiate, are not inclined to agree to such a far-reaching and (from their point of view) retrogressive amendment to the Working Time Act. They have compromised on a limited extension of settling periods for average working hours concerning the sector of retail employees (up to an annual period on condition of approval by collective agreement); they are willing to compromise on provisions facilitating the compensation of works holidays sandwiched between official holidays and weekends on an annual basis (now restricted to a settling period of seven weeks); on an extension of settling periods for average working hours within certain limits and under certain preconditions, and on the implementation of legal standards for flexi-time schedules and some minor modifications of other provisions.

Negotiations are actually influenced strongly by the recent shift of position by the ÖGB, who officially claimed for a General Collective Agreement on working-time reductions to 35 hours (with full wage compensation) at their Federal Congress in October 1987. This General Agreement should provide the framework for reducing weekly working hours of all employees in stages reaching 35 hours by the early 1990s. A provision finally to be incorporated into the Working Time Act. The trade unions aim to achieve such a General Collective Agreement no later than 1991, in the meanwhile pushing forward the reduction process at the sector and industry level. At the same time the trade-off of working-time reductions for flexibilisation, is likely to continue but, also with uncertain outcome. This should be largely influenced by the effective results of the ongoing process of flexibilisation with regard to the situation on the labour market, on salaries and wages, and on social time structure. A current research project of the Vienna Chamber of Labour (started in 1989) covering most of the sectors with working-time reduction and flexibilisation by surveys and case studies will examine this development and its effects more closely.

The improvement of the economic situation in Austria in the last two years had only a minimal effect upon the rate of unemployment. But
it had an effect on the climate in the labour force. Wage increases have been very slow in recent years and the improvement of income ranks very highly now for employees, and is given higher priority than fast progress in working-time reductions. The early experiences of the employees with the effects of working-time reductions seems to have contributed to this lack of enthusiasm for further steps towards shorter weekly hours. This will undoubtedly weaken the trade union position in forthcoming negotiations with employers over working-time reductions and changes in the Austrian system of working-time regulations.

It is known that Austria belongs to the group of countries with, at least until now, a high degree of institutionalised and centralised regulation of working time (as well as other relevant factors such as wages, labour protection and social security). The ground rules of this regulation are inseparably connected with the system of social partnership and its function in the overall political system and the social and economic reality in Austria. When we review the development of working time and working-time policy in Austria in the last years we can establish that substantial changes have taken place with regard to these regulations. These changes seem to occur on three levels:

1. On the level of formal regulation in terms of centralisation and decentralisation we have to observe processes of delegating the regulation responsibility to the bargaining powers on a branch and firm level.

2. On the level of the practical determining powers of these centralised and institutionalised regulations, the author believes that there is an accelerating and deepening erosion of this determining power which has been occurring over some time; and for various reasons the enforcement and practical effectiveness of centralised regulations in firms has in reality been increasingly diminished. The process of commencing decentralisation is largely a reaction to this erosion.

3. Finally on both stated levels concerning the range and depth of the regulation itself, the manoeuvrability of bodies at the firm level which are active in shaping working time is increasing and is actually being utilised.

This description is greatly simplified. In practice this long range process is much more differentiated and also includes opposing tendencies. Now it is overlapping temporally with the on-going bargaining and implementation of the first steps in reducing weekly working hours from the level of 40 hours per week. The proceedings connected to it modify this process. At the same time they themselves become its vehicle and are essentially formed through it and its effective powers.

A characteristic example of this relationship is the trade-off between working-time reduction and working-time flexibilisation through the bargaining of the last collective agreements at the branch level and the on-going wrestling which occurs in the background for a
trade-off between working-time reductions and working-time flexibilisation at the the national level. Until now this still constitutes a deadlock between the trade unions' claim for a General Collective Agreement on the 35-hour week on the one hand, and the employers' demand for a reform of the working-time laws in their interest, on the other.

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4 Belgium

Robert Leroy, Daniel Meulders and Robert Plasman

I. Introduction

Among the OECD countries, Belgium readily stands out because of its high unemployment rate. While this yardstick is always debatable, another indicator leaves no room for error: this is the country where the world economic crisis has brought about the greatest drop in employment in the manufacturing industry. In a small and extremely open economy, employment in the sectors at risk affects the entire labour market: a 30 per cent drop in the manufacturing industry has repercussions on consumption, and hence employment, in sectors such as construction and commercial services.

Keynesian policies are ill-equipped to combat this unemployment dictated by concerns about competitiveness; moreover, the public authorities are hampered by the public finance deficit caused by declining employment (which spells unemployment benefits and lower tax and related revenue).

Unable to control the demand for labour, Belgium, more than other countries, has focused its efforts on the supply of labour, which may be expressed in terms of two classical measures: activity rates, i.e. the proportion of the population of a given age and sex which is available on the labour market; and hours of work (weekly, monthly, or yearly), including work schedules and other arrangements of working time.

To do this it has adopted a set of measures where the Government has played a central role which have often intrigued foreign observers. However, in a country deeply divided by ethnic, cultural and religious differences, and where the public service is not part of a great national tradition, any negotiations with the public authorities involve the underlying social forces, in particular what is termed the "workers' movement" and the "social partners", for the labour market long ago

1. Respectively, Economie et Société, Université de Louvain, Belgium; DULBEA, Université Libre de Bruxelles, Belgium; DULBEA, Université Libre de Bruxelles, Belgium.
became profoundly institutionalised according to a social-democratic type of model, in the widest sense of the term.

In this context, working time during the current crisis has been an economic issue placed in a societal perspective. Early on, the workers' movement brought up the subject of work sharing through a reduction in working time; this and the concept of an alternative "work circuit" were attempts to find new forms of societal organisation of work.

Initially, the workers' demand for a 36-hour week was rejected by the employers. However, this did not put a stop to the debate on working time. The employers responded at first by suggesting that part-time work be developed, then by putting forward the concept of flexibility in its various forms. In addition, numerous "plans", projects or proposals were advanced and sociological, economic and econometric studies were developed.

All of the successive governments from 1974 to 1986 adopted initiatives for the reduction and/or arrangement of working time. Their number, variety and constant evolution makes it impossible to describe them in full. Only the following four categories will be referred to here:2

(i) Early retirement measures, which continued over the entire period and which probably had the strongest quantitative impact, although they went practically undebuged;

(ii) Part-time work, which developed rapidly, chiefly among women, and accounts for most of the increase in the female activity rate;

(iii) Measures for the reduction of working time, in the context of the debate on work sharing;

(iv) Lastly, arrangements of working time, in the light of flexibility concerns which differs from work sharing.

**Labour relations in Belgium**

First, we shall briefly describe some features of the Belgian labour relations system.

Despite the dearth of quantitative data and studies in Belgium one can say that, relatively speaking, it is a country where the trade unions play a major role. Union membership may be as high as 70 per cent; it is particularly high among manual workers and in the public sector. What is even more significant is that every sector is covered by joint committees and collective agreements; the latter have sector-wide coverage and are often given force of law by Royal Orders. Establishments above a certain size have bodies for bargaining or concertation and trade union officers enjoy immunity.

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2. Further details may be found in the two preparatory reports published elsewhere: one on the measures adopted (Leroy,1988), and the other on research carried out in Belgium (Freese et al., 1988).
The trade unions are largely grouped together in three confederations of different sizes: the first Christian-oriented (roughly 50 per cent), the second socialist-oriented (roughly 40 per cent), and the last liberal-oriented (roughly 10 per cent). It will be noted they are divided along the lines of the three traditional political families; however, the links between the unions and the parties, while far from negligible, are both complex and variable. Within each of the three tendencies, the union is part of a wider "movement" comprising trade unions, mutual insurance companies, co-operatives, women's and youth organisations and educational and cultural movements, etc.

While each of the three political families has split into two autonomous parties - Flemish and French-speaking - the three trade union confederations, despite strong internal tensions, have maintained their unified structure while providing for decentralised bodies.

The system of collective labour relations comprises the three traditional levels: enterprise, sector and country. There is also the regional dimension, and regional sectoral agreements are concluded regularly.

The bodies for bargaining and workers' representation within enterprises have equivalents at national level, where two joint bodies, the National Labour Council and the Central Economic Council, have an advisory role, carry out studies requested by the social partners and issue opinions or submit proposals. At sectoral level, the industry-level councils play a role similar to that of the Central Economic Council.

Representatives of trade union and employers' organisations also sit on the board of directors of the National Bank of Belgium and on committees such as the Gas and Electricity Supervisory Committee; this is peculiar to Belgium.

In principle, the State is not involved in collective bargaining unless it is called upon to undertake conciliation in the event of failure of negotiations. However, the legislation does fix maximum hours of work, though in so doing it merely confirms agreements concluded at inter-industry level, in some cases several years earlier.

In 1982, however, following an 8.5 per cent devaluation of the Belgian franc, the Government decided to intervene directly in wage and working-time policy, chiefly with a view to reducing real wages by de-indexing remunerations, banning off-scale wage increases and subsequently by fixing a competitiveness norm aligning Belgian wage increases with the European average.

With the new socialist Christian Social coalition set up in 1988, the traditional system of labour relations was restored, subject, however, to observance of a competitiveness norm to be fixed by the Central Economic Council.

The recessions of 1975 and 1981 also affected the relative proportion of bargaining at the various levels. The late 1960s and the first half of the following decade were marked by major inter-industry agreements which led to agreements on social security, the guaranteed minimum wage and working time, thus extending to all workers what had already been achieved at the sectoral, regional or local level.
The period 1975 to 1981 saw the conclusion of inter-industry agreements, that of 1981 being aimed rather at minimising the "damage". There was a significant increase in the number of enterprise-level agreements during this period, which continued after 1981, indicating a shift in collective labour relations from national or sectoral level to the enterprise level; this development reflected the tendencies of employers' organisations. This fragmentation of collective bargaining also went hand in hand with the increasing importance of negotiations concerning working time and early retirement. Subsequently, after 1982, legal provisions regarding working time, which will be discussed below ("operation 5-3-3", the Hansenne experiment), made it necessary to conclude enterprise-level agreements, thus contributing to the decentralisation of bargaining.

II. A substantially shorter working life

The activity rate for older categories of male adults appears to have long been fairly low in Belgium. What is certain is that there have been considerable reductions since the crisis. In the five-year bracket preceding statutory retirement age (65 years for men), approximately 70 per cent of men were still working before the crisis; in 1983, the activity rate for 60 to 64 year-olds was halved, and one forecast (Leroy and Carnoy, 1988) predicts a rate of 10-15 per cent for 1993. Belgium has thus tacitly lowered the normal retirement age by at least five years.

This reduction has spilled over to the lower age brackets. Between the ages of 55 and 59, the activity rate began to fall at a rate of -2 points per year. Later, between 1983 and 1988, the rate for 50 to 54 year-olds dropped by eight points.

This radical change in the cycle of working life is the direct result of a considerable number of measures encouraging early retirement, the first of which dates back to January 1975. They may be classified in three types.

(a) The most traditional type of measure enables older unemployed persons (aged 60 years for men, 55 years for women) or disabled persons to draw a "pension" (as it is officially termed in Belgium) at an earlier age with virtually no reduction. The social approach to unemployment takes account of the impossibility of finding another job and of the fact that unemployment or disability benefits will have to be paid in any case; and it makes an individual's life easier at a modest cost, while reducing visible unemployment.

(b) Industry-level early retirement schemes, in the event of economic redundancy, are more complex. They presuppose bargaining between the employer and the trade union within the framework of a provision adopted by the public authorities. Dismissed workers draw unemployment benefit plus a supplement - defrayed by the employer - until the normal retirement age (65 or 60 years). These early retirement
schemes have made it possible to dismiss "painless" tens of thousands of employees in struggling industries: iron and steel, textiles, glassmaking and shipbuilding.

There are two factors which explain why a scheme which apparently involves considerable expense for the enterprise has become so widespread. On the one hand, it has made it possible to carry out substantial lay-offs while avoiding unduly widespread labour disputes. On the other, there is the practice of paying redundancy compensation. In the case of regular staff members, such compensation may amount to several years' pay if the dismissed worker's seniority remuneration were high. This practice is not based on a law, but sometimes is covered in collective agreements; it has gained a footing chiefly through judicial practice, as frequent appeals have meant that case law has been built up on the subject.

(c) Lastly, early retirement measures ("statutory early retirement", later "state early retirement schemes") were introduced as part of an explicit policy of distributing, or even sharing, employment: an older worker retires early on condition that the enterprise hires a younger worker to replace him.

In order to gain some idea of the quantitative scale of this policy of reducing the supply of labour, an assessment was made of the proportion of the active population accounted for by the drop in the activity rate of men aged between 50 and 64 years which occurred between 1973 and 1985. This proportion is equal to 6 per cent of the *total* active population (all ages, both sexes). In other words, all other things being equal, the unemployment rate would have been six points higher (18 per cent instead of 12 per cent) had these measures not been taken.

The same unit of measurement was used to express the drop in employment in the manufacturing industry: this 30 per cent drop is equal to 8 per cent of the active population in 1985. Of course, the two phenomena are far from matching up perfectly. However, the fact that they are so close clearly indicates the main cause underlying early retirement: the abrupt and final elimination of entire sections of the productive apparatus ruled out any hope of finding another job. One cannot help noting that in Belgium a policy of this scope has not been the subject of a genuine debate which would clearly bring out its social implications.

III. Development of employment and part-time work

As in many countries, the activity rate of women is increasing sharply. In Belgium, from 1970 to 1983, the most marked increases occurred in the 25 to 50 years age group: 22 points overall, even 30 points around 30 to 34 years. Belgium is currently roughly at the median for the EEC countries.
The chronological series shows an important feature: the crisis does not appear to have affected the long-term trend with respect to what it was before 1975; despite the magnitude and persistence of the crisis, it does not appear to have had a discouraging or inhibiting effect on this category of women, whose activity rate was often observed to increase cyclically. A more detailed examination shows this in a slightly more relative light. Thus, the increase in the proportion of women in the active population since 1974 may be broken down as follows:

<table>
<thead>
<tr>
<th>Increase in</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>unemployment</td>
<td>+ 8.5% of the population aged 25-49</td>
</tr>
<tr>
<td>increase in part-time employment (1)</td>
<td>+ 6.4%</td>
</tr>
<tr>
<td>increase in full-time employment (1)</td>
<td>+ 1.6%</td>
</tr>
<tr>
<td>Total: increase in activity rate</td>
<td>+ 16.5% or points of activity rate</td>
</tr>
</tbody>
</table>

It is true that the employment of women continued to increase, while that of men of all ages dropped by 10 per cent. However, the extension of part-time work accounts for 80 per cent of the increase in their employment, while the proportion of adult women in full-time employment increased only by 1.6 points.

Factors such as these rule out any simple interpretation of the working life cycle of women. Quite apart from the particular aspect of part-time work, it is difficult to know whether such figures truly reflect the supply of labour, that is, women's wish to engage in an occupation. On the one hand, one cannot rule out the fact that a fraction of unemployed women - and men - no longer want to work: the lack of available jobs makes it impossible to test this. On the other hand, however, the same lack of jobs means that we cannot know how many women would work given a real opportunity to do so. From the available statistical information, we may draw three conclusions as regards part-time work:

(i) Over the ten years following the crisis, the proportion of part-time jobs held by women doubled, from 10 to 20 per cent.

(ii) This social change appears to have gained momentum in recent years: in two years (from 1983 to 1985), the proportion increased from 21 to 27 per cent of women employees (manual and non-manual, in both private and public sectors).

(iii) There even appears to have been an increase in the case of men: 4 per cent of male employees in 1985.
The development of part-time work in Belgium should be placed in the context of the debate on work sharing. Faced with the first onslaught of the crisis, the trade unions or, more broadly speaking, the workers' movement, with its political and intellectual circles, proposed work sharing through a reduction of hours of work. This demand was initially expressed in terms of a considerable general reduction of weekly hours of work, with weekly earnings maintained, i.e. with full wage compensation, the idea being that productivity again would compensate for this proportional increase in the hourly wage bill.

The FEB (Federation of Belgian Enterprises, the employers' organisation) responded with the counter-proposal that part-time work be developed: this would mean a more drastic reduction of weekly hours of work but limited to certain persons and with no wage compensation.

Out of these conflicting positions were born measures implementing a reduction of weekly hours of work and flexible schedules, as well as numerous measures encouraging part-time employment.

The first type of measure was aimed at removing certain legal obstacles relating to social security entitlements which prevented part-time work from being more widely accepted.

The second type of measure is more in line with the concept of sharing available jobs among a larger number of persons. Thus, teachers were able to reduce their hours of work with a proportional loss of remuneration but without affecting the amount of their retirement pension. With the overall number of teaching hours remaining the same, this amounted to real work sharing, admittedly without compensation for loss of earnings but without adversely affecting pensions either. It should be added, however, that other government measures subsequently reduced the number of teaching hours considerably, so that this work sharing merely slowed down the rise in unemployment and in expenditure on unemployment benefit.

A third type of measure, creating jobs with shorter hours of work, was dictated chiefly by budgetary considerations. Thus, it was decided that staff would be recruited into the public service on a four-fifths time basis, i.e. a 4-day working week. With trainees' remuneration being fixed at 90 per cent of the normal wage scale, the cost of hiring new public employees was thus reduced to 72 per cent. In this way 39 per cent more persons could be remunerated out of the same budget resources allocated to the recruitment of new public employees. In line with the same concept, stop-gap jobs (placement schemes for the unemployed: TCT, CST, CMT; traineeships...) could be created on a part-time basis.

The fourth type of measure is worthy of note. As of 1980, unemployed persons may hold a part-time job while continuing to be registered as job seekers for full-time employment and drawing a certain fraction of unemployment benefit. In this case, the switch to part-time is

3. If the budget allowed for the remuneration of x public employees, the 28 per cent reduction of the unit cost meant that \(x \times \frac{100}{72}\) could be remunerated, i.e. \(1.39 \times x\).
compensated to a certain extent in terms of income but at public, not employers' expense.

This last type of part-time work spread very rapidly. In 1987 it accounted for approximately 30 per cent of part-time jobs both for women and for men.

The rapid spread of part-time work is certainly an outstanding feature of the Belgian labour market in this period of crisis. While it remains a very small proportion of male employment, it accounts for the bulk (80 per cent) of the increase in female employment in recent years. Obviously, this form of arrangement and reduction of working time is a social issue with complex, and even contradictory, ramifications.

The initiative came from the employers, since part-time work was originally a response to a trade union demand. More generally, it meets special manpower needs: typically in the case of cash-register employees in supermarkets, and probably also in jobs involving the use of computers, where productivity declines as longer hours are worked. It is perhaps also a means of cutting down on absenteeism.

Obviously, concerns of this kind have nothing to do with the trade union demand for work sharing and raise considerable objections on the part of the feminist movement, which cannot see it as a step towards genuine emancipation of women.

Having said this, one should not rule out the fact that there was a demand for part-time jobs on the part of many women frustrated by the lack of such employment at a time when enterprises took little interest in creating it as there were enough women working full-time. This demand for part-time jobs may have grown with the crisis which brought with it increased male unemployment and a drop in household incomes.

As for the public authorities, they appear to have drifted from one opportunity to another: opportunities of finding a middle way between the conflicting demands of the social partners; opportunities of encouraging certain forms of work sharing; and opportunities of somehow obviating budget constraints.

IV. Hours of work and work sharing

(a) Some facts

In Belgium, a full-time worker normally puts in 38.1 hours a week (in 1985); this is markedly the lowest figure in the EEC: The distribution of hours confirms that the prevailing hours of work are under 40 while the EEC average is 40 hours; longer hours are less frequent in Belgium.

This situation is the result of a long-term but uneven tendency for working hours to decrease. Statistical data drawn up by the Planning Office make it possible to plot the trend in terms of the number of hours per worker over the year (at least for manual workers employed in the manufacturing industry), differentiating between hours actually worked and those fixed by agreement.
In the 30 years between 1954 and 1984, sectoral or national-level agreements led to a 25 per cent reduction in hours normally worked over the year by a manual worker, while the number of hours actually worked dropped by 30 per cent. There is a clear division into three periods.

In the first decade, when the Belgian economy was experiencing slow growth, hours fixed by agreement decreased slowly. Actual hours of work fell far below agreed hours, with chiefly cyclical variations.

During the second period (1964-73) marked by vigorous growth, these cyclical declines in actual hours disappeared and the gap between actual and agreed hours narrowed; the latter declined rapidly. This may be seen as reflecting a workers' demand seeking to use part of the productivity gains to meet their earlier claim for a reduction of hours of work. This demand was put forward at a time when low unemployment meant there was no call for work sharing.

Could not these two concerns - reduction of hours and work sharing - have been combined, however, when unemployment suddenly reappeared? A decisive factor in the debate is reflected in the graph (see figure 1).

Starting in 1974 there was a drop in actual hours sparked off by the onset of the crisis, and not by terms of collective agreements. On the contrary, there was a pause in agreed reductions of hours of work and the gap between actual and agreed hours again widened. At a time when a reduction in hours of work should have enabled employment to be shared, there was, on the contrary, a slow-down in reduction by collective agreement.

(b) Development of the debate

In the history of remunerated employment, the number of hours a person must work per day or per week, like the wage earned, defines the term of this unique "exchange" - as it is perceived in the standard representation of economists - called the labour market; historically, this double term of exchange was born out of conflict, by means of institutional provisions, following a secular trend, like economic growth. From roughly a 72-hour week around 1840, 135 years later we have a demand for a 36-hour week.

In Belgium, the highlights of this major shift are as follows:

- 1905: an Act makes Sunday rest compulsory;
- 1909: an Act fixes statutory hours at nine hours per day;
- 1921: an Act establishes the 8-hour working day, long to be used as the reference period for daily hours of work;
- the crisis of the 1930s: workers demand a week's paid leave and a 40-hour week.

After the Second World War, Belgium set up a highly institutionalised system of collective labour relations at enterprise, sectoral and inter-industry levels. Through a series of inter-industry agreements concluded at the national level, the working week was gradually reduced
Table 1: Weekly hours worked by full-time employees

<table>
<thead>
<tr>
<th>Country</th>
<th>Hours</th>
<th>Country</th>
<th>Hours</th>
<th>Country</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>42.6</td>
<td>EUR 11</td>
<td>40.6</td>
<td>F</td>
<td>39.5</td>
</tr>
<tr>
<td>NL</td>
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<td>I</td>
<td>38.8</td>
</tr>
<tr>
<td>D</td>
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<td>IRL</td>
<td>40.4</td>
<td>B</td>
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</tr>
<tr>
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<td>40.7</td>
<td>LUX</td>
<td>39.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Figure 1: Annual hours of work fixed by agreement and hours actually worked (manual workers in industry, other than construction)

* Number of hours per year per worker

Sector: Workers in the Manufacturing Industry

Source: Bureau du Plan (Bruxelles)

Although it had already been passed in some sectors, the 40-hour week remained the benchmark on which an acrimonious and prolonged debate broke out from the onset of the crisis. In this respect, Belgium appears to be a case in point as regards the demand for a drastic reduction in hours of work as a means of work sharing. The debate went through three stages which marked a transformation of the institutional process.

(i) In 1976, the two main trade union confederations (socialist and Christian) put forward the claim for "36 hours by 1980" to be applied in all sectors, with full pay. A drastic reduction (minus 10 per cent in four years) appeared to be necessary if a significant result was to be achieved in employment (evaluated at between 3 and 7 per cent, depending on the sector and enterprise), the intention being that hourly productivity gains would allow for the necessary increase in hourly pay (to maintain weekly remuneration.

The demand was put forward in 1977 within the by now traditional framework of inter-industry bargaining, in which the Government did not take part. It was rejected by the employers, who none the less proposed a certain reduction (38 hours in 1981) but whose main counter-proposal was an increase in part-time work, discussed in the previous chapter. The failure of global negotiations did not prevent agreements from being concluded at sectoral or enterprise level, in some cases significantly reducing working time.

(ii) Faced with this stalemate in the normal institutional process, and with rising unemployment, the Government gradually took over. In this second stage, which began in 1979, the Government encouraged enterprises to negotiate with the trade unions and championed the cause of work sharing: this fact and the date (1979) are worth noting, especially as the measures adopted were bold. Thus, the "De Wulf" plan provided for the payment of recruitment incentives to employers on condition that enterprises brought weekly hours of work down to 38. A credit was earmarked in the budget to subsidise 20,000 jobs; there were few applications, however.

4. Which were particularly high in Belgium, as can be seen from the following table:

<table>
<thead>
<tr>
<th>Country</th>
<th>ERP</th>
<th>EUR</th>
<th>D</th>
<th>IT</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAP</td>
<td>6.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>5.0</td>
<td>EUR</td>
<td>3.0</td>
<td>USA</td>
<td>1.5</td>
</tr>
<tr>
<td>DK</td>
<td>4.3</td>
<td>D</td>
<td>3.0</td>
<td>UK</td>
<td>1.1</td>
</tr>
<tr>
<td>NL</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From 1972-73 to 1981-82 in industry.

(iii) Attempts at work sharing continued through various swings of the government pendulum and under the second onslaught of the crisis. There are a number of features clearly marking off a third stage. Firstly, there was a transition from incentives to obligations, with the imposition of financial penalties. Secondly, there was no longer any question of full pay compensation. Numerous measures of "wage moderation", i.e. a lowering of real wages, were imposed by a Government more to the right and more stable than usual in Belgium (a Liberal-Christian coalition which came to power in 1981 and was re-elected in 1985), which gave priority to "recovery" and "reorganisation" measures. None the less, it pursued a policy of reducing hours of work but at the cost of sacrifices in terms of earnings. Thirdly, the issue of working time was explicitly stated in macro-economic policy. Symbolically, one policy was named after the econometric model on which it is based - "Operation Maribel" (acronym for Model for an analysis and rapid investigation of the Belgian economy). Fourthly, labour relations thus shifted to another arena; the socio-democratic structure of concertation between the social partners, which appeared to have been rooted in history and to have acquired legitimacy after a quarter of a century of fully-fledged activity, toppled like a house of cards from 1981 onwards.

The most striking measure in the third stage was the operation known as "5-3-3". It was adopted following the devaluation of February 1982 (- 8.5 per cent) and came into force on 1 January 1983; it was extended in various forms throughout 1985 and 1986. Its cryptic name reflects the complex mathematics underlying any measure to reduce hours of work which aims to achieve compensatory recruitment while ensuring a more or less partial weekly wage compensation.

The reduction in hours of work must be 5 per cent, typically two hours per week. It must be compensated in part by a 3 per cent increase in the number of persons employed. Workers in employment give up 3 per cent of their weekly or monthly earnings, as wage compensation is only partial under "wage moderation". The latter is the result of numerous and varied measures which, on the one hand, have challenged the long-established system of automatic and generalised wage indexation linking pay to the consumer price (index) and, on the other hand, have declared a freeze on non-index-linked wages (i.e. a prohibition on all increases except those resulting from promotion or seniority). According to estimates, they would entail an annual drop in real income of 3 per cent.

Having benefited in addition from measures aimed at restoring their competitiveness (devaluation, reduction of employers' social security contributions, tax incentives for investment, etc.), enterprises were placed under the obligation to use this real gain of 3 per cent (prices not having been frozen) to increase employment by introducing: a 3-per-cent recruitment rate, which still made it possible to cut the number of hours worked by 2 per cent while maintaining a stable wage bill. Enterprises which failed to undertake such recruitment or did so only in part had to
pay the income resulting from wage moderation to an employment fund. They thus felt themselves to be under strong pressure.

Workers who were employed still received 40-per-cent wage compensation for the reduction in hours, since their hourly wage thus increased by 2 per cent. The 3-per-cent cut in pay was to be used to achieve an equivalent work sharing, which would have kept the earnings of the workers as a whole at a constant level.

(c) Proliferation of studies

Numerous and varied studies have been carried out in Belgium on the subject of work sharing in relation to the reduction and arrangement of working time.

The first category consists of global plans. The Palasthy plan proposed that plants be operated seven days a week for at least 12 hours per day, with the working day reduced from eight to six hours. This considerable reduction in hours of work made it possible to employ significantly more persons as well as to improve the quality of life by radically changing the way society lived. It was economically feasible, thanks to the productivity gains achieved by increasing the use of production capacity. However, mention should also be made of the Rovak plan, the Branson plan and the Dielens plan.

There were also econometric studies aimed at quantifying the results of certain measures adopted or estimated; those which would result from other measures to reduce hours of work. The difficulties inherent in these approaches were pointed out by Guillaume and Meulders (1984): the impact of such measures on employment is very sensitive to the specification of some equations in the models.

The third category of studies attempts, often in more theoretical terms, to identify the factors determining the extent to which such measures are successful. Thus, Dreze (1979, 1980, 1981) singles out two parameters in particular:

- OC, the share of the cost of reduction of hours borne by the workers;
- β the proportion of enterprises reducing their production correlativey.

All of these studies attempt to specify the conditions of economic feasibility of this policy.

There is also social feasibility, however. The fourth type of study comprises analyses of specific cases and field surveys. Thus, the HIVÂ study (Van de Kerkhove, et al., 1984), carried out by a multi-disciplinary team, was an attempt to contribute to changing or adopting the shift system with a view to improving working conditions. Other studies attempted to sound out workers' attitudes regarding other arrangements of working time.
V. Arrangements of working time and flexibility

No systematic information is available on the various work schedules such as the two- or three-shift schedule or weekend work but it is tempting to describe the characteristic features of Belgium as follows:

(i) Working time is regulated at least as much as in other countries. This regulation most often takes the form of agreements concluded between enterprises and trade union representatives, ratified or supervised by the public authorities at the local or national level.

(ii) Compared to those in other European countries, these regulations place relatively few restrictions on the daily and weekly time ranges within which schedules may be fixed. General provisions are fairly open-ended; above all, exceptions are very often conceivable and possible if a consensus is reached by employers, trade unions and the public authorities.

A high degree of institutionalisation does not automatically mean rigidity or uniformity; hours of work are fixed by concertation, or even by negotiation.

The constraint of competitiveness, which was exacerbated by the crisis, has compelled enterprises to study the production process closely in order to identify possible ways of achieving higher profitability. In particular, other ways of organising working time could prolong machine operating time.

The "5-3-3" operations already provided incentives for this kind of innovation. Since 1983, the Government intervened more specifically, proposing what were named "the Hansenne experiments", after the then Minister of Employment. Royal Order No. 179 of 30 December 1982 allows enterprises to make exceptions to numerous provisions of labour law.

An essential difference with respect to the "5-3-3" operations was the fact that the changes envisaged were neither compulsory nor general, and moreover, were reversible. It was up to each enterprise to take the initiative, but it had first to be agreed to by the trade union and approved by the Ministry. The experiment could also be discontinued.

However, one objective of work sharing remained. The experiment had to include a recruitment rate of at least 3 per cent. Provision was made for financial assistance.

After three years, by the end of 1985, 49 experiments had been undertaken. The most outstanding ones, which were also the most numerous (33 cases), introduced two weekend crews; typically, each crew worked 12 hours on Saturday and 12 hours on Sunday; these 24 hours yielded a weekly remuneration equivalent to that of the workers employed during the week. This was a major innovation, which symbolically required exceptions to two provisions which were the very embodiment of early gains of the workers' movement:
— compulsory Sunday rest (1905);
— limitation of statutory hours of work to nine hours per day (1909). Obviously, however, the issue here is completely different.

The other experiments increased machine operation time from five to six days per week (i.e. by 20 per cent), reintroducing work on Saturdays, but by rotation. A shift worker performs his or her 36 hours per week according to one of the following schedules:

— 3 x 12: three 12-hour days or rest periods; or
— 6 x 6: six rest periods which are shorter than the standard eight hours; or
— 4 x 9: working only during the day.

At the end of 1985 new experiments appeared in the retail sector. A large furniture store stayed open on Sundays, shifting the compulsory weekly closing day to Tuesday. In the chaos of a conflict which has yet to be resolved, department stores stay open on Sundays before the Christmas holidays.

The Hansenne experiments remained few in number. The 49 cases studied involved 15,000 workers. On the other hand, they seem to have achieved a high success rate as regards recruitment, increasing employment by some 5 per cent, even if this represents only 750 persons.

As from March 1987, following an agreement concluded within the National Labour Council and on the basis of the results of the Hansenne experiments, an Act governing the introduction of new work schedules was voted in, at the same time ending the Hansenne experiments. The introduction of new work schedules in enterprises was thus placed back in the traditional framework of collective labour relations.

It may be noted, to a certain extent, these arrangements of working time are in line with the objective of work sharing. But to a greater extent, they reflect flexibility concerns. The focus of labour policy making thus shifted. For a quarter of a century it had been on concertation between the social partners at the three levels (enterprise, sectoral and inter-industry). At the end of the first phase of the crisis it shifted upward to the government and political parties (the two Liberal groupings and the two Social-Christian coalitions). With the second phase it moved back down to the enterprises: the persistence of the crisis meant that suppliers of employment were viewed with a degree of reverence, and enterprises began to take the initiative of drawing up labour policy.

However, this shift could be short-lived. The issue of flexibility has yielded a compromise in which general principles have been eased, but their application has been placed under the supervision of workers' representatives. This new compromise in labour relations must take account of technological change which is transforming work itself, and must be met with a more individualised and differentiated approach. Such an approach, however, is contingent upon employment, which is still mainly subject to macro-economic determinants. The whole issue of working time will be decided at the meeting point between this
individualised approach and the collective conditions in which it can be implemented.

VI. Two other aspects

The four categories outlined above do not cover all aspects of working time. Two other measures adopted on very different aspects, deserve mention.

(i) In 1983 the Government decided to raise from 14 to 18 years, the age at which compulsory schooling ends, with the provision, however, that from 16 years onward school could be attended halftime. But it still had to set up a system of education on a reduced schedule combined with industrial apprenticeship schemes. The implementation of these two new schedules was a laborious process. The most obvious result was a decrease in the supply of labour: the activity rate of the 15 to 19 year age bracket appears to have dropped by some five points.

(ii) In 1985 an Act introduced the principle of career breaks. Workers are offered the possibility of leaving their employment for 6 to 12 months with the guarantee that they can return to their jobs after this interval. The State pays an allowance (10,504 Belgian francs per month) to a worker who interrupts his or her career temporarily, on condition that there is compensatory recruitment. These career breaks are another way of using the reduction of working time, in this case the length of working life, as a means of combating unemployment.

VII. Conclusion

Problems linked with the reduction of working time and with new types of working-hours schedules were the focus of socio-economic debates right from the onset of the employment crisis. The issue of new work schedules has gradually superseded that of working time reduction, at a time when forcible solutions were implemented by the government in order to reduce working time while keeping labour unit costs down.

Although workers' organisations keep asking for it, the demand for widespread reduction of working hours seems to have lost its momentum. The reduction in individual working time since 1985 originates first and foremost from the extension of female part-time work in the service sector; as for the early retirement system, it has helped to reduce active working life mainly in the more troubled sectors of industry. Inequality and heavy public subsidising are typical features of both these types of working-time reduction and rescheduling. The early retirement scheme is, incidentally, losing some of its significance as a result of the industry
having restructured itself and benefiting from an improvement in economic activity.

Should this trend endure, the issue of working time might well make its comeback on the agenda; rescheduling of working time, along with new types of working hours arrangements, could provide the essential elements toward a redefinition of labour relationships in the frame of a global strategy aimed at the completion of the Greater European Market and the mutations in industry and services that this will necessarily entail.

References


5 Canada: The case of Quebec

Diane Bellemare\textsuperscript{1} and Lise Poulin Simon\textsuperscript{2}

I. Introduction

During the past decade, Canada - and especially Quebec - has been the scene of heated public discussions on various aspects of working time, such as part-time work, early retirement and job sharing. As in other industrialised nations, working time is largely standardised through a number of practices drawn from the requirements of work and production. Consequently, an economic analysis of the determination of working time in relation to public interest is extremely revealing (Frey, 1978). Within this context collective action becomes the major catalyst for change. It is therefore vital to determine which economic and social factors encourage new strategies amongst trade unionists, enterprises and governments. In Canada challenges to working-time arrangements are common during periods of prolonged high unemployment and accelerated structural changes in employment (Poulin Simon, 1977). In normal periods, the pace of change is very slow.

Any analysis of the dynamics of change, as regards working time, requires an understanding of the macroeconomic context and an insight into the institutions that are likely to encourage consensus on issues of collective significance. This paper shall first examine the institutional system that determines working time in Canada, with particular emphasis on Quebec. After reviewing the economic context, it shall briefly describe the current working-time arrangements in Quebec in light of the prevailing circumstances of recent decades. Finally it shall attempt to define the nature of the voice - to quote Hirschman - on a number of aspects of working time to Quebec (Hirschman, 1970).

\textsuperscript{1} University of Quebec at Montreal.
\textsuperscript{2} Laval University.
II. The system for determining working time:  
   The institutional framework

In Canada in general and Quebec in particular, the length and organisation of working time are determined by three procedures: collective bargaining, government legislation and employer practices. In Canada the provincial governments are responsible for industrial relations and labour regulations concerning enterprises operating in their province. Under the constitution, the right to regulate employment which is national, international and interprovincial in character, such as interprovincial trade, air transport, broadcasting television and banking, is the reserve of the federal government. Only 10 per cent of the labour force is covered by the Canada Labour Code; the other 90 per cent are covered by provincial legislation, which may be less or more comprehensive than federal standards. Given this situation, the study will concentrate on Quebec although information on the whole of Canada for purposes of comparison shall be included.

The extremely decentralised system of industrial relations in Quebec and its underlying philosophy are closer to the American system than to European systems. There are two basic characteristics relevant to working-time arrangements: first, collective bargaining at enterprise level is more frequent than collective bargaining by branch of activity; second, there is a bias in favour of collective or individual bargaining with minimum state intervention. In non-unionised enterprises and in periods of severe job scarcity, this is tantamount to giving management carte blanche to establish the standards which best meet the needs of the enterprise. Given the high unemployment rate which has prevailed in Quebec for more than two decades, and the fact that more than 60 per cent of employees do not belong to a trade union, enterprises can basically do as they like provided they abide by certain minimum standards which are designed to prevent excessive exploitation of labour and unfair competition between enterprises.

The flexibility of enterprises has therefore not become a major issue as it has in Europe since enterprises in Quebec have very few restrictions placed upon them. Even workers belonging to trade unions find it difficult to protect standards established by collective bargaining. Subcontracting and the increase in precarious jobs in unionised enterprises have tended to undermine the standards that have been negotiated for regular employees. However the increase in part-time work, which is one of the natural outcomes of flexibility in working time, will most likely give rise to fierce political debate.

1. Collective bargaining

In Quebec the system of labour relations is regulated by the Quebec Labour Code which guarantees the right to organise, and requires employers and employees to bargain in good faith. Trade union certification and collective bargaining occur at the enterprise level. Local
unions join together in a federation, and federations may choose to join a
trade union confederation.

A. The importance and role of trade union organisations

(a) Over the last 30 years there has been a considerable increase in
union density in Canada and Quebec which may be attributed to
the growth of trade unionism in the public sector since the 1960s.
As may be seen in table 1, trade union density in Quebec increased
from 25.8 per cent in 1962 to 40.6 per cent in 1971, mainly due to
the unionisation and expansion of the public administration sector.
In contrast to current trends in the United States, trade union
density is still at the relatively high level of 38 per cent (Bélanger
and Mercier, 1986). Taking only employees in the private sector
into account, this figure drops to 30.2 per cent, but it varies widely
according to industrial sector, as shown in table 2. The
manufacturing, building, transport and communication sectors are
the most heavily unionised, with trade union rates of around 50 per
cent (Ingerman, 1983). Whilst the private services sector has had
the largest growth in jobs over the past 30 years, it is also the least
unionised.

(b) In Quebec the trade union movement is extremely fragmented, with
four trade union confederations representing a majority of the
federations of local enterprise unions. The Quebec Federation of
Labour represents 47.8 per cent of unionised workers; most of
whom come from the private sector. The Confederation of National
Trade Unions (CNTV) represents 19.7 per cent of these workers,
drawing primarily on those in the public sector. The two other
confederations represent 7.2 per cent of unionised workers, both
from the public and private sectors. There are also trade unions
which are known as "independent" because they do not belong to a
trade union confederation. These unions have grown considerably
over the past few decades incorporating 20.4 per cent of all
unionised employees (Ingerman, 1986). Some issues transcend the
scope of collective bargaining within the enterprise (i.e. working
time), and the fragmentation of the trade union movement can
hinder trade union solidarity and thwart attempts to introduce new
regulations that may benefit the population as a whole.

(c) Collective bargaining in the private sector is usually conducted at
the local enterprise level. In the public and construction sectors it usually
takes place at branch level. With regard to bargaining in the private
sector, trade union policies are usually shaped by conditions which are
specific to the enterprise and sector concerned. They very rarely extend
to social programmes with wider targets, except in times of extreme
economic crisis. During the past decade which was marked by a very
high rise in unemployment, various aspects of working time became major
political issues extending beyond the scope of collective bargaining. In
Quebec, as in the rest of Canada, unlike Europe, there is no permanent
Table 1: Trade union membership and trade union density in Canada and Quebec, 1962-82

<table>
<thead>
<tr>
<th></th>
<th>Canadian trade union membership</th>
<th>Trade union density: Canada*</th>
<th>Quebec trade union membership</th>
<th>Trade union density: Quebec*</th>
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<td>880,199</td>
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<tr>
<td>1982</td>
<td>3,054,444</td>
<td>34.4</td>
<td>835,507</td>
<td>37.9</td>
</tr>
</tbody>
</table>

*Trade union density: trade union membership as a percentage of remunerated non-agricultural workers.

Source: Bélanger and Mercier, 1986.

Table 2: Structure of employment by sectors (%) and trade union density—Quebec, 1971 and 1981

<table>
<thead>
<tr>
<th></th>
<th>Trade union density (%)</th>
<th>Percentage of employment</th>
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<tr>
<td>Forestry</td>
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<td>...</td>
</tr>
<tr>
<td>Mines, quarries, wells</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>40.4</td>
<td>46.7</td>
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<tr>
<td>Construction</td>
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</tr>
<tr>
<td>Communications, transport, etc.</td>
<td>51.2</td>
<td>52.3</td>
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<tr>
<td>Trade</td>
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<td>11.3</td>
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<tr>
<td>Finance, real estate, insurance</td>
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<td>Services</td>
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<td>Public administration</td>
<td>74.9</td>
<td>66.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

Source: Bélanger and Mercier, 1986.
machinery for dialogue which brings together representatives of employers, trade unions, Government and others, for the purpose of developing political consensus on matters of national interest. Collective bargaining at the enterprise level therefore remains the major means for influencing the organisation of working time.

Trade unions also influence working conditions in other working environments through the extension of collective agreements by government decree in certain branches of industry. In Quebec the Collective Agreement Decrees Act (1934) makes it compulsory to extend clauses negotiated on wages, working time, paid leave, etc. to all employees in an industrial sector covered by the Act. Nearly 150,000 non-unionised workers (ie. about 5 per cent of the workers) benefit from this extension (Brossard and Simard, 1986).

Trade unions also participate in consultations held by government at the provincial and federal levels, when the amendment of labour regulations is anticipated. These consultations usually take place through national commissions of inquiry, and given the substantial cost of conducting them, they are few and far between. In fact, they are only set up when a political issue becomes a matter of serious dispute, as with the case of part-time employment in the early 1980s (Government of Canada, 1983).

As collective bargaining takes place at enterprise level rather than by branch of activity, employers' organisations in Quebec do not play a very active role at this level. Unionised enterprises in the private sector usually rely upon private law firms specialising in labour law, or they recruit industrial relations experts. Although there are several employers associations, their activities focus on enterprise management and political lobbying. For example, the Chambers of Commerce, the Canadian Manufacturers Association and the Employers Council of Quebec act either privately by lobbying governments to further their members' interests or publicly by submitting briefs on a voluntary basis to parliamentary committees examining bills that concern them or to commissions of inquiry on matters of public concern.

B. The content of local collective agreements

Collective bargaining at enterprise level covers all aspects of working time and wage protection during temporary lay-offs. Contracts of employment, renegotiated every two or three years, specify daily and weekly hours of work and special wage rates for overtime. Overtime is usually paid at a higher rate, either time-and-a-half or double the normal rate. Collective agreements also stipulate the number of public holidays and annual leave days. Private retirement schemes, which are either negotiated or part of the enterprise's remuneration scheme, determine the guaranteed levels of income protection and the normal age of retirement entitling the beneficiary to a maximum pension. As a matter of course normal retirement age has gradually been transformed into compulsory retirement age. This practice was challenged in the early 1980s, as we shall see later in the text.
The social benefits most employees receive are dependent upon seniority in the enterprise. For example, an employee is entitled to two weeks leave after one year of service in the enterprise; three weeks after five years of service; and four weeks after ten years. These are the clauses most frequently found at the moment in collective agreements in Quebec (Government of Quebec, 1983). Because of this system of seniority, employees who change jobs must start again at the bottom rung of the ladder in accumulating entitlement to social benefits. In the case of non-unionised employees, enterprises either follow the example of other enterprises in the same sector or merely respect the minimum legal standards. This system has led to wide disparities in leave and retirement pensions, even amongst unionised workers. Given this institutional framework, the manufacturing industry and construction sector usually adjust to business and seasonal cycles by resorting to overtime at premium pay, laying off staff temporarily and recalling them on the basis of seniority as the case may be. Apart from periods of serious and prolonged crisis, employees in these sectors are usually well protected in terms of job stability and social benefits. This cannot be said for the private services sector which has always had a lower rate of trade union membership and where flexibility takes the form of casual employment, part-time work, special recruitment and dismissal practices, and overtime paid at the same rate as normal working time. Because non-unionised employees cannot rely on collective tactics or on their own individual bargaining power, unless their skills are in high demand, they have no protection other than minimum labour legislation.

2. **Government regulations and normal working time**

Provincial governments are responsible for regulations on working time, which therefore vary from one province to another. The first provincial regulations were adopted at the beginning of the twentieth century within the framework of legislation concerning manufacturing industries. In the early days these regulations only applied to women and children, as they generally aimed to prevent exploitation of the most vulnerable workers by unscrupulous employers. Dating from that time, daily and weekly limits have been imposed on the working time of women and children in some provinces, usually amounting to nine or ten hours per day, six days per week. Miners working underground were the only group of men whose working hours were subject to regulations at that time.

Further changes were made to working time as a result of legislation on minimum wages and these were gradually extended to the labour force as a whole. During the 1920s there was a sharp rise in the number of women and children working in the aftermath of the First World War, and all the provincial governments decided to introduce minimum wage rates for these workers. This was not only to prevent unfair competition between enterprises but also between this segment of the labour force and adult males (Cournoyer, 1980). As minimum wages were established on a weekly basis, it was necessary to establish weekly
working time. This ranged between 48 and 55 hours, depending on the province, and was lower than the statutory working time in the manufacturing sector, which ranged from 55 to 60 hours.

As an outcome of this same war, railway workers, most of whom were men whose work was crucial in wartime, also benefited from new government regulations which stipulated a maximum working day of eight hours, and higher hourly rates for overtime. This was the first regulation that penalised working hours over and above normal working time. It was not until the economic crisis of the 1930s that regulations on minimum wages, which established normal working time, were extended to the rest of the labour force of Quebec and Canada. The aim of extending these regulations to all wage earners was to secure a better distribution of available work (Poulin Simon, 1977). Around the same time most Canadian provinces adopted new legislation or amended existing legislation on minimum wages to regulate the normal weekly or daily working time of all wage earners, usually within the framework of amendments to legislation on minimum wages. At the end of the 1930s and thanks to the intervention of governments, the 8-hour working day gradually became the norm. In some provinces the working week, which usually consisted of six days, was shortened to five and a half days.

During the Second World War normal working time was increased to up to 60 hours per week, because of the scarcity of labour as governments relaxed the corresponding regulations. Only after the war was the standard of 44 hours adopted again at the initiative of federal and provincial governments.

A. Annual leave

Canada began to introduce regulations on minimum annual leave and public holidays during the Second World War. The way was paved by the National War Labour Board, a federal body entrusted to supervising working conditions during the war. This public body granted one week of annual paid leave to employees upon request. Soon after the war the provinces resumed responsibility for labour matters and enacted legislation granting public holidays and one week’s annual leave, usually after one year of service.

At the end of the 1950s, Canada experienced a sharp and widespread rise in unemployment for the first time since the depression. The Canadian provinces once more amended their regulations and made it compulsory for enterprises to grant two weeks of annual leave after one or more years of service. Saskatchewan and Manitoba were forerunners in this field because they granted a third week of annual leave after four or five years of service at the beginning of the 1970s.

B. Retirement age

In Quebec as in the rest of Canada, old-age protection in the form of a pension is provided in two ways: first, there are state schemes - one under the responsibility of the federal government and the other under the responsibility of the province - which guarantee people of 65 years
and more a fairly low income close to the poverty line (Bellemare, 1984); second, employees, especially those belonging to trade unions, are covered by enterprise retirement schemes. About 46 per cent of employees, whether or not they belong to a trade union, benefit from schemes of this nature, the advantages of which vary considerably from one enterprise to another.

The development of enterprise retirement schemes was accompanied by a practice which gradually become the norm: compulsory retirement at the age of 65. Before calculating the maximum pension to be paid to retired workers, enterprise schemes establish the age criterion at which the beneficiary is entitled to a maximum pension. This is called the normal retirement age. The pensions of those who decide to retire before this age are reduced by the application of an actuarial formula. Until 1982, employees could not usually remain in their job after the normal age of retirement with the expectation of benefiting later from an actuarial increase in their pension. However, many schemes contain formulas enabling employees to retire before the normal age of 65 years. These formulas either combine criteria of age and years of service or make it possible to take early retirement by accepting an actuarial cut in the pension. Some enterprises, grappling with over staffing problems have even relaxed qualifying conditions for retirement in order to make adjustments to their labour force. These practices are more common during periods of employment crisis or during the restructuring of enterprises.

C. Standards since 1973

There has been little change in provincial regulations concerning daily, weekly and annual working time since 1973, as may be seen in table 3.

Comparing the data for 1973 and 1986 shows that there has been little change in standards as a whole. In the Maritime Provinces, regulations are usually less restrictive and the overtime rate of time-and-a-half is usually calculated on the basis of the minimum wage rather than the normal wage. In all provinces certain categories of employees are excluded from the regulations.

In six Canadian provinces, including Quebec and Ontario where 61.8 per cent of the Canadian population is concentrated, the normal weekly working time is 44 hours. In 1965 the normal working week of 40 hours specified in the Canada Labour Code was adopted by the Federal Government. Since then only three provinces have followed suit: Manitoba, Saskatchewan and British Colombia which account for only 19.6 per cent of the Canadian population. In all provinces employees are entitled to two weeks annual leave after one year of service in the enterprise. In this respect there has been no change since 1973. The only exception is Saskatchewan, which in 1986, granted three weeks leave after one year of service. In 1973 only two provinces granted a third week of annual leave, and that was after four years of service. In 1986
### Table 3: Comparison of major labour standards in Canada, 1973 and 1986

<table>
<thead>
<tr>
<th></th>
<th>Minimum age of employment</th>
<th>Normal weekly working hours</th>
<th>Public holidays</th>
<th>Years of service required for entitlement to annual leave of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>17</td>
<td>17</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>14</td>
<td>0</td>
<td>44</td>
</tr>
<tr>
<td>NS</td>
<td>16</td>
<td>16</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>PEI</td>
<td>15</td>
<td>15</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>NB</td>
<td>15</td>
<td>16</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Q</td>
<td>15</td>
<td>15</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>O</td>
<td>16</td>
<td>16-16</td>
<td>48</td>
<td>4</td>
</tr>
<tr>
<td>M</td>
<td>16</td>
<td>16</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td>S</td>
<td>16</td>
<td>16</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>A</td>
<td>16</td>
<td>15-18</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>BC</td>
<td>15</td>
<td>15</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

**Sources:** Labour Canada: *Labour standards in Canada, 1973 and 1986.*

**Key:** F = Federal, N = Newfoundland, NS = Nova Scotia, PEI = Prince Edward Island, NB = New Brunswick, Q = Quebec, O = Ontario, M = Manitoba, S = Saskatchewan, A = Alberta, BC = British Columbia.

Quebec, British Columbia and Federal regulation also added a third week for workers with more than five years of service.

The number of paid public holidays varied between five and nine days per year in 1973, and six and nine days in 1986, depending upon the province. At present, both Quebec and Ontario guarantee seven days of public holidays. The minimum age of employment has changed very little since 1973, being 15 or 16 years of age according to the province. It may be noted that provinces in the West of Canada grant more public holidays and have shorter weekly working hours than do other regions. The fact that these provinces offer more generous working conditions may be attributed to the greater strength of political parties with Social Democrat leanings, especially in Saskatchewan. Since the end of the Second World War, this province has often been governed by the New Democratic Party.

### D. Part-time work, dismissals and job security

As yet none of the Canadian provinces, nor the federal Government, have adopted legislation dealing specifically with part-time work. Standards on dismissals and recruitment are much looser than in many European countries. For instance employers in Quebec only have to give an employee one weeks notice if the employee has less than one year of continuous service; two weeks if he has worked from one to five
years; four weeks if he has worked from five to ten years; and eight weeks if he has more than ten years of service. Mass lay-off notices vary depending upon the number of employees concerned and must be given eight weeks in advance, for dismissals of more than ten employees and less than 100; 12 weeks in advance for more than 100 employees and less than 300; and 16 weeks in advance over and above this number of employees. Enterprises in Quebec are under no obligation to pay a severance bonus (Poulin Simon and Nunez, 1979).

Consequently, non-unionised enterprises - and even those which are unionised - may generally do as they like with their staff. Many enterprises coped with the last economic crisis by relegating many of their newly recruited employees to occasional, temporary or part-time work. A Quebec survey of trends in job status reveals that in 1951 more than 70 per cent of employees were working full-time on a regular basis, whereas in 1981 this percentage had dropped to 50 per cent (Brossard and Simard, 1986). The proportion of casual jobs has increased most dramatically and this increase in precarious jobs has caused public uproar in Quebec (see below). The groups most affected, i.e. those new onto the labour markets, consisting of mainly youths and women, called for new legal measures to control such company practices.

In view of the low level of job protection in labour legislation unionised workers in Quebec, as elsewhere in North America, negotiated clauses on overtime, lay-offs and the rights of recall linked to seniority which replaced job-protection measures. Employees with the most seniority in the enterprise were therefore safe from arbitrary dismissals and those laid-off usually had accumulated the required number of weeks of work to qualify for unemployment insurance. By the same token, these measures encouraged enterprises to adjust to reductions in the demand for their products by cutting down on staff and under-utilising equipment rather than cutting down on working time not compensated by the state unemployment insurance scheme until 1979. When business improved and demand rose sharply, enterprises responded first of all by calling in employees on the recall list, resorting to overtime and increasing the use of capacity. New recruitments were only deemed necessary if growth in demand required new installations. These measures ensured that people who were laid-off remained available when the enterprise wished to recall them and could be called in when demand was at a peak.

In this context overtime became an extremely widespread practice in unionised enterprises and was often considered an acquired right by employees who could thus supplement their income. But these practices undermined the effectiveness of negotiated standards or regulations on normal working time. During the past few years trade unions have realised that a strategy to cut normal working time in order to alleviate unemployment would not be very effective without a challenge to the practice of compulsory overtime and precarious employment.
III. Trends in working time

During the past decade, certain features of the economic climate in Canada and Quebec have helped trigger public debate on the following aspects of working time; the high growth in part-time work linked to the increased precariousness of jobs, cuts in the length of working time and early retirement as a means to promote job sharing. First of all, there was a marked increase in jobs in the services sector accompanied by an increase in the number of women entering the labour market. This encouraged the development of part-time work. Second, during the 1970s there was a gradual rise in unemployment in all Canadian provinces, and especially in Quebec, where it has remained at about 10 per cent since 1977. Unemployment particularly affects first-time jobseekers, i.e. women and youths. Finally, there was the extremely serious economic crisis of 1981-82. In that one year unemployment in Canada rose from 7.5 per cent to 11.1 per cent, and increased from 10.8 per cent to 13.8 per cent in Quebec. The deteriorating labour market situation not only affected employees in the manufacturing sector, but also union members who had, generally been safe from unemployment during the 1970s.

1. Labour-market participation

In Canada and Quebec the composition of the labour force has changed significantly since the mid-1970s. Female participation increased considerably in all age groups under 55 years of age. Between 1975 and 1985 in Quebec and Canada respectively, it rose from 53.6 per cent and 56.8 per cent to 60.2 per cent and 64.6 for women aged between 15 and 24, and from 45.8 per cent and 52.3 per cent to 66.3 per cent and 70.4 per cent for those between 25 and 44 years of age. At the same time, there was a dramatic drop in the participation rate of males aged over 45 years. In Canada and Quebec respectively it dropped from 67.9 per cent and 68.9 per cent to 60 per cent and 58.7 per cent between 1975 and 1985. It should be recalled that during this period the increase in jobs was concentrated in sectors traditionally employing women and that the increase in part-time jobs (mostly filled by women) was much greater than the increase in full-time jobs.

Another trend that can be traced to structural changes in the labour market and the protracted unemployment crisis has been the propensity of workers to retire before reaching the age of 65 years. After the easing of restrictions in the Quebec state pension scheme in 1984, which lowered the age of eligibility for a state pension (adjusted on an actuarial basis) from 65 years to 60 years, a high proportion of new beneficiaries opted for early retirement. During the 1984 to 1987 period about 60 per cent of new beneficiaries were under 65 years of age. Prior to this period, all beneficiaries were 65 years of age and over.
2. Normal working time and overtime

It is always extremely difficult to explain trends in average working time in Canada and Quebec due to changes in the industrial structure, and the development of jobs with different associated levels of status, within enterprises. Over the past 30 years employment has grown much more rapidly in the service sector where weekly working hours have always been shorter. From 1961 to 1981, employment in the agricultural or primary sector fell at an average annual rate of 1.9 per cent. It increased by an average annual rate of 1.1 per cent in the manufacturing and construction sectors and by 4 per cent in the services sector (Ingerman, 1983). Furthermore, during this same period the spread of part-time employment has also helped to reduce average working time in all sectors.

Given that legal standards on weekly and daily working time have changed very little over the past decade, and that trade unions did not press for the reduction of normal working hours before 1980, normal working hours have generally remained very stable for regular employees in recent decades. Table 4 illustrates the development of normal working hours by branch of activity in Quebec and Canada between 1975 and 1982, excluding overtime.

The average number of normal working hours for the economy as a whole dropped from 39.3 hours in 1975 to 37.3 hours in 1982. However, when considering only the sectors in which part-time work is relatively less developed, there is evidence of great stability. In the manufacturing sector normal working time dropped from 39.3 (Canada) in 1975 to 38.7 hours in 1982 and in the construction sector from 41.9 hours in 1975 to 40 hours in 1982. Average working time dropped most spectacularly in the services sector, and part-time work increased the most (ie. retail trades, hospitals, teaching, social, cultural, leisure and personal services). More than one-quarter of the labour force in these areas works part-time.

The normal weekly hours of work defined in collective agreements in Quebec show that there is a marked difference between the weekly and daily timetables of blue-collar workers and white-collar workers. The fact that women hold the majority of white-collar jobs may explain this trend. On average, blue-collar workers normally work eight hours a day and 40 hours a week. White-collar workers work seven hours a day and 35 hours a week.

Overtime is extremely widespread in North America, especially in the most highly unionised sectors. This practice allows the enterprise a certain amount of flexibility whilst also allowing trade unions some control over the duration of normal working hours. A 1985 survey on overtime in Quebec showed that employees paid on an hourly basis worked an average of more than two hours overtime per week in the agricultural sector and almost two hours in manufacturing, construction, transport, and the public services. However employees in the services sector worked very little overtime (Government of Quebec, 1985a). The average data for 1983 revealed the extent of this practice in spite of the high unemployment rate (13.9 per cent) in Quebec that year.
Table 4: Trends in normal working hours* by sector, Quebec and Canada
Annual averages, 1975-1982

<table>
<thead>
<tr>
<th>Sector</th>
<th>Quebec 1975</th>
<th>Quebec 1982</th>
<th>Canada 1975</th>
<th>Canada 1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>All activities</td>
<td>39.3</td>
<td>37.3</td>
<td>38.9</td>
<td>37.5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>51.4</td>
<td>48.4</td>
<td>51.0</td>
<td>47.5</td>
</tr>
<tr>
<td>Forestry</td>
<td>43.2</td>
<td>42.9</td>
<td>42.2</td>
<td>42.1</td>
</tr>
<tr>
<td>Hunting &amp; Fishing</td>
<td>45.8</td>
<td>43.7</td>
<td>43.8</td>
<td>42.2</td>
</tr>
<tr>
<td>Mining</td>
<td>41.4</td>
<td>40.4</td>
<td>41.4</td>
<td>42.1</td>
</tr>
<tr>
<td>Manufacturing (non-durables)</td>
<td>39.3</td>
<td>38.7</td>
<td>39.4</td>
<td>38.9</td>
</tr>
<tr>
<td>Construction</td>
<td>41.9</td>
<td>40.0</td>
<td>41.3</td>
<td>39.9</td>
</tr>
<tr>
<td>Transport</td>
<td>41.4</td>
<td>40.9</td>
<td>41.6</td>
<td>41.3</td>
</tr>
<tr>
<td>Communications</td>
<td>37.7</td>
<td>37.5</td>
<td>37.8</td>
<td>38.1</td>
</tr>
<tr>
<td>Postal Services</td>
<td>36.5</td>
<td>35.9</td>
<td>35.6</td>
<td>36.1</td>
</tr>
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<tr>
<td>Wholesale Trade</td>
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<td>40.3</td>
<td>39.9</td>
</tr>
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<td>36.4</td>
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<td>38.2</td>
<td>37.8</td>
</tr>
<tr>
<td>Teaching</td>
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<td>34.7</td>
</tr>
<tr>
<td>Hospitals</td>
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<td>35.9</td>
<td>34.2</td>
</tr>
<tr>
<td>Doctors</td>
<td>38.2</td>
<td>33.7</td>
<td>38.3</td>
<td>35.8</td>
</tr>
<tr>
<td>Religious Organisations</td>
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<td>36.9</td>
<td>41.5</td>
<td>40.9</td>
</tr>
<tr>
<td>Recreational Activities</td>
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<td>Commercial Services</td>
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<td>Personal Services</td>
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<tr>
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</tr>
<tr>
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<td>37.2</td>
<td>35.6</td>
<td>37.3</td>
<td>36.7</td>
</tr>
</tbody>
</table>

* Normal working hours are defined as hours actually worked - overtime plus hours lost.


3. Part-time work

During the recession, part-time work increased rapidly in Canada and Quebec. The share of part-time work in total employment increased from 10.6 per cent to 15.4 per cent in Canada, and from 7.1 per cent to 13 per cent in Quebec, between 1975 and 1983. There has been little change in these figures since 1983. In 1975 and in 1983 about 70 per cent of part-time jobs were filled by women. Nearly a quarter of all working women are employed in part-time jobs which are mainly in the services sector.

A recent survey carried out by Statistics Canada shows that between 1975 and 1986, part-time work increased by 83.2 per cent in Canada, whereas total employment only grew by 25.3 per cent (Lévesque, 1987). It also reveals that part-time work has increased in all
industrial sectors and that changes in the industrial structure account for less than one-quarter of the growth in part-time work. The increase has been most keenly felt in the services sector. The survey shows that the increase in part-time work has slowed down since 1983, demonstrating the vital role that part-time work had as an adjustment measure during the last economic crisis.

4. Non-traditional arrangements in working time

During the past decade, two non-traditional systems of working time proved to be less popular than was predicted at the beginning of the 1970s. These were the shorter working week and the flexibilisation of working hours. A study carried out in 1981 for the Ministry of Employment and Immigration on the incidence of these new systems showed that they had made very little progress during the previous decade (Mercier, 1981). Less than 2 per cent of employees covered by the survey worked a short week. This system is found mainly in sectors operating 24 hours a day, five days or more a week. Its incidence is highest among non-unionised members and production workers.

Flexible working hours allow employees to stagger their working hours over a day, a week or even a month. The system has apparently gained favour especially with professional and office staff in the public and semi-public sectors. For example, the number of federal public service employees on flexible timetables increased from about 2,500 in 1973 to 12,000 in 1980, although this only accounts for 3.8 per cent of the federal public service. On the other hand, only 300 officials worked a short week in 1980.

Despite optimistic forecasts at the beginning of the 1970s in North America, these new forms of working time have failed to make much impact outside the public and semi-public sectors. Standardisation of working time is still believed to be the most effective way of organising work in private sector enterprises. The only new system of working time arrangements to do well has been that of part-time work, either on a regular or casual basis.

IV. The outcome of public debate on working time

As mentioned earlier, three aspects of working time have been the subject of widespread public debate in Quebec during the past few years: part-time work, early retirement and the reduction of the working week as a formula for job sharing. In a number of cases this debate has given rise to changes in government standards. In other cases the debate continues. At present new arrangements in working time come at the initiative of
management and include greater reliance on part-time work, greater precariousness in employment, and early retirement.

1. Part-time work

Women's groups and trade union organisations have been extremely concerned about the rapid expansion of part-time work in a period of high and persistent unemployment. The facts, which various surveys, symposiums and commissions of inquiry have tried to explain, have caused some alarm in that working conditions associated with part-time work are usually poor.

Various studies have revealed some interesting facts. First, more than 60 per cent of part-time jobs are concentrated in personal, community, and business services sectors which have very low levels of unionisation, and almost 70 per cent of part-time workers are women. Fifty-five per cent of employees paid the minimum wage are part-time workers and working conditions (even those negotiated under collective agreement) including wages and social benefits are worse for part-time workers than full-time workers in similar jobs. Although more recent studies have pointed to certain improvements, there are still wide disparities between full-time workers and part-time workers, especially with respect to annual leave and pension schemes.

Armed with surveys of this nature, unionised workers have begun calling for new policies that would either curb the expansion of part-time work or introduce specific regulations to stop the exploitation of, and unfair competition between workers. Given the poor working conditions associated with part-time work, competition even threatens the working conditions of full-time employees.

In spite of this, the Federation of Women of Quebec (FFQ), which represents the majority of women's organisations, chose part-time work as the subject of its 1977 congress. Although the Federation welcomed the extension of part-time work, its members were divided on the issue, especially since the document submitted to the congress painted a very dark and critical picture of the situation. Some members advocated improving the working conditions of part-time employees whilst others recommended that part-time work should be restricted with improvements to be made to family services (Fédération des femmes du Québec, 1977). As those attending the congress were divided, the discussion was adjourned but they nevertheless called for an amendment to the Act on Minimum Wages in order to establish framework legislation on the employment conditions of part-time female workers.

There was also a great deal of public debate over the benefits of part-time employment for certain groups in the work force. Its proponents suggested that this type of work appealed to people wanting to work fewer hours, and was a means of sharing scarce jobs. Governments took an interest in both these points.

In the 1980s, the Government of Quebec seriously considered adopting a strategy to promote the extension of part-time work in both the public and private sectors. A number of Government surveys sought
to identify the reasons for reducing working time and the obstacles inhibiting the expansion of part-time work (Government of Quebec, 1981). These surveys recommended that the State should intervene to improve conditions of part-time work and therefore encourage its expansion. However, direct attempts to get the private sector to expand part-time work was not suggested. The strategy then turned to promoting part-time work in the public and semi-public sectors by encouraging skilled and highly paid staff to accept these arrangements, in the hope that the practice would filter down to the private sector. The aim of these recommendations was always job sharing.

The numerous discussions on part-time work in Quebec and throughout Canada prompted the Federal Government to set up a commission of inquiry into part-time work. A report was submitted in September 1983. Its major recommendations were that part-time work should be extended so couples might better reconcile and share their private and occupational activities; part-time work should remain voluntary; part-time workers should have the same working conditions as regards both statutory and negotiated social benefits, as those of full-time workers (on a pro rata basis); the Canada Labour Code and the Provincial Labour Codes should be amended to guarantee minimal protection for all part-time workers. One section of the report examined employers' attitudes and practices with respect to part-time work. A large majority of enterprises indicated that they would not change their part-time policy if working conditions had to be pro rated to time worked.

Since this report was submitted, neither the Federal Government nor the Government of Quebec has adopted a policy on part-time work. Despite the fact that this type of employment is precarious, involves levels of high unemployment, and nearly 40 per cent of those who accept it have no alternative, no provisions have been made for this type of employment other than standards negotiated in sectors where trade unions are influential. Trade unions are currently aiming to establish equal working conditions, guaranteed minimum work hours per week, rights linked to seniority, and the integration of part-time workers into the bargaining unit of full-time workers.

2. Compulsory and early retirement

Over the last decade early retirement has not been the burning public issue that part-time work has, mainly due to the consensus enterprises have on it. Early retirement is a personnel policy measure that trade union organisations usually approve, since their members are covered by private pension schemes.

However, the elimination of compulsory retirement age has sparked public debate. The movement to abolish compulsory retirement age was led by people in Canada and the United States concerned with the rights of the individual, as well as by governments and especially by the older members of the Senates. Both Canada and Quebec have been influenced by the adoption of an act banning discrimination on the basis of age in 1979, by the Government of the United States. In private enterprises
employing more than 20 employees, compulsory retirement age was deferred from 65 to 70 years. It was even abolished in state-owned enterprises in the United States. In Canada at this time, only the Federal Government and the Government of Manitoba had adopted their Charter of Human Rights and Freedoms which banned discrimination on the basis of age. Federal law nevertheless makes an exception for compulsory retirement. In Manitoba the complaints lodged by people forced to retire are not filed (Canada Senate, 1978).

In 1979 the Canadian Senate carried out an initial study questioning this practice in Canada. The report of the Special Senate Committee on retirement policies raised the issue of discrimination on the basis of age (Canada Senate, 1978) and recommended its abolition. The reaction of several groups of unionised employees and the press to this suggestion was, in some cases, extremely negative. Given the high rate of unemployment in Canada, there was concern that many older workers might seize this opportunity and work beyond the age of 65 years. Some people also feared a drop in productivity if older workers did not leave their job by the age of 65.

In 1990 the Conference Board of Canada examined both these sources of concern. In a survey it set out to explore compulsory retirement practices and the repercussions that a ban on such practices would have. The survey, carried out amongst employers before the crisis of 1982, showed that early retirement was already extremely widespread, since 50 per cent of employees covered by private schemes retired before 65 years of age, either by personal choice or for health reasons. From the results of the survey the Board predicted that people would not continue to work after 65 years of age in spite of the ban on normal retirement age, and established that enterprises did not believe employee productivity decreased with age.

In 1982 the Government of Quebec adopted legislation making compulsory retirement illegal. It prohibited employers from dismissing workers on the basis of age or because they were entitled to a full pension. However in 1983 the Government amended the Quebec pension scheme to make it possible for employees to draw on their pensions from 60 years of age with an actuarial cut in the benefit. The public scheme would not incur any additional costs through these early retirements because the expense would be borne by the retired employees themselves. The Federal Government subsequently made the same amendments to the Canadian pension scheme, which applies to employees throughout the rest of Canada. It banned compulsory retirement age and paid early retirement benefits.

In contrast to the situation in some European countries, personnel management policies in Quebec are more likely to influence retirement trends than state policies. This phenomenon further emphasises the disparities between employees upon retirement. It is mostly private schemes that offer employees the opportunity to decide when to retire. However, more than 50 per cent of employees are not covered by such schemes, some of which only guarantee very low pensions. During periods of unemployment, restructuring of enterprises and rapid
technological change, some employees have no choice but to retire in spite of their low incomes. On the other hand, some employees with several years of seniority are offered very good retirement conditions, especially those with many years of service in state owned enterprises or in large private enterprises. Personnel management policies might lead to new practices of compulsory retirement, under the guise of health problems. Furthermore, the amendments made to the state retirement scheme indicate that the Governments of Quebec and Canada are encouraging early retirement.

3. The reduction of the working week to promote job sharing

The reduction in the working week as a means of promoting job sharing did not become a public issue until the crisis of 1982, much later than in Europe. All groups were very pessimistic about the high rise of unemployment, which affected not only employees in the primary but also in the secondary labour market. It was also widely felt that economic recovery could not completely bring down unemployment because of the rapid pace of technological change. As in a number of European countries, it was mainly trade unions who advocated a shorter working week. Although employers were in favour of extending part-time work and allowing early retirement, they were generally opposed to cuts in the working week. For its part, the Government of Quebec encouraged cuts in working time in all its forms in the public sector.

A. The point of view of trade union organisations

The two major trade union confederations in Quebec, the Confederation of National Trade Unions (CSN) and the Federation of Workers of Quebec (FTQ) incorporated the issue of job sharing into their programme of action at the beginning of the 1980s (CSN, 1984). They identified items of specific interest to trade union members and organisations: overtime, double-jobbing, compensation for reduced working time, early retirement and advantageous systems of cutting working time. On the issue of compensation for reduced working time, the trade union viewpoint is interesting and novel; the unions insist that an additional hour of leisure is as tangible a benefit as is a salary increase!

Concerned by unemployment and the repercussions of reduced hours of work on employment, the FTQ did not recommend full compensation for reduced hours or an across-the-board reduction of weekly hours of work (FTQ, 1983). Instead it suggested a programme of various forms of leave which would promote job-sharing, preclude the systematic opposition of enterprises and further one of its basic principles - improvements in the quality of life. Amongst other things, it proposed to step up the existing practice of shorter summer schedules by calling for leave on Friday afternoon, leave without pay for training purposes, extended annual holidays for workers nearing retirement and longer rest breaks during the day. The study was less forthcoming on the subject of
overtime and double-jobbing because of traditional practices in the manufacturing and construction sectors where it recruits its members, however it did question these practices and proposed measures of trade union control. Overall, it favoured early and flexible retirement over a reduction in the working week.

B. The point of view of governments

Whilst reluctant to adopt a global strategy to reduce the working week, the Government of Quebec did decide to promote this objective. In 1983 the Ministry of Social Affairs was requested to "draw up an action programme to make job sharing accessible to all those who would like to benefit from it" in the public administration and semi-public sector. An initial report took stock of the situation and concluded that all state bodies should adopt new arrangements in working time (Government of Quebec, 1984a). An opinion poll carried out in the public service in the same year showed that a high proportion of state officials were in favour of reduced working time. Consequently, an inter-ministerial working group was appointed by the Government to study the situation in state bodies and draw up a plan of action to reorganise the length of working time. This plan of action was submitted in April 1985.

A number of government studies also assessed the situation in the private sector (Government of Quebec, 1984b and 1985b) recommending that changes be encouraged through incentives rather than by mandate in regulations or legislation. It seemed impossible to achieve further job sharing in the private sector in Quebec without the co-operation of the workers themselves. In 1985 the Government launched a pilot programme known as the concerted programme to organise working time. A tripartite committee (employers, trade unions, government) was set up to negotiate its application in enterprises.

Alongside this campaign to promote permanent reductions in working time, the employment crisis led to the development of the temporary job-sharing system through more flexible regulations on unemployment insurance (Poulin Simon and Tremblay, 1984). In 1977 the Federal Government which was responsible for this programme, adopted an initial pilot project of temporary job-sharing, financed by unemployment insurance funds patterned after that in the Federal Republic of Germany. On the pretext that it was too expensive, the Government ended this project in 1979. It restarted the project in 1982 due to the worsening unemployment situation and the rise in dismissals in the manufacturing sector. The programme sought to avoid temporary layoffs whilst helping enterprises to avoid recruitment costs when re-employing workers.

In short, the Government of Quebec has taken a strong interest in the issue of job sharing. New working-time arrangements designed to introduce job sharing are starting to emerge in the public service and semi-public sector. It remains to be seen whether the concerted programme to organise working time will succeed in the private sector.
For their part, the trade union organisations have made their members aware of the significance of job-sharing measures upon which they exert a certain control. These include the reduction of overtime or compensation in leave rather than in wages.

V. Conclusion

Institutions in Quebec and Canada differ in a number of ways from those in Europe. These differences may explain the new arrangements in working time and the process of adjustment. First, collective bargaining is extremely decentralised. Leading trade unions can impose new systems of working time. But enterprise-level bargaining makes it possible for employers to oppose any demands for permanent cuts in working time if these do not also apply to their competitors, and this ultimately slows down adjustments.

Second, state pension schemes play a less important role and government standards are less generous as regards annual leave. Private pension schemes subject to collective bargaining give enterprises the leverage to barter for early retirement as a means of adjusting staffing levels. Similarly, annual public holidays are also a matter for decentralised collective bargaining. This specific nature of North American industrial relations leads to greater duality in the labour market.

Third, the regulations on dismissals are less restrictive in Canada and Quebec than in Europe. For instance, enterprises, especially those which are not unionised, are able to change their levels of employment by resorting to lay-offs (dismissals with right of recall), temporary work, part-time work and dismissals. This situation might explain the lack of a true public debate on the flexibility of enterprises in Canada and Quebec.

Fourth, in Canada, the provinces are fully responsible for labour relations. The advantage of this system is that labour legislation can be adjusted to the specific economic characteristics of the various regions which differ widely from an economic standpoint. The disadvantage, however, is that a provincial government may hesitate to adopt new labour legislation which it considers too generous, compared with that of other provinces, in the competition to attract employment. In the case of Quebec, the competing province is Ontario.

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6 Federal Republic of Germany

Gerhard Bosch

I. Introduction

In the early 1950s reductions of weekly and annual working time in Germany began and continued until the first oil crisis. Real annual working hours were reduced from 2,316 in 1950 to 1,737 hours in 1975. Due to this being a period of rapid economic growth, reductions of working time, substantial wage increases and improvements in the structure of working time (mainly through the introduction of the free Saturday) were implemented concurrently without major industrial disputes.

However, this situation changed with the first oil crisis. Growth rates declined. The trade-off between working-time reductions and wage increases became obvious to workers and unions. Employers resisted further reductions of working time as well as real wage increases, and demanded more flexibility of working time including more night and weekend work. While in most other European countries strike activities fell dramatically due to the economic crisis, in the FRG more working days were lost through industrial disputes between 1976 and 1985 than in the decade before (1976 to 1985 - 11,217 million days; 1966 to 1975 - 6,999 million days). These conflicts were mainly about the reduction and flexibilisation of the working week, while there were practically no industrial conflicts on this subject in the preceding years. Since 1985, though working time remained one of the most controversial issues between the social partners, it did not, however, end in strikes as in the years before.

To explain the present state of the German debate on working time we consider first the economic and labour market developments over the last two decades (section II), and the institutional and contractual framework of working-time regulations (section III). An outline of working-time policies of the State, the employers and the unions (section IV) is followed by an overview of the implementation of the reduced

working week within enterprises (section V). The paper will be concluded by a look at future developments with regard to work and working time in the FRG and the United Germany (section VI).

II. Economy and labour market in the FRG

As the various factors which stimulated economic growth in West Germany in the post-war era such as rebuilding, integration into the world market, and rearmament gradually disappeared, from the 1950s, the average growth rate of the economy declined continually between one economic cycle and another. From 1960 to 1974 productivity per hour was growing faster than output. The total volume of working hours per year declined from 56,085 to 48,611 million hours; the employment gap (13.3 per cent reduction of the volume of working hours) could be effectively closed only by a relatively rapid reduction in working hours (14.7 per cent) which resulted in redistribution within the labour market (see table 1).

Although from an employment policy point of view the need for a rapid cut in hours of work has strengthened, the rate at which reductions have taken place since 1975 has slowed considerably. Whilst from 1960 to 1975 the reduction of actual annual working hours was on average 1.1, between 1975 and 1984 it only amounted to 0.4 (see table 2).

But these reductions in working hours per employee (1975-1984 5.9 per cent) were not sufficient to offset the shortfall in total working hours (-10.2 per cent). Therefore between 1974 and 1984 about 1.2 million jobs were lost. The FRG was in this decade one of the developed capitalist countries with the most favourable employment development (OECD, Economic Outlook, 12/1985).²

In addition, from 1973 to 1984 the potential labour force³ increased by 1.6 million people from 27.2 to 28.2 million (0.4 million men and 1.2 million women) following the earlier increase in the birth rate and a rising labour force participation rate of women. As a result of all these factors the number of registered unemployed rose to million (plus 0.5 million unregistered unemployed) on average from 1975, and above 2 million from 1983 (plus 1.1 million unregistered unemployed).

Since 1984 the number of hours worked in Germany has increased due to the economic upswing, but this increase has only been marginal. The number of people employed increased much faster because of the reduction of working hours and a lower productivity increase. The number of registered and unregistered unemployed increased slightly

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² Employment in 1985, in the Federal Republic, was 93.9 (1973 = 100), in France 99.8, in Italy 107.6, in Japan 110.8, in the USA 125.8.

³ The potential labour force includes the employed, the registered unemployed and the non-registered unemployed (the so-called hidden reserve), which is estimated.
Table 1: Economic development in West Germany (1960-1988)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>TVWH</th>
<th>N of E</th>
<th>WTPE</th>
<th>PPWH</th>
<th>PPE</th>
<th>PWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>728,940</td>
<td>56,085</td>
<td>26,063</td>
<td>2,151.9</td>
<td>13.0</td>
<td>27,968</td>
<td>26,381</td>
</tr>
<tr>
<td>1974</td>
<td>1,275,100</td>
<td>48,611</td>
<td>26,497</td>
<td>1,894.6</td>
<td>26.2</td>
<td>48,122</td>
<td>27,284</td>
</tr>
<tr>
<td>1984</td>
<td>1,535,990</td>
<td>43,631</td>
<td>25,283</td>
<td>1,725.7</td>
<td>35.2</td>
<td>60,752</td>
<td>28,756</td>
</tr>
<tr>
<td>1988</td>
<td>1,691,670</td>
<td>43,769</td>
<td>26,036</td>
<td>1,681.1</td>
<td>38.7</td>
<td>65,058</td>
<td>29,658</td>
</tr>
</tbody>
</table>

1960-74(%)  +74.9  -13.3  +1.7  -14.7  +101.5  +7.1  +3.4
1974-84(%)  +20.5  -10.2  -4.6  -5.9  +34.4  +26.2  +5.4
1984-88(%)  +10.1  +0.3  +3.0  -2.6  +9.9  +7.1  +3.1


Key: GDP = Gross Domestic Product (million DM)
TVWH = Total Volume of Working Hours (million hours)
N of E = Number of Employed (in 1000)
WTPE = Working Time Per Employee (hours per year)
PPWH = Productivity Per Working Hour (DM)
PPE = Productivity Per Employee (DM)
PW = Potential Work force (in 1000)

since the potential work force increased again from 28.8 million to 29.7 million in 1988.

While the internal balance of labour market development in West Germany was very unfavourable, the West German economy was very successful on the international markets and increased its trade surpluses substantially. Because of these surpluses the elbow room of German economic policy was not limited by trade balance deficits as in most other industrialised countries. Most international observers expected the German government therefore to combat unemployment by an expansionary policy. The newly elected conservative government, however, turned towards restrictive supply-side policy which kept unemployment high and helped the German economy to even extend trade surpluses (1984 + 24.1 million ECU; 1988 + 60.9 million ECU).

It was the combination of high unemployment, substantial losses of jobs, increasing labour supply, low rates of working-time reductions, low growth rates and labour markets projections which prognosed mass unemployment up to the year 2000 (IAB, 1989), and finally the switch of government policy towards a supply-side policy which caused the unions to make working-time reductions their major demand. Because of the outstanding German competitiveness the unions could afford to argue for
Table 2: Working hours per employee, 1960-1990

<table>
<thead>
<tr>
<th>Year</th>
<th>Agreed (contractual) working hours</th>
<th>Actual working hours per year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>1960</td>
<td>44.6</td>
<td>15.5</td>
</tr>
<tr>
<td>1970</td>
<td>41.5</td>
<td>21.2</td>
</tr>
<tr>
<td>1975</td>
<td>40.3</td>
<td>24.3</td>
</tr>
<tr>
<td>1980</td>
<td>40.1</td>
<td>27.3</td>
</tr>
<tr>
<td>1981</td>
<td>40.1</td>
<td>28.0</td>
</tr>
<tr>
<td>1982</td>
<td>40.0</td>
<td>28.8</td>
</tr>
<tr>
<td>1983</td>
<td>40.0</td>
<td>29.6</td>
</tr>
<tr>
<td>1984</td>
<td>40.0</td>
<td>29.9</td>
</tr>
<tr>
<td>1985</td>
<td>39.8</td>
<td>30.1</td>
</tr>
<tr>
<td>1986</td>
<td>39.5</td>
<td>30.2</td>
</tr>
<tr>
<td>1987</td>
<td>39.4</td>
<td>30.5</td>
</tr>
<tr>
<td>1988</td>
<td>39.2</td>
<td>30.6</td>
</tr>
<tr>
<td>1989</td>
<td>38.9</td>
<td>30.6</td>
</tr>
<tr>
<td>1990</td>
<td>38.7</td>
<td>30.7</td>
</tr>
</tbody>
</table>

Average percentage reduction per year:

| Year | 1960-75 | 1975-84 | 1984-85 | 1984-90
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In agreed working hours</td>
<td>1.0</td>
<td>0.3</td>
<td>1.4</td>
<td>0.7</td>
</tr>
<tr>
<td>In actual working hours</td>
<td>1.0</td>
<td>0.4</td>
<td>1.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Of full-time employees</td>
<td>1.1</td>
<td>0.5</td>
<td>1.3</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Key: A = Working hours per week  
B = Annual leave (days)  
C = Working hours per year  
D = Overtime hours worked  
E = Hours lost through short-time, bad weather and disputes  
F = Hours lost through sickness  
G = Hours worked by full-time employees  
H = Part-time effect  
I = Hours worked by all employees

Notes:
1. In 1987 and 1988 two more public holidays than in previous years fell on weekend days, offsetting the working-time reduction.
2. Provisional.

working-time reductions in an offensive manner. They regarded the flexibility which was demanded by the employers purely as concessions and not as a necessary element of future working-time structures as was the case for trade unions in other European countries.  

III. Regulation of working time

Working time in Germany is regulated by a number of laws. Work on Sundays has generally been forbidden, except for social or technical reasons, since 1869 (Commercial and Industrial Activities Law, Gewerbeordnung). The working-time law (Arbeitszeitordnung) dates back to 1938 and still proceeds from a standard working week of 48 hours. It allows the extension of daily working time including overtime, from eight to ten hours for thirty days per year, and of the weekly working time to 60 hours, which has to be paid with a wage supplement of at least 25 per cent per hour. It prohibits night work for female workers (not for salaried employees) and prescribes three rest periods every 8-hour shift, one of half an hour and two of 15 minutes. In the holiday entitlement law (Bundesurlaubsge setz) minimum paid holidays of 18 working days were established in 1968.

The youth protection law (Jugendarbeitsschutzgesetz) restricts the maximum weekly working hours of young employees (18 years and below) to 40 hours and guarantees minimum paid holidays of 30 working days per year for 16 year olds, 27 days for 17 year olds and 25 days for 18 year olds. The maternity protection law (Mutterschutzgesetz) grants leave to mothers, six weeks before the birth and 8 weeks after, on full pay.

Some states (Hamburg, Bremen, Nordrhein-Westfalen) passed laws on paid educational leave (Bildungsurlaub) whereby each employee is entitled to one week per year to undertake education or training.

The law regulating trading hours (Ladenschlußgesetz) (until October 1989) limited opening hours from 7.00am to 6.30pm Monday to Friday and from 7.00am to 2.00pm on Saturday (first Saturday each month 7.00am to 6.30pm). Therefore evening, night and Sunday work was not allowed in the retail sector (this also applies to self-employed people). Since October 1989 shops have been allowed to open on Thursday evenings until 8.30pm.

The working-time laws provide minimum standards which cannot be undercut by collective agreements. For most employees standard

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4. The Italian unions for example accepted the necessity of more flexible working-time structures to improve the competitiveness of Italian industry with their trade deficits. There was an open controversy between Italian and German unions in the mid-1980s. This controversy seems to reflect more the different economic conditions than fundamental ideological disputes between the German social democratic and the Italian communist trade union.
weekly working hours, holiday entitlements and supplements for overtime, night and Sunday work are now determined through collective agreements, which guarantee better conditions than the law. Working-time law still allows a regular yearly working time of 2,360 hours (without overtime). The average agreed working time was, however, 1,730.5 hours in 1988. Agriculture had the highest agreed working time per year with 1,800.5 hours and the Steel Industry the lowest with 1,655.76 hours. Most employees are now entitled to 30 days holiday per year (agriculture 24 days, miners 35 days) (Kurz-Scherf, 1988 and 1989).

After the Second World War the formerly split and very often antagonistic blue collar, white collar, socialist, Christian and liberal trade unions united in 16 industrial unions which belong to one federation (Deutscher Gewerkschaftsbund, DGB). The DGB represents 7.8 million trade union members (1989) (about 85 per cent of all trade union members and 32.1 per cent of all employed). In collective bargaining the DGB-Unions hold a monopoly position. Only in a few white collar sectors such as banking and insurance does the DAG participate with some real influence. These united unions have collective agreements which simultaneously cover white and blue collar workers and all firms of a bargaining region which are members of the employers' organisations. The bargaining regions usually cover big spatial units, mainly federal lands. Two-thirds of all members of the DGB are concentrated into four big unions (engineering union — 2.6 million, public service — 1.2 million, transport and communications workers' union — 0.7 million, building and construction workers' union — 0.5 million).

This trade union structure forced employers in key sectors to centralise their organisations even though their stated preference is for decentralised organisations and decentralised bargaining. For example, the employers' organisation in the metal industry (Gesamtmetall) has an inverse structure to the engineering union (IG Metall). This is justified (in misinterpretation of their own relative strength) as follows: "If a wolf (the IG Metall) forces its way onto a farm, the farmer needs a German shepherd dog and is not helped by six sausage dogs".

Some collective contracts are declared generally binding on all employers in a given bargaining district by the Minister of Federal Labour, irrespective of whether they belong to the employers organisation or not. In 1988, 539 collective agreements for 4.5 million workers were declared generally binding, mainly in less concentrated branches like construction, retail trade and metal trades, to stop unfair

5. Beside the DGB there still exists three other trade union federations. A white collar union (DAG) with 450,000 members, the Christian Trade Union Federation (CGB) with less than 190,000 members and a Union of civil servants (Beamtenbund) with 820,000 members. The Union of civil servants, however, does not have collective agreements and serves mainly as a lobby for political enactments.

6. The centralised employers' associations in the branches are, however, very small units. They mainly concentrate on collective negotiations and political lobbying. Interests of single branches are represented by more decentralised associations representing firms with similar products (like automobiles, machine tools, electronics).
competition through low wages and long working hours, and to guarantee the budget of branch funds for retraining and early retirement (construction industry).

Thus the collective agreements on working time cover approximately 90 per cent of all employees, excepting about 100,000 non-contract salaried employees whose salaries are above the level of collective agreements, and employees in some small firm sectors which are not covered by a generally binding agreement (e.g. fast food). By international standards, West Germany had achieved a fairly high wage and working-time standardisation across firms, regions and industrial sectors. The agreements of the metal-working union (IG Metall) usually set the pace in post-war collective bargaining. The metal-working industry was the most important sector of the manufacturing industry, covering machine tool, automobile and electronics with about 4 million employed. In this sector working time was reduced from 48 to 45 hours in 1956 and to 40 hours in 1967, the other sectors followed this guideline with a delay of several years (Schneider, 1984, Schudlich, 1983, Scharf, 1987).

The possibilities for plant agreements between management and works councils are limited. They can only improve working standards of collective agreements and regulate the implementation of the agreed standards to the specific conditions of the plant. New forms of working time like part-time and flexi-time which were not yet regulated in collective agreements and broader possibilities foreseen in collective agreements for plants to implement flexible time schedules, recently increased the importance of plant bargaining in the FRG substantially.

The "horizon" of relevant interests which can be represented by the works councils is narrower than that of the union. They represent just the work force of one plant.

Their wages and job security depend on the economic success of the plant. Thus there is a tendency towards "enterprise egoism", particularly in times of recession. This phenomenon is enforced by the German Works Constitution Act. Although more than 80 per cent of works councillors are members of the engineering union, the works councils are not trade union organisations. The works councils are subject to many restrictions by the Works Constitution Act. They have to co-operate in "good faith" with management, and are not allowed to call for strikes.
IV. Working-time policies of the State, the unions and the employers in the 1980s

1. Collective agreements on the reduction of weekly working time

(a) The way to the 35-hour week

In 1984 one could observe a unique convergence of standard working hours for full-time employees between branches and regions in the FRG. The reason for this assimilation was that since 1975 all employers' organisations had agreed between themselves that they would not negotiate beyond the boundaries of a 40-hour week and 30 days annual holiday for white- and blue-collar workers. The Federation of Employers Associations (Bundesvereinigung Deutscher Arbeitgeberverbände) intervened several times in regional negotiations to prevent divergent agreements. To ensure peaceful negotiations the only option left was to also introduce the 40-hour week and 30-day annual holiday also in economically weaker branches and regions. Through this centralisation of their working-time policy, employers could reduce the speed of the reduction of agreed annual working hours from 1.0 per cent per year (1960-1975) to 0.3 per cent (1975-1984) (table 2).

Faced with increasing unemployment, the unions demanded further reductions of working time. However, in 1978-79 the steel industry's union for metal and engineering workers (IG Metall) faced by the united opposition of employers, failed after a six week strike, to achieve their objective of a 35-hour week. However, they did succeed in gaining considerable improvements in holidays in addition to extra holiday entitlement days for older employees and shift workers.

Because of this strike the method by which the desired reduction in working time should be achieved became an issue of controversy between trade unions. Most unions proposed a further reduction of the retirement age to 58 years. This seemed to be a proven way by which union demands could be secured through the State, and also one which avoided major conflict with employers.

However, it soon became evident that in most industries the structure was such that a reduction of the age limit to 58 years would only produce minor effects. This was because in the 1970s, apart from increased holidays, early retirement was the main method of reducing working time. In 1972 a flexible retirement age was introduced allowing employees to retire at any time between the ages of 63 and 65 years. Women (since 1957), the disabled (since 1980) and those unemployed for one year (since 1957) can retire at the age of 60 years. In 1986 access to pensions was eased for those employees unfit to work (IAB, 1986). In addition, with the informal agreement of the employment offices, early access by the unemployed to retirement was used in cases of redundancy. Employers dismissed 58 or 59 year old employees and paid them a
subsidy which constituted their unemployment benefit until early retirement.

In 1984 the average retirement age for blue-collar workers was down to 57.9 years and for white-collar workers to 60.5 years. Further reduction of the retirement age affected a much smaller proportion of the employed than ten years earlier, because employment in the high age bracket has declined considerably. The participation rate for 55-64 year old men declined from 83.2 in 1968 to 56.5 per cent in 1988 (Bäcker and Steffen, 1988). This particularly applied to the area covered by the IG Metall union, which includes industries where recent redundancy schemes and high numbers of workers with health problems are concentrated. After considerable internal conflict during 1982/1983 IG Metall demanded a return to the 35-hour week.

The employers offered to conclude an agreement on early retirement plus an increase in wages of more than 3 per cent (slightly above the expected rate of inflation), with the intention of buying off the trade unions. Beyond that, they demanded individually agreed flexible part-time work and flexible annual contracts (which would allow working hours to be scheduled in line with seasonal demand). Furthermore, capital-intensive and expanding companies were interested in an extension of weekly operating hours and a reintroduction of Saturday and Sunday work.

The situation in the Spring of 1984 was compared to "two locomotives careering towards each other at full speed". The IG Metall in Hessen and Baden-Württemberg was on strike for seven weeks from the middle of May 1984, and the "printing and paper" union was on strike throughout West Germany for 12 weeks from the middle of April. The unexpected ability of the trade unions to hold out in these disputes, and particularly in the prosperous auto industry, forced employers to agree to working-time reductions (Bosch, 1986).

From April 1, 1985 the weekly working hours were reduced to 38.5 hours with full wage compensation (see figure 1). But the reduction was conditional upon increased flexibility of hours:

(a) **Differentiation:** Individual working hours per week could be agreed between 37 and 40 hours. But the average of individual agreed hours per enterprise must be 38.5 hours.

(b) **Variation:** The weekly hours of work may be spread uniformly or non-uniformly over the five working week days. The specified weekly hours must be achieved in the average taken over two months.

(c) **Decentralisation:** The exact timing of working hours, the individual differentiation, and the variation of working hours had to be agreed at the enterprise level between management and the works council.

The agreements for the 38.5-hour week ended a 10 year period in which all collective bargaining on working-time reduction and flexibilisation was blocked. In the following years the employers
changed their strategy. They knew that reductions of weekly working hours became increasingly popular (see table 3) among the employees and that the unions - mainly the IG Metall - were determined to strike again, if necessary, for working-time reductions. Such a strike would have severe repercussions for them, especially as the economy, since 1985, has been in an upswing that continues until today (1990).

They did not want to be blamed publicly again for causing conflicts through an uncompromising position. But in return for further reductions they demanded more flexibility of working time and long running agreements which guaranteed them stability for many years.

In 1987 a new agreement was signed in the metal and printing industry. The working time was to be reduced in two stages to 37 hours with full wage compensation (figure 1). The unions again had to concede more flexibility. Obviously there is a trend towards calculating working-hour differentials over longer time periods. Weekly working-time averages are now calculated over six-month periods whereas previously they were averaged over two months. This agreement was concluded for three years. Such an exceptionally long-range agreement was accepted by the IG Metall because it relaxed the conflict between wage increases and working-time reductions. The employers' organisations considered the agreement as a way to flexible yearly time schedules and to pacify of the most powerful union (IG Metall). It was to run for three years.

The assumption on which such a long-term agreement was based was the stability of consumer prices. Consumer prices remained stable between 1986 and 1988 (1986 -0.2 per cent; 1987 +0.1 per cent; 1988 +1.0 per cent) but rose in 1989 (+3.0 per cent). At the same time the share of wages of the GNP fell from 71.5 per cent in 1975 to 64.8 per cent in 1988, the lowest percentage since the 50s. Profits exploded because of wage restraint. The employers refused to negotiate additional wage increases before the agreement expired. The unions had no legal means to force the employers to negotiate, because in the German system of collective bargaining, unions are not allowed to strike during the term of an agreement. In conclusion, IG Metall decided was that it would not sign a long-term agreement on wages again, since it does not allow for negotiations if economic conditions change.

Only six years after the threshold of 40 hours a week was passed the unions reached the first agreements on the 35-hour week. In the metal and printing industries, working time will, however, not be reduced to 36 hours a week before 1993 and to 35 hours before 1995 (see figure 1). Working hours cannot be negotiated again before 1998. Wages were not included in this extraordinarily long term agreement. There was only agreement on a wage increase of 6 per cent for one year. Further wage increases including the compensation for the working-time reductions will be negotiated on a yearly basis. The unions conceded again to more flexibility. Thirteen per cent of the employees in a plant may opt for longer regular working hours of up to 40 hours a week. However, nobody can be obliged to work 40 hours. These longer hours should either be paid (without overtime supplements) or compensated by sabbaticals within two years. Employees with small children have the
### Figure 1: Agreements in the engineering industry 1984 and 1987 and 1990

<table>
<thead>
<tr>
<th>Agreements</th>
<th>Agreed weekly working hours</th>
<th>Wages</th>
<th>Individual differentiation</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>38.5 hours (1.4.85)</td>
<td>+3.3% (1.4.84)</td>
<td>between 37 and 40 hours (average in plant 38.5 hours)</td>
<td>within 2 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2.0% (1.4.85)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2.9% wage compensation for the reduction (1.4.85)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>37.5 hours (1.4.88)</td>
<td>+3.7% (1.4.87)</td>
<td>between 36.5 to 39.0 hours (average in plant 37.5 (1988) or 37.0 (1989) hours)</td>
<td>within 6 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2.0% (1.4.88)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2.66% wage compensation for the reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37.0 hours (1.4.89)</td>
<td>+2.6% (1.4.89)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1.35% wage compensation for the reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>36.0 hours (1.4.93)</td>
<td>+6.0% (1.3.90)</td>
<td>13% of the employed of a plant may prolong working hours to 40 hours per week on a voluntary basis (compensation by wages or as sabbaticals within 2 years)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>35.0 hours (1.10.95)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. 18% in Baden Württemberg, where collective agreements also regulate the working time of the non-contract salaried employees, whose salaries are above the level of the collective agreements.

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right to work flexi-time. In plants with more than 500 workers, parents may take a parental leave of 5 years and are guaranteed re-employment.

The unions feel strongly enough to want wage compensation for working-time reduction in future. They also regard the new forms of flexibility not only as concessions to employers but also as chances to improve working conditions of highly skilled white- and blue-collar workers. Because of the increasing importance of just-in-time production, project work in R and D and assembling installation, the only chance to get working-time reductions implemented for these groups seems to be through sabbaticals.

The employers signed the contract to avoid an open conflict in a very profitable period of economic growth and because working hours
Table 3: Preferences of working-time reductions (all employed)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employed in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1981</td>
</tr>
<tr>
<td>Reduction of weekly working time</td>
<td>20</td>
</tr>
<tr>
<td>Earlier retirement</td>
<td>44</td>
</tr>
<tr>
<td>Longer holidays</td>
<td>36</td>
</tr>
<tr>
<td>Against each reduction</td>
<td>1</td>
</tr>
<tr>
<td>No answer</td>
<td>—</td>
</tr>
</tbody>
</table>

Note: 1) not asked.

were fixed for 8 years. They expect other countries to follow the German working-time reductions to reduce risks of competitiveness. Both partners wanted to come to terms to concentrate on the new tasks which resulted from the monetary and social union of the two Germanies in June 1990 and the following re-unification.

The avant-garde agreements on weekly working-time reductions of the engineering and printing unions were followed by corresponding agreements in other sectors. Until December 1989, 89 per cent of all employees in West Germany covered by agreements worked less than 40 hours. The average agreed weekly working time was 38.5 hours and will go down to 38.1 hours when all existing agreements are implemented. The reduction of working hours is slowly spreading throughout the economy (Bispinck, 1989a).

(b) Regulating flexibility

In some sectors, as in the metal working industry, the unions had to concede more flexibility for working-time reductions. In many of these contracts the period of variation was prolonged (Bispinck, 1989b), so that working time is in most cases calculated over a period of several months (gross trade), half a year (chemical industry) or a year (furniture industry). In some sectors restrictions for evening (banks) or Saturday work (insurance) were loosened. In the textile industry operating hours may be extended (without Sunday), if the works council agrees, and the workers are given an additional reduction of 3 hours per week.

The dispute of 1984 stimulated a more comprehensive view of working-time issues. This also changed the evaluation of past practices. The unions, for example, became more sceptical regarding overtime, because the employment effect of working-time reduction could be
diminished by an increase in overtime hours. They also became more sceptical regarding flexi-time, because this is not yet regulated by collective agreements and is mainly adjusted to the needs of individual enterprises. The employers were left with the impression that they had relied too much on expensive overtime hours and not fully utilised flexi-time arrangements in the past. These changed views of traditional practices on both sides increased the number of (very often controversial) issues in collective bargaining. Trade unions are beginning to negotiate on flexi-time and part-time, both of which have not yet been regulated by collective agreements. In addition, unions are trying to limit the use of overtime.

The first flexi-time agreement was signed at the Volkswagen car company in December 1988. It stated maximum daily working hours (9.5), core working hours (5), maximum weekly credit and debit hours per month (8), and allowed employees to take one day off per month having acquired enough credited hours.

Since 1989 employers in the retail trades may not offer part-time contracts with less than 20 hours per week. This measure was introduced to halt the increasing numbers of part-time workers not covered by national insurance. Contracts with fewer hours may only be made if the employees want such hours. Part-time employees must work a daily minimum of four hours to avoid minishifts of one or two hours. In shops with more than 100 employees women are entitled to unpaid parental leave of up to four years.

Employers' associations are interested in offering some guarantees to make flexi and part-time work socially more acceptable. At the end of the 80s the labour market in Germany became tighter and more and more employers found it difficult to recruit workers under unattractive working-time conditions. Unions want to internalise the vast amount of plant agreements on new forms of working time into regional and branch agreements to prevent a loss of influence with the increasing importance of plant bargaining. Furthermore, it became clear that the growing number of women and white-collar workers could only be organised by unions if their typical working-time patterns were no longer neglected as in previous years.

"Regulating flexibility" seems to have become a new field for collective agreements. It again increases the importance of branch agreements and reinforces a centralisation of bargaining. At least in the German context of collective bargaining, flexibility leads not only to a decentralisation of bargaining. It seems to be more appropriate, in light of recent developments, to speak of a more complex division of labour between the regional or branch-wide collective and enterprise bargaining.

7. Volkswagen is the only car company which has its own collective agreement. The other car companies are covered by the regional agreements of the engineering industry.

8. Plant agreements in the FRG are concluded by works council, not by trade unions.
2. State measures

When the 1983 campaign for the reduction of the working week began, the Federal Government and the employers placed their hopes on splitting the unions. Although both had expressed their opinion against early retirement in 1982, subsequently a law in favour of the "Tarifrente" (receiving a proportion of the previous wage after resigning earlier than usual) was passed in 1984, shortly before the unions' ballot for the strike in favour of the 35-hour week. This law makes retirement possible at the age of 58 years of age. Up to the normal (statutory) retirement age (in general, 63 years) those opting for early retirement get 65 per cent of previous gross earnings. The Federal Labour Office supports the "transition-pension" (Vorruehestandsgeld) by a 35 per cent subsidy if the retiree is replaced by an unemployed person. The payment of the remaining sum is to be fixed in collective contracts. Between 1984 and 1989 about 160,000 employed used this possibility of early retirement. In 1990 this law expired and was replaced by part-time retirement. Employees at 58 years of age who work part-time, receive from the Federal Labour Office a part-time pension of about 20 per cent of the former gross income. This new measure is rarely used because of the substantial income losses and the lack of part-time jobs for older workers offered by the firms. The French experiences where part-time early retirement is not accepted, are well known to the German government. So this scheme is mainly intended to legitimise the abolishment of the early retirement schemes. With the new pension reform starting in 1992, the pension age will be gradually increased to 65 years (for men until the year 2006, for women and unemployed until the year 2012). Lifelong working hours will be substantially prolonged in the next two decades to improve the budget of the pension funds.

The conflict on the reduction and flexibilisation of the working week of full-time employees dominated public discussion in the last few years. At the sidelines of this conflict the State was exposed to increasing pressures to improve the possibilities of parents to return to work after childbirth. In 1979 the social liberal government extended maternity leave to six months. Mothers received full pay for the first 8 weeks (as before) and DM 750 for the next 4 months. This law was abrogated by the conservative government and replaced by a so-called education allowance, which is to be paid to all fathers or mothers who do not work more than 19 hours a week and care for their children. The educational allowance will also be paid to housewives to "upvalue the mother role". For the first 6 months after birth, an allowance of DM 600 per month will be granted without regard to the family income, while for the second six months, payment is earnings related. Since 1984, civil servants have been

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9. This distribution conflict should be diminished by state support. Furthermore - as the Federal Government officially announced - an alternative to the 35-hour week should be offered to the unions, so that "the united front in favour of the 35-hour week would not become effective" (Spieker, 1984).
entitled to work part-time up to 15 years or to take leave up to 9 years, if they care for a child or a family member. Until 1990 they can also work part-time (up to 10 years) or take leave (up to 9 years) for "labour market reasons".

Since 1986, youths (up to 25 years) and men and women who return to the labour market after a period of childcare are entitled to a subsistence allowance paid by the employment office for part-time retraining in combination with a part-time job.

This resistant and contradictory policy reflects disputes within the government, which partly wants to promote the integration of women in the labour market and partly to support the return to the family.

V. Structure of working time

In the last ten years a number of surveys and empirical studies on the structure of working time have been carried out because official statistics do not give a sufficient view of the rapidly changing working-time structure. In the following we summarise some of the research results.

1. Part-time, overtime, flexi-time and plant operating time

(a) Part-time work

From 1960 to 1973 the proportion of part-time employment increased threefold from 3.9 per cent to 11.4 per cent. Since then the growth rate of part-time employment has diminished despite the various political measures to promote such work. The share of part-time work increased between 1973 and 1987 by only 1.8 per cent to 13.2 per cent. A growing number of women are now looking for full-time employment because of shrinking household incomes (unemployment of the husband) or changing values. During the last economic upswing the proportion of part-time workers actually decreased from 13.7 per cent in 1984 to 13.2 per cent in 1987 because many part-time workers found full-time jobs.

The part-time market is divided into two segments, one which has compulsory insurance (19+ working hours per week) and a segment which is not covered by social security (less than 20 hours per week). An ever increasing proportion of part-time workers (about a third in 1986) is only offered employment of less than 20 hours which has no compulsory insurance against unemployment; a quarter of part-time workers work even less than 15 hours without any social health or age insurance (Büchtemann and Schupp, 1986; Groß et al. 1987). A high

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10. They are exempted from paying contributions to the social insurances and therefore it is 17% cheaper per hour than full time or part-time workers working more than 20 hours a week.
proportion of these uninsured part-time workers would prefer longer working hours, but the employers - especially in small firms and the service sector - try to cut labour costs by employing workers who are not compulsorily insured, a practice which is supported by the government (see section IV, 2).

Ninety per cent of part-time workers are women, and most of them are mothers of small children. Two-thirds of them have jobs which do not require formal qualifications and do not offer any opportunities for advancement. Eighty per cent of part-time workers live in a household with a full-time earner. However, the average net income per capita in households with part-time workers is 10 per cent lower than that in households with only one full-time earner. This reflects the economic need to work part-time (Büchtemann and Schupp, 1986). Most parents who are eligible for educational allowances also claim them. But only 1 per cent of the people (99 per cent women) who receive educational allowances work part-time.

(b) Overtime

The number of overtime hours worked per worker per year increased from 95 in 1960 to 157.3 in 1970 because of a shortage of labour. At that time average earnings were still low and most workers wanted to work overtime. Since the first oil crisis the average number of overtime hours decreased continually to reach 68.4 in 1990. The upturn in the economy between 1985-90 was the first in the history of the FRG in which average overtime hours did increase only slightly. There are several reasons for this:

- The number of apprentices increased rapidly in the 70s and 80s. Simultaneously many unskilled workers retired. Therefore the proportion of unskilled workers dropped from 37.2 per cent in 1978 to 26.2 per cent in 1990 and is expected to drop further to 19.6 per cent in 2000 (von Rothkirch and Tessaring, 1986). In the 80s there was no longer a general scarcity of labour. In 1985, skilled workers worked only slightly more overtime hours than unskilled (skilled workers 5.35 per cent of the weekly working time, semi-skilled 4.4 per cent, unskilled 4.65 per cent) (Brinkmann et al., 1986).

- Trade unions and works councils increasingly oppose overtime to prevent redundancies and to increase the employment effects of working-time reductions. In some collective negotiations maximum limits of overtime were recently agreed upon (see IV, section 1).

- A growing proportion of overtime hours is statistically no longer visible (and unpaid as well) because of flexible time schedules.

- Most German workers no longer want to work overtime because of higher incomes, the trade union campaign and increasing appreciation of leisure time. In 1987, 73 per cent of interviewed
workers answered in a representative survey that they only worked overtime because of pressures from the firm. Three years before this answer was given by only 57 per cent (Groß et al., 1987, p.16).

The proportion of women in the work force increased from 33.7 per cent in 1960 to 38.2 per cent in 1984. In 1984 women worked on average only 30.1 hours overtime per year, compared to 87.1 hours for men (Brinkmann et al., 1986). In addition, overtime hours of part-time workers are counted and paid as overtime only after the average weekly working time of a full-time worker is exceeded.

Probably the increase of the number of skilled workers through the German apprenticeship system and the relatively high average incomes are the main factors in explaining the decline of overtime. Only 10 per cent of questioned employers intend to rely more on overtime in the next years. Fifty per cent expect a further declining importance of overtime. Overtime should be increasingly replaced by (cheaper) flexible time schedules and temporaryhirings or completely avoided by better work organisation (Brinkmann et al., 1986).

c) Flexi-time

In 1972 about 6 per cent of all workers in the Federal Republic were on flexi-time and by 1980 this figure had reached 12 per cent (Hegner, et al., 1985, p.401) and increased further to 19 per cent in 1989. Furthermore, about a third of white-collar workers and only 8 per cent of blue-collar workers were on flexi-time (Engfer, et al., 1985 p.94). There are only a few collective agreements on flexi-time. Thus flexi-time was introduced into negotiations between works councils and management at the plant level. A large percentage of plant agreements (83.5 per cent) in the engineering industry allow a daily maximum of more than ten working hours, which in fact contradicts the working-time law and allows for a substantial fluctuation of daily working hours. Just over half of all agreements (53.5 per cent) allow employers to take more than ten credit-hours into the next month, but only 34.1 per cent of the agreements allow the taking of more than ten debit-hours (Bosch et al., 1988, p. 73). Employers were obviously quite successful in differentiating the bandwidth of credit and debit hours in line with their interests (Schmidt, 1987). Nevertheless, flexi-time is by far the most popular form of flexible working hours amongst employees because it also guarantees them a certain degree of control over their schedules.

d) Shift work

Shift work expanded in the 60s and 70s. Since then about 12 per cent worked regularly in shifts. In 1989, 7 per cent of the employed

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11. The British report in this volume mentions shortages of skilled labour and low incomes in manufacturing as the main reasons for a high level of overtime.
worked regularly and 5 per cent occasionally at night. The proportion of night workers also remained stable in the last two decades. In the present upswing, however, the proportion of weekend workers (including Saturday and Sunday) increased from 20 per cent in 1984 to 32 per cent in 1989. Two-fifths of the Saturday work is overtime. The volume of unsocial hours is much lower than the proportion of workers working the hours. For example, 14.1 per cent of all workers work regularly on Sundays. This amounts, however, only to 0.4 per cent of all hours worked per month. The majority of night and weekend workers would like to work less, or not at night or at weekends (Groß et al., 1989). About 72 per cent of all employed who live with a partner who also is employed regard the possibilities to co-ordinate working hours within the family as favourable. This proportion drops to less than 30 per cent when one partner works at night, at the weekend or overtime.

2. The implementation of the 38.5-hour and the 37-hour week

No agreement specified a definite form for the reduction of the working week. The exact timing of working hours and the implementation of the new possibilities for flexible working hours had to be agreed at the enterprise level between management and the works councils. The dispute concerning hours of work therefore moved inside enterprises. The main results of the negotiations on the implementation of working-time reductions are summarised below (Bosch, 1988; Schmidt and Trinczek, 1986; IG Metall, 1988 and 1989; Frerichs et al., 1987).

(a) The method of working-time reduction

Free days were the main consideration in capital-intensive enterprises with continuing production and a high loading factor, since by this method the full loading of equipment could be maintained. Therefore free days are mainly used by the big companies of the metal industry (e.g. automobile industry) (see table 3). Daily or weekly working-time reductions were preferred in labour-intensive enterprises (furniture industry and small printing plants), or in sectors with low capacity utilisation (part of the tool-making industry, truck production). Small enterprises preferred a simple daily reduction of working time or the shortening of working time on Fridays by one and a half hours. These methods could be implemented quite easily without changing work organisation.

During the implementation of the 37-hour week the engineering employers and unions changed their views. Employers found it increasingly difficult to allocate up to 18 free days (in addition to 30 holiday entitlement days). They also strictly opposed further concentration of the reduction near the weekend because this would make it more and more difficult to introduce Saturday work in the future. Daily reductions became more attractive for companies that wanted to introduce a second shift. The unions also favoured daily reductions
because this would allow the establishment of a new common work pattern - the 7-hour day. Therefore a convergence of the positions of the social partners became evident. Daily reductions and combinations of free days and daily reductions are increasingly important (IG Metall, 1989).

(b) The individual differentiation of working hours in the metal industry

The initial position of the engineering union was that works councillors should not agree to any differentiation. They feared a split amongst the membership and with it a weakening of the trade union in the long term. In fact it soon became clear that many enterprises were not interested in the individual differentiation of working time. They were afraid of it resulting in conflicts amongst the employees, and of the high organisational costs of the scheme. The employers' organisations tried, by providing teaching materials, public relations efforts, and directly pressuring weaker establishments, to make individual differentiation in working time more acceptable. It was above all the large conglomerates (Mannesmann, AEG, Daimler Benz, Siemens, BBC, Bosch, etc.) and the firms that played a leading role in the employers' organisations which tried - partly against their own short-term interests - to force models of individual working-time differentiation upon enterprises.

In 1985 approximately 13 per cent of the 3,300 analysed agreements (Bosch et al., 1988), contained regulations on the differentiation of working time covering 4-5 per cent of all employees. Agreements on differentiation were mostly only possible after arbitration procedures, or when linked to concessions by employers (e.g. early retirement or additional wage increases, etc.). Nearly half the agreements were reached in conglomerates.

Shorter hours apply predominantly to unskilled or unqualified workers, to shift workers, or to all new employees for a certain period. Longer hours apply to specialised skilled workers (e.g. on CNC-machines) or qualified white-collar workers. This way the loading of expensive equipment can be extended, and the highly qualified employees in research and development departments can be used more intensively. With the introduction of the 37.5-hour week in 1988 the percentage of enterprises with agreements which allowed differentiation fell to eight per cent (IG Metall, 1988). Many employers had lost their interest in this conflictual and complicated form of flexibility. In 1990 this form of differentiation was replaced by a new formula which can be implemented more easily (see figure 1). Employers associations as well as unions are obliged not to intervene in plant bargaining.

(c) Extending the use of equipment

Approximately two-thirds of enterprises covered by our study reduced operating hours. Most enterprises implementing a weekly reduction of working time (see table 4) curtailed their use of machine time and did not introduce new shift schedules to increase operating time.
<table>
<thead>
<tr>
<th>Size of enterprise by number of employees</th>
<th>Method</th>
<th>Weekly</th>
<th>Over several weeks</th>
<th>Days off</th>
<th>Combination of methods</th>
<th>No agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Industry(^2) 5-49 (N=435)</td>
<td></td>
<td>64.1</td>
<td>8.3</td>
<td>22.3</td>
<td>5.3</td>
<td></td>
</tr>
<tr>
<td>50-99 (N=546)</td>
<td></td>
<td>57.1</td>
<td>9.2</td>
<td>28.4</td>
<td>5.3</td>
<td></td>
</tr>
<tr>
<td>100-499 (N=1,326)</td>
<td></td>
<td>46.7</td>
<td>8.7</td>
<td>37.1</td>
<td>13.7</td>
<td></td>
</tr>
<tr>
<td>500-999 (N=440)</td>
<td></td>
<td>36.3</td>
<td>7.7</td>
<td>48.2</td>
<td>17.1</td>
<td></td>
</tr>
<tr>
<td>1,000-4,999 (N=441)</td>
<td></td>
<td>27.6</td>
<td>6.6</td>
<td>58.3</td>
<td>24.0</td>
<td></td>
</tr>
<tr>
<td>5,000+ (N=49)</td>
<td></td>
<td>20.4</td>
<td>4.1</td>
<td>69.4</td>
<td>14.3</td>
<td></td>
</tr>
<tr>
<td>All sizes (N=3,237)</td>
<td></td>
<td>47.7</td>
<td>8.2</td>
<td>38.5</td>
<td>14.0</td>
<td></td>
</tr>
<tr>
<td>Furniture industry(^3) (N=475)</td>
<td></td>
<td>75.8</td>
<td>3.8</td>
<td>13.9</td>
<td>2.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Printing industry(^4) (N=727)</td>
<td></td>
<td>71.1</td>
<td>11.3</td>
<td>14.6</td>
<td>3.0</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
1. In cases where different methods were applied to different groups of employees, we refer to the dominant method.
2. Analysis of enterprise agreements. Average number of employees per enterprise is 616.
3. Trade union survey 1986. Average number of employees per enterprise is 151.
4. Trade union survey 1985. Average number of employees per enterprise is 88.

**Source:** Bosch et al.: *Arbeitszeitverkürzung im Betrieb. Die Umsetzung der 38,5 Stundenwoche in der Metall-, Druck- und Holzindustrie sowie im Einzelhandel* (Cologne, Bund-Verlag, 1988).

Free days were often taken as bridge days during which the company did not operate. On the other hand, some firms introduced Saturday work and new shift schedules. In the engineering industry the percentage of employees working in shifts actually increased from 22.5 per cent in 1985 to 26.2 per cent in 1989. The employers were only interested in a selective extension of the time in which expensive equipment (for example CNC-machines) was used. In 1985, 17.9 per cent of the enterprises in the engineering industries provided schemes of staggered starting and finishing times (Bosch et al., 1988, p.89). In 1989 this already amounted to 30 per cent (Ellguth et al., 1989, p.156). This supports our
hypothesis that there is a trend toward differentiation of operating hours rather than a general extension (see IV, section 1).

It was mainly those capital-intensive producers needing to meet increased demand who chose to increase their operating hours. Only those firms with numerous factories were able, with declining, stagnating or only slowly increasing levels of demand, to concentrate production in certain enterprises and extend the time equipment is used in these places. This hypothesis is supported by table 5. This type of multiplant enterprise is more likely to work Saturdays and introduce free days. Hence the extension of operating hours seems to enforce economic concentration.

It is therefore not surprising that big companies were generally the innovators and guardians of flexible time schedules. They invested manpower and financial resources and implemented them. The central management of Siemens, for example, monitored and co-ordinated negotiations in all of its 115 plants in the engineering industry. The local managers were not allowed to sign contracts without being able to show a success in the flexibilisation of working time (see table 5).

(d) The effect on employment

Since 1985 about a dozen studies on the effects of the 38.5-hour week on employment were completed. They all illustrate the difficulties involved in separating the effects of working-time reductions from those of economic growth and technical and organisational change, which would have taken place regardless of working-time reductions. However all the studies, including those of the employers' association, conclude that working-time reductions had a positive employment effect (Seifert, 1989). The employers' association of the engineering industry found, on the basis of a representative survey, that the employment effect was 21 per cent (27,000 hirings). However, their questionnaire did not ask management to take the reduction of short-term contracts and prevented dismissals into account. Fourteen per cent of the employment effect was accounted for by increased overtime. However, this was only a short-term reaction, and overtime was later reduced. Taking all this into account the survey of the employers' association shows an employment effect of 40-50 per cent, i.e. the percentage increase in employment as a proportion of the percentage reduction in working time. Several trade union surveys of works councillors showed employment effects between 60-75 per cent. The highest effects were to be found with shift workers in the steel industry. The research institute of the Federal Labour office estimates on the basis of surveys and econometric calculations that the reductions produced an employment effect of 45 per cent in the industrial sectors. The German Institute of Economic Research (DIW) in Berlin diagnosed, with an econometric study, an effect of more than 50 per cent for workers in the industry and an additional short-term effect of 30 per cent of increased overtime which probably will be converted into additional hirings in the future.

All these studies show that the employment effects of working-time reductions are today, at least in the industrial sector of the FRG,
Table 5: Flexibilisation of the working and economic concentration in %

<table>
<thead>
<tr>
<th></th>
<th>Independent enterprises (N=2228)</th>
<th>Enterprises belonging to a group (N=1103)</th>
<th>Siemens (N=90)</th>
<th>N=331</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiated working times</td>
<td>18.6</td>
<td>29.6</td>
<td>71.1</td>
<td>22.3</td>
</tr>
<tr>
<td>Saturday work is regulated</td>
<td>3.7</td>
<td>10.0</td>
<td>14.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Maintaining the loading of the enterprise is agreed upon</td>
<td>37.5</td>
<td>52.3</td>
<td>64.4</td>
<td>42.4</td>
</tr>
<tr>
<td>Opening clauses for changes of the working time structures are agreed upon</td>
<td>29.2</td>
<td>39.1</td>
<td>46.7</td>
<td>32.5</td>
</tr>
</tbody>
</table>

Source: Bosch et al., 1988.

greater than they were in the past. The bulk of modernisation investment has to be planned and implemented over the long term and is not heavily affected by marginal wage changes. Increasing the work pace was the main source of productivity increases in the sixties. Today, at least for blue-collar workers, most known methods of scientific management (tight piece-work timings, measured time rates) have already been introduced, and an increasing number of white-collar workers operate with certain work-quotas. In addition, an increasing tendency toward single unit batches and special production can be seen, which limits the intensification of the work process. In the most technologically advanced enterprises management therefore considers that they have exhausted the possibilities for increasing the work pace.12

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12. The employers' organization in the Federal Republic have come to the justified conclusion that "a noticeable increase in productivity...because of these factors is only possible by making processes more capital intensive", Bundesvereinigung der Deutschen Arbeitgeberverbände: Volkswirtschaftlicher Argumenten-Dienst zur Lohnpolitik, Cologne, 31.8.1981, p. 31.
VI. Outlook on future developments

In the 90s further sectors will follow the engineering industry and reduce the weekly working hours towards the 35 hours level. We do not expect open conflicts on this issue. The employers accepted the process of working-time reduction. The unions accepted that there will be trade-offs between working-time reduction, flexibility and wages. The strike of 1984 opened a blocked situation by creating elbow-room for collective bargaining for the following one or even two decades.

The long-term agreements of the 80s with substantial wage restraints caused a substantial redistribution between wages and profits. The main trade-off was not between flexibility and reduction of working time as supposed in the collective bargaining. Due to the economic upswing since 1984 (the longest ongoing upswing of the German economy since the war) wage restraint proved ex post as the most important concession. One of the core subjects of collective bargaining in the future will therefore be wages.

The government is determined to accelerate the introduction of flexible time schedules by changing the working-time law. A first draft of the law has been submitted to Parliament. It contains the following propositions. Female workers will be permitted to work at night; Sunday work will be allowed for economic reasons, the daily maximum working hours will be ten hours (instead of eight hours as before) and weekly maximum hours will be increased from 48 to 60 hours. Trade unions and employers can agree upon derogations to this law.13 The majority of existing proposals for flexible time schedules could then be legally introduced.

Because of the economic upswing, the labour market, however, became tighter. Between 1984 and 1990, 1 million new jobs were created. In the years of high labour surpluses (late 70s and 80s) employers gained increasing control over the time, bias and tenor of new working-time agreements. Unsocial hours and flexible time schedules which are unfavourable to employees are now accepted less frequently. To attract the labour force, employers are interested in improving time schedules. Unions want to organise the increasing number of women and white-collar workers in industry and the service sector. One major approach is to extend the possibilities of individual choices of working-time (parental leaves, sabbaticals, flexi-time, etc.). The 90s will be a decade in which flexibility is further regulated. The outcome will probably be a new working-time standard which, contrary to the decades before, includes men and women. This standard may comprise periods of leave and part-time work but also new working-time schedules like flexi-time and weekend work. Weekly hours will be reduced; but lifelong hours will be longer again due to the extension of the retirement age.

13. The new working-time law is in accordance with the working-time law in France (Loi Seguin) of 1987. In view of the European domestic market of 1992, the governments seem to have co-ordinated their policies.
All these possible developments are, however, overlapped by the reunification of the two Germanies. By international standards, West Germany had reached a fairly high degree of working-time standardisation of working hours across firms, regions and industrial sectors. With the reunification, this changed dramatically. Average working hours in the GDR are still 43.75 hours. Holiday entitlement days are 20. Absenteeism is much higher than in West Germany. Participation rates of women amount to 83.2 per cent in 1988 (West Germany 52.3 per cent) (Schuldt, 1990). Night work for female workers and Sunday work for economic reasons is allowed. In the treaty of unification of the two Germanies of Summer 1990 it was agreed to harmonise working-time legislation in future years. The re-unification will probably help the government to pass its proposed working-time law through parliament and de-regulate working-time legislation.

The West German unions already decided to amalgamate with East German unions or to form new unions. State regulation in the East will be replaced by branch negotiations. The unions will try to reduce agreed hours in the GDR as fast as possible. The speed of harmonisation will not only depend on productivity growth in the GDR but also on the regional mobility of the labour force. It is expected that wages and working hours have to be harmonised very quickly to avoid a substantial brain drain from East to West Germany.

References


 Ellguth et al. (1989): Betriebliche Arbeitszeitentwicklung zwischen Kontinuität und Bruch. Die Umsetzung der 37,5-Stundenwoche in der metallverarbeitenden Industrie für praxisorientierte Sozialforschung und Beratung e.V.


7 France

Annie Gauvin

I. Introduction

Current rules and practices affecting working time in France can best be understood through a consideration of why, how and in what context we have passed from a situation where work was collectively regulated on a weekly basis to one where the concept of an individually negotiated "workyear" has come into more extensive use.

The reduction of working hours, which was for long the dominant issue, has now been superseded by the question of how working time should be scheduled. We shall begin here by outlining the economic and employment contexts of these developments, we shall go on to consider the main phases of French policy on working hours over recent years, the course they have followed and how they should be evaluated. Finally, we shall address the question of the growing importance of collective bargaining in establishing rules governing working time in France.

II. Context: Labour market trends and developments in work periods

1. Labour market trends

As in all other Western countries, the development of labour markets in France received a severe jolt as a result of the crisis which emerged in the mid 1970s. The situation may be summarised very briefly by saying that a general and subsequently more localised labour shortage turned into a massive and lasting, though selective, surplus of labour.

Obviously, the best indicator of change on this scale is unemployment. At the beginning of the 1960s it affected less than 2 per cent of the working population, whereas it now fluctuates around the 10 per cent mark. The increase fell slightly at the end of the 1960s, but rose

1. Séminaire d'Economie du Travail, C.N.R.S. - Université de Paris I.
again at the start of 1974; there were a million unemployed by the beginning of 1977, two million by 1982. Some 2,500,000 people seeking employment are now registered with the National Employment Agency (ANPE).

But the characteristics of the French labour market also reside in its component parts, job opportunities and manpower resources on the one hand and employment on the other.

In the first place, there has been a sharp rise in manpower resources as a result of demographic factors over this period and the development of new forms of employment. One structural trend, which first emerged in the mid-1960s is the marked increase in the number of women taking up jobs; the rate of increase has continued unaffected by the deterioration in the labour market situation. In March 1988, 73 per cent of women between the ages of 25 and 49 were in employment, compared with 59 per cent in 1975 (Bouillaguet, 1987).

Increased participation by women has more than compensated for the decline in manpower resources resulting from the reduction in the length of working life for both men and women at either end of the age spectrum. On the one hand, young people are continuing their studies longer. This is a long-term trend which has been accentuated by the crisis. Whether spontaneously or at official instigation, it has reduced the amount of training available. Thus, the number of 15 to 19 year olds in employment has fallen by half over the period between 1975 and 1987. Older workers, on the other hand, have been able to retire in large numbers as a result of the massive increase in official early retirement schemes for people aged between 55 and 65, as well as the lowering of the retirement age to 60 from the lst of April 1983.

The second factor is a sharp fall in the overall number of jobs. After a period of strong growth from 1960 to 1970, followed by slower growth (75,000 new jobs per year on average between 1973 and 1979), the number of jobs available fell sharply from the time of the second oil crisis. The continuing slowdown in economic growth, the worsening business situation, increased industrial restructuring and attempts to rationalise

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2. There were 420,000 people seeking employment at the beginning of 1974. The unemployment explosion may be precisely dated as starting in the second half of that year.

3. The number of workers unemployed has decreased slightly since 1988.

4. Population growth took a leap forward at the beginning of the 1960s (over 200,000 per year at least until 1985), at a slower rate, until the year 2000.

5. See P. Bouillaguet and A. Gauvin (1986). It should be noted this situation has occurred in conjunction with a large increase in part-time employment, particularly since 1980.

6. In March 1988 the employment rate for people in the 15-19 age range was 14 per cent for men and 10 per cent for women.

7. The employment rate for people aged 60 and over fell from 25 per cent to 11 per cent for men and from 11.5 per cent to 6 per cent for women over the years 1975 to 1988.
production all contributed to the fall in industrial employment (with a loss of 160,000 jobs per year between 1979 and 1985), which was not balanced by the number of jobs in service industries, since the growth rate there (average 190,000 increase per year) slowed down considerably.

In 1986 the downturn in employment started to decelerate, and since 1988 the trend has actually been reversed, with the French economy beginning to achieve a credit balance again in job creation. This improvement may be explained partly by increased employment in the public works sector and more placement schemes for young people to find them "pseudo-jobs", and partly by a revival of job creation in industry.

The long period of decline in employment also saw a serious deterioration in production capacity. After 1974 there was less shift work and a marked decrease in the amount of time that equipment was in use (Cette, Durand, Tyl, 1986). At the same time there was lower capital growth and a net slowing down of capital and employment productivity. These trends were naturally costly in terms of competitiveness.

However, although the employment situation may be changing, the structural developments mentioned above are accompanied by another important change, which is that the standard form of employment during the period of growth has come in for reassessment. In accordance with the common law work contract, as defined in the Labour Code, "typical" employment in the years of full employment was full-time, salaried, of indefinite duration, for a clearly specified single employer and carried with it the right to social protection.

This standard model, which emerged out of a compromise between employer and employee, sets stability of employment, a regular increase in the employees purchasing power and contractual safeguards against productivity agreements reached by the work force after a rationalisation of production. Such stability, and the resulting economic efficiency, has a beneficial effect in times of prosperity, but became an obstacle to be broken down or overturned at a time of uncertainty and market decline brought on by the crisis.

This explains the many attempts now being made in order to achieve a new flexibility, internally and externally, quantitatively and qualitatively. Some of the working patterns now emerging existed before the crisis, while others, underpinned by official schemes or new legislation, are appearing for the first time or in a different form, in line with changes of government. Fixed-term or temporary contracts, part-time work, training courses in companies involved with placement schemes, particularly for young people (such as the Introduction to Professional Life Courses and the Public Utility Works programmes), have all proliferated, changing the time structures of employment contracts in the interests of a greater degree of external flexibility. Internally, more

8. Around 200,000 new jobs were created in 1988 (Bellon, Lacroix, 1989).

9. Between 1982 and 1988 the number of "traditional" jobs fell by one million, with the number of new-style jobs (fixed-term contracts, temporary or part-time work, traineeships) increased correspondingly. One out of every two employees hired within the previous three
Qualitative flexibility is brought about by the reorganisation of working time, flexi-time, individually negotiated salaries, multi-skilling and agreed modernisation.

All these trends have been widely discussed and confronted, leading to a complex situation in which government, employers and trade unions all participate, to varying degrees and in different combinations, without, however, reaching agreement (Freyssinet, 1989). The resulting ambiguity is clearly reflected in the way definitions of working time have evolved and been put into practice.

2. Hours of work

An examination of the way working time has evolved over a long period shows a slow but regular upward movement in hours worked from the end of the Second World War until 1962.10 That year saw the beginning of a downward movement, currently attributed either to long-term trends or to a deterioration in the employment situation. The pace increased considerably following the Grenelle agreements between July 196811 and 1976, after which it diminished more slowly and spontaneously, settling down to the general adoption of a 40-hour week, or thereabouts. It seems that nobody wanted to go below that limit (Barou, Rigaudiat, 1982).

Long hours of work gave way to the 40-hour week, which remained steady between 1976 and 1980. The big jump came in 1982 with the statute of 16 January, which established that the legal length of the working week would change from 40 hours to 39 hours, beginning on 1 January 1982.

Between then and now, the average working week has become more than an hour shorter, particularly as a result of an increase in shorter work schedules. The proportion of women working part-time rose from 15.5 per cent in 1975 to 23.8 per cent in 1988.12

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10. In 1967 the average working week reached almost 47 hours for blue-collar workers and 44.5 hours for white-collar workers.

11. The Grenelle agreements stipulate that the French National Employers' Federation (CNPF) and the trade union federations should work out a staff agreement under which a policy of progressively reducing the working week would be adopted, aiming at a 40-hour week. It may be noted, incidentally, that the trade union presence in commerce and industry received formal recognition in the law dated 30 December 1968.

12. Long hours worked part-time are included here: 42 per cent of part-time employees work more than half the regular number of hours.
<table>
<thead>
<tr>
<th>Year (Jan 1st)</th>
<th>Average Hours</th>
<th>Percentage of all employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under 40 Hours</td>
<td>40 Hours</td>
</tr>
<tr>
<td>Blue-collar workers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>44.6</td>
<td>0.8</td>
</tr>
<tr>
<td>1976</td>
<td>41.5</td>
<td>4.6</td>
</tr>
<tr>
<td>1981</td>
<td>40.9</td>
<td>4.4</td>
</tr>
<tr>
<td>1982</td>
<td>40.5</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>Under 39 Hours</td>
<td>39 Hours</td>
</tr>
<tr>
<td>1989</td>
<td>39.1</td>
<td>25.7</td>
</tr>
<tr>
<td>White-collar workers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>42.4</td>
<td>0.8</td>
</tr>
<tr>
<td>1978</td>
<td>40.7</td>
<td>2.4</td>
</tr>
<tr>
<td>1981</td>
<td>40.4</td>
<td>3.0</td>
</tr>
<tr>
<td>1982</td>
<td>40.2</td>
<td>12.9</td>
</tr>
<tr>
<td></td>
<td>Under 39 Hours</td>
<td>39 Hours</td>
</tr>
<tr>
<td>1989</td>
<td>38.8</td>
<td>28.4</td>
</tr>
</tbody>
</table>

*Source:* ACEMO (Work force Employment and Conditions of Work) Survey of establishments in industry and service industries (excluding mineral solid fuels, gas, electricity, the railways (SNCF) and the Paris Transport System (RATP, with more than ten employees).

Over recent years more overtime has been worked, but mostly by men, with part-time work becoming more common amongst women.\(^{13}\)

\(^{13}\) See Cezard, and Heller (1988). In the employment survey of March 1988, the number of blue- and white-collar workers with an occasional working week of 42 hours or more, through overtime or irregular hours, was a third up on 1987.
Changes in the length of the working week are therefore due rather to greater flexibility and reorganisation over the years than to any actual reduction in hours.

Fixed regular hours are still found in a majority of jobs, but the proportion fell between 1978 (65 per cent) and 1984 (59 per cent).\textsuperscript{14} The proportion of shift workers, which rose sharply during the boom years (from 10.3 per cent in 1957 to 21.9 per cent in 1974), fell during the recession (17.3 per cent in 1982) but then rose again (21 per cent in 1986).\textsuperscript{15}

\section*{III. Methods of determining and regulating working time in France: The institutional context}

\subsection*{1. The law and collective bargaining:}

\textit{Shared contribution to development}

Traditionally in France, working time has been determined under statutory rules, a principle which has left little room for collective bargaining. Now, however, a new balance between legislation and individual agreements has emerged.

Both the traditional approach and the developing partnership between the law and negotiation are obviously connected with the nature of the labour relations system in France.

Until the end of the 1960s collective agreements played only a very marginal role in determining the rules governing the length and distribution of working hours: their range, sphere of influence and effect were very restricted. This may be explained by the role that legislative measures have in defining the rules on working time, and also by the power enjoyed by heads of enterprises to act independently in the arrangements they made. French labour law was founded on the setting of limits to working time, with the aim of both guaranteeing minimum social protection and enabling enterprises to compete more equally.\textsuperscript{16} This involved the need for universal rules founded on legislation.

\begin{thebibliography}{99}
\item Text taken from the National Survey of working conditions.
\item Text taken from the ACEMO Survey.
\item The first law on working time to be enacted in France dates from 1841 and set down regulations concerning the length of the working day for children. This was followed by a 1848 law which set the maximum length of a working day for adults at 12 hours. Several stages further on, notable laws were passed in 1906, making a weekly rest-day obligatory, and on 23 April 1919, imposing a maximum 8-hour day or 48-hour week. This remained in force until the adoption in principle of the 40-hour week in 1936.
\end{thebibliography}
From the legal point of view, collective bargaining on the length and distribution of working hours is circumscribed by the need for public order. Be that as it may, the scope for collective bargaining is limited, being restricted to stoppages or negotiations aimed at achieving better conditions than those laid down by law. Negotiation takes place only at branch level, which excludes the possibility of interoccupational agreements and imposes limitations on agreements within enterprises.

In 1967 the authorities launched an attempt to upgrade collective bargaining granting it the power to set standards on working conditions and diminishing the role of "public order". As the elements of this new social scene developed after 1968\(^\text{17}\), the negotiating system was given broader scope and recognition at the interoccupational, branch and company level, under legislation dating from 1971.\(^\text{18}\) Although this development represented a step forward\(^\text{19}\), the deterioration in the economic situation and the 40-hour week limit reconfirmed the dominant role of legislation in setting rules on working hours.

It was against this background that, between the years 1978 and 1981, two topics - the collective bargaining system and the reduction of working hours - were being discussed. The interoccupational negotiations of autumn 1978 broke down with the unions insisting on an overall reduction whilst employers stressed the redistribution of working hours.\(^\text{20}\) A draft agreement put forward by the employers in 1980 also foundered.\(^\text{21}\)

From 1981 onwards however, several significant developments led to real changes in the division between statutory regulations and collective bargaining.

First, in July 1981 the social partners (with the exception of the General Confederation of Labour, CGT) reached an interoccupational agreement on working hours, under which the adoption of flexi-time - closely linked with the question of reduced working hours - was submitted to branches and enterprises for decision. These negotiations foundered on the issue of salaries. The resulting statute, dated 16 January 1982\(^\text{22}\) accordingly lays down no contractual agreements, but stands as another statement of legal constraint. It does, however, introduce some co-operation between legislation and collective bargaining on working

\(^{17}\) The statute dated 27 September 1967, gives branch meetings the power to "depart from regulations appertaining to the organisation and distribution of working hours".

\(^{18}\) Law dated 13 July 1971.

\(^{19}\) 1,693 branch agreements were signed in 1972.

\(^{20}\) In some enterprises however, diversification was effectively achieved on a contractual basis thanks to their practical approach to the reduction and organisation of working hours.

\(^{21}\) The proposal aimed at reducing annual working hours and offering an extra week's holiday in return for more flexible labour legislation and reduced overtime payments.

\(^{22}\) The provisions of this statute appear in Section V.
hours, in that it supplies a legal framework for departing from all provisions governing the organisation and reduction of working hours. Such contractual changes may be undertaken at enterprise level and are not restricted to branch negotiation. The introduction of this option constitutes a very significant advance, whereby addition gives way to substitution, so that instead of merely improving negotiated legislation, new agreements replace old legislation altogether.

Secondly, the development of contractual employment was given further support by a law dated 13 November 1982 which obligates enterprises to conduct annual negotiations regarding the length and organisation of working hours. On the other hand, the introduction of moves towards negotiated contracts also brought about a conjunction of conditions which disadvantaged employees, particularly in the context of the crisis, since it did not establish a flexible arbitration system to deal with conflicts of interest.

Thirdly, the failure of the interoccupational negotiations on flexible working hours, initiated in 1984, was partly reversed by legislation passed on 28 February 1986 dealing with collective bargaining on the organisation of working hours. This legislation restored branches with the principal responsibility for organising working time.

The Seguin Act of 19 June 1987 reversed the trend again, this time giving the advantage to the employers. The interoccupational agreement of 21 March 1989 finally restored the branch's pre-eminence in negotiations and agreements.

There has been a significant swing away from the privileged position that bargaining on hours of work used to occupy in response to changing government policies with employers seeing working hours as merely one aspect of many possible forms of flexibility (fixed-term contracts, temporary employment and greater flexibility in dismissal procedures). Meanwhile the range of employees' demands is widening and as a result the role of trade union organisations has become more complex and difficult. Generally, changes in social legislation with a view to regulating social relations appear to be of a more ad hoc and improvised nature, than the sequence of laws might lead us to believe.

2. Brief survey of the trade union factor

The weaknesses of the collective bargaining system in France have been shown to be of a legal and economic nature (Adam, 1978); but there is also a socio-political aspect, which is linked to the health of the trade

23. It should be remembered, however, that the obligation to conduct negotiations does not mean the obligation to conclude contracts.

24. See Section V for the provisions of this law.

25. See Section V the provisions of this law.

26. See Section V the provisions of this agreement.
union movement. Trade unionism in France rightly has the reputation of being overcomplicated, weak - judging by the low degree of unionisation - and a spent force. It is mostly the product of revolutionary trade unionism but also, to a lesser extent, of Christian socialism. Deeply marked by its history, it was unable to withstand either the succession of rifts and reconciliations that took place within the whole labour movement in the period between the two World Wars or the failure of coalition governments which included the communists.

Some have seen the beginning of the 1950s as the time when the real damage - the constant, permanent loss of members - was done (Visser, 1989). But the mid-1970s were also marked by a sharp fall in membership, after a spell when united action was pursued. Whereas in the 1960s average union membership was around the 20 per cent mark, by 1985 it had dropped to 14 per cent and by 1987 to 9 per cent (Visser, 1989 and Rosanvallon, 1988).

The weakness in the trade union movement was revealed by the recession, though without being a direct consequence of it, and was in fact closely related to the failure of the collective bargaining system to get firmly established. Apart from these general developments, results of elections to representative positions within enterprises\textsuperscript{27} showed some transfers of union allegiance.

Between 1966 and 1985, the General Confederation of Labour (CGT) though still the largest organisation, lost around 40 per cent of its membership to the French Democratic Confederation of Labour (CFDT) and the Workers' Power organisation (FO). The trend seems to have continued since then, with the most rapid growth taking place in the FO although it remains in third position overall. Sharp differences are clearly apparent among the various sectors and regions.

Although the whole French trade union movement is demanding shorter working hours, it is by no means unanimous in its approach (Aurant, 1988). The various organisations are divided both on the specific demands and the objectives behind them and on the roles of collective bargaining and legislation in carrying out the changes.

At the end of the 1970s they were united in their support for a move to the 35-hour week, but had different ideas on how to achieve it. In the mid 1980s the CGT was still opposed to clauses in the Reduction of Hours of Work programme it saw as deleterious, such as adjustment or the establishment of overtime quotas. Its preference was for stringent laws capable of counteracting the effects of varying degrees of strength in different parts of the country. The CFDT continued to campaign for the 35-hour week, with a strategy centred on decentralisation and for wider adoption of branch and in-company agreements. The FO, which always supported the contractual policy, was for branch negotiations and agreements, while at the same time agreeing with the CGT in its stand against job sharing at the expense of employees.

\textsuperscript{27} For example as members of the enterprise committee or as staff delegates.
There is, then, no such thing as trade union consensus; divisions often appear at various levels of negotiation. The crucial element of these divisions is what concessions should be made in return for the reduction of hours of work. It should be pointed out, however, that the trade union organisations are unanimous in their long-standing demand for an all-round lowering of the retirement age.

IV. Principal stages in official French policy on hours of work

Strictly speaking, there is no logical sequence underlying the adoption of official policies on hours of work or the public debate, in the widest sense, that has been going on in France for the last thirty years. However, there have been several definite stages: first a trend towards improved working conditions; then a trend towards shorter hours linked with work sharing; and finally a move to better organisation of working time and greater flexibility in centres of production. The economic and organisational overview given here reflects these successive trends.

1. Summary of developments before 1982

Until the 1982 statute, hours of work in France were largely regulated by the law of 21 June 1936 which established the 40-hour week and paid annual leave. The years between those dates saw many twists and turns in the public debate and a growing recognition that collective bargaining had a role to play - albeit still limited - as well as various legislative changes. The 1968 Grenelle agreements, the regulations on reducing long working days, the inconclusive negotiations in 1978 and 1980, all point to an initial concern to reduce inequalities, reflected in the structure of the Seventh Plan (1976-1981).

Gradually, however, the growing social tensions, to which the deepening recession was a contributory factor, led employers to insist on individually negotiated schedules and workyear agreements, while the trade unions all demanded employment protection measures.

The government did not come down on either side, but went on with its own approach towards the organisation of working conditions. Several measures were taken in addition to those already mentioned,

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28. The maximum hours permitted per week fell from 60 hours to 57 hours in December 1971, then to 52 hours in December 1975 and finally to 50 hours in January 1979. It is worth recalling that between 1946 and 1966 the tendency had, on the contrary, been to extend hours of work through the use of overtime, in response to growing demand from industry. Legislation dated 5 February 1946 sanctioned up to 20 hours per week overtime working, subject to certain conditions.
including legislation to encourage flexi-time and the wider adoption of part-time employment. 29

It was not until 1982 that governments seriously concentrated on framing the appropriate laws and agreements; and three laws came out in 1982, 1986 and 1987, as well as measures to encourage enterprises to reduce and reorganise hours of work.

2. Chronology of official employment policy since 1982

The first stage following 1981 was the recovery programme, finally set up in 1983, which was based on traditional measures to stimulate public and private demand. In the absence of a satisfactory rate of growth, two aspects of the employment policy of the time were concerned with hours of work, namely the span of the average working life - and consequently the size of the working population - which would be affected by lowering the retirement age to 60 and encouraging early retirement; and weekly and annual hours of work, with the reduction of the working week to 39 hours and the introduction of a fifth week of paid leave. The reduction in hours of work, taking various forms and subject to negotiation, along with income sharing as a result of work sharing - a key concept - was seen as the best weapon against unemployment. The 39-hour week should be no more than a stage on the way to the 35-hour week.

There is considerable debate over the effectiveness of such measures. Macroeconomic models and detailed studies carried out in enterprises that have reduced or reorganised the working week show differing results. A study of the rosy picture painted by the former and the altogether greater caution of the latter increases our understanding of the impact of such measures on employment (Barou, Rigaudiat, 1982).

The second stage was a time of stringency, when the policy of shorter working hours as such was abandoned because its effect on jobs was quite different from what the projections of the macroeconomic studies suggested. 30 Only the early retirement policy had a marked effect. 31 With its sharp reduction of the size of the working population, the financial and social costs, both public and private, were thought to be excessive. The 35-hour week objective was dropped.

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29. This option was made more attractive by the law of 28 January 1981, which adopted the principle of economic neutrality for employers and guaranteed workers equal rights with other workers.

30. The number of jobs created or saved as a result of the 39-hour week was estimated at between 20,000 and 70,000. There were 14,000 new jobs created thanks to the use of reduced hours joint and separate liability contracts.

31. There were 76,000 retirements following the lowering of the retirement age to 60 on April 1, 1983, and 94,000 potential cases of unemployment avoided by the use of early retirement joint and separate liability contracts.
The all-round reduction which was achieved, with payment of compensation, failed to create jobs in very large numbers. The very slight overall reduction in hours of work was swallowed up by productivity gains, so new employment was not created. On top of that, wage costs rose and more people entered the job market, all of which explains the poor impact on reducing unemployment. The situation of each branch and each enterprise was different in these circumstances and therefore each developed its own procedures.

The next stage came in March 1984, when the debate started up again. One approach was to put more emphasis on individually negotiated hours of work as the way to bring about a shorter working schedule but this did not prove effective. The other approach was to link reorganisation systematically with shorter working hours, by giving incentives to undertake negotiations, in other words to move openly to a policy of modernisation.

This could be viewed as akin to a liberal policy closely linked with the orthodox approach, whereby the aim should be to restore profit margins, re-establish a climate of confidence among business leaders and give them wider scope for speedy adaptation to a changing and uncertain environment, particularly by the implementation of various forms of flexible working, such as work force adjustment, organisation of hours of work, variation and individual negotiation of wages, and flexible production. Organisation of work schedules is the factor in this scenario which should lead to the revival of productive investment. New jobs should follow from greater competitiveness achieved through flexibility. The Delebarre Act of 1986 and the Seguin Act of 1987 started going down this path with their introduction of more flexible organisation of work schedules.

The modernisation policy, and particularly the organisation of working hours, can also be interpreted in another way, which Taddei calls "supply-side policy, French-style" because of the very contemporary kind of imbalances facing us, as exemplified by our mixture of classic and Keynesian unemployment (Taddei, 1986 and 1988).

A variety of policies should therefore be pursued, according to the individual branch or enterprise. Taddei considers that extending the amount of time during which the production equipment is in operation offers the best available way to reconcile stronger growth with a real reduction in working time.

32. For example, the French National Employers' Confederation (CNPF) entered into negotiations on flexibility. See also the General Plan Commissariat.

33. Suggestions included sabbatical leave, enterprise creation leave, and parental leave.

The statute of 16 January 1982 contains measures for reducing hours of work and opening up the way to branch negotiations on the organisation of work schedules.

The measures for reducing hours of work are:

- to lower the legal working week to 39 hours from 1 February 1982 and the maximum working week to 48 hours (retaining the daily maximum of 10 hours);
- to set an annual quota of 130 hours overtime not subject to prior authorisation from the labour inspectorate;
- public holidays (numbering 11) not to be transferable;
- to extend the provision of a fifth week of paid leave to all employees;
- to reduce the average working week for permanent staff to 35 hours from 31 December 1983.

The measures for opening the way to collective branch negotiations on the organisation of working hours are:

- to relax the rules regarding the day off on Sunday and weekend working;
- to allow for annual reassessment of total working hours, subject to an average working week not exceeding 39 hours, or 10 hours a day;
- to permit changes to the rules regarding night work for women (the prohibited period of seven consecutive hours may start at midnight rather than 10 p.m.);
- to authorise the implementation of personal working hours (flexitime, gliding time, variable hours, etc.) subject to credit hours not exceeding 3 hours a week or a total of 10 hours.

Joint and separate liability contracts form another aspect of the 1982 work sharing provisions. With the backing of the 16 January statute, the principle of cutting time at work can be pursued through the adoption of contracts at enterprise level.

One approach is to encourage a further reduction in the working week, maintaining a balance by taking on more staff, and to give the employer the right to financial aid by waiving his obligation to pay social security contributions. Three versions of the joint and separate liability
contract for reduction of working time came out, in July 1982, December 1982 and May 1984.\textsuperscript{34}

The other approach is to provide incentives for early retirement, which may be considered work sharing in that it can affect manpower resources by replacing older workers with unemployed people. Two schemes were set up in December 1981 and January 1982, under which enterprises were offered the following options:

(1) Voluntary early retirement contracts, whereby the enterprise undertakes to replace voluntarily departing employees aged between 55 and 60 with unemployed people, job for job. The State (through the National Employment Fund (FNE) and the National Employment Union for Industry and Commerce (UNEDIC) guarantee those retiring a remaining payment equivalent to 70 per cent of their final gross average salary before retirement, while the enterprise commits itself to maintain staff numbers for at least a year. The scheme was suspended from 31 December 1983.

(2) Phased early retirement contracts, whereby enterprises undertake to transfer employees aged between 55 and 60 from full-time to part-time work, at the same time engaging unemployed people job for job corresponding to full working hours. Employees on part-time work receive a redundancy payment of 30 per cent of their previous gross salary. The enterprises commitment on maintaining staff numbers stands for two years.

\textit{The Delebarre Act of 26 February 1986} relating to the organisation of working time supersedes the January 1982 statute, giving a formal framework to branch and enterprise negotiations and substituting reorganisation for reduction of working time. The social partners are authorised to conclude branch agreements under which enterprises are permitted to vary weekly work schedules up to a limit of 42 hours provided that the working week does not exceed an average of 38 hours per actual week worked.

The limit may be raised to 44 hours if the average working week comes down to 37 hours. The proposed annual overtime quota was lowered to 80 hours. The Act provides for the adoption of an average monthly payment guaranteeing workers a steady income independent of any variations in the length of the working week. Time off may be given \textit{in lieu} of overtime pay.

\textit{The Sèguin Act of 19 June 1987} contains the following provisions:

(a) Where the annual modification of the working week, based on the 39-hour week, agreed at extended branch level, was already lawful,

\textsuperscript{34} The first version aimed to lower the working week to 37 hours from 1 January 1983 or to 36 hours from 1 September 1984; the second tones down the clause relating to the hiring of new staff; and the third alters the timetable under which aid may be given, as well as making the enterprises commitment still less binding.
it may now also be arrived at by means of an agreement or accord at the level of the enterprise or institution. However, the working week may not exceed 44 hours, except by agreement at extended branch level. Any such modification has to be balanced by a quid pro quo, to be left to the judgment of the signatories, such as shorter working hours, financial compensation or training provision.

(b) A new system of overtime pay per 8 to 12 week work cycle in continuously working enterprises, to be agreed at extended branch level. Time off may also be given in lieu of overtime pay.

(c) Circumstances in which hours lost collectively may be recouped are extended to include stock-taking and bad weather.

(d) It becomes permissible to set aside the prohibition on night work for women, subject to an agreement or accord at extended branch level and an accord at enterprise or institutional level. To the same end, to reduce current working restrictions on women, references to specific cases where restrictions may be set aside, such as extra days off, shift working or public holidays, are deleted.

(e) Extending continuous working becomes permissible for economic reasons and not only for technical ones, as was previously the case.

(f) Occasional work contracts may be entered into, subject to an agreement or an accord at extended branch level and an accord at the level of the enterprise or institution.

VI. Organisation of working hours and increasing importance of collective bargaining

The basic outline is in place. The logic of the flexible organisation of work schedules is impossible to resist. Originally linked with shorter hours, it is now increasingly seen as part of the quest for flexibility. Identical hours for all, regulated by law, have in different ways, depending on the sector and the character of individual enterprises, given way to de-standardisation, various negotiated systems for working hours, and a growing diversity in the way working hours are organised.

However, there is still not much statistical proof of these trends. Information is still gleaned by observing individual cases, which are not always representative (Molinié, 1988; Boulin, Taddei, 1988). As much as to be learnt from the results achieved by collective bargaining every quarter as shown below.35

35. Based on information from the Labour Relations Directorate at the Ministry of Labour.
1. Results of collective bargaining at branch and enterprise level on hours of work

If we look at what has been achieved by collective bargaining since 1982, we see that while negotiation at branch level continues to play an important role - albeit more at the national than at the regional level, and with some disparities between sectors - negotiation within the enterprise has made a very big advance.36 Two subjects have dominated negotiations; wages and working hours (duration, organisation and scheduling). At both branch and enterprise level there has been considerable trade union involvement.

Bargaining at branch level and negotiation on working hours have had mixed fortunes. After the 1982 statute was passed, about a hundred large contractual branches negotiated agreements on, among other things, reducing hours by between one and 2 1/2 hours, with in most cases, complete and immediate wage compensation for the shorter working hours. Since 1986 the process has slowed down considerably. However, some notable agreements have been achieved, such as the accord in the metallurgical industry on 17 July 1986 - which served as a model for the law of 19 June 1987 - and others in the agricultural food sectors.

Negotiations are in progress in some major sectors, such as the insurance, building, chemical, textile and road transport industries. Such agreements cover only some aspects of work scheduling, including adjustment, work cycles, occasional working, compensatory time off and even night work for women.

Progress in negotiations within the enterprise falls naturally into two stages. Until 1986 the new negotiating opportunities opened up by the 1982 statute were only randomly taken up. Although work scheduling assumed growing importance in agreements, pushing shorter working hours into the background, such agreements were few in number and most dealt with leave and extra days off, very few with adjustment.

Some agreements have been innovative, linking either shorter hours, productivity and wages or shorter hours, organisation and wages. For example the Gervais-Danone agreement in April 1982, the Kronenbourg agreement in December 1982 or the Goodyear agreement in September 1982.

Since 1986 the proportion of work schedule agreements within enterprises has continued to rise, while there have been fewer on wages.37 Talks on the organisation of working time are also progressing, just at the time when instances of longer working hours have become known.

36. The number of agreements within enterprises have gone up from 1,477 in 1981 to 6,128 in 1988 (excluding agreements on the right of expression).

37. 2,523 agreements on the duration and organisation of working hours, representing 42 per cent of all agreements within enterprises in 1987, as against 2,272 dealing with the organisation of working hours.
There has been little in the way of innovation at the level of the enterprise; many of the agreements focus on leave, public holidays and extra days off.\textsuperscript{38} Adjustment remains a favourite topic, as a means of organising working time to deal with fluctuations arising from the economic situation without setting up a formal system of mutual concessions which may disadvantage employees. There is also an increasing trend towards night work for women and the use of relief teams. On a more general level, agreements to encourage longer periods of operational use for equipment are becoming increasingly common. The new philosophy of "you scratch my back and I'll scratch yours", is now emerging from agreements based on an exchange of benefits and concessions between the social partners.

This new trend may seem to question earlier practices based on improving wage levels, but it could also be interpreted as showing its truly contractual nature, although such "negotiations" do not always achieve real mutual concessions; they may be illusory, inspired by the risk of unemployment or bankruptcy for the enterprise (Chaîneau Report, 1989). Indeed, some observers have come to deplore the "tit for tat" nature of such agreements.

2. Practices adopted by enterprises with regard to organisation of working time

Certain characteristics of these agreements on the organisation of working time emerge clearly from a study on adjustment (Molinie, 1988) carried out by the Ministry of Labour. The study explicitly treats working time as an economic variable. Given the often heavy pressures of economic constraints, the survival of the enterprise and the maintenance of employment must be ensured. Negotiations on adjustment in 1987 take account of various aims relating to the management of economic fluctuations, such as improving production by concentrating on working time rather than on supplies, making short-term adjustments by means of external flexibility and cutting overtime costs.

Negotiations on adjustment always take place on the initiative of managements, and on their own home ground. They are essentially weighed against the trade unions, who are brought in to deal with the way adjustments are applied without being involved in previous discussions on their economic and social context. The employer undoubtedly has the upper hand in drawing up the rules on any adjustment and then getting them accepted one way or another, whether by imposing them or by genuinely negotiating them. Such negotiating conditions, however, open up possibilities for real bargaining over mutual concessions.

This productivity-orientated, managerial approach to "work reorganisation", in which the aspirations of employees are often lost sight

\textsuperscript{38} Two-thirds of such agreements.
of, has led to a growing variety of work schedules, which have also formed the subject of several studies.\footnote{See J.Y. Boulin and D. Taddei (1988). Such reorganisations may be linked with extensions of operational use for equipment, requiring, according to circumstances, the introduction or expansion of shift work, relief or weekend shifts and part-time work.}

Enterprises have pushed through these changes, in which working time flexibility is the key factor, with an open display of their power, and management's growing tendency to impose new rules (Freyssinet, 1989). The conclusion drawn is that: moves to make work schedules more flexible are increasingly forming part of management accounting plans, with individual and collective working hours being entered into the calculations along with debits, credits, savings, fluctuations, benefits and costs (Gauvin, Michon, 1988). The outlines of a disturbing trend begin to emerge. First, the regulated working week has given way to working hours negotiated within the enterprise. Secondly, the decline of "normal", regular, full-time working hours has paved the way to the adoption of irregular, fragmented, short-time working. Thirdly, annual hour agreements are the logical consequence of adjustments to the working week. Fourthly, separating the question of human working hours from the amount of time that machinery is in operation is accompanied by an expansion of shift work and is aimed above all at extending the operational duration of equipment. Fifthly, the drift towards increasing part-time work, ostensibly in response to workers aspirations, enables equipment to be kept in operation longer and serves the requirements of man-power management by means of "special" contracts; the varieties of part-time work are growing more numerous. Lastly, the proliferation of work schedule systems, arising from a desire for flexibility, implies that employees should get some benefit in return for the rearrangement of their working time, putting them under new constraints. In the simplest cases this takes the form of a reduction in their hours of work; but the procedures could also encourage complexity, constraints and discrepancies.

3. The Interprofessional Agreement of 1989

The national interprofessional agreement on the organisation of working time, reached on 21 March 1989, was signed by the CNPF and on the trade union side by the CFDT and the General Confederation of Staff (CGC). The CGT, the FO, the CFTC and the General Confederation of Small and Medium-sized Enterprises (CGPME) refused to sign.

The preamble to the agreement gives equal weight to, on the one hand, what employees want, improved working and employment conditions, and, on the other hand, "optimum utilisation of production capacity", with the emphasis on the essential link between the reduction of working time "where branches and enterprises so decide" and the organisation of it.
The agreement contains general measures aimed at stimulating and setting up negotiations on the organisation of working time in branches and enterprises. These include:

(a) A requirement for employer and employee groups to meet within six months to "assess the situation in the branch and any agreements reached" on the organisation of working time and to open negotiations where necessary.

(b) A statement affirming the importance of stimulating and regulating branch negotiations.

(c) The need for information and discussion prior to negotiations "on the economic, technical and social objectives" to be attained and on modes of reorganisation envisaged by the enterprise.

(d) The importance of concessions to offset any constraints imposed, "which may be concerned with such matters as working hours and conditions, security of employment, additional training and pay".

(e) The obligation to follow through any progress made on working time and on implementing agreements reached at branch level and to scrutinise the results of any working time reorganisation carried out within the enterprise, as part of the requirement for annual negotiations.

Specific provisions relating to certain forms of reorganisation, more restrictive than those of the Seguin Act of 19 June 1987, were adopted, including:

(1) Changes to working hours: compulsory scrutiny of problems relating to average working hours, to the scope of changes to the working week, to the situation of staff engaged during the course of the year on whatever basis and to the time allowed for information on changes to work schedules; also an obligation to offset changes by offering shorter working hours, strengthening or improving employment, working conditions, pay and training time.

(2) Overtime: to be used exclusively at times when the workload is excessive.

(3) Continuous working: to be undertaken only when the workload has "economic characteristics and a competitive environment requiring it".

(4) Part-time work: requirement to provide the employee with a formal, personal agreement, the benefit of legal and contractual rights enjoyed by full-time employees; no discrimination between men and women on pay, qualifications or career development.

(5) Occasional working: requirement to provide benefit of legal and contractual rights enjoyed by full-time employees.
What does the future hold for the movement towards the reorganisation and reduction of working time?

VII. Conclusion

The interprofessional agreement on the organisation of working time, negotiated and signed in the spring of 1989, undoubtedly attempts to give a moral basis to the practices described earlier. Its main feature, as shown above, is to reaffirm the importance of the branch as the level at which to encourage and regulate the negotiating machinery, but it also tones down some specific provisions introduced by the Seguin Act. Its aims are both economic - to avoid unfair competitive practices - and social - to protect employees against any abuses arising from the reorganisation of working time.

How effective will the agreement be? The improvement in the economic situation may enable it to be viewed in a more optimistic light as a piece of "social modernisation". But it may be another swing in the pendulum, as we have described above, showing that the process of trial and error now under way in France, to find the right balance of economic and social regulation as regards working time, does not seem to have been fully resolved.

References


8 Hungary

Maria Frey and Janos Timar

I. Introduction

In the past quarter of a century, significant changes have taken place in the development of the Hungarian economy. Until the mid-70s economic growth was rapid but fairly even. In the first decade and a half, national output increased by an average rate of 5.7 per cent per annum and the productivity of work in the material economy (excluding services) also rose at an approximately similar rate of 5 per cent.

The abrupt rise in energy prices associated with the world economic crisis in 1973 was offset for a time by increasing state subsidisation of enterprises, but this hindered the adjustment of the Hungarian economy to the changed world-market situation. Thus, in the mid-70s, there was a break in economic development. The average annual growth of national income fell below 3 per cent in the second half of the 70s, while it fluctuated around 1 per cent in the 80s. Productivity growth suffered a moderate loss. In the first half of the 70s, annual growth in the per capita national income of employees in production still averaged 5.8 per cent, while in the second half of the decade it averaged 3.4 per cent, and until 1986 it averaged only 1.5 per cent.

In line with the pattern of economic growth, the number of the economically active population in all the non-agricultural sectors increased from 2.9 to 4 million in the 1960-1976 period. Three quarters of the increased non-agricultural labour force were recruited from agriculture, and the rest from the free labour reserves of the households. But the manpower resources, which were still abundant in the 60s, were gradually exhausted, and the state of the labour market changed in the second half of the 60s. Labour shortages first became apparent in the capital city and in the rapidly developing industrial centres. Then, by the end of the 60s, they also became evident on the national level. From the

1. This study is a summary of the research finished in the mid-80s, therefore it does not deal with the political and economic transformation which began at the end of the 80s.

2. Scientific Adviser, Research Institute and Labour, and Professor, Department of Human Resources, Budapest University of Economic Sciences.
mid-70's the total number employed had diminished first in industry and more recently in transport and agriculture.

The fall in the number of employees after 1976 is not a consequence of the slow-down of the economy and of productivity. Its direct determinants are partly the demographic processes of earlier decades and partly the socio-political measures decreasing the registered economic activity of older people. Both processes substantially diminished the country's labour force in the decade following the mid-70s.

The comparison of the data in table 1 and table 2 clearly indicates that, despite the economic deficiencies and owing to the peculiarities of the work system of the "socialist" economies, the Hungarian economy has gradually made use of all its labour resources. Towards the end of the 60s, the utilisation of the labour potential had already approached the "demographic maximum". The ratio of the use of manpower resources further increased in the following decade. The overwhelming majority of the small number of working-age, inactive population remaining in the households were older, unskilled women in the smaller villages of agricultural areas, who, along with performing their household duties, also worked on household plots. Empirical investigations have revealed that few of these "inactive" people would like to enter into regular employment. Thus, in Hungary, labour reserves can no longer be found outside the economy and must be sought within it through increased efficiency. To achieve a faster growth of the economy, a more intensive use of the labour force already employed would be necessary, as would an increase in productivity and the redeployment of the labour force in line with the structural changes of the economy.

We have clearly shown that during the past quarter of a century there has been no unemployment in Hungary. Given the general labour shortage, the employment of job-seekers has not come up against any appreciable obstacles except for individual cases. But a change is expected to take place in the labour market relations. One of the non-economic contributory factors is that, as a result of fluctuations in Hungarian demographic processes, a temporary rise in labour supply is expected to occur from 1989 onwards - in contrast to the previous decade and projections for the period following the turn of the century. The other factor that must be taken into account is that labour demand will diminish in response to the government's stabilisation program of September 1987 which requires stricter measures to attain economic efficiency. (The initial signs of this process made themselves felt in 1988 when a cut in employment began in the non-profitable sectors or enterprises, and when, in certain cases, such enterprises were closed down indicating the new directions for future labour market processes.)
Table 1: The number of employees and their distribution by sectors on 1 January (in thousands)

<table>
<thead>
<tr>
<th>Sector</th>
<th>1960</th>
<th>1976</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>1,329</td>
<td>1,782</td>
<td>1,536</td>
</tr>
<tr>
<td>Building industry</td>
<td>289</td>
<td>420</td>
<td>348</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,832</td>
<td>1,085</td>
<td>986</td>
</tr>
<tr>
<td>Transport, communication</td>
<td>309</td>
<td>403</td>
<td>401</td>
</tr>
<tr>
<td>Trade</td>
<td>298</td>
<td>469</td>
<td>509</td>
</tr>
<tr>
<td>Water supply</td>
<td>11</td>
<td>71</td>
<td>79</td>
</tr>
<tr>
<td>Services</td>
<td>693</td>
<td>864</td>
<td>1,034</td>
</tr>
<tr>
<td>Economy as a whole</td>
<td>4,761</td>
<td>5,094</td>
<td>4,893</td>
</tr>
<tr>
<td>Corrected number of labour (see Appendix)</td>
<td>4,771</td>
<td>5,744</td>
<td>5,573</td>
</tr>
</tbody>
</table>

Table 2: The change in potential labour resources

<table>
<thead>
<tr>
<th>Factors</th>
<th>1960</th>
<th>1976</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working-age population (15-54, 59 years old)</td>
<td>5,754</td>
<td>6,237</td>
<td>6,074</td>
</tr>
<tr>
<td>Active earners beyond working age</td>
<td>+655</td>
<td>+283</td>
<td>+130</td>
</tr>
<tr>
<td>Working age pensioners</td>
<td>-56</td>
<td>-252</td>
<td>-377</td>
</tr>
<tr>
<td>Students 15 years and over</td>
<td>-259</td>
<td>-96</td>
<td>-426</td>
</tr>
<tr>
<td>Persons on child-care leave</td>
<td></td>
<td>-265</td>
<td>-220</td>
</tr>
<tr>
<td>Potential labour resources total</td>
<td>6,084</td>
<td>5,607</td>
<td>5,181</td>
</tr>
<tr>
<td>Corrected number of labour resources</td>
<td>6,094</td>
<td>6,257</td>
<td>5,861</td>
</tr>
<tr>
<td>Utilisation of labour resources (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>According to official statistics</td>
<td>78.2</td>
<td>90.9</td>
<td>94.4</td>
</tr>
<tr>
<td>According to corrected data</td>
<td>78.3</td>
<td>91.8</td>
<td>95.1</td>
</tr>
</tbody>
</table>

Notes:
1. In Hungary, the statutory determined lowest age limit of workers has been 15 years for quite a long time. The general retirement age for women is 55, and men 60 years. Therefore, statistics class the population of 15-54, resp. 59 years in the economically active age group, the main source of "labour resources". These resources are increased by the number of people employed "outside working age", since 1976 exclusively by the number of active earners of 55, resp. 60 years old and over, and diminished by "working-age" pensioners, students 15 years or over, as well as by those on child-care leave.

For the purpose of international comparison, we did not deduce the latter from labour resources and added to it the already mentioned number of pensioned working people. Since we corrected the final sums of table 1 and table 2 by the same number of persons, the difference between the indices showing the percentage shares of the utilisation of the labour reserves is of course insignificant.

II. Working-time developments

From 1948 to 1968, the general and uniform working time laid down in the Hungarian Labour Code was eight hours a day, six days a
week, ie. 48 weekly working hours. A general reduction in working hours began in 1968, and a few years later, every second year a 5-day, 44-hour working week was introduced covering the whole economy. In 1982, the economy moved to a 5-day, 42-hour weekly working time, and in 1984, to a 40-hour week in industry, construction and public service sectors.

According to the Labour Code, wage earners are entitled to eight paid holidays if they fall on working days. Assuming a 40-hour working week and provided that the number of annual working days is at least 253 days, the nominal annual working-time fund for one employed person is 2,024 hours. This can be diminished by paid leave, which, according to the prevailing statutory provisions, was 168 working hours on average, ie. about one calendar month. Hence, the statutorily determined "normal" working time of those employed on a 40-hour working week was 1,856 hours per capita per year. In 1986, this "statutory" working time was the lowest among the COMECON countries (see table 7).

This time fund is somewhat reduced by full-day absences due to illness and other reasons. In 1985, this caused the loss of 168 working hours computed as the average of all persons employed, which, when related to the "normal" annual working-time fund, is an 8.7 per cent loss of working time.

Four-fifths of all full-day absences are caused by the inability to work for reasons of ill health. The analysis of absenteeism caused by ill health confirms the general, international experience that this absence is also not completely involuntary. Workplace conditions, the equilibrium of the labour market, the economic activity of women, the possibilities of complementary surplus earnings, the system of social insurance, terms and

3. In the late 40s shorter working time was introduced in certain areas of work harmful to health (ie. work involving radio-active substances, certain workplaces in the chemical industry) and in some particularly difficult jobs (ie. underground mining, electrical work with high-power electric lines, etc.). Night-shift workers were also entitled to shorter working time.

4. The rapid partial introduction of the 40-hour working week is primarily connected with the fact that when the transition to the 42-hour working week took place, the 30-minute lunch break was uniformly abstracted from the regular working time. For workers engaged in the state-budget sector, employees of the other sectors and of a part of industry and construction, the half-hour lunch break had been formerly accounted for - an old-established privilege - as part of working time. The stoppage of this practice meant that the introduction of the 42-hour working week actually lengthened for nearly half of all wage earners, the earlier working week by 45 minutes on average. This measure, justifiably criticised, was substituted with the 40-hour working week in most affected areas of work.

5. Paid holidays are: January 1; April 4; May 1; August 20; November 7 and Christmas. Since in most years, some of these holidays fall on work holidays - except for some years - paid holidays actually diminish the number of yearly paid holidays by less than 8 days. Some of these paid holidays have been changed from 1990.

6. Paid leave consists of a basic leave of 15 working days, complementary leave depending on the length of service, and - in certain spheres of work - of surplus leave granted for special working conditions. The 168 hours indicated above constitute the actual average paid leave of one employee in 1986.
conditions governing benefits in the case of illness, the health services and the relationship between doctors and patients and other factors greatly influence the workers' choices between a state of "illness" and "health", which, in turn, determines the level of absenteeism and changes in absenteeism.

One-tenth of full-day absenteeism comprises paid leave, the conditions governing which are generally prescribed by law. Absences due to civic duties, certain social activities, vocational training and the like fall into this category.

Finally, a large part of a further one-tenth of full-day absences is allowed by the enterprise, as unpaid leave. Most of these absences occur for family or other private reasons. A small part of unpaid absences is "unjustified" absence when employees stay away from work without any acceptable reason.

It must be noted that while the social insurance system provides generally relatively reliable information about sick leave, absences for other reasons are taken note of by the enterprises and these statistics are much less reliable. According to empirical investigations, full-day absences for reasons other than ill health are in reality more numerous than shown in registered statistics.

Besides full-day absences, some of the employed are absent for a part of the working day. They are late for work or leave their workplace for varying periods. As with full-day absences, some of the occasional absences during working time are "official" (to appear before a court or the police, "evening" school attendance, etc.), others are of a private nature. According to enterprise surveys, the measure of these absences is roughly the same as the full-day working-time losses for reasons other than illness. However, this working-time loss is not registered by statistics.

Actual working-time performance is increased by overtime work, which is, however, difficult to estimate. In principle, all actual work done outside regular working time is "overtime". But workers usually "shift" their overtime in that they take advantage of it on some other occasions, at a later date. However, this "shifting" takes place not within the formalised flexible working-time patterns, but on the basis of a direct and informal agreement between managers and workers. Thus, this time is not included in the number of "overtime hours". A specific form of overtime work has developed in trade, catering and transport, where the enterprises pay a fixed monthly "lump-sum compensation" rather than overtime.

Overtime paid according to the hours worked outside official working time, i.e. registered overtime work and overtime compensated for by a "lump-sum payment", amounted in 1985 to an annual per capita average of 85 hours.

Taking into account the foregoing, the total annual working hours are shown in table 3.
III. Part-time employment: Working-time patterns

In Hungary, workers and employees generally work full time. The number and proportion of employees in part-time jobs is very small; being only 52,000 in 1985. However, added to that must also be the 320,000 pensioners who work part-time (see note 1, table 2). The average weekly working-time of employees statistically registered as part-time earners is 26-28 hours, while that of pensioners working part-time is 17-18 weekly hours. On average, the two categories together work half the total number of hours of full-timers.

The composition of registered part-timers is similar to that in other countries. Four-fifths of them are women and three-fourths work in the tertiary sector. Thus, choice of jobs is usually influenced by family and household considerations.

In contrast, only one third of pensioners working in part-time jobs are women, and more than half the pensioners working part-time are employed in the basic productive sectors, mainly in manufacturing.

The quantitative and qualitative features of part-time employment are explained primarily by the specific socio-political and politico-economic objectives engendered by the "socialist" model of socio-economic development. From the outset, a prominent aim of our social policy has been to strengthen the social equality of women with the basic precondition that they are involved in income-generating activities. This socio-political objective coincided with an economic policy oriented towards the acceleration of economic growth through the "full" employment of available labour resources. The demand for part-time employment emerged only to a limited extent, with a few exceptions, and young female job-seekers wanted full-time employment. This policy orientation was strengthened by the fact that, owing to the very low level of real earnings in the 50s, families sought to achieve the highest possible incomes. The economic activity of women increased rapidly from the 50s onwards, and by the end of the 60s it had almost reached the activity rate for men. Social policy assumed that the social institutions for educating children, state nurseries, kindergartens and organised day-time occupation at schools would be able to relieve women of a great part of work related to child rearing.

It was further assumed that the mechanisation of households and the development of services would greatly diminish the volume of household chores. But experience showed that the technical developments and services modified only the structure of household work, hardly affecting its volume. In addition, the child-care institutions could provide only partial assistance with regard to the rearing of children. Therefore it was primarily for reasons of family support and demographic policy that the expansion of part-time employment grew in Hungary in the 70s, in the hope that it would ease the tension between full-time employment and household duties.
Table 3: The number of annual per capita working hours performed by persons employed full-time in the "socialist" sector.

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<td></td>
<td></td>
<td>without</td>
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<tr>
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<td></td>
<td>VGMK's</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>with</td>
</tr>
<tr>
<td>Industry</td>
<td>2,132</td>
<td>1,930</td>
<td>1,936</td>
<td>1,743</td>
</tr>
<tr>
<td>Building industry</td>
<td>2,215</td>
<td>2,003</td>
<td>1,992</td>
<td>1,740</td>
</tr>
<tr>
<td>Transport</td>
<td>2,312</td>
<td>2,134</td>
<td>2,135</td>
<td>2,018</td>
</tr>
<tr>
<td>Trade</td>
<td>2,247</td>
<td>2,038</td>
<td>2,065</td>
<td>1,942</td>
</tr>
<tr>
<td>&quot;Non-material&quot; sectors</td>
<td>2,104</td>
<td>2,008</td>
<td>1,952</td>
<td>1,801</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,515</td>
<td>2,391</td>
<td>2,178</td>
<td>1,980</td>
</tr>
<tr>
<td>Economy (total)</td>
<td>2,245</td>
<td>2,178</td>
<td>2,018</td>
<td>1,845</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,888</td>
</tr>
</tbody>
</table>

Notes:
1. A specific, new form of "overtime" evolved in Hungary after 1983 when the new statutory provisions opened the door to various small undertakings. These measures also made it possible for employees of enterprises to establish - with the permission of enterprise management - "economic work associations within the enterprise" (in Hungarian: VGMK). They may work for the enterprise but also for outside customers. If they use for their work machines, equipment or material borrowed from the enterprise, they return costs to the enterprise. Under the peculiar conditions of our economy and especially as a result of labour shortages, the VGMK's soon developed into specific "understations" which work almost exclusively for their own enterprise so that they continue their regular daily work after working time. However, for this work they do not get "wages" or overtime payment but "fees" according to the contract concluded with the enterprise. The contract fee is generally higher than wages and overtime payments. Thus, the formal "undertaking" constitutes a special kind of overtime work which is not prohibited either by rulings of the Labour Code, or by the central wage control system. The survival of the VGMK's is based on mutual interest which, for the enterprise, is the replacement of the scarce labour force and the stabilisation of the available manpower, and for employees it is the payment earned as surplus income. On the basis of the VGMK's contract fee, the average annual number of "overtime hours" performed by the members of the VGMK's is estimated at 43 in 1985. Thus, the average annual per capita number of overtime hours performed was 128 instead of 85. In industry and the building industry, where the VGMK's are especially widespread, the number of "overtime" hours performed by the VGMK's is much higher than the number of registered overtime hours.

The established circumstances greatly aggravate the diffusion of part-time employment. Given the scarcity of labour, enterprises only exceptionally provided part-time employment. In addition, the cost-sensitivity of enterprises is not strong enough to enable them to expand employment forms in response to the cyclical fluctuations of labour demand and to diminish wage costs. Employees experience even greater difficulties.

In the developed capitalist countries, the massive involvement of women in paid work took place from the outset largely as part-time employment, and thus the entry into the work-force under these conditions also contributed to an increase in family income. However, full-time female employment is the norm where the growth of part-time employment would necessarily diminish the established family incomes. Given these circumstances, employees are less interested in part-time work. For this reason, the spread of part-time employment is largely a task for the future and will require specific measures. One current idea is that the Government should at least partly compensate full-time workers who because of their family responsibilities (i.e. caring for young children) move into part-time positions, for their consequent loss of income.
The situation is somewhat different with regard to the flexibilisation of working-time, the traditional forms of which established themselves earlier and have strengthened in scarce labour conditions. These are: institutionalised overtime, the previously mentioned "black" overtime, informal "working-time shifting", flexi-time systems established in agriculture, construction and in certain branches of the food industry as well as in the catering trade. Off-season working hours are shorter, while in the high season it is done on a "protracted shift" basis. Divided working time (or split shifts) in animal husbandry, in urban mass transport and small businesses also fall into this category. This flexibilisation of working time was primarily in the interest of the employers and was adjusted to the requirements of production.

New types of working-time patterns which increase the free choice of the employees (primarily the introduction of the formalised system of flexi-time), began in Hungary in the first half of the 70s. But by the early 80s it was only applied by a few enterprises and institutions. Estimates indicate that only 1.5 per cent of all employees were employed under flexible working time arrangements. Since that time, government agencies, the trade press and the mass media mounted an intensive campaign for the introduction of flexible working-time patterns. As a result, in 1985, six per cent of all employees were already working flexi-time.

The results of a survey on the spread of various types of working-time patterns in individual economic branches are given in table 4.

Shiftwork cannot be regarded as an independent type among working time patterns. International experiences provide evidence that multiple shifts can also be organised with flexibility or by fixed work patterns. Statistics relate to the incidence of multiple shift systems only in industry and amongst manual workers. In 1984, 56 per cent of industrial workers worked in one shift, 21.4 per cent on two and 22.6 per cent on three or more shifts. The ratio of workers employed in two or more shifts follows a slow by definitely decreasing tendency with the consequence that the utilisation of the productive capacity deteriorates. The number of shifts performed in industry in 1975 was on average 1.4 per cent, while in 1985 it was only 1.35 per cent.

IV. The working lifetime

The significant expansion in education and vocational training has gradually decreased the economic activity of young people. At the end of the 60s, the average age of young school leavers taking up paid work for the first time was 15 years and was 16 years in the 70s, exceeding the limit of compulsory school attendance. In recent years, the average age of young people taking up work is around 17-18 years.

Greater changes have taken place in the economic activity of the older population. In 1960, more than 60 per cent of men over 60 years were still economically active. The level of statistically registered economic activity is below 5 per cent. The economic activity among
Table 4: The distribution of the labour force employed in the "socialist" sector according to the main types of time patterns of work

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Percentage of employees working in</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed working time %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equal daily length</td>
<td>Unequal daily length</td>
</tr>
<tr>
<td>Industry</td>
<td>92.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Construction</td>
<td>44.9</td>
<td>42.0</td>
</tr>
<tr>
<td>Agriculture</td>
<td>75.6</td>
<td>17.4</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>61.5</td>
<td>14.8</td>
</tr>
<tr>
<td>Trade</td>
<td>72.0</td>
<td>12.7</td>
</tr>
<tr>
<td>Water supply</td>
<td>68.7</td>
<td>21.0</td>
</tr>
<tr>
<td>Other material activities</td>
<td>79.4</td>
<td>9.0</td>
</tr>
<tr>
<td>Health, social and cultural services</td>
<td>76.5</td>
<td>13.4</td>
</tr>
<tr>
<td>Total</td>
<td>78.2</td>
<td>11.2</td>
</tr>
</tbody>
</table>

Notes:
1. We regard those patterns of work as "fixed", in which the length and arrangement of working time - with the exception of certain employees - are determined solely by the employer in a uniform way and with a compulsory validity for the whole or larger groups of the manpower stock. Here belong: (a) the daily working time of equal length and a fixed arrangement; (b) unequal working time, in which the number of daily working hours to be performed may change by day, week, month or season; (c) divided daily working time discontinued for a work-time break longer than the usual lunch break; and (d) staggered hours in the arrangement of which the starting working time is determined differently for geographical areas, for enterprises or for groups and departments within them. The "flexible working-time" category includes those systems in which both the length and the arrangement of working time is determined by individual agreements between the employee and employer. In Hungary, the type which is almost exclusively applied is the one in which employees are relatively free to determine their daily starting and finishing times.

Women aged 55 years and above was much lower in 1960 than that of men, hardly exceeding 25 per cent. It is now around 6 per cent (see note 1, table 2).

The duration of working life however, is determined not only by the age at which economic activity starts and finishes, but also by changes taking place between these points in time. The average working lifetime of men has been decreased by the greater length of schooling and the expansion of the general entitlement to a pension. Related to the latter is the rapid and large-scale increase in the number of disabled pensioners. In the case of women, a process in the opposite direction has taken place in the past decades. Young women have taken up paid work in ever increasing numbers and have remained among the employed. Thus, the average working life of women has increased despite the fact that, as in the case of men, female economic activity has diminished in the young and older age groups.

Population censuses held every ten years have made it possible to follow the formation of the economic activity of the various age cohorts.
selected as samples, and also to give data on their average working life calculated in years.

Table 5 shows that during the past decades men's working lifetime has declined appreciably, while that of women has continued to rise. It is expected that this process will continue in the same direction for the foreseeable future.

If we take into account the reduction of working time during the past two decades, the men's average working lifetime, computed in hours, has decreased even more than before, and in 1985 it was hardly two-thirds of the average working life time computed for 1960.

In the case of women, the fall in working time offsets the changes arising from the growth in economic activity. Their working lifetime computed in working hours has remained roughly unchanged during the past quarter of a century.

V. The time fund of social reproduction

"Working time" is merely a part of social reproduction. Closely related to working time is the commuting time between work places and places of residence. Despite all changes, the household has remained a specific type of "economy" in which not only service-type work but also "production" is done. This work, unlike the work done in the "economy", satisfies directly and without the intervention of the market, the needs of the household, while the primary aim of the work undertaken in the "economy" is the acquisition of income, making it possible to satisfy consumer demand with the intervention of the market.

Finally, contrary to all the earlier assumptions, income-acquiring work is carried out not only in the "first" economy but also in a newer "second economy" which is wedged between the "household" and the "economy" and which has survived and further developed in the past decades.\footnote{As a result of specific economic relations in Hungary, the concept of the "second economy" differs in content from the concepts of "shadow economy", "black economy" and "hidden economy" which have evolved in capitalist economies. In the latter "illegal activities" are performed primarily under the redistribution systems for the evasion of taxation. (Here we are not concerned with really illegal activities coming up against the prohibitions of punitive law, such as prostitution, drugs, secret gambling casinos, etc.). These two sectors of the dual economy differ from one another not only in their status, but also in their personnel, while both "economies" organically fit into the uniform system of the capitalist economy. The "second economy" of the socialist countries include all income-earning private activities independently of whether they are performed legally by industry, or in a half-legal or tolerated way. These activities arise, and are maintained, primarily by shortage since the socialist sector is unable to fully satisfy solvent demand. However, the two sectors of this dual economy operated according to economic rules that differ from one another. The social sector - in its present stage of implementation of economic reforms in Hungary - is still largely governed by the central agencies of economic management and their measures, while the second economy is operating according to the rules of "classical" market economy. At the same time, the agents of the two}
Table 5: The average working-life time of individual age cohorts (in years)

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>51.2</td>
<td>16.6</td>
</tr>
<tr>
<td>1905</td>
<td>46.0</td>
<td>17.8</td>
</tr>
<tr>
<td>1915</td>
<td>42.4</td>
<td>19.4</td>
</tr>
<tr>
<td>1925</td>
<td>40.6</td>
<td>22.8</td>
</tr>
</tbody>
</table>

The development of the composition of the time-fund of social reproduction over the past two decades is shown in Table 6.

During the two decades under review, the three reductions in combined working time have diminished the annual per capita working-time fund of those employed in the "socialist sector" by 18.2 per cent. Its effect was counterbalanced for some time by the rise in the number of the people employed. The volume of time worked diminished only in the 80s, when not only weekly and annual working time, but also the number of employed fell.

During the same period, the volume of working time significantly increased in the "second" economy, more than half of which was accounted for by manual and clerical workers from the "socialist" sector, otherwise known as the first economy, outside working hours and on their weekends. At the same time, the utilisation of the working time fund hardly changed in the transport sector and the households. Thus, in the final analysis, the real leisure time of active earners hardly increased despite appreciable working-time reductions. It should therefore be noted that while no substantial variance can be identified among the different socio-economic groups of the active population in the number of hours worked, differences in the time inputs of the "second" economy and of the "household" economy are very great. Especially significant is the joint workload of two groups. In the first group, one finds those employed men who work full-time, many of whom also work overtime, and those who undertake small commodity production in agriculture or spend time in other surplus work for income-earning purposes, after official working hours.

economies are for the most part the same persons. Even a section of the independent small-scale handicraftsmen and shopkeepers perform their work as "subsidiary activities" after their regular working time. And those engaged in agricultural small-commodity production and the performers of non-legalised productive and servicing work beyond agricultural activities are - outside the inactives - predominantly employed in the socialist sector.
In the second group one finds mostly mothers with small children, who, in addition to full-time work, also perform more-than-average work in the households and often also take part in small-scale agricultural production. To this group one may add those men, who, in addition to their normal economic activities, build their family house outside regular working hours. Their number is relatively small, but their working-time load is very great.

Having examined the time spent on all work activities we have found that about two-fifths of all people employed spend much more than average time on income-earning and income-saving activities. Their excessive workloads have an unfavourable effect on their performance in regular working time and exert an equally unfavourable influence on their way of life, their health and family relations.

This is one of the many reasons which make a change in the existing economic system imperative so as to render the work done during regular working hours economically more efficient and to mitigate the surplus workload of those who are double or triple-loaded.

VI. The regulation of working time and working-time patterns: Implementing the reduction of working time

In Hungary, the length of daily and weekly working hours, work-breaks, and paid leave is determined by the statutory provisions of the Labour Code as is the ordering and performance of overtime work. Besides the "legal" working hours defined therein, overtime work can only be performed when it is paid, or compensated for in kind, by "free time". Modifications of the Labour Code were prepared in co-ordination by the Central Government and the Centre of the Trade Unions.
The statutory provisions relating to working time make part-time employment possible on condition that the wages of part-time employees are determined pro rata and that they are entitled to the same rights as full-time employees with regard to work breaks, rest days and paid leave. The allocation of legalised working time, the arrangement of the plant and working-time patterns at the level of enterprises and institutions take place through decentralised collective bargaining.

Collective bargaining plans are discussed by the workers and employees and are signed by the enterprises' managers and the local trade union committees. Their validity does not depend on the approval of the higher government agencies or of the central trade union organisation.

The modernisation and transformation of the Hungarian system of economic management has already substantially changed the status of state enterprises, strengthened the independence of the co-operatives and legalised the development of the private sector. This process also places profits at the centre of the functioning of state enterprises and wishes to substantially augment the enterprises' interest in maintaining and enhancing their assets. This policy necessarily requires an increase in the trade unions' role in the protection of workers' interests. This is also connected with the fact that the value-added tax and the personal income tax introduced in 1988 as well as the related changes in prices and wages will presumably bring to the surface the differences and conflicts between the individual and collective interests of the enterprises and of the workers and employees.

In the working-time reductions discussed so far, the aim and role of each of the actors in the industrial relations system were different. In working-time reductions connected with working conditions, the relevant sectoral trade unions were usually the initiators. Their principal aim was to offset the harmful consequences of the unfavourable work situations and conditions by means of shorter than usual work hours.

The general working-time reductions implemented so far were initiated by the Hungarian "Socialist" Workers' Party who form the central government. These reductions were primarily motivated by political and socio-political considerations. The political leaders started with the assumption that the enterprises and institutions had enough internal labour reserves to counterbalance time lost as a result of working-time reductions with a faster growth in productivity, and would also be able to cover the wage rise from their own resources. In conformity with this principle, all working-time reductions were implemented with full wage compensation. The central budget provided partial financial support for working-time reduction in some budgetary agencies and to public services.

Since in Hungary the duration of working time was always determined by the Labour Code, this legal provision also specified which groups of employees were affected and in what ways they were affected by the working-time reduction. Accordingly, the general reduction in working time was extended to all persons in dependent employment. The method and the timing of implementing the working-time reduction was determined by the enterprises and institutions concerned. In this respect,
the Government prescribed only the commencement of the reduction in working-time.

At first, the majority of the enterprises easily undertook working-time reductions, using their "own resources", without demanding special central subsidies. A smaller number of enterprises as well as the majority of the public sector asked for central subsidies in order to increase personnel and/or wages, a measure that their internal reserves were not able to fund.

It follows that in most cases it was difficult to verify objectively, from outside, how great "the internal labour reserves" of the individual enterprises and central institutions were, and how far their demand for central subsidies were justified. Hence, the distribution of central subsidies was carried out in the form of bargaining, in which subjective viewpoints inevitably also had a role to play.

It is no less easy to determine with acceptable accuracy whether the enterprises which pledged to cover the implementation of the working-time reduction from their "own resources", covered the costs of working-time reduction in reality by a faster rise in the productivity (and intensity) of work, by improving economic efficiency.

According to statistical data on productivity, the growth of work productivity in the competitive sphere offset the loss of working time by 80 to 90 per cent if not completely. The enterprises covered the difference by a temporary increase in overtime work, by the expansion of co-operation and other, similar methods.

Another assumption of general working-time reduction was that it proportionately increased the workers' leisure time and thus improved their living conditions. As we pointed out earlier, this assumption was realised only to a small extent. The time freed by working-time reduction was used by the employed primarily to increase their family incomes by taking up other work.

Apart from the factors given above, a significant role was also played in the 1968 working-time reduction, by competition between the "socialist" countries and the developed capitalist ones as well as by their adjustments to one another. Finally, in the 1980s, the reduction in working time was an important factor in the political efforts to reduce the unfavourable effects of the stagnation of real incomes.

VII. Flexible working hours

As was mentioned above, the working time of full-time employees in the various branches of economic activity is laid down in the Labour Code. However, the evolution of working-time patterns which governs the framework of the utilisation of working-time came under the authority of the enterprises in 1968. But the employers' independence in that area did not extend to the application of flexible working time until 1980. The permission of the employer's supervisory organ was needed for its introduction between 1966 and 1980.
The first experiments with new flexible working-time systems began in Hungary in 1972. Since then, such systems have been chosen by the enterprises and institutions in which the daily starting and finishing times and the length of the working day can be chosen by employees themselves, with greater or lesser freedom.

The problem of the "trade-off" between the reduction and flexibilisation of working time has emerged in Hungary only in one respect: namely in such a way that labour administration regarded flexible working time as a means of implementing the working-time reductions of the early 80s, which would prevent a situation in which the reduction of working time would result in a reduction of the opening hours of enterprises, business establishments and services.

The labour administration makes every effort to propagate flexible working time for demographic policy considerations, in the interest of a more harmonious relationship between employees, and their family obligations, to improve the efficiency of employment and to make the adjustment to a production system without a fixed-time pattern easier as well as to reduce working-time losses such as absenteeism. For this purpose the State Wage and Labour Office published a methodological guidebook in 1985, describing the types of flexible working-time patterns together with the conditions of their application.

So far, the trade unions have not taken a stand for or against the practical application of flexible working-time measures at the enterprise level. But the public pronouncements of union leaders favour its large-scale application on the basis of arguments similar to those used by the labour administration.

While no data is available on the types of employees affected by flexible working time in enterprises of different sizes, it is known that, in 1985, 6 per cent of all full-time manpower of the "socialist" sector worked flexible hours, nine-tenths of these were white-collar workers. Consequently, the percentage of blue-collar workers working flexible hours was only 2.1 per cent, while 14.1 per cent of white-collar workers did so. The latter are far more frequently found in the capital than in provincial towns, not to speak of rural areas. The application of flexible working-time patterns in the economic sectors is indicated in table 4.

Employers use flexible working time to improve the management of working-time and to stabilise their stock of employees.

Employees see that advantages of flexible working time as being, firstly, the harmonisation of family life and working life; the easier reconciliation of family-related chores, taking young children to kindergarten and day-time occupations and of coming to work on time; the avoidance of the rush hours and of being late for work; and the possibility of an easier co-ordination of private affairs and work.

The wider application of flexible working-time patterns is impeded by the fact that under the prevailing labour market relations a significant proportion of employees have found it possible to individualise the formerly rigid rules. The general looseness of the labour discipline gives ample opportunity for an arbitrary shortening of working time and for its