

adaptation to individual demands, thereby replacing the lack of a valid flexible working-time pattern.

## VIII. Conclusions

This chapter is a summary of the research completed in the mid-80s and does not, therefore, deal with the political and economic that occurred transformation at the end of the 80s.

In the post-war period, up to the mid-1980s, there was no unemployment and very little part-time employment. Weekly working hours declined over the post-war period to a statutory 40-hour week and a 1,856-hour year, the lowest among the COMECON countries (see table 7). Working lifetimes have declined in length for men, but this has been offset by an increase for women. While official working time in the official economy has declined in the post-war period, increases in the "second economy" outside of standard working hours, have counteracted this.

Flexible working-hours arrangements have not been very prevalent, although they have been becoming more evident in the 1980s. It is anticipated that a more consistent fulfilment of economic reforms will increase the interest of enterprises and employers in the spread of a wide range of new types of working-time patterns increasing the efficiency of labour, and also better complying with the individual interests of workers.

## Appendix

The following information is taken from official Hungarian statistical data. In certain cases the content differs from the statistical data of other countries used for comparative purposes. The essential difference is that Hungarian statistics do not include those working with pension and those on "child-care leave" amongst the "employed". The ranking of people working after retirement ages is based on a statistical convention which is several decades old. In the early 50s, the number of old-age pensioners was still insignificant, and their entry into paid jobs was strictly limited. Thus the number of pensioners doing paid work, and their working-time performance, was still negligible. But, since the 60s, the expansion of a general entitlement to retirement pay has multiplied the number of pensioners, whilst the increasing labour shortage has compelled the government to gradually loosen the restrictions on pensioners undertaking paid work. Thus, in the mid-80s, about 460,000 pensioners were employed in the economy, 140,000 in full-time, and 320,000 in part-time jobs. The annual working hours of pensioners are on average about two-thirds of the working time of those employed full-time. Although Hungarian statistical surveys indicate their numbers separately, employment statistics - owing to the above-mentioned outdated convention - do not rank those working as pensioners amongst "active earners". Another significant difference is connected with the institution of "child-care leave" introduced in 1967. This entitles each employee to whom a child is born, either the mother or the father, to stay at home until the child is three years old. During this leave the employment relationship and the full social security supply of the workers concerned are left unchanged, and part of the income loss is compensated for by an allowance from the state budget. There were 224,000 employed on child-care leave at the beginning of 1986. Taking the above into account, we have added to the statistical data in table 1 the number of people working whilst enjoying pensions, and those on child-care leave. The corrected number of employees between 1960 and

**Table 7: The duration of statutory working time in the COMECON countries in 1986**

| Country        | Rest days | Paid non-working days | Work days | Daily working hours | Nominal statutory working hours per year | Paid holidays | Statutory working hours per year | Indices |
|----------------|-----------|-----------------------|-----------|---------------------|--|---------------|----------------------------------|---------|
| Working hours  |           |                       |           |                     |  |               |                                  |         |
| Bulgaria       | 104       | 5                     | 256       | 8.5                 | 2,176                                    | 170           | 2,006                            | 108.4   |
| Czechoslovakia | 101       | 4                     | 260       | 8.5                 | 2,120                                    | 162           | 2,048                            | 110.3   |
| Poland         | 91        | 6                     | 268       | 8.0                 | 2,144                                    | 200           | 1,944                            | 104.7   |
| Hungary        | 104       | 8                     | 253       | 8.0                 | 2,024                                    | 168           | 1,856                            | 100.0   |
| GDR            | 104       | 7                     | 254       | 8.75                | 2,223                                    | 184           | 2,039                            | 110.0   |
| Romania        | 52        | 4                     | 309       | 7.7                 | 2,379                                    | 177           | 2,202                            | 118.6   |
| USSR           | 104       | 8                     | 253       | 8.2                 | 2,075                                    | 197           | 1,878                            | 101.2   |

1976 shows a considerably greater growth, while between 1976 and 1986 it indicates a fall of similar measure compared with the official statistics. Finally, Hungarian statistics rank employees into sectors (branches) according to the dominant profile of the enterprises, (institutions) that is, according to the "organisational" system. In several other countries, the independent units within the enterprises are included in the appropriate sector according to their "activities". Within the sectors the proportions of activities differing from the main profile are substantial, and this causes problems in the comparison of sectoral statistics of different systems. In the case of Hungary, this affects primarily the number of people working in agriculture because, owing to the specific structure of Hungarian agriculture, the state farms and the agricultural co-operatives carry on significant activities in construction, transport, etc. In 1986, the number of people engaged in such "non-profile" activities was nearly one-third of all people registered as agricultural workers. Accordingly, the ratio of "agricultural" earners would be 20 per cent in the "organisational", but only 14 per cent in the "activity" system.



## 9 Italy

Paolo Garonna<sup>1</sup> and Paolo Reboani<sup>2</sup>

### I. Introduction

The ongoing debate on working time in Italy, both as a political issue and as a labour issue, has now entered a conciliatory phase. The once forceful and uncompromising demands for a policy on working-time reduction, is rarely heard today, the reason being that developments during the 1980s have reduced the issue of working time to a mere corollary of the debate on flexibility.<sup>3</sup> Moreover, the dominant trend in Italy indicates a considerable increase in effective hours,<sup>4</sup> a result of a consistent resort to overtime and a decrease in absenteeism.

However, at the same time, one can observe important changes in the regulation of working time: the organisational reform Law 56/87 of the Labour Ministry grants a preponderant role to collective bargaining in regulating apprenticeship and fixed duration contracts. For example, in more than 1,400 agreements made with companies in the textile sector in 1985-86, the link between working-time reduction and labour supply flexibility has become a strong point in the bargaining. The 1987 national collective agreements concerning chemists, mechanics and small firms (*Confapi*), most often granted working-time reductions of 8 hours per year. Above all, these agreements deal with shift work and refer to plant-level agreements on certain specific issues. The policy debate on reform focuses on early retirement, the *Cassa Integrazione Guadagni* (CIG) and Training-Employment contracts (CFL) (see Appendix).

Current research on the reduction of unemployment and on issues of flexibility has yet to incorporate and interpret these aspects of working

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3. See Regini (1988) and Salvati (1988).

4. See Potestio (1988).

time within its wider framework.<sup>5</sup> However, one must raise the questions, can the reorganisation of working time be considered as a means in itself, independently of the wider issues of social and economic organisation<sup>6</sup> and on the other hand, should not one also consider the impact of the regulation of both the labour market and economic activity?

Our hypothesis is that it is only the study of the reorganisation of working time within the framework of the evolving system of industrial relations that allows one to fully understand the implications of policy.

First, we shall describe the background of the labour market in Italy. We shall then look at three successive phases in its industrial evolution and their working time policies: first, the period of standardisation of working time and its rigidities; secondly, the period of trilateral co-operation; finally, the period of working-time flexibility.

Our conclusions will emphasise the importance of the reorganisation of working time as indispensable for new thinking on reforming the present system of industrial relations.

## **II. The economic context and the labour market**

Tables 1 and 2 present some summary data on Italian economic indicators between 1968 and 1988.

In the industrialised world, Italy was one of the countries most affected by the monetary and oil crises of the 1970s. It experienced a rapid and at times volatile increase in the rate of inflation and several crises in exchange rates.

Nonetheless, economic growth on the whole was satisfactory, even better than that of the other industrialised countries.

This capacity of the Italian system to adapt and react can basically be explained (see MIRE, 1989) by three factors: (a) the vitality and innovation ability of the small firms; (b) the supporting role of the public sector's budget; (c) the crucial role played by the system of industrial relations in obtaining the necessary adjustments.

During the 80s, the Italian economy recovered strongly, but some fundamental imbalances have still remained. From 1983, conditions were favourable with a considerable growth in GNP (2.8 per cent, compared to the European average of 2.5 per cent), an increasing degree of capacity utilisation and improved productivity.

The control and reversal of the inflationary trend occurred in the same period and was made possible by the interaction of two factors: on the one hand, the decrease in the price of raw materials, especially energy

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5. See Chiesi (1986).

6. See Michon (1987).

**Table 1: Economic indicators**

|                   | Italy   |         |         | C.E.E.  |         |         |
|-------------------|---------|---------|---------|---------|---------|---------|
|                   | 1968-73 | 1974-82 | 1983-88 | 1968-73 | 1974-82 | 1983-86 |
| GNP growth        | 5.0     | 2.3     | 2.8     | 5.0     | 1.8     | 2.5     |
| Inflation         | 5.0     | 17.3    | 8.3     | 5.7     | 11.4    | 5.1     |
| Employment Growth | 0.0     | 0.8     | 0.6     | 0.5     | -0.2    | 0.4     |

**Table 2: Economic indicators**

|                                 | Italy   |         |         | C.E.E.  |         |         |
|---------------------------------|---------|---------|---------|---------|---------|---------|
|                                 | 1968-73 | 1974-82 | 1983-88 | 1968-73 | 1974-82 | 1983-88 |
| Unemployment rate (1)           | 5.4     | 6.8     | 10.9    | 2.6     | 5.8     | 11.0    |
| Public deficit (2)              | -5.6    | -9.9    | -11.6   | -0.8    | -4.1    | -4.9    |
| Public debt (3)                 |         | 59.8    | 84.8    | 38.3    | 47.5    | 58.0    |
| Current balance of payments (3) | 1.4     | -0.8    | -0.2    | 0.7     | -0.4    | 0.7     |

(1) % of work force. (2) 1970-1973. (3) % of GNP.

sources; on the other hand, the economic policies that lowered the price differentials and the cost-price spiral (wages).

Simultaneously, firms recovered their profit margins, and experienced gains in productivity and investments. In particular, productivity growth (D'Adda and Salituro, 1989) was one of the determining factors in the growth of GNP while employment lagged behind contributing to increases in the rate of unemployment (0.6 per cent per year from 1983 to 1986).

However, the volume of the public debt and the persistence of a budget imbalance emphasised the problem of control of deficits in the public sector (125,000 billion lire in 1988, 11.5 per cent of the GNP compared to the EEC average of 4.5 per cent). Italy's international trade deficit increased (compared to the EEC's improvement in this area) due to

the loss of price competitiveness, and the structural characteristics associated with a country that imports raw materials, especially its energy requirements.

In this environment the labour market is perceived as performing a key function in withstanding most of the stresses resulting from the flexibility of the production system. By protecting employment in the major industrial sectors and postponing, until the 1980s, the restructuring scheduled for the 1970s - a period of stagflation - it was possible to considerably improve productive dynamics at the cost of creating a significant labour surplus in the large firms. Furthermore, there are increasing numbers of youth and women queueing for entry into the labour market. There is also evidence that labour market segmentation has increased more than in other countries.

## **1. The increase of unemployment**

The most serious factor in Italian unemployment<sup>7</sup> is its characteristic of structural imbalance. Today, in fact, only one in five unemployed has actually lost a job. In the 80s, despite a moderate but continuous increase in employment (100,000 jobs per year), not only have unemployment rates increased (from 7.6 per cent in 1980 to 12 per cent in 1988, with the absolute figures increasing from 1,684,000 to 2,885,000 persons), but so have the imbalances and the structural segmentation of the labour market.

The majority of unemployed are the young, mainly women, "seeking their first job"<sup>8</sup> or those classified as "other job seekers", ie. persons outside the labour force who search for employment.<sup>9</sup> The unemployed population in Italy is composed of more persons who could not find employment rather than those who have lost a job. In the latter group a long duration of unemployment is becoming, increasingly, more common. Entire generations who often do not succeed in entering into an active working life, become marginalised and de-skilled and thereby become chronically unemployed.

The economic differences between the Centre and the North on the one hand, and the South on the other hand, are great. Unemployment rates are decreasing in the first instance (8 per cent in 1988), but remain high in the latter (20.4 per cent in 1988, more than half of job seekers).

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7. The ISTAT (the national agency for statistics) analyses the labour market situation with quarterly surveys. The usual definitions are those of the ILO. In particular, "people who are seeking a job" (unemployment) include : "unemployed", "people seeking their first job" and "other people seeking a job".

8. This group includes 14 year olds who have never had a job or were self-employed; those unemployed for less than one year or seeking a new job.

9. It includes people who were classified as being out of the labour force, but during another part of the interview, declared that they were actively seeking a job.

Despite (or probably due to) better wage conditions and social welfare benefits at the level of the official labour market, there has emerged an important parallel underground and irregular economy. The "black economy" is composed of various activities, developed without regulations and outside of regulations. It is partly linked with backward conditions and partly to organised crime at the margins of the market. The main sectors are agriculture, construction and more generally, services. In these sectors migrant labour, the major part being underground, was estimated in 1989 at 1,200,000 persons. The underground economy is well developed in Southern Italy, where unemployment rates are higher.

### III. The industrial relations system and working-time regulation

The Italian industrial relations system has undergone great changes since the post-war period. It was originally based on a system of centralised, bi-lateral collective bargaining. However over the years, collective bargaining has been decentralised and has become tri-lateral (with government participation).

Employees are unionised by three major confederations<sup>10</sup>, which operate at the national and regional level. In the 1980s, autonomous unions (*Cobas*) were developed, specifically in public services. These are largely corporatist and compete with the three confederations.

Employers' associations are more numerous. The most important is the *Confindustria*, which is organised in regional and provincial federations and which groups together employers from the private industrial sector; the Intersind (IRI) and the Asap (ENI) group together employers of the public sector; the *Confagricoltura*, the farmers; and the *Confcommercio*, employers of trade sectors.

The system was strongly centralised during the post-war period; collective agreements were mainly based at the national level. Sectoral agreements began to appear in the second half of the 50s in the main industrial sectors. In the 60s, articulated bargaining, a two-level based (sector and firm) system was enforced. It had the important effect of decentralising the whole Italian collective bargaining system. By the end

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10. The CGIL (*Confederazione Generale Italiana dei Lavoratori*) is the biggest union. Members are concentrated in industries. After a long period of Marxist ideology, its activity is now more influenced by a social-democrat ideology. The CGIL includes a majority which belongs to the Italian communist party (PCI) and a minority to the socialist party (PSI). The CISL (*Confederazione Italiana Sindacati Lavoratori*) is the second union relative to the number of members. Its members come from the service sector and public administration. Its references associate "contractualism" and reformist socialism. Its internal composition is heterogeneous even if one can observe recently some move towards Christian Democracy. The UIL (*Unione Italiana del Lavoro*) is the smallest of the three confederations. It is politically close to the PSI and the Italian Republican Party (PRI). It is mainly reformist and is specifically concerned with public services.



of the 70s, and even more so in the 80s the economic difficulties meant that industrial relations had to be adapted to the macro-economic requirements. The main priority was to restore labour market flexibility. To this effect, the State has become an actor in the industrial relations system, and during bargaining rounds, is no longer just an arbitrator but a real negotiating partner.

While recruitment and redundancy is strictly controlled by the legislative framework, working time is mainly regulated by collective bargaining. The legislation regulating working time is still mainly the law of 1925. It limits the work week to 48 hours and allows 12 additional hours. Overtime is nevertheless regulated in a restrictive way with respect to social security contributions and the authorisations. It was only at the end of the 80s that the legal limits were relaxed, to induce lower costs of working-time flexibility for firms.

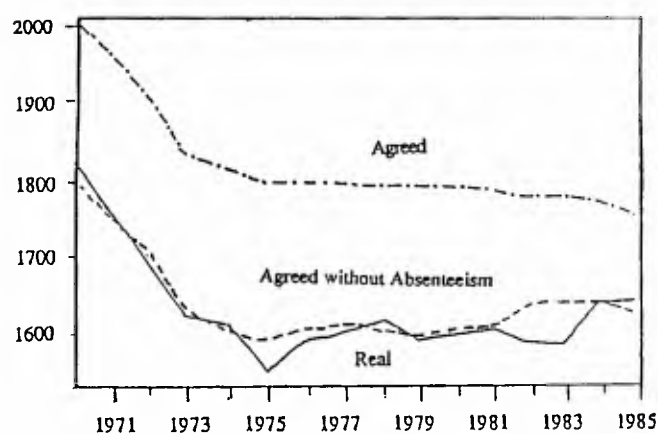
National and occupational agreements indicate the limits for paid working time, the hours exceeding the limits are eligible for overtime pay. They also control absenteeism, paid holidays and vacations, sickness and vocational training.

Various legislative arrangements have important consequences for working time, e.g. compensation for the end of labour contract (*trattamento di fine rapporto* : TFR), *Integrazione Guadagni* which includes redundancy payments in cases of low activity, early retirements, training-employment contracts, solidarity contracts and regulations for part time (see appendix). The age of retirement is currently 60 years for men and 55 years for women, but these limits are being contested due to the financial crisis in the retirement schemes.

The agreed working hours have been progressively reduced during the last 15 years. In manufacturing (see diagram 1), they were reduced by 14 per cent, from nearly 2,000 hours per year in 1970 to 1,800 hours, in 1975. In services, there were more than 1,800 hours per year in 1970, and 1,600 in the 80s; a reduction of 11 per cent. With the decrease in the average yearly working time, the differences between sectors became narrower. This is also applicable to blue and white collar workers within each sector (see table 3). Blue collar workers' total hours per year was higher in the early 70s, decreasing more than white collar workers per year, but in 1982 was almost identical.

Actual working hours have followed similar trends to contractual working hours. Since 1982 nevertheless, one can observe an increase in actual working hours alongside a decrease in agreed working hours. It can be explained by lower absenteeism (ie. strikes, illness, pregnancy leave, work accidents, or non-authorised leave). The dynamics of overtime also contributed to the increase of actual hours of work.

Diagram 1: Annual contractual hours\* in manufacturing



\* in thousand hours

Table 3: Contractual hours in main sector (1982)

| Sector                  | Hours       |              |
|-------------------------|-------------|--------------|
|                         | Blue-Collar | White-Collar |
| Mining                  | 1,772       | 1,776        |
| Non-metallic minerals   | 1,782       | 1,770        |
| Chemicals               | 1,778       | 1,743        |
| Chemical fibre          | 1,780       | 1,741        |
| Rubber and plastics     | 1,774       | 1,768        |
| Pulp and paper industry | 1,748       | 1,768        |
| Printing                | 1,787       | 1,787        |
| Wood                    | 1,764       | 1,764        |
| Food industries         | 1,741       | 1,741        |
| Metalworking industry   | 1,795       | 1,797        |
| Clothing                | 1,756       | 1,753        |
| Footwear                | 1,756       | 1,758        |
| Skins and hides         | 1,778       | 1,771        |
| Textiles                | 1,784       | 1,781        |
| Construction            | 1,778       | 1,778        |
| All industries          | 1,778       | 1,777        |
| Transport               | 1,783       | 1,744        |
| Communication           | 1,758       | 1,731        |
| Trade                   | 1,716       | 1,716        |
| Hotel                   | 1,740       | 1,740        |
| Public establishments   | 1,740       | 1,740        |
| Credit                  | —           | 1,695        |
| Insurance               | —           | 1,653        |

## **IV. Three periods of policies for reorganisation of working time in Italy**

Three types of policies for the reorganisation of working time can be observed, and in Italy they relate to three periods of industrial relations history.

### **1. Policies for standardisation and rigidities**

The first model is standardisation of working time and rigidities. It corresponds to the period which witnessed the reinforcement of the industrial relations system; the increase of union bargaining power and a conflictual state, the decentralisation of bargaining and the political pressure towards changes in the social and economic system in the 60s and early 70s.

The period preceeding the economic boom was characterised by low levels of politisation among the unions and a segmented labour market, with numerous labour force reserves. With the coming of the "Italian miracle", and the stronger positions in the labour market and within the firm, the first strategic reaction of unions became one of protecting employees against working-time flexibilities especially when these flexibilities were a result of unlimited employer power. Working-time reduction was seen as the means to ensure the social protection of the employee, to improve his work condition and as a means of limiting and preventing "exploitation".

This view is rooted in union history. At the beginning of the century, there was a struggle for the 8-hour day. During the Depression between the two world wars, the main claim was for working-time reduction. Moreover at the time standardisation, synchronisation and continuity of working time, all of which had been largely applied in technologically advanced enterprises, were generally considered as a means to guarantee and defend employees from the risks linked to temporary work or under-employment.

This period is also defined as a "rigidity period": both collective bargaining as well as laws reflect the many restrictions imposed upon management discretion. With regard to working time, union activity tried to block those practices of employers which enabled the development of the flexible variability of the work week (temporary reductions of agreed work hours or of overtime), increasing work intensity and temporary and part-time work. The main issues of union rigidity concerned limits to overtime, vacations for training or union activities, equality of wages for apprentices and institutional control of part-time and temporary work.

There are also certain historical and institutional specific conditions which explain why the increase in bargaining power and union control of work conditions generated working-time rigidity during the 60s.

- (i) Unionism did not have occupational traditions and therefore was not able to base its control power on trade restrictions.

- (ii) Its new force, acquired due to an improvement in the Italian labour market conditions, had been exhausted by trying to limit employer power.
- (iii) During this period, the potential for an explosive state of conflict was developing outside the old union structures, and was characterised by new forms of conflict. New groups, the young, the unskilled and migrant workers, gave a political dimension to the union traditions.
- (iv) Working-time rigidities were viewed as being favourable to the employment level, in that they can open up new job opportunities when excess demand prevails.

## **2. The period of tri-lateral concertation on working time**

During the 70s, increasing unemployment levels, affected mainly the weaker segments of the labour force (youth, women). The situation in the more unionised manufacturing sectors became a source of concern. Large firms lost their competitiveness and efficiency, and labour surpluses were generated. At the national level there was spiralling inflation and economic stagnation. Therefore, the unions' commitment to economic policy was viewed as necessary for economic adjustment, the defence of employment, the welfare state and the contractual power of the unions.

This situation was also the result of the evolution of industrial relations. In order to find a solution to the problems and conflicts of modernisation, some strategic options were designed based on (a) the "mass worker" as the leading force of unionism and the protest for egalitarianism, and (b) on the use and the political control of the conflictual state and the need for change.<sup>11</sup> Italian political unionism was sensitive to the necessity for political arbitration and, at the same time, to the need for maintaining some conflictive pressure.

These choices induced a progressive trend toward centralising the bargaining structure and the political unity (*unité d'action*) of unions. They also favoured an increasing role for legislation (such as the 'Workers Statute', enacted in 1972) as evidenced by their automatisms and their standardisation aspects.

There was a major change in policies for reorganising working time. The macroeconomic point of view seemed to support the conventional hypothesis of a positive influence of working-time reductions on employment levels. From a microeconomic view, working hours reduction was a means of decreasing the social problems and the costs of industrial restructuring. The restructuring was necessary in order to evenly redistribute, as far as possible, the work between the employees in order

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11. See Garonna and Pisani (1986).

to protect employment.<sup>12</sup> At this time *Cassa Integrazione Guadagni*, (CIG) the traditional tools for adaptation of work input, was reformed and reinforced to meet the new goals of the industrial policy (1975). Even the "Solidarity Contracts" (introduced at a later period, 1983), which allow for some justified adaptation of working hours, have the same underlying logic of adaptation to the crisis.

The limitations of working time policies can be summarised as follows:

- (i) Centralisation of bargaining becomes an obstacle to the approach which takes into account the close relationship between working hours and work organisation and technical changes.
- (ii) The reduction of wage differentials has an unfavourable impact on the manner in which labour, in the form of apprenticeship and part-time employment, is utilised.
- (iii) Micro-economic rigidities, as well as working time rigidities (e.g. the ordinary or extraordinary uses of the CIG), are controlled and managed in a subordinate way, relative to macro-economic goals of unions (e.g. employment creation) : they take on importance only in respect to the possibilities of political exchanges.
- (iv) Results with respect to growth and employment sharing have been disappointing. Reduction of labour inputs has been accomplished by job cuts rather than by the reduction in working hours.

Despite these limitations, working time has nevertheless played an important role in the restructuring policies. The CIG is the most efficient measure of this: it enables unemployment to be disguised within large firms thus avoiding the need to maintain a surplus work force which would retard their structural adjustments to the crisis. When the labour surplus is expelled from the enterprise, the CIG makes some compensation payments to employees and works together with the union to support the elaboration of a social consensus and the signature of important agreements.

### 3. Working time and flexibility policies

In the 80s, flexibility has been clearly viewed as a basic goal of policies for working time reorganisation. Working hours flexibility supplanted working hours reduction to become the central policy focus. Moreover, working-time adjustments are now considered a permanent

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12. Productivity per working hour is the added value related to actual working hours or to contractual working hours. It determines competitiveness, etc. On the other hand, productivity per employee is the added value related to number of employees. The ability to create jobs with the growth of production is dependent on this ratio. The strategy was then to increase productivity per working hour and to decrease productivity per man, in order to simultaneously create some employment growth and some competitiveness.

feature of the institutional organisation and are no longer seen as a temporary answer to the crisis.

Working-time flexibility covers various aspects: full-time and part-time, fixed-term and non fixed-term contracts. Non-standard employment relationships, which were strictly limited during the 60s, are once again regulated in a more permissive way by the law (1984). Early retirement, introduced as a measure against the crisis, was modified by the law, to a progressive retirement plan linked to the working-hours reductions included in the solidarity contracts.

During the 80s, the Italian industrial relations system and the development of the economy were affected by an increasingly acute crisis. Therefore, changes in the CIG and in the Training-Employment Contract have been significant.

With the less frequent use of the *Cassa Integrazione Guadagni*, there has been a growing awareness of its advantages and limitations. As a means for adjustment of working hours within the framework of industrial relations, the CIG performs its role in three ways:

- (i) It allows a stable level of employment, despite a legislative mechanism which disguises unemployment.
- (ii) It provides flexibility allowing firms to reduce their labour hoarding (e.g. the case of FIAT) and, in many cases, it favours spontaneous mobility of workers.<sup>13</sup>
- (iii) It requires union participation thus promoting a mixture of various collective negotiations for the CIG, concerning the work week, re-organisation of activities, introduction of new technologies, and labour mobility. It thus favours decentralised bargaining. However, as it was mainly applied in manufacturing sectors in the North, the CIG induced a transfer of resources from less developed and less industrialised areas to the others. It favoured firms which tried to postpone measures for improvement over those which knew how to adapt.

Greater difficulties stem from union involvement in CIG. The CIG favours workers in large industrial firms at the expense of youth and women seeking their first job, and the other unemployed. Union participation in its institutional mechanisms became a ritual and the traditional union approval of the CIG payments could only be withdrawn with great difficulties. But in some cases (such as in the agreement at Alfa Romeo) various agreements on the CIG have been opposed by individual workers against the unions; the labour magistracy intervention had negative effects on union power. In the 80s, the unions' attitude changed completely, and from a position of consensus, the unions have become very critical about a device that they view as being politically conflictual, and which is both discriminative and expensive. They not only demanded a complete re-examination of the unemployment compensation

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13. See Serravalli (1986).



system but, in fact, wanted dismissals to be the procedure for the labour input adjustment. It is assumed that the dismissal procedure could restore the role of unions both as mediator and negotiator.

Moreover, local administrations prefer to use those who benefit from the CIG in their public utility works, as they fear disturbances on local labour markets, when the CIG workers hold a second job in the "black economy". Employers remain the only defender of the great flexibilities of the present regulations and oppose all efforts which try to increase controls and reduce the free choice of firms.

The Employment-Training Contract (CFL) was introduced as a means of supporting union strategy and preventing the erosion of their contractual powers. Designed to deal primarily with youth unemployment (one of the most serious problems faced by employment policy), and the difficulty of union consensus, the Employment-Training contracts seek to bring about reductions in labour costs, and to encourage the professional training and part-time employment of youth. After an initially unsuccessful attempt in 1977, CFL were introduced in the great "compromise" of incomes policy following the Scotti agreement of 1983. This comprehensive agreement marks the strongest moment of unity and institutionalisation of the unions' political role. For youth today, CFL represents a well defined path to employment.

Prior to this period, salary "egalitarian" criteria and good employment conditions of apprentices were the rule and represented the major guidelines for union strategies of "rigidity". However, in the 1980s, the CFL became part of a different structure. It led to flexibility in labour use and the relaxation of a few protective rules in order to overcome business resistance to employment expansion, particularly for the youth. Among these initiatives the contractual concessions concerning apprentice payment especially for artisans were generally accepted and at times imposed on the unions. Part-time work and contracts of limited duration were recognised by law, limitations were introduced on the "system of placement by order of registration" (*collocamento numerico*) and rules were established for freer individual and collective dismissals.

Moreover, according to recruitment agencies, the main advantage which justified the wide use of the CFL was the strong discretionary power acknowledged to the business leaders in the hiring, as well as the possibility of dismissal following the trial-training period.

After their initial success, the CFL underwent critical questioning. The unions disapproved of the contents of the training as irrelevant or insufficient, and denounced its transformation into forms of low-pay employment that was expensive for the Public Treasury and did not necessarily create good jobs. Business leaders defended the quantitative success of CFL, emphasising the high percentage of trainees who became full-time employees upon expiration of the contract. Moreover, they have asked that the reductions in social security contributions which apply to the CFL be extended to other work contracts, and that responsibility for training be entirely in the hands of business leaders without any outside control.

## V. After the economic crisis, the crisis of industrial relations

Treu (1986) correctly points out the specific framework within which changes in industrial relations throughout the period in the 80s, influenced "the mechanisms, techniques and results of the new working-time rules" - first of all, the relationship between legislation and collective bargaining, or more generally between the State and collective action; secondly, the level and type of centralisation of the mechanisms of industrial relations, particularly of collective bargaining and the union structure. The trend toward decentralisation, the return to the role of negotiation as opposed to legislative regulation, the new interest in the firm's mechanisms of union participation and the attempts to recuperate the effective control of productive activity, even at the expense of concession or awareness of weak positions, are all new factors which characterise union experience during the years of the institutional crisis.

Policies of working-time re-organisation illustrate and accompany this changing climate. In some cases, new trends in industrial relations emerged precisely as a result of the evolution in certain forms of working-time arrangements. For example, consultation within the CIG procedure often afforded the opportunity to conclude important and tolerant agreements with firms, which favoured the process of restructuring and overcame rigidities and conflicts in the union's relations with business.

For Employment-Training Contracts, bilateral agreements with the *Confindustria* (in 1986 and 1989), the small business confederation (*Confapi*), the public employers organisation (*Asap*), the artisan confederations, etc. reveal a promising trend. The simplification of administrative procedures of participation and control of social partners in the Regional Commissions for Employment (*Commissioni Regionali dell'Impiego*) tend toward "controlled flexibility", ie. forms of deregulation which encourage decentralised negotiation between social partners. By legalising tacit acceptance, the real examination of the "quality" of the training project occurs through informal negotiations within the firm. In the case of disagreement or conflict, it is sent back to the public control procedures and to the higher representation bodies (territorial union).

The principle of controlled flexibility was created and strengthened by the 1986-87 negotiations. An inter-confederal agreement determined that only the goals of average working time reduction were to be decided at the national level, whereas the definition of management principles and real distribution of annual hours was the responsibility of contracts by occupational categories and negotiation within the firm (1986 inter-confederal agreement). In several occupational category contracts, e.g. *Confapi* (1987), negotiation at the firm level played an undeniable role in defining procedures of application and management of agreed hourly reductions.



## **VI. Prospects and conclusions**

Working-time policies constitute an important area of industrial conflict and reflect the state of the system of union relations. Awareness of this fact, while evident for a long time in studies and discussions, has not always been accompanied by a clear understanding of its historical, cultural and specific conditions. For some, standardisation of hours is considered an instrument essential for the protection and strengthening of workers' power.<sup>14</sup> For this reason, flexibilisation signifies the will to restore the dominance of productive activity by management. On the other hand, there are those<sup>15</sup> who feel that standardisation is a measure of "law and order", whose goal is to establish "owner's control" in the management of the labour force, especially its youngest element, and to insure high productivity rates (or "exploitation") which only benefit employers. This study of the Italian case shows to what extent such a simplification of the analysis of the relationship between the concept of industrial relations and working time policies can be misguided. There is also a need to analyse this relationship by taking into consideration the historic conditions and specific structures created by the labour market and the "national cultural aspects" of industrial relations.

For this reason, the questions which arise from the debate on working time in Italy encompass other institutional problems that relate to the reform of industrial relations. The main questions, and hence unresolved problems of institutional organisation of interests can be summarised in four points :

- (i) The concept of "normal working time" loses its importance due to the development of non-standard working hours. The lack of synchronisation and standardisation intensifies the role of the individual in the choice and negotiation of hours. However, greater self-management of working time automatically implies a revision of the problems of co-ordination between different levels of regulation, ie. between rules unilaterally defined by the State, institutions and employers, and collectively negotiated at all levels and individual areas of choice and autonomous negotiation. Above all, self-management of working time signifies a role for individual workers, which is different and stronger to that in the system of industrial relations. It also means a new relationship among collective organisations; a redefinition of the organised bases of the representative process. The most representative collective organisations have already begun to seek solutions to this complicated and delicate problem, and the debate on working time can most certainly contribute to this .

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14. See Offe et al. (1984), p. 79.

15. See Stemberger (1987).

From the social perspective of the union movement, the waning of the concept of "normal working time" is linked to the weakening of the importance of unskilled workers, and their loss of the ability to protest. Their contractual force is closely tied to the defence of normal hours. These occupational categories which, until now, represented the stability and strategy of the union, seem now only to fulfil a minor and subordinate role.

- (ii) In the area of work duration, two contradictory trends are emerging. On the one hand, claims for free time and working time reduction are increasing. On the other hand, pressures to suppress Sundays, holidays and especially night work, are rising.  
It is not only the firms that seek an increase in working hours for better capital utilisation and productivity. Workers, as consumers and users of public services, also ask for longer store and public service hours. It should be noted that there is often clear-cut interdependence between hours in different sectors. This generates difficulties particularly for the synchronisation of working and free time, which implies greater problems with traffic and crowd control, but which has an important social function in so far as it favours sociability, collective activities during leisure time, not to mention social control and prevention of competition among workers.  
The seasonal aspect of the leisure industry depends precisely on the excess of synchronisation, ie. (involuntary) reductions in global hours per year and concentration during specific seasons. Sunday rest and holidays imply a concentration in activity for specific professional categories on Sundays and holidays. The growing importance of the leisure sector in the industrial structure and in the workers' movement, the unions' close attention to users' problems (known as "citizen unions"<sup>16</sup>) and the greatest freedom in social activities are producing crucial changes. These are transforming working-time reduction into an extension of the duration of work both as possibilities of alternation and rotation.
- (iii) Overall, time duration seems to be losing its importance as a dimension and measurement unit of the contribution of work, as opposed to other parameters such as the intensity of effort, qualifications, productivity, fatigue, social, prestige, etc. Moreover, this raises other elements of collective bargaining, in which questions of standards, right to information and union participation, job security, health and environmental risks have taken on greater importance.
- (iv) Finally, the distinct demarcation between working and non-working time has begun to wither. In analyses of working time, especially comparative studies,<sup>17</sup> one is aware of the need to look

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16. These political leanings have been launched by the UIL.

17. See International Symposium (1987).

beyond quantitative aspects of work duration. One must also examine social organisation of free time on the whole, as well as the organisation of productive activity, various teaching or professional training activities, the length of transport and collective organisation of family and social life, etc.

It is the very concept of "work" as distinct and separate from "free time", on which is based all the micro-economic theories of labour supply and demand, which is undergoing a crisis. Some observations lead one to attempt to formulate a hypothesis of this crisis. For example, the idea emerges that there are important complementary elements between work and leisure beyond those which form the basis for income-leisure substitution in traditional analysis.

As observed by an employee in a German commercial firm (Rinderspacher, 1987) it is totally irrational that, in accordance with current labour law, it is possible to have a broken-down car towed but not repaired during a holiday period.

The concept of labour as a "non-produced input" shows itself to be less and less convincing in advanced societies. According to this concept, workers should not have income production costs, except those that are deductible from taxes. Social costs of production and reproduction of work are considered as income transferred and not a cost. Salaried personnel do not have business expenses, consulting, management or promotion fees. If the employee offers a cup of coffee to his possible new employer, he is in the process of spending his income. If a company board member does the same thing for a potential or new client, it is a matter of business expense with a promotional purpose.

For some professions in research and management, the distinction between work and non-work, between professional and non-professional relations tends to be unclear. On the one hand, there is a new tendency to transform free time into working time (through investment choices in human capital and training, the extension of working hours, etc.). On the other hand, there is a tendency to consider working time with the criteria used for free time: one speaks of work as a fulfilling and enriching activity; one asks workers to participate and be responsible in productive activity, thereby seeking self-management of working time.

In the field of industrial relations, the results and conditions of these changes would be alarming if they were to become consolidated and implanted.

The distinction between work and non-work and between working time and non-working time was the basis upon which was developed a system of social and productive organisation of interests based upon a duality between employers and employees, profit and salary, buyer and seller of the labour force. According to the modern vision of conflict, this duality was enriched by intermediary positions, e.g. the State as mediator and representative of independent interests, as well as unusual professional situations (such as family business or an employee who is both salaried and independent). The duality between work and non-work by no means excludes internal conflicts between the salaried

workers in the public and private sectors, or between large and small firms, or those protected and subject to international competition, or between firms in the industrial and commercial sectors, etc.

However, some recent trends occurring in industrial relations in Italy seem to be precisely questioning this duality between work and non-work, e.g. the "citizens' union", and the union's will to "represent" business competitiveness. There is sometimes also an identification of worker's interests with the interests of specific business categories, such as co-operatives, artisans or small firms.

## Appendix

### 1. The retirement system

The current retirement system dates back to 1968. There are different types of schemes. On the whole, retirement benefits are based on the last salary drawn and on years of paid contributions.

Mandatory retirement is 60 years for men and 55 years for women. To be eligible, one must have worked for at least 15 years. Dates for the start of payment vary greatly. In several cases, it begins only after a specific age (40 years for women and 65 years for men). In other cases, ie. the civil service, benefits begin right after retirement.

There are other forms of retirement benefits, such as the "social pension" (benefits are provided without a prior financial contribution, or with only a partial contribution; or the State assumes a share to balance out financing). There is also the system of benefits for independent workers (artisans, shopkeepers, farmers...).

The planned reform of required contributions by the Labour Ministry has three major goals:

- (i) Standardisation of the systems for several professional categories, as well as for men and women (old-age pension at 65 years for everyone and seniority pension after 35 years of contributions).
- (ii) Introducing some form of flexibility in the definition of retirement age.
- (iii) Favouring part-time work in the final phase of active life and considering the possibility of doing so concurrently with part of the retirement pension.

### 2. Severance pay (*Trattamento di fine rapporto*) TFR

TFR is a form of salary drawn at the time the employee ceases to work. It is provided to those who resign or are dismissed, and is the equivalent of approximately one month's salary multiplied by the numbers of years worked.

In spite of changes made in TFR in recent years, the monthly severance subsidy tends to be in proportion to the last salary received. Unlike unemployment benefits, TFR entails no expenditures for the State budget.

### 3. Early retirement

Early retirement was introduced in the early 1980s as an emergency measure to deal with manpower evictions in some industrial sectors following the implementation of reorganisation and reconversion procedures. Between 1981-1988, spending rose to over 15 000 billion lire and steady growth was experienced. This was attributed either to the average level of payments or the readjustment of retirement.

Early retirement schemes allow firms involved in restructuring activities to provide early retirement pensions to employees. Age limit requirements vary according to industrial sector, e.g. 10 years before mandatory retirement in the steel industry. Those involved receive benefits equal to those which they would have obtained if they had retired at the age of 60 (55 for women).

#### **4. The Cassa Integrazione Guadagni (CIG)**

The CIG was created in the early 1940s and reformed and strengthened in 1975. For many years it functioned as an "unemployment compensation" system. Originally, it only covered some salaried employees related to the major industrial sectors but then progressively expanded its scope to include payments to those who lost their job for external reasons. Its function became varied. The "ordinary" CIG (CIGO) intervenes in the event of a temporary drop in product demand and the "extraordinary" CIG (CIGS) intervenes immediately following the official recognition of a local or sectoral crisis.

All or part of a work force can come under the CIG by a declaration of redundancy. They would receive 80 per cent of the global salary earned. The National Institute for Social Security (INPS) generally provides the total amount, whereas the firm must make a small contribution if it is not officially in a crisis. CIG beneficiaries remain linked to their firm and, therefore, they cannot be hired by another concern without losing the benefit.

Parliament examined the reform and, by prolonging and renewing the interventions, plans to implement a system which goes from an unlimited duration to a maximum 12 months duration under ordinary management, and from 2 deferred years to 4 under "extraordinary" management. CIGO and CIGS cannot be effected simultaneously. Amongst the valid reasons given for CIG intervention are included anticipated environmental reasons. Company dues remain the same, but should double after 12 months and the firms must propose a reinsertion program and effect manpower rotation. The reform also foresees that, at the end of the maximum period, workers are dismissed and can count on a mobility indemnity (not early retirement) for a maximum of 2 years (3 years in the South).

#### **5. "Training-employment" contracts (CFL)**

These contracts were first created in 1977 and introduced on an experimental basis again in January 1983 (on the basis of agreements drawn up among government, firms and unions). They are regulated by law 843/84 (art. 3) voted in following the tripartite negotiations of February 1984.

CFL played an important role in strengthening the Italian labour market. In 1984, the first year of its application, more than 10,000 workers were hired. In 1988 this figure reached 362,478.

The CFL system alternates between work and training. Firms can sign specific contracts for a limited duration (24 months maximum) for young people between the ages of 15 and 29 years. Firms must submit a training program to regional employment committees who evaluate and supervise the projects. A financial incentive is provided for firms, i.e. tax breaks which reduce work costs by 30 per cent.

Bilateral negotiations between social partners played a crucial role by establishing incentives and guarantees for workers.

However, the CFL contains some flaws: firstly, their limited use in the South (only 8 per cent of the total) and secondly, there is a risk of adult manpower being replaced by youth. Furthermore, there is sometimes a lack of actual training activity by employers, and an inability on the part of state structures to sustain and control training quality.

#### **6. Solidarity contracts**

Solidarity contracts were introduced in Italy by the agreement of January 22, 1983, between social partners and the government (Law 863/84). These are collective contracts which can only be signed with the unions belonging to the most representative confederations. However, this instrument did not fulfil expectations and there are only a few statistical results; by 1988 only 30,000 workers had benefited.



Law 863 (art. 1 and 2) provides two separate forms for solidarity contracts.

1. "Defensive" or "circumstantial", the objective being to restrict use of the CIG by a temporary decrease in work hours, with an indemnity of up to 50 per cent of lost salary thus protecting employment levels.
2. An "expansive" or "structural" form, which provides for a definitive reduction in work hours, and therefore a salary decrease, thus allowing for new hirings. In both cases, the total cost of such an hourly decrease affects the workers, whereas no expense is foreseen for the firms.

Solidarity contracts have had little impact on employment. They have been used particularly as a substitute for the CIG and in the Central and Northern regions, to decrease labour hoarding and the working time of women.

## 7. Part time

Law 863/84 (art. 5) regulates part-time contracts. It also seeks to do so through collective bargaining by embracing the union's role in the consensus management of intervention tools on the labour market, resulting in an increase in part-time work. In 1977 there were 142,372 workers involved, however this decreased to 41,153 in 1984 (80,147 for the first semester of 1988). One must add to this those who changed their full-time contracts into part-time ones; they numbered 6,883 in 1984 and reached 31,514 in 1987 (18,496 for the first semester of 1988).

The law allows a decrease in working hours not only from a quantitative point of view (horizontal part time), but in a distributive form as well. In other words, work is divided into segments of weekly, monthly, or annual hours (vertical part time). The effects of this have been concentrated mainly in female employment, on the tertiary sector (where the majority are women) and on small and medium businesses. The Northern and Central regions have resorted, most often, to the use of part-time work.

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# 10 Japan

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## I. Introduction

Working hours in Japan are far longer than in other advanced capitalist countries. This is believed to be an important factor in Japan's rapidly growing share of the world market, which in turn has caused trade friction. Criticism from abroad has turned the reduction of working time into a major domestic issue in Japan. Following the amendment of the Labour Standards Law in 1987, legal working hours were reduced from April 1988. The amendment was expected to have a significant impact, and stipulated a reduction of the working week from the conventional 48 hours to a maximum of 40 hours.

However, shortening working hours will not be an easy undertaking. Firstly, the new law contains, as we shall see below, clauses blocking the immediate implementation of a 40-hour working week. The statutory working week was fixed at 46 hours from April 1988. Moreover, the new law does not apply to certain industries and to small and medium sized companies. Thus the amendment retained the article permitting up to 54 weekly working hours for companies with less than five employees. Secondly, and more importantly, there are many obstacles to reducing working hours at the company level where its concrete realisation should be pushed. Generally, the employers try to resist implementation, and will no doubt continue to do so, although they recognise the necessity of overall reduction to working time from an international viewpoint. At the same time, another important factor that inhibits the reduction of working hours is reluctance of workers to pursue the issue.

The so-called "flexible working time" is unlikely to reduce working hours. The new Labour Standards Law gives employers even greater scope to introduce more flexible working-time systems. In the course of drafting the amendment, those advocating more flexible working-time systems argued that such arrangements were a precondition for employers' acceptance of reduced working hours. The inclusion of a

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more flexible working-time system, therefore, represents a concession to employers. Significantly, the new law does not permit employers to use flexible working time without formal agreement between the union (or a representative of the employees) and management. However, it is doubtful whether this regulation will have the effect of reducing working time. The original Labour Standards Law also made overtime subject to labour-management agreement, but it had little effect on overtime. To clarify the actual number of working hours and the working-time system, we must take a closer look at the structure of labour-management relations, the condition of the labour market, and the workers' living conditions and consciousness. This paper aims to explain the structural problems relating to the working-time system in Japan.

## **II. The structure and problems of the labour market**

Tables 1 and 2 show some of the main labour market indicators in Japan in operation since 1970. They show that:

- (i) Although the so-called oil crisis in 1973 and 1978, and the depression 1985 to 1987 due to the devaluation of Japanese yen, had a great influence upon the economy, the rate of unemployment has remained comparatively low and the labour force has increased rather rapidly. The rate of unemployment increased to 3.2 per cent at its highest in March 1986, but it has remained on average near 2.5 per cent. The labour force increased by more than 8 million between 1975 and 1988, ie. more than 600 thousand per year. In the same period the numbers of employees increased by about 9 million, this is 700 thousand per year. In short, despite some important cases of mass dismissal, Japan has not experienced a significant deterioration in the total labour market situation, at least in statistical terms, unlike many other industrialised countries. Since 1975 the participation rate of males decreased from 81.5 per cent in 1975 to 77.1 per cent in 1988 and that of females increased from 45.7 per cent to 48.9 per cent. In this period the number of female employees increased by more than 5 million in contrast to the number of male employees which increased by 4 million.
- (ii) The proportion of employees in the construction and manufacturing industry has gradually decreased, and the close proportion in the tertiary sector, especially in the service industry, has increased rather rapidly. This shows the direction of industrial change of labour market structure. This tendency has been linked with the increase of female workers, especially those in part-time work. Part-time work mainly occurs in the service sector, especially in the retail and wholesale areas, in which management tries to adjust working hours to the fluctuation of the work load.

**Table 1: Status of labour force in Japan since 1970**

| Year | Popu-<br>lation | Labour force      |                 |                  | Self-<br>employed | Employees |       |        | Totally<br>un-<br>employed<br>(rate) |
|------|-----------------|-------------------|-----------------|------------------|-------------------|-----------|-------|--------|--------------------------------------|
|      |                 | Persons<br>(rate) | Male<br>(rate)  | Female<br>(rate) |                   | Persons   | Male  | Female |                                      |
| 1970 | 7,885           | 5,153<br>(65.4)   | 3,129<br>(81.7) | 2,024<br>(49.9)  | 977               | 3,306     | 2,210 | 1,096  | 59<br>(1.1)                          |
| 1975 | 8,443           | 5,323<br>(63.0)   | 3,336<br>(81.5) | 1,987<br>(45.7)  | 939               | 3,646     | 2,479 | 1,167  | 100<br>(1.9)                         |
| 1980 | 8,932           | 5,650<br>(63.3)   | 3,465<br>(79.8) | 2,185<br>(47.6)  | 951               | 3,971     | 2,617 | 1,354  | 114<br>(2.0)                         |
| 1985 | 9,465           | 5,963<br>(63.0)   | 3,596<br>(78.1) | 2,367<br>(48.7)  | 916               | 4,313     | 2,764 | 1,548  | 156<br>(2.6)                         |
| 1986 | 9,587           | 6,020<br>(62.8)   | 3,626<br>(77.8) | 2,395<br>(48.6)  | 912               | 4,379     | 2,795 | 1,584  | 167<br>(2.8)                         |
| 1987 | 9,720           | 6,084<br>(62.6)   | 3,655<br>(77.4) | 2,429<br>(48.6)  | 915               | 4,428     | 2,813 | 1,615  | 173<br>(2.8)                         |
| 1988 | 9,849           | 6,166<br>(62.6)   | 3,693<br>(77.1) | 2,473<br>(48.9)  | 910               | 4,538     | 2,868 | 1,670  | 155<br>(2.5)                         |

Source: Monthly Labour Statistics and Research Bulletin.

The structure of Japan's peculiar life-time employment system, which is the fundamental basis of the stability of labour-management relations, has begun to undergo changes. The range of workers covered by the life-time employment system has been reduced. The general policy of employers, after the two oil crises, has been to achieve a more flexible organisation of labour power without undermining the life-time employment system itself. Thus employers, especially those in industries strongly influenced by the depression, succeeded in dismissing some of their regular employees. After the business cycle began to improve, they did not increase the number of regular workers covered by the life-time employment system. Instead, as mentioned later, they began to make working time (especially overtime) more flexible by lengthening it and employing more "irregular workers" (ie. part-time workers) who could be dismissed at any time.

Generally speaking, the trade unions did not resist such a policy as long as the life-time employment system could be expected to be maintained for core workers and then the majority of union members. At the shop floor level as well, the unions in general accepted the more flexible organisation. For example, employers were able to transfer

Table 2: Status of labour force by industries and working time

| Year | Industry     |               |                         |               | Part-time workers (1)<br>Non-agricultural,<br>(35 hrs less) | Total of employees |
|------|--------------|---------------|-------------------------|---------------|---|--------------------|
|      | Construction | Manufacture   | Wholesale, retail trade | Services      |   |                    |
| 1975 | 377<br>10.3  | 1,138<br>31.2 | 711<br>19.5             | 558<br>15.3   | 353<br>9.7  | 3,646<br>100.0     |
| 1980 | 427<br>10.8  | 1,135<br>28.6 | 825<br>20.8             | 788<br>19.8   | 390<br>9.8  | 3,971<br>100.0     |
| 1985 | 414<br>9.5   | 1,235<br>28.6 | 912<br>21.1             | 940<br>21.7   | 471<br>10.9   | 4,313<br>100.0     |
| 1986 | 415<br>9.5   | 1,229<br>28.1 | 938<br>21.4             | 969<br>22.1   | 503<br>11.5   | 4,379<br>100.0     |
| 1987 | 412<br>9.3   | 1,215<br>27.4 | 962<br>21.7             | 1,008<br>22.8 | 506<br>11.4   | 4,428<br>100.0     |
| 1988 | 436<br>9.6   | 1,245<br>27.4 | 990<br>21.8             | 1,034<br>22.8 | 533<br>11.7   | 4,538<br>100.0     |

Note (1): In Japanese statistics, a part-time worker is usually seen as the one who works less than 35 hours a week.

Source: Monthly Labour Statistics and Research Bulletin.

workers more easily to other shops, other jobs and in some cases, to other firms, when, for example, they introduced a new type of technology. In this process, especially through the 1983 to 1985 recession, the maximum age of life-time employment in the major companies increased from 55 to 60 years old depending on union demands. However, this does not necessarily mean that all employees are guaranteed positions in the companies in which they have continued their service. In fact, many employees have been transferred to daughter or subsidiary companies where they would be in continuous service up to the mandatory retirement age. We call this situation the "enlarged life-time employment system" or the "extended internal labour market", because the system is not functioning within one company but within a group of companies headed by a parent company. In many cases where employees are transferred to the daughter or subsidiary company, they may not be re-transferred or promoted to a position in the parent company. Thus, the parent company can determine the work force organisation without undermining the life-time employment system and extending the mandatory retirement age.

In the same period when the enlarged but more stabilised life-time employment system has been introduced, the unions in general, especially in the private sector, have restrained their wage demands because they have been afraid of job losses due to cost increases. They preferred to improve the future employment opportunities of their union members rather than to achieve wage increases; most of their members are regular employees covered by the life-time employment system. With regard to the extension of the mandatory retirement age, the unions have even accepted decreased wage levels for older employees. Such a restraint in wages policy by unions occurred along with the acceptance of various kinds of new technology, including micro-electronics, the flexibilisation of the work force organisation, and the increase of overtime work.

This trade union policy is supposed to be related to the peculiar Japanese trade union structure. Unions in Japan are generally organised within each firm or company and are called "enterprise unions". While it is true that for many industries, federations of the enterprise unions have been established. Such an important task as negotiations with management is, in fact, carried out by individual enterprise unions. Furthermore, not every employee in a company is necessarily organised within the enterprise union. Usually only the regular employees covered by the life-time employment system, and some of the lower ranks of management, may become members of a union. Non-regular workers such as part-time workers do not, or in many cases may not, join the union. As a result Japanese unions in general have a tendency to establish policies from two points of view; firstly, they focus on the interest of the regular employee, and secondly, they consider that the interests of the companies are the same as those of their employees. In the latter case, for example, when a union accepted wage restraint and extended working hours, it could expect that job opportunities within the company would become more stable through reduced company costs, although the employment opportunities of society as a whole could fall due to less demand or longer working hours. This is one useful explanation as to why the trade unions in Japan have not tried to reduce working time since the so-called oil crisis, to the same extent as Western European countries.

In fact, as mentioned above, the rate of the unemployment has not risen as much, because Japanese enterprises have succeeded in improving their international competitiveness. Thus, the Japanese economy has become increasingly more export oriented. In turn, however, it has been exposed to political pressures from other developed countries, especially from the USA, because the products made in Japan have been a cause of deteriorating labour market situations in these countries. One of the responses of the Japanese government was to improve some aspects of working and living conditions, which included the reduction of working time.

In Japan, as in many Western capitalist countries, trade union density is decreasing rather rapidly. It was about 35 per cent in 1975, but is now less than 26 per cent. Generally, the decrease of unionisation is explained by the structural change of industry. Conventionally, in the

commercial and service industries the union density has been rather lower than, for example, in the manufacturing industry. So when the work force increases mainly in the tertiary sector, the density necessarily decreases. Two additional factors are also supposed to have sped up this development. The first is the anti-union attitude of the government and employers which has been promoted especially since the early 1980s. The second is the influence from the abovementioned flexibilisation of work force organisation. As the majority of union members in Japan are regular employees, the density of unionisation decreases as soon as the number of regular employees covered by the life-time employment system falls. In any case, the process is supposed to weaken the social influence of unions. At the same time, until the late 1990s unions in general gave more emphasis to job security and wage increases than to working-time reduction. Under these circumstances, unions in Japan have not been strong enough to sufficiently control both the government and firms' policies on working-time issues.

### **III. The situation of the new Labour Standard Law**

In 1987 the *Diet* (Parliament) decided to revise important aspects of the Labour Standards Law. This was the first substantial amendment since the law was enacted in 1947. In the new law the articles relating to working hours had been rewritten. Let us examine the essence of the amendment.

- (i) In a formal legal sense the working week is 40 hours but for the time being 46 hours is applied. Formally, a ceiling of 40 hours per week or 8 hours per day is established. Previously the ceiling was 48 hours per week or 8 hours per day. These formal statements are qualified in a supplementary provision according to which the government can lay down an alternative standard of 40 to 48 hours. Referring to this provision the government has set the present working time at 46 hours.  
It is not specified, however, how long the 46-hour standard will be maintained. The government has declared that legal fixed working hours should be gradually reduced; the working week will be shortened from 46 to 44 hours within three years (in fact, from April 1991, the legal working hours have shortened to 44 hours); and the 40-hour week objective will probably be achieved in the first half of 1990s.
- (ii) Workers are entitled to a minimum of ten paid annual holidays. This is four days more than they received under the old law. The same law guarantees the employees an increase from the second year of job tenure of one paid annual holiday per year, eventually rising to 20 days.

- (iii) The introduction of a more flexible working-time system was sanctioned. The old law permitted employers to modify the standard 8-hour day and/or 48-hour working week. In such cases, employers had to keep the average working time within 8 hours a day and/or 48 hours a week, in a 4 week period.

Under the new law, the "four-weeks" stipulation was changed to one month. In addition, employers were offered a choice of three flexible working time systems: the flex-time system; systems covering three months; and systems covering one week without limit on daily working hours. In any of these three systems the employer may require an employee to work more than 8 hours a day or the fixed weekly working hours (to be determined by the government) without paying overtime allowance as long as the employer's average working time over a given period does not exceed 8 hours a day and/or the fixed weekly working hours. Of course, employers are not allowed to resort to such practices at will.

In order to introduce one of these flexible working-hours systems employers must reduce working hours to the standard decided by the government (less than general statutory hours) and an employer practising flexible working hours is therefore obliged to inform each employee beforehand. More importantly, the essential condition of introducing a modified working-time system is a formal labour-management agreement to which the union (where a union is supported by more than half of all employees in a firm) or a representative (who stands for more than half of the employees) may agree.

There are two interpretations of these legal changes. One is optimistic and one is pessimistic. The formal aim of the government in amending the law was to bring down annual average working hours to about 1,800, the present level in the US and UK, by the end of the 1992 fiscal year. Government believes that the gradual realisation of this objective constitutes a significant effort to avert criticism abroad related to Japan's trade surplus. The optimists hold that the new law will pave the way for the government's planned reduction of working hours.

In contrast, pessimists maintain that the legal revisions are inadequate for bringing about substantial progress. They point to the ambiguity surrounding the question as to when the 40-hour working week will be put into practice, and more importantly, to the new law's failure to effect a stronger regulation of overtime. As they see it, the more flexible working-time system will be disadvantageous to workers. In the context of Japan's management structure, employers are bound to utilise this flexibility to the utmost, with a resulting dehumanisation of working life.

In the author's view, the new law, especially the article on the 40-hour working week is epoch-making, notwithstanding the lack of a firm commitment to the date of its implementation. Firstly, the government has assumed responsibility domestically as well as internationally, to carry out its policy aims and consequently, has to take concrete steps to reach the required effects (eg. in public sector). Secondly, the formal standard



working time contained in the new law is a right that the trade unions can avail themselves of. Thirdly, the new law may give rise to a greater general interest in reducing working hours.

But the amendment alone will not suffice to change the structure of working time. Besides employer resistance to reduced working hours, there are deep-seated reasons for the persistence of long working hours in Japan. To clarify the effects of the new law we shall examine how it relates to these factors.

#### **IV. Factors reinforcing the long working time**

Table 3 shows actual working hours and its components in Japan (1983) and some other industrialised countries. Total working hours, scheduled working hours and non-scheduled working hours per month during 1960 to 1985, are given in table 4.

While it is hazardous to compare working hours in Japan and other countries, tables 3 and 4 indicate two general tendencies in Japan.

One tendency is well known: the total average working hours are far longer than in the other industrialised countries, especially the European ones. Table 4 shows that they have remained at the 1975 level in the years since then. It is worth noting that the disparity in working hours between Japan and other industrialised countries has grown since the 1973 oil crises.

Furthermore, all factors in table 3 comprising total working hours are longer in Japan. Each factor has its own characteristic which reflects the industrial systems specific to Japan as well as the consciousness of the Japanese workers. This calls for further explanation.

Needless to say, scheduled working hours are formally the regular working time written into labour-management agreements (provided there is a union in the company concerned) or into the company employment contract. Obviously, scheduled working time is less than actual working time. Ordinarily, when the employer sets an employee to work beyond scheduled hours, an overtime allowance must be paid. Incidentally, there are some cases in which workers, especially part-time workers, work longer than scheduled hours (within the legally stipulated working time) without being paid the allowance.

It is interesting to note the relationship between scheduled hours, non-scheduled hours, and overtime in table 5. The remarkable disparity in working hours depending on the size of the company emerges clearly. Generally, similar tendencies also exist in other working conditions such as wages. Hence the dual structure of the Japanese economy is a definite reality, with workers in the smaller companies, and the non-regular workers such as female part-timers, having inferior working conditions. However, it is significant that the disparity in actual working hours between the three groups shown in table 5 is not as strong as in the case of scheduled hours. Consequently, overtime is more prominent in big companies than in smaller ones. The number of scheduled hours in big companies is not very different from, say, the UK.

**Table 3: Hours of work per year (production workers in manufacturing, 1983)**

|                     | Unit | Japan | USA   | UK    | FRG   | France |
|---------------------|------|-------|-------|-------|-------|--------|
| Total hours of work | hour | 2,152 | 1,898 | 1,938 | 1,613 | 1,657  |
| Scheduled hours     | hour | 1,950 | 1,742 | 1,798 | 1,538 | 1,579  |
| Non-scheduled hours | hour | 202   | 156   | 140   | 75    | 78     |
| Weekly holidays     | day  | 83.8  | 104.0 | 104.0 | 104.0 | 103.3  |
| Other holidays(1)   | day  | 18.1  | 9.1   | 8.0   | 9.9   | 7.9    |
| Non-attendance      | day  | 4.2   | 8.3   | -     | 20.6  | 19.1   |

*Note (1):* Special holidays such as national holidays (excluding paid holidays).

*Source:* Labour Statistics Bureau of Ministry of Labour.

**Table 4: Working hours in Japan from 1960-1985 (hours per month)**

| Year | Total hours | Scheduled | Non-scheduled |
|------|-------------|-----------|---------------|
| 1960 | 202.7       | 180.8     | 21.9          |
| 1965 | 192.9       | 176.4     | 16.5          |
| 1970 | 186.6       | 169.9     | 16.7          |
| 1975 | 172.0       | 161.4     | 10.6          |
| 1980 | 175.7       | 162.2     | 13.5          |
| 1985 | 175.8       | 161.0     | 14.8          |

*Source:* Monthly Labour Survey.

**Table 5: Average monthly hours worked by size of establishment (1985)**

| Size          | Total hours | Scheduled | Non-scheduled |
|---------------|-------------|-----------|---------------|
| More than 500 | 175.4       | 155.5     | 19.9          |
| 100 ~ 499     | 177.1       | 161.0     | 16.1          |
| 30 ~ 99       | 181.6       | 167.9     | 13.7          |

*Source:* Monthly Labour Survey.

The explanation for the longer scheduled working hours in Japan is to be found in the smaller companies where the unionisation rate is very low. The system of industrial relations in Japan has precluded the



conclusion of industry-wide labour-management agreements automatically applicable to unorganised workers. It is generally thought that autonomous labour-management agreements constitute the most appropriate way of reducing working time. In my opinion, however, given the structural features mentioned above, statutory standards are more effective and more essential than they are in other industrialised countries.

As can be seen in table 3, overtime in Japan is longer than in the other countries listed, and longer in big companies than in small and medium-sized ones. This reflects the peculiar Japanese management system. In principle, under the lifetime employment system in big companies, employees remain in the same company until retirement, which is presently the age of 60 in most companies. This employment relationship is inflexible in the sense that the employer cannot easily lay off workers even during a recession.

Management uses two methods to adjust the work force to production requirements. Firstly, management employs non-regular workers; ie. female part-timers, temporary workers and/or so-called *Shagaiko* (who works alongside the regular workers while being employed by a subcontractor). Not being unionised, the non-regular workers do not enjoy secure employment, and are at the mercy of fluctuations in business activity. Secondly, management limits the regular work force to a minimum, corresponding to the level essential in times of recession. This tendency has been particularly apparent since the oil crises in 1973.

When business activity takes an upward turn and increased output requires an increase of the volume of hours worked, management responds by lengthening the working time. That is the means of coping with increased demand. Hence, no additional workers are employed. When the situation demands a larger work force only non-regular workers are employed. There is one exception: the relatively small number of new graduates from educational institutions. These people are employed as future core workers. Whilst retaining lifetime employment, management has the flexibility to adjust the required volume of the work force by resorting to overtime and hiring non-regular workers.

Our analysis needs to be refined somewhat: if overtime increases in times of prosperity, it is still maintained to a considerable extent during recessions. It is fair then to say that overtime is a common phenomenon. There are two explanations.

Firstly, for economic reasons management prefers overtime to expanded employment. The employer is of course obliged to pay an overtime allowance. The Labour Standards Law prescribes that employers pay a premium of at least 25 per cent above the standard wage. Trade unions have demanded a higher percentage and have in some cases succeeded in obtaining 35 per cent. But there are still not that many enterprises that pay a premium allowance over 25 per cent. It is a feature, especially of the big companies, that the rate of standard wages to earnings paid throughout an employee's career is comparatively low. This is due to the prevalence of benefits such as bonuses and

retirement lump sums which are unrelated to the overtime premium system. The actual cost of overtime is therefore lower than what it would appear: 25 per cent premiums push up the wages cost by less than 15 per cent (Nihon Rôdô Kyôkai, 1980).

Secondly, the overtime allowance is an indispensable economic supplement for many workers. Table 6 shows the share of overtime allowance of total monthly earnings. The average share in all the industries concerned amounts to 15.2 per cent, and in printing, transport, and newspaper and broadcasting to over 20 per cent. In the cotton industry and department store sectors, where the share of overtime allowance is relatively small, employees are mostly female. Given the high percentage of overtime allowance many workers cannot do without it to make a living.

From a number of opinion polls we know that workers favour longer working hours in exchange for higher wages. While it is claimed that Japanese are inherently diligent, we should bear in mind that they are, at least to some extent, compelled to work over time to enjoy "consumption democracy" (Kumazawa, 1986) in the so-called affluent society. A well known union leader of a big company told me that his union had struggled to reduce working hours but these "only referred to scheduled hours, not total work time. In other words we have called for long working hours with overtime allowance".

Our explanation must be qualified in that there is a tendency for a substantial amount of overtime to be performed without payment. This is particularly true for white-collar staff in big companies. Their overtime cannot be ascribed to the premium. Here the crucial factors are wages and/or the internal promotion system of a company. The assessments by management usually determine an employee's wages and/or status (Takagi, 1987). The union is commonly excluded from this process. Loyalty to the company is one important aspect of the assessment. In the eyes of management, the employee's loyalty to the company is tested by his or her attitude to unpaid overtime. At least, this is what employees believe.

Longer overtime is closely tied to industrial relations issues and workers' living conditions. It follows that a substantial reduction of overtime will not be easily achieved. Obviously, decreasing total working hours will be impossible without shortening overtime, especially in big companies. An effective measure to reduce overtime would be to establish a legal upper limit. This has been vigorously resisted by employers and the government was unable to incorporate it into the amendment of the Labour Standards Law.

The Japanese weekly holiday system is an important factor sustaining the long scheduled hours. From table 3 it emerges that weekly holidays in Japan are fewer than in the other countries. This is due to the lack of a generalised two-day weekly holiday system, particularly in smaller companies. In the banking sector, two weekly holidays with business closed was implemented as from February 1989. The government inaugurated the bi-weekly 2-day holiday system in the public sector on a full scale in 1987 and some government offices have

**Table 6: Average monthly wages per regular employee by industry and item (June, 1987, thousand yen)**

| Industry                 | Average wages |              |                  |         |
|--------------------------|---------------|--------------|------------------|---------|
|                          | A. Total      | B. Scheduled | C. Non-scheduled | C/A (%) |
| Manufacturing            | 294.4         | 248.8        | 45.6             | 15.5    |
| Food & Tobacco           | 327.8         | 278.7        | 40.1             | 12.2    |
| Cotton                   | 201.6         | 186.5        | 16.1             | 8.0     |
| Printing                 | 307.9         | 234.9        | 73.0             | 23.7    |
| Pulp & Paper             | 307.6         | 251.8        | 55.8             | 18.1    |
| Chemical                 | 289.3         | 245.9        | 43.4             | 15.0    |
| Iron & Steel             | 296.2         | 260.9        | 35.3             | 11.9    |
| Machinery                | 289.6         | 255.1        | 34.5             | 11.9    |
| Electrical machinery     | 282.7         | 229.9        | 52.8             | 18.7    |
| Car & Automobile         | 293.7         | 235.6        | 58.1             | 19.9    |
| Ship Building            | 295.7         | 248.1        | 47.6             | 16.1    |
| Construction             | 396.5         | 344.0        | 52.5             | 13.2    |
| Banking                  | 349.6         | 316.5        | 33.1             | 9.5     |
| Life Insurance           | 349.4         | 306.7        | 42.7             | 12.2    |
| Private railway, omnibus | 329.2         | 269.0        | 60.2             | 18.3    |
| Transport (baggage)      | 329.2         | 260.2        | 69.0             | 21.0    |
| Electricity              | 317.4         | 267.4        | 50.0             | 15.8    |
| Department store, etc.   | 274.7         | 255.7        | 19.0             | 6.9     |
| Newspaper & Broadcasting | 412.3         | 318.4        | 93.9             | 22.8    |
| All Industry             | 309.2         | 262.1        | 47.1             | 15.2    |

*Note:* In these amounts special cash earnings (bonus, etc.) are not contained.

*Source:* Central Labour Relations Commission.

been closed on Saturdays from 1989. These initiatives are expected to generate a surge forward in generalising this system. It should be pointed out, however, that in companies where this system has actually been instituted, management has set employees to work on Saturdays with an allowance for duty on holidays. Concerning this situation, we can point to the same causes as in the case of overtime.

Table 3 shows that there are fewer annual paid holidays in Japan than in other industrialised countries. Two points should be made concerning the present system of annual paid holidays. Firstly, holidays granted as the employees' right by employers (but not necessarily utilised by employees) average 14.8 days per year, which is less than the minimum standard in the ILO Convention No. 172, three working weeks or fifteen days after one year of job tenure. Secondly, the utilisation rate of holidays is quite low. In short, employees have given up their right to longer holidays. The average rate fluctuates between 50 and 60 per cent. Even if the new law increased the statutory minimum of annual paid holidays, the actual utilisation rate might not rise. Why has the utilisation rate remained low? On the basis of surveys conducted in a number of companies, five main factors stand out.

### **1. Insufficient personnel on the shopfloor**

When asked why they do not utilise some of their holidays, the workers typically answer that it would "give their colleagues on the shopfloor a lot of trouble". The work-group norm tells workers to exercise voluntary restraint in this regard. Understaffed shopfloors is the root of the problem. When estimating the number of employees needed, management in many companies does not take into account the manpower necessary to do the work of absentees, or even of those using their annual paid holidays. In most private railways, for example, someone has to do overtime when a colleague takes leave. A leader of the Iron and Steel Workers' Union stated that companies would be unable to fulfil their production programs if the workers fully utilised the annual paid holidays granted them in labour-management agreements.

### **2. Regulating worker relationships on the shopfloor**

Japanese work groups tend to be very cohesive and "collectivist" sentiments which still characterise Japanese workers. They do not want to appear to be trouble-makers disturbing team-work. With the exception of the younger generation in general and young female workers in particular, they have no conception of individual rights. "Group's activity" is a traditional belief and management has used it skilfully. The new Labour Standards Law permits the employer to introduce "scheduled annual holidays". This means that the employer, provided there is a labour-management agreement, can determine the date of some holidays before the workers state their preferences. Yet the scheduled holidays are limited by law to those in excess of the fifth day. Annual paid holidays are assumed to be chosen by the workers freely exercising their rights and with the management only asking them to alter the dates. However, "scheduled annual paid holidays" are granted and fixed by order, without the workers having any say personally.

In fact, this system spread rather widely and many unions accepted it before the new law was implemented. The explanation is that this system allowed an increase in the utilisation rate of annual holidays without clashing with the workers' "collectivist" sentiments. The system is definitely advantageous to management since the production schedule can be planned and fulfilled without making provisions for sudden absences of essential personnel.

In short, relationships amongst workers on the shopfloor are undeniably regulated in such a way as to deter them from fully utilising their annual holidays.

### **3. Assessment**

Assessment also has a crucial bearing on the issue of holidays. As has been pointed out, an employee's wage-level and promotion prospects depend upon the management's assessment. The rate of attendance is

one important factor influencing this assessment. In computing this rate it often happens that all days except weekly holidays are counted as denominator. A worker who has utilised the annual holidays granted will thus find himself or herself with an attendance rate below 100 per cent. As a result, he/she might be given a lower mark.

Competition amongst regular workers also affects attendance rates. In general, both white-collar and blue-collar workers compete fiercely amongst themselves, despite having to defer to the ethic of "collectivism". To avoid becoming a straggler it is vital to keep a high attendance rate, ie. above 97 per cent.

#### **4. The absence of a sick leave system**

Few companies have set up a sick leave system, paid or unpaid. When asked why they do not fully utilise their holidays, some workers answer that they have to reserve some of them for the eventual absence due to sickness. Generally, slight illnesses do not cause absence: assessment exerts a powerful pressure with this effect. In contrast, a survey conducted in a department store that had a sick leave system showed a 90 per cent utilisation rate of annual holidays. Using all annual holidays in a block is not always accepted and workers often divide up their holidays to settle various personal matters.

#### **5. Conventional and contemporary life styles**

Other reasons that workers give for not fully utilising their holidays include: 'I don't know how to spend the holidays'; 'I'd rather commute to my company than stay at home'; 'I suppose my wife wouldn't like to have me at home as it involves extra work on her part'. These answers reflect conventional and contemporary life styles and cultural peculiarities.

This is indicated by the term *yoka* which is ordinarily translated as leisure or spare time. *Yoka* literally means the time that remains after work and that is not expected to bring any earnings. It carries a different meaning from the Germany "Freizeit" or the English "free time" which can be spent at his or her own will without being restricted by others. In other words, many Japanese prefer cash earning to free time. True, people increasingly favour the quality of life which may not always be gained from higher wages alone. Yet the desire for more goods conflicts with shorter working hours. Above all, Japanese workers are poor in terms of personal assets such as houses. They try hard to save enough money to buy a home.

At the same time, workers in Japan, especially regular employees in the big and medium-sized companies, spend much of their time within their companies. Often their human relationships are confined to this companies than in the community where they live. They are supposedly unfamiliar with the world outside their companies. The relative comfort they feel within their companies, it is claimed, is reinforced by cramped housing and inadequate public leisure institutions.



**Table 7: Average grant day, acquired day, and acquired rate of annual vacation with pay (in 1980s)**

| Year | Grant day | Acquired day | Acquired rate |
|------|-----------|--------------|---------------|
| 1980 | 14.4      | 8.8          | 61.1          |
| 1981 | 15.0      | 8.3          | 55.3          |
| 1982 | 15.1      | 8.7          | 57.6          |
| 1983 | 14.8      | 8.8          | 60.0          |
| 1985 | 15.2      | 7.8          | 52.0          |
| 1986 | 14.9      | 7.5          | 50.0          |

Source: Ministry of Labour, General Survey on Wages and Working Hours System.

This description is inaccurate. Nevertheless, the workers' familiarity with their companies does stop the movement for the reduction of working time. That is part of Japanese culture. We cannot agree with the view that the main cause of longer working time is the company-oriented behaviour of the Japanese worker, because such behaviour itself has been formed by the company's policies. Nevertheless, it is partly true at the present time that many employees regard their company as a kind of original community, so the pressure to have more free time outside their company may not be strong.

## Conclusion

The characteristic features of working time in Japan are shaped by a number of factors. The government is now formally committed to reducing working hours. But, as we have argued, the reduction alone is unlikely to settle the problem. In present-day Japan, the shortening of working hours is subject to stronger demands from abroad than internally. In modern Japan new policies related to the working or living conditions of workers have been more the product of government initiatives, undertaken in the face of pressure from abroad, than of trade union actions (Takagi et al., 1986). The present issue of reducing working hours seems to conform to the same pattern. It is certain that the new technology will promote changes in the system. Trade unions have also begun trying to realise the substantial reduction of working time and to cope with the problem concerning the flexibility of working time. The central issue is, however, how such undertakings, whether taken by the government or unions, or promoted by new technology, affect the deep-rooted structure surrounding working-time systems and industrial relations in Japan.

### ***Postscript***

Since writing this paper there has been some experience of the new Labour Standards Law. While scheduled hours were decreased in 1988 and paid holidays increased, this reduction in working time was not reflected in an immediate reduction in actual working time. Overtime hours increased to compensate for the reduction in scheduled hours and only about half of employees' holiday entitlement was actually taken.

Also, many companies have introduced new working-time systems, in the cause of reducing working hours. In general they are flexible working hours systems such as the "flex-time system". This was introduced, for example, for all non-manual employees in a major company in the electric machine manufacturing industry in April 1989. It involves core time of 4 hours with a flexible period of 2 hours before the core time and 6 hours after the core time. Each employee covered by the system must work a total of 8 hours a day. The main purpose of the system was to reduce overtime. Early experience of the system, however, did not demonstrate any such reduction in overtime.

The unions have pressed for working-time reductions. At the 1988 *SHUNTO* many major industrial federations demanded working time reductions, especially in the form of an increase in paid holidays. Some of them succeeded in increasing paid holidays by one or two days. The JTUC, begun in 1988 as a unified national centre of the Japanese trade union movement, has also strengthened demand for shortened working time. Employers have found it necessary to change their attitude toward working-time issues in order to cope with the labour shortage. Although it is not yet clear whether such reductions in scheduled working time are actually translating into equivalent reductions in actual working time, at present we can expect that the new era oriented to shorter working time is becoming established in Japan.

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# 11 Netherlands

Anneke van Doorne-Huiskes and Willem de Lange<sup>1</sup>

## I. Introduction

In the early 1980s, the Netherlands was characterised by rapid developments in the area of working time. Working hours were reduced, operating hours entered the discussion and trends in flexibility and diversification of working time became clearly visible. These developments should be seen against the political, economic and cultural background of a Government which was on its way out, high unemployment in various sectors and increasing individualisation amongst the people of the Netherlands. A reduction in working hours matched the political wishes of the women's movement in the Netherlands. Such a reduction would increase the probability of equal participation by women in the work force and would also serve to lower the high rate of unemployment. High levels of unemployment forced employers to flexibilise staffing deployment to a greater degree than had been customary so far. Various kinds of flexible contracts came into being and the staffing for them was largely available. It was mainly young people, women, and members of ethnic minorities who were affected by flexible employment contracts which offered them little protection. Van Hoof (1987) speaks of the formation of submarkets of a "precarious" nature.

This chapter on working time in the Netherlands attempts to map the dynamics in patterns of working time. The focus of attention is the question of what developments in duration, structure, reduction and flexibilisation of working time have emerged and a consideration of the economic, political and social context within which such developments have taken place. Section II begins with a summary of the legal requirements in the Netherlands governing working time. Section III deals with the main economic characteristics of the Netherlands. Section IV describes the Dutch system of industrial relations and the increasing decentralisation that occurred within it. The latter expressed itself in the

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retiring role of the national Government amongst other things. Section V discusses how the process of working-time reduction has developed in the recent past. An overview of a number of important developments in working-time patterns is given in Section VI.

## **II. Legislation on working time**

Working time in the Netherlands is still regulated by the Labour Act of 1919. In principle, work in shops and factories is restricted to 8.5 hours per day and 48 hours per week. In addition, work is forbidden on Sundays and on Saturdays after 1.00 p.m. Furthermore, no work may be done between 6.00 p.m. and 7.00 a.m. These regulations do not apply to all sectors in the same way. The premise of the 1919 Labour Act was that the regulations governing times of work and breaks cannot be the same for all sectors. In principle, a permit is required for overtime and shiftwork. There is a maximum limit on overtime which varies according to the sector to which the permit is granted. Sunday work for economic reasons is in general prohibited.

The 1919 Labour Act no longer seems to be adequate for the changing working relationships in the Netherlands, which are increasingly being affected by flexibilisation. Regulations which lay down fixed working times and make working time and operating time coincide are more frequently being disregarded. Employers do this to adapt working time more effectively to the company's requirements. Unions are prepared to co-operate if they can establish a reduction of working time in the process (Geers, Heerma van Voss, 1988).

New legal regulations regarding working time and operating hours are now in preparation, to meet the developments of a changing society. In a more specific sense, the Government of the Netherlands regards such a revision as necessary on three grounds. The new legislation should be consonant with the process of decentralisation which is becoming increasingly characteristic of Dutch industrial relations. It will have to be of more service for the "enhancement of work fit for human beings" than the protection of the worker, which was largely why the 1919 Labour Act was compiled. In addition, the new regulations should conform with the process of flexibilisation of working time. For that matter, there is no unanimity between employers and employees on the precise structure of the new law. These differences of opinion become apparent when the proposals for new regulations are reported in more detail. The increase of maximum working hours per day, the possibilities of compressed working weeks and night shifts for women are some of the topics of these new regulations. In 1986 the prohibition of women working on night shifts was abolished and replaced by a system of licences, which expired in 1989. Since then it has been possible for women to work night shifts without any impediments. There is however, one exception. Pregnant women are not allowed to work before 7 a.m. and after 9 p.m. These alterations in the law took place because of the harmonisation of legislation in Europe and was part of the emancipation of women.

**Table 1: Working times**

| Regulations        | Labour Act 1919 | Proposal employers | Proposal unions | "Standard regulation" | "Consultation regulation" |
|--------------------|-----------------|--------------------|-----------------|-----------------------|---------------------------|
| Day norm           | 8.5 hours       | 10 hours           | 8 hours         | 9 hours               | 9.5 hours                 |
| Week norm          | 48 hours        | -                  | 40 hours        | -                     | -                         |
| 4 weeks norm       | -               | 180 hours          | -               | 180 hours             | 190 hours                 |
| Year norm          | -               | 1,850 hours        | 1,850 hours     | -                     | -                         |
| <i>Day limits:</i> |                 |                    |                 |                       |                           |
| Monday-Friday      | 7 am.-1 pm.     | 6 am -12 pm.       | 6 am.-7 pm.     | 6 am.-7 pm.           | 6 am.-10 pm.              |
| Saturday           | 7 am.-1 pm.     | 6 am -12 pm.       | 6 am.-1 pm.     | 6 am.-7 pm.           | 6 am.-7 pm.               |
| Sunday             | not permitted   | 6 am -12 pm.       | not permitted   | not permitted         | not permitted             |

Working time appears to be an increasingly complicated issue in the negotiations between employers and employees. Controversial discussion concerns not only the duration but also the timing of working hours. Employers want, as might be expected, much broader norms than the unions. They also want Saturdays and Sundays to be normal working days. For employees, Saturday afternoons and Sundays must remain free. The proposal of the government lies in the middle. In this proposal a distinction is made between a 'standard-regulation' and a 'consultation-regulation'. The latter describes the norms employer and employees can agree upon. If they do not, the norms of the 'standard-regulation' have to be followed. In table 1, the present regulation (Labour-Act 1919), the opinions of employers and unions and the proposal of the government for new regulations are brought together.

### III. The Netherlands after the Second World War: Some economic and demographic characteristics

Economic circumstances in the Netherlands just after the Second World War were extremely bad. Productive capacity had been decreased by 40 per cent, and almost the entire material infrastructure was destroyed. Within all political parties there was one distinct priority: the recovery of the economy. The basic assumption that this recovery could only be achieved by a strictly controlled, socio-economic policy with the expansion of central authority met little political resistance. The Dutch economy was, and still is, strongly dependent upon foreign trade. Economic recovery could only take place through the growth of exports. To safeguard the Dutch competitive position on world markets was therefore one of the most important political goals. One problem in the way of achieving this was the fact that the population after the Second

World War increased considerably. The annual net growth of population between 1945 and 1965 was 1.25 to 1.45 per cent per year. In this the Netherlands distinguished itself strongly compared to other neighbouring countries. The fast growth of population made it necessary for a large part of the national income to be invested in the health sector, education, infrastructure and housing. In relation to this demographic fact, another economic characteristic should be mentioned, which still exists in the Netherlands, namely the relatively small part which the working population comprises in the total population. On average, each working person in the Netherlands has to support 1.5 to 2 people who do not work. An important reason for this small working population is the low participation rate of married women in the labour market. Up until 1960 no more than 10 per cent of all married women performed paid professional work. This percentage increased gradually to approximately 30 per cent in 1985 and 40 per cent in 1990. By 2000 it is expected that 47 per cent of the Dutch married women will be economically active. With this, the Netherlands slowly joined European levels. However, labour force participation of married women consists of mainly part-time work. More than 50 per cent of all working women in 1988 held part-time jobs. This was the highest rate of part-time work participation by women of all European countries.

#### **IV. The Netherlands after the Second World War: The system of industrial relations**

In order to cope with the post-war economy, and achieve a successful economic recovery, the government proposed that a strongly centralist economic policy was necessary. Employers and employees were included in this policy through the formation of the Foundation of Labour on 17 May, 1945. In it, all central employers' and employees' organisations were represented. The government acknowledged the Foundation of Labour as the most important advisory board in the field of socio-economic policy. In the areas of wages, social insurance, industrial education, and legislation for dismissal, measures could not be taken without consulting the Foundation of Labour.

With the approval of the Foundation of Labour the Dutch government developed a strictly controlled incomes policy (Reijnaarts et al., 1982). Prices were also controlled centrally. The Dutch government also took a strong controlling position on working hours. In 1945 the 48-hour working week was enforced. Its major goals were to keep the minimum wage level at its highest, and at the same time increase production. This 48-hour working week remained effective until 1961.

Until the beginning of the 60s the system of Dutch labour relations was characterised by three important patterns:

- the government played a leading role in the field of labour conditions;

- institutionalised consultation occurred between a limited number of employers' and employees' organisations, which were recognised by the government as such;
- both employers' and employees' organisations were strongly centralised with extended authority for professional leaders. The unions were often ascribed a lot of power. Within enterprises however, the unions played a weak role.

The severe control of wages, in particular, attracted considerable attention from other countries during those years. The Dutch system was regarded as an experiment in the control of inflation. The combination of a democratic government, with a strong central control, without mass protests by employees, was an extraordinary phenomenon in Western Europe at the end of the 1950s (Windmuller et al., 1987). The durability of this strict system of central control in the Netherlands was all the more striking in light of the trade union movement which was sharply differentiated according to religion or ideology until the late 1970s. Traces of it may still be seen.

Since the beginning of this century the majority of organised employees in the Netherlands have been united in three national trade union federations: a socialist federation (NVV); a Roman Catholic federation (NKV); and a Christian federation (= largely Protestant) (the CNV). The socialist and the Roman Catholic federations have merged, although the process was not without difficulty. A co-operative agreement between the two federations came into force on 1 January 1976, but it was not until 1 January 1982 that it completely merged to form the FNV. The Protestant federation has remained detached from the merger. A different ideological attitude rooted in the distant past, is a major explanation for that fact. The Protestant federation has a more pro-government attitude, is more prepared to compromise and co-operate, and is less anti-capitalist in its political stance. In addition to the trade union federations mentioned above, the Netherlands also has a trade union federation for middle and top-level staff, the MHP. The FNV, CNV and MHP cover approximately 85 per cent of the organised working population. The remaining 15 per cent belongs to smaller organisations (see Windmuller et al., 1987).

The turning point in the system of industrial relations came in 1959. After a period of almost 15 years of central control, a great longing for more freedom was born. In Belgium and Western Germany the economy flourished without the centrally guided consultation which characterised the Netherlands. Moreover, wages were much higher in those countries at the time. The so-called harmony model had dominated the socio-economic relations between government, employers and employees for a long time. From the beginning of the 60s, tendencies towards decentralisation were apparent. The unions had more and more trouble in maintaining central authority. Under the influence of increasing national wealth the call for differentiations became louder. Moreover, employees made it increasingly obvious that they wanted a larger part of this wealth.

These claims caused considerable wage increases in the first part of the 60s. The issue of working time was also discussed again. In the meantime, negotiations about working time had already led to the institution of the free Saturday (1961). This decreased the working time in 1961 to 45 hours per week. During the 60s working time decreased further to 44 hours per week. In the 1970s wage agreements were increasingly difficult to realise. Between 1971 and 1973 central agreements between employers' and employees' organisations were still made, but at the same time this period was characterised by a relatively large number of strikes by Dutch standards.

Under the influence of the oil crisis in 1973, and as a result of increasing unemployment and inflation, the measure of guided wage policies were again used. The central authority of the government seemed to have been completely recovered. However, this did not last long and in 1976, in the wake of its strict policies, the government was no longer willing to intervene and sought to reach a new central agreement with social partners. This was reached in 1977 after considerable effort, and employers had to make major concessions in terms of wage increases.

At the end of the 70s a deterioration in the economic situation occurred. This deterioration was not experienced everywhere. The gross national product kept increasing steadily, the Dutch export to foreign countries also increased and the deficit in the balance of payments changed into surpluses. However, what took almost dramatic proportions was the number of unemployed people in the Netherlands. It increased from 280,000 in 1979 to 674,000 in 1983. The rate of unemployment rose to more than 10 per cent in the 80s (1983 - 15 per cent; 1989 - 11.75 per cent) and continued to stay well above the average OECD level of unemployment (OECD, 1989).

This increase in unemployment must be explained primarily by an increase in the supply of labour. This is partly due to the high birth rate in the Netherlands until the end of the 1960s and partly to an increased participation rate of (married) women. The total labour force increased between 1979 and 1987 from 5,259 million to 6.013 million (men +0.204, women +0.550).

Another possible, although far less important, explanation for the increase in unemployment is a decrease in absenteeism (table 2). More people are available for work, if there is a decline in absenteeism.

Last but not least, the investment level must be mentioned. As a result of low profits, a high interest rate and pessimistic prospects on economic developments, investments were very low at the beginning of the 1980s. In 1981 they were as much as 12 per cent lower than in 1980 (Centraal Planbureau, 1983). Consequently, there was less employment in the market sector. Increased investments in the following years were still insufficient to get rid of high unemployment levels.

Rising unemployment had an unfavourable effect upon the ability of employers' and employees' organisations to conclude agreements. These organisations had reached their positions in the labour policy during a period of economic growth and increasing social security. They had no answers to the insecurities of a period which would be



**Table 2: Percentage of absenteeism by sex**

| Year | Men | Women | Total |
|------|-----|-------|-------|
| 1979 | 9.7 | 12.0  | 10.0  |
| 1980 | 9.1 | 11.3  | 9.4   |
| 1981 | 8.2 | 10.9  | 8.5   |
| 1982 | 7.8 | 10.3  | 8.1   |
| 1983 | 7.2 | 9.4   | 7.5   |
| 1984 | 6.9 | 9.2   | 7.2   |
| 1985 | 6.6 | 8.6   | 6.9   |
| 1986 | 6.6 | 8.4   | 6.9   |
| 1987 | 6.3 | 8.7   | 6.7   |
| 1988 | 6.2 | 8.7   | 6.6   |
| 1989 |     |       | 6.7   |

Source: Ministerie van Sociale Zaken en Werkgelegenheid.

characterised by decreasing economic growth and mass unemployment. The bargaining process started to stagnate. Employers and employees could not agree about the goals of the socio-economic policies, and certainly not about the means that would lead to the realisation of these goals. The high unemployment rate also had a negative influence upon the trade union density of the Dutch labour force. Between 1980 and 1986 it fell from 39 per cent to as little as 29 per cent of all working people (with a working week of 20 hours or more). Between 1978 and 1982 the social partners did not succeed in making agreements on a central level. However, under pressure of the economic recession a historical agreement was made in November 1982 (see section 5).

Since that agreement, the central co-ordination of labour conditions consultations has diminished and negotiations would take place at an increasingly decentralised level. The national government has renounced its authority to interfere in labour conditions consultations. This withdrawal of the government is a (political) consequence of the confessional-liberal coalition which has been in power in the Netherlands since 1982.

The central co-ordination of labour conditions is also touched by the different economic developments in the various labour market sectors and industries. Because of this the protection of interests gets a differentiated character. In this process, employees' organisations and large enterprises on the side of employers start to play an increasingly autonomous role (Hoof, 1987). This is reinforced by more and more enterprise-bound matters, such as the flexibility of working time, educational policies, and affirmative action for women and other minority groups, that are going to play a role in labour conditions consultations and negotiations. The position of the unions in this consultation is not strong. This is evident, mainly in those sectors with high unemployment.



However, this weak position is partly due to the historical emphasis that Dutch unions have always put upon the central labour conditions negotiations. Working on plant or firm level has not been strongly developed within the Dutch unions.

We can conclude that Dutch labour relations work in favour of the pluralistic protection of interests and an abstinence of government interference (Reynaarts, et al., 1985). The conclusion that the central co-ordination system in the Netherlands will disappear would, however, be premature. Although the possibilities of agreements on a national level on relevant labour conditions are diminishing, it is to be expected that central negotiations will continue for the time being. Thus the participants will have the opportunity to discover each others' strengths, weaknesses, and priorities. Another effect of central negotiations will be that government and representatives of employers and employees will recognise currently feasible outcomes (Windmuller et al., 1987).

## **V. Working-time reduction in the Netherlands**

The idea of a general shortening of working hours was presented by different social groups in the 70s. Feminists were concerned with the fair division of paid working time amongst men and women. At first, this vision brought about irony and hilarity, but these noises grew silent when it was seen that working-time reductions could also be an instrument to call a halt to the growth of unemployment. In 1978 working time became an important political issue for the first time. The right-wing oriented government, however, did not take a clear point of view. Reductions in working time were seen as one of the possible instruments with which to fight unemployment, but some conditions were explicitly attached:

- the costs of industrial life may not increase;
- no problems may arise on the labour market;
- it must be possible to reverse working-time reduction.

In the Autumn of 1978 the labour movement demanded working-time reductions during the consultation about the terms of employment in the Foundation of Labour. However, employers radically rejected all propositions on this subject and no agreements were reached. With this the struggle for working-time reductions had begun. The labour movement was not always able to keep the ranks closed. The industry unions have always proved to be the most pre-dominant advocates of working-time reductions. Therefore it is no surprise that in 1979 the first strikes for working-time reductions occurred in the manufacturing industry, with the 35-hour working week at stake. Employers strongly opposed it and succeeded in winning the fight. This was the year of the second oil crisis. Unemployment increased substantially and the economy reached crisis point. Employers feared working-time reductions would reduce their competitiveness. In several aspects the years 1979, 1980 and

1981 presented the same image - unions kept pursuing working-time reductions, employers strongly opposed them and the government only paid lip service to the idea. The government was primarily concerned with inflation and the level of income. During these three years actions concerning wages were taken, aimed at containing the increase in labour costs and differentiations which were too extensive.

The years 1980 and 1981 were relatively quiet years with regard to general working-time reductions. Attention shifted to job agreements<sup>2</sup> and part-time work as instruments of the employment policy. Because of the dramatic increase of unemployment, unions became willing to exchange wages for working-time reductions. But employers continued, even under these conditions, to resist and pointed out possible bottlenecks on the labour market in some sectors, and in specific professions.

The break-through came in 1982. It became increasingly obvious that radical measures had to be taken to turn the economic tide. The promotion of part-time work appeared to be insufficient to push back unemployment. On November 24 employers and unions came to an historic agreement in the Foundation of Labour whereby two major goals were set: higher profits and less unemployment. Employers agreed that the reduction of working time constituted one means of achieving these goals. Though employers and unions were not obliged to follow the "central agreement"<sup>3</sup> it was followed by many collective agreements at the industry level in 1983 and 1984, including agreements concerning working-time reductions. Since then, the average number of working hours has been cut back gradually (table 3).

In most cases, employees paid for the working-time reduction themselves. They did not get compensation for higher prices in their wages, so they had a real income reduction. In small firms reductions in working time were less evident than in large enterprises. Of all firms with less than 10 employees, about 40 per cent had some sort of working-time reduction by December 1986, whereas 74 per cent of the firms with 10 to 99 employees and as many as 90 per cent of the firms with over 99 employees, had a working-time reduction contract by that time (Ministerie van Sociale Zaken en Werkgelegenheid, 1986).

Since 1982, no further Central Agreements concerning general working-time reductions were agreed upon in the Foundation of Labour, and the process stagnated. By the second half of 1984 the resistance of employers to working-time reductions increased again. And some unions, for example the socialist Food Industry Union, stated that it did not intend to ask for further reductions of working time. The government kept fence sitting. This can also be seen in the fact that civil servants only

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2. Job agreements are agreements about employment in industries and industry branches, which are stipulated in collective agreements.

3. The central organisations do not have the means to enforce those agreements; a "central agreement" is no more than a statement of intention which gives the social partner only moral obligations.

Table 3: Agreed working hours

| Year | Hours               |
|------|---------------------|
| 1980 | 1,851 hours = index |
| 1984 | 100.0               |
| 1985 | 97.3                |
| 1986 | 95.6                |
| 1987 | 94.8                |
| 1988 | 94.3                |
| 1989 | 94.1                |
| 1990 | 94.0                |
|      | 93.9                |

Source: Centraal Bureau voor de Statistiek.

started working 38 hours a week in August 1985. Many collective agreements concluded by the end of 1985 and in 1986 contained arrangements for research. These agreements however, contained the provision that no further steps in working-time reductions would be made before it was clear what the results of the first round (concerning employment, organisational problems, costs and benefits and so on) had been. Generally speaking, the unions could not achieve more. In some enterprises, such as Hoogovens (steel) and some industries such as printing, a 36-hour working week was agreed upon. In 1987 about 12 per cent of all employees in the private sector with a collective agreement had a 36-hour working week. Nevertheless, it had become clear in the meantime, that the 1983 goal of the FNV of a 32-hour working week in 1990, would not be realised. So this idea was aborted.

Although working-time reductions were no longer implemented, further arrangements concerning employment were still made, but settlements were more selective, ie. youth employment plans, voluntary early retirement (VUT) and education. The normal pension age in the Netherlands for both men and women is 65 years. In 1987, the average VUT age was 60 years. In nearly all industries, more than 50 per cent of all employees who are entitled to early retirement schemes, make use of them. In some sectors (e.g. printing and metal industries) the participation rate is nearly 100 per cent. Agreements about such schemes were made in many industries (table 4). Though there are no details available about the subject, it is generally supposed that VUT schemes have contributed, to some extent, to a redistribution of work. Unemployment was not negatively affected by changes in the age of compulsory attendance at school. Since 1969, children have been obliged to attend school until the end of the school year in which they turn 16 years of age. Everybody must attend school for at least ten years.

Since 1971, there has been partial compulsory education for all minors who do not follow complete day education. These pupils must attend school two days per week during one year. Employers are obliged

**Table 4: VUT settlements in different sectors and use of it by employees (1988)**

| Sector      | Labour organisations with VUT settlements <sup>1</sup> | Employees affected <sup>2</sup> |
|-------------|--|---------------------------------|
| Public      | 99   | 71                              |
| Semi-public | 99   | 58                              |
| Private     | 47   | 60                              |
| Total       | 50   | 63                              |

1) % of all organisations in the sector.

2) % of employees in the sector that made use of the settlement in 1988.

Source: Centraal Bureau voor de Statistiek.

to give their employees the option of undertaking this part-time education.

Working-time reductions have stagnated since 1985, and there have been several reasons for this:

- Employers feared higher costs because of further working-time reductions. As a result of which, their international competitiveness would worsen.
- The first round of working-time reductions had addressed the issue of overcapacity in the firms. In view of the recovering economic situation employers felt no need for further working-time reductions.
- Employers (and employees) had many organisational problems, especially as a consequence of the very limited replacement of employees for the "free time" that was created because of working-time reductions.
- The visible short-term effects on employment were disappointing. Employees felt that they had contributed to higher profits, not to employment creation. Their support for these measures was vastly reduced.

The above-mentioned issues are closely interrelated. Higher profits and disappointing results in the field of fighting unemployment are both consequences of a low degree of replacement.

By using case studies alone it is impossible to estimate how many new jobs can be attributed to general working-time reductions or VUT. The reason is that there are many other developments within and around organisations at the same time as reorganisation, economic growth, automation, decreasing absenteeism, and so on. It is impossible to create a laboratory situation to measure the effects of working-time reductions

Table 5: Labour income share

| Year | Income share % |
|------|----------------|
| 1950 | 73             |
| 1955 | 69             |
| 1960 | 70             |
| 1965 | 76             |
| 1970 | 79             |
| 1975 | 84             |
| 1980 | 79             |
| 1985 | 69             |
| 1990 | 79             |

Sources: Ruizendaal, Centraal Planbureau.

*ceteris paribus*. Nevertheless, it is obvious that the short-term effects of reduced working hours on employment have been limited. The long-term effects have probably been much greater. As economic growth improved, it was necessary to recruit new employees and this became attractive to the employers due to the relatively low level of wages. Undoubtedly, unemployment would have been greater without the effects of working-time reductions.

Higher profits cannot fully be ascribed to wage restraint in connection with working-time reductions, nor is it possible to measure the costs and benefits of working-time reductions exactly. Nevertheless, it is beyond doubt that moderate wage increases have had a positive effect on the profit share of enterprises. In 1985 the labour income share was at its lowest since the Second World War. It was only in 1955 that this share was at the same low level (table 5).

## VI. From working-time reduction to flexibilisation of work

There is a close interrelationship between working-time reductions and the flexibility of work. The acceptance of part-time employment made way for general working-time reductions in the 80s. In the same way working-time reductions facilitated flexibilisation. At present there are many more possibilities for flexibilisation than there were ten years ago. In exchange for working-time reductions, unions were often prepared to make concessions concerning the flexibility of labour. These developments had a strong influence upon general norms and values concerning working-time patterns and contracts.

In the following pages a number of interesting developments are described.

(a) *Part-time work:* Part-time work has made a far greater contribution to the labour force participation of women than working-time reductions have. The number of workers on part-time schedules in the Netherlands has grown considerably during the 80s. From 1981 to 1985 full-time employment amongst males decreased by 4 per cent, however, part-time work amongst males increased during that period by 33 per cent. Amongst women the percentage of full-time workers decreased by 6 per cent, and the percentage of part-time workers increased by 32 per cent. Most recent figures show that of all employees, 30 per cent work part-time. Therefore within ten years, the Netherlands went from the tail to the head of the list of European countries.

Nevertheless, the number of women working part-time (58 per cent) is still much higher than the number of men working part-time (15 per cent). An important explanation for the continuation of this traditional situation is the part that the church and religion have played in the past, which has led to a fixed role pattern within the family. Social democratic parties and unions supported this ideology. In the 20s it was seen as a victory for the unions that wages for men were sufficient to maintain their families. Therefore, wives of labourers were able to stay at home and look after their families. As a result, investments in jobs in terms of schooling and education were not considered to be very significant for women. Even now these norms and values play an important role in the Dutch social structure. They can be traced to the social security and fiscal systems which have had a discouraging effect upon the paid activities of married women. Day nurseries and care facilities for children of working women are scarce, shops close at 6 p.m., and banks and post offices even earlier.

In the opinion of the authors, the opportunities for part-time work hardly contribute to the emancipation of women. Most of the part-time work is of a low level, has a short work-cycle, is monotonous, and is low paid.

A few industries and firms have special part-time settlements for older employees in the form of phased retirement. Employees of Dutch Post and Telephone and of Unilever, for instance, have that option but they do not attract much interest. Voluntary early (complete) retirement is much more popular. In the graphics industry there was an agreement too on phased retirement in the 70s. However, with the introduction of voluntary early retirement, this settlement has expired.

(b) *Temporary work:* It would appear that, after a strong increase at the beginning of the 80s, the scale of temporary work has now stabilised. On the basis of a labour market survey in October 1986, it was estimated that about 11 per cent of all working people had some sort of temporary work, besides homework (Allaart et al., 1987).

The extent of temporary work through agencies strongly fluctuates with the economic climate. In 1981 and 1982 there was a strong decline. In 1983 the market recovered somewhat, and from 1984 to 1986 this sort of temporary work increased enormously. In 1987 a slight decrease was noticed.



It is obvious that temporary workers are used as a buffer. As a result of the protective effect of the legislation on dismissal, in times of economic recovery many enterprises initially employ temporary workers. In 1990, an average of 130,000 per day worked for temporary employment agencies.

The number of on-call workers was estimated on ca. 130,000 in 1986. On-call labour is mainly used in the retail trade, the hotel and catering industry and in health care (Centraal Bureau voor de Statistiek, 1987).

(c) *Homework*: Homework mainly occurs in industry, the agricultural sector, and fishing. Notorious, in particular, is the peeling of shrimps; it is estimated that ca. 5,000 to 10,000 persons do this work at home (Fruytier, Valkenburg, 1984). In the labour market survey of May 1985, the total number of homeworkers was estimated on ca. 160,000 (Vissers et al., 1986).

In the innovation of telework, the modern form of homework which uses telecommunications, progress is very slow. In the long run gradual, rather than spectacular, growth is expected (Weijers, et al., 1986). The unions do not strive for a total ban on homework on call contracts because workers themselves would be the first to suffer (FNV Secretariaat voor vrouwelijke werknemers, 1986). Therefore, they strive for regulations on collective agreements, since they cannot expect much from the government in terms of legislation. Whilst the need for certain measures is recognised in some publications by the Ministry of Social Affairs and Employment, in practice this recognition has not yet led to change.

(d) *Shiftwork*: More than 660,000 employees have shift schedules, of which 160,000 are in industry (Jansen, 1987). This high figure is attributed to the fact that shiftwork in the Netherlands is generally permitted on economic grounds (more intensive use of capital equipment), but not on Sundays. One type of shiftwork involves working in mini-shifts, ie. after the normal dayshift a group of part-timers work another four to five hours. However, absenteeism is very high amongst these employees. Although women are now permitted to undertake shiftwork, so far very few do.

At the end of the 1970s, the unions undertook a great deal of action to improve the quality of working life of shiftworkers. The central aim was the introduction of five-shift systems in continuous production. Although success was minimal, what was not realised at the time was realised later with the reduction of working hours. In many enterprises, five shifts or combined four/five shifts rotas were introduced around 1984. In other shift-work situations the most inconvenient shifts were reduced.

(e) *The compressed workweek*: For a long time it was impossible to introduce the compressed workweek in the Netherlands since a 10-hour working day was not permitted. As a result of working-time reductions and planned future liberalisation of the Labour Act, the system

could be introduced after 1982. Now firms have permission to work more than 8.5 hours, but not more than 9.5 hours, per day. Probably 50 to 60 enterprises have a compressed working week at the moment. It concerns only a few thousand employees. In most cases the pattern is included in a 4-day/36-hour week schedule, whereas operating hours have been expanded to 45 hours per week. One of the most recent examples is the Dutch plant of the Swedish truck producer, Scania. In 1989 the production personnel (1,100 people) started working a 4-day/38-hour schedule.

(f) *Annual hours contracts:* Several enterprises and industries have a collective agreement which offers the possibility to vary the extent of working time within certain limits. Niemeyer (coffee and tea), for example, has working weeks varying from three 9-hour days in quiet periods to five 9-hour days in busy periods. In the meat production industry, the length of the working week may vary from 32 to 42 hours. The collective agreement of Philips and of several other sectors and enterprises also offers these possibilities. Many of these contracts were made in agreement with the unions in exchange for the 36-hour working week. The extent to which these annual hour contracts are actually applied is not known.

(g) *Flexible working time:* Flexible working time has been generally accepted over the last twenty years. A survey of more than 300 firms showed that more than half had introduced this working-time option. Within these firms, flexible working hours were given to 60 per cent of all employees, including not only those working in higher functions but also those at the operational level. Surprisingly, that figure has continued to increase considerably in the 1980s. The interest of employees was a major reason for the introduction of flexible working hours.

## VII. Conclusions

Looking back at the process of working-time reductions in the 1980s, two interesting phenomena stand out. Firstly, the role of the government in negotiations is diminishing. Working-time reductions in the Netherlands were mainly the result of negotiations between federations of unions on the one side and employers on the other. In this process the role of the government was very modest. Negotiations between unions and employers have been conducted nationally. Federations of employers and employees still had so much authority that their members followed their recommendations, even though they were not compelled to do so.

The second point of interest is the decentralisation of negotiations after 1982. In fact, the 1982 agreement in the Foundation of Labour was the last important agreement at the national level. Although central negotiations have taken place since 1982, the results have not been at all

impressive. Agreements have only been made on minor details such as intentions to raise funds for schooling programs, whilst agreements on more central labour conditions have failed to be realised. As a consequence, central agreements only have slight repercussions for negotiations at the organisational level. Furthermore, unions and employers do not consider themselves bound to central contracts, neither in a formal nor a moral sense. This process can be seen as one of the symptoms of decentralisation. This tendency also exists in branches. More and more negotiations take place at the organisational level. Enterprises want any agreements on labour conditions with the unions to be adjusted to their particular situation.

One of the problems facing unions is that their position within the enterprise structure has always been weak. Due to the low trade union density and the existence of several unions (which are often divided) the power of employees is very limited, especially in a slack labour market situation.

It was surprising therefore in January 1989 that the president of the FNV announced a new "working-time reduction offensive" for 1990. The chances of this offensive succeeding were very slim. Employers strongly resisted the idea. The present economic situation (strong economic growth, banished overcapacity, scarcity in some parts of the labour market) makes them strong opponents of further working-time reductions. Many unions are also not enthusiastic about the idea. The visible results of the first round for their members were not very satisfying.

It can be expected that, instead of working-time reductions, flexibilisation of labour will continue. We can conclude that during the last decade, a great number of changes have taken place in this field. Not only has the number of employees with different work patterns increased considerably, but also many new forms have been created. One of the consequences will be that fewer employees will work under uniform conditions. In this way, the whole pattern of work will form a multi-coloured weave, in which the variety and dynamics of the present society will be reflected.

These developments do not seem to favour women. In general, working conditions for women are worse than the working conditions for male employees, and current developments in working-time patterns have intensified this situation. In this, as in the low participation rate of women in the labour force, the traditional nature of Dutch society is reflected.

Recently, government initiatives have come into force which forbid very unattractive work patterns of flexibilisation and guarantee at least some minimum income level to employees. Limits to flexibilisation within firms have also become apparent. Thus, the question will focus not upon whether flexibilisation will continue, but rather, upon which forms of flexibilisation will be most widely accepted and how they will be regulated. In the present decade these are the questions which must be answered.

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# 12 Sweden

Lars-Olof Pettersson<sup>1</sup>

## I. Introduction

The Swedish labour market is in many ways unique. The goal of full employment plays a greater role in Swedish social and economic policy than in most other countries. The unemployment figure is below two per cent and one of the major problems in the economic debate concerns labour shortages. Unemployment during 1989 was 1.4 per cent according to labour force statistics, but the number of unemployed has been rising since then.

A well planned labour market policy is one of the keys to Sweden's low unemployment rate. Education, work programs and other enticements keep people in work, and keep the unemployment level down. We call this the "work-line", in contrast to the "cash-line", where the government pays out money to the unemployed. About 75 per cent of the labour market policy budget goes to active means and only 25 per cent to unemployment benefits (OECD, 1988).

The labour force participation rate is high. More than 80 per cent of the population between 16 and 64 years of age is employed at the end of the 80s. An international comparison gives an idea of the employment rate: if the same proportion of the Swedish population within working age as in Sweden should be employed in the United Kingdom, 3.6 million additional jobs would be needed; in Germany 7.5 million, and in the United States 12.5 million.

The participation rate of women is nearly as high as that of men in Sweden. Of all employed people, 48 per cent are women. But the labour market is segregated. The majority of women work in relatively few occupations (SCB, 1970-1988).

Of all employees 82 per cent are members of a trade union. This gives the trade unions a powerful position in Swedish society. The blue collar confederation, LO, which organises about 46 per cent of employees, co-operates closely with the Social Democratic Party which has been in power for 48 of the last 54 years and was, in 1988, re-elected for a further period of three years.

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1. Svenska Byggnadsarbetareförbundet, Stockholm.



About 28 per cent of all employed people work in the public sector, 35 per cent are employed in the goods producing sector and 36 per cent in the private service sector. The public sector plays a comparatively bigger role in the Swedish economy than in most other developed countries. To finance the public sector including, for example, transfers to pensioners and child allowances, about 55 per cent of the GNP is going to taxes (Bosworth and Rivlin, 1987, Proposition 1988/89:150).

The low unemployment rate, the high labour market participation rate, the high degree of unionisation, and the big public sector is the combination of factors which characterise the labour market situation in Sweden making it quite unique.

This means that the debate about working time has taken a different form here than in other European countries. In Sweden shorter working hours have never been used to reduce unemployment. Originally the main reason for working-hour reductions was to protect employees against unhealthy working hours. Since the 1950s the motives have been to increase welfare in the form of free time and distribute welfare more equally between employees (Propositions 1919:247, 1957:80, 1966:137, 1970:5).

## **II. The institutional framework**

Sweden passed its first law about working time in 1920. The law implemented the 8-hour day and the normal working week was set at 48 hours. In 1938 the first vacation weeks were implemented by law. Since then the normal working week has been reduced to 40 hours (1973) and the vacation is, at the moment, five weeks (1978) by law. The laws about working time have been effective and corresponding changes have actually occurred at the labour market (SOU, 1989:53, 4 and 8).

### ***Working time law***

The most recent law on working time dates from 1982 (SOU, 1981:5, proposition 1981/82:154). It states that 40 hours per week is the maximum working time or, when under the terms of specific agreements, 40 hours a week as an average over a four-week period.

Every week the employee shall have 36 hours of continuous free time. There is no regulation that this time must be taken over Saturday and Sunday, however the law does say that it should normally be taken at the weekend. There is a general prohibition against night work between midnight and five o'clock in the morning. Some general exceptions are given from this prohibition, ie. for hospitals and for economic and technical reasons.

According to the law, overtime can be worked for 50 hours per month, but for no more than 200 hours per year.

The working-hours law, however, is subject to variation. In many sectors of the labour market, therefore, other rules are followed. For state employees for example, working hours are longer in Winter and shorter in Summer. The metal workers have regulations other than those set out in the law, which for example allow for more flexible overtime regulations.

The length of the working week is 40 hours in most agreements for day-time workers as set down by law. By agreement most shiftworkers have shorter working hours, between 35 and 38 hours depending on sector and shift form. It is only those day workers in banking and insurance who have less than a 40-hour working week in any central agreement.

### *Vacation law*

The fifth vacation week was introduced by law in 1978, and since 1990 the yearly vacation by law is 27 days, thereby making it possible for employees to save one week per year up to five years. This gives them the opportunity to have ten full weeks off every sixth year.

Four of the five weeks must be offered to the employee as a continuous period of free time during the Summer. The minimum wage compensation for the five vacation weeks is 12 per cent of the previous year's income.

### *Parental leave*

Since 1974 a law covering parental leave gives parents the opportunity to take time off when their children are born. The length of parental leave has on different occasions been extended. In the Spring of 1989 the Swedish parliament decided to extend parental leave to 18 months in three stages. In 1991 the parents shall have the right to paid leave of one and a half years per child. The compensation for this paid leave is 90 per cent of the lost wage. The administration and payment is organised by the social insurance system.

The parental leave system is very flexible and can be adapted to suit the needs of different families and circumstances. The possibilities concerning the use of parental leave are very broad. Leave can be taken exclusively by one parent, or shared between the two parents. If both parents want to take parental leave, they can each have at least three months off. But if the parents both agree, just one of them can use the whole of their parental leave entitlement.

Parental leave can be taken over one or more period. It is also possible to take parental leave in the form of full-time, half-time, and quarter-day leave. Both parents can, for example, be free for half the day each. It is possible to use nine of the months for full time leave and use the other nine months to work a 6-hour day over three years.

Parental leave must be used before the child is eight years old. Even if parents have used all of their paid leave, they still have the right to work 75 per cent of full time (six hours a day) until the child is eight years old. Parents also have the right to take care of an ill child 90 days

per year until the child is twelve years of age, and the payment is 90 per cent of the wage lost for these days. Finally the father has an exclusive right to ten days leave with corresponding payment when a child is born.

The rights to leave for parents with small children are, when taken together, very extensive and mirror the fact that nearly all women with small children work.

### ***Retirement age***

For many years the retirement age was 67 years. It was changed to 65 years in 1974 (proposition 1974:129 and 1975:97), but at the same time it was made possible to retire between 60 and 70 years. However, it became very economically unfavourable for people to retire before the age of 65, and the benefits they gained from working after 65 years of age were very small indeed. For each month that a person retires before the age of 65 he or she loses 0.5 per cent of their pension entitlement for the rest of their life. A person who retires at 60 years therefore loses 30 per cent of their pension, which is quite a significant sum. Since there are also good opportunities for obtaining early retirement pensions for health reasons at much better economical conditions, the incidence of retirement at the age of 60 is not widely spread.

If a person retires after the age of 65, he or she is entitled to a pension supplement of 0.6 per cent for the rest of their life, for every month over 65 years that is worked. However, the taxation system in Sweden makes this less profitable than it may at first seem. Furthermore no one has the right to work after retirement age, and may do so only when an employer wishes that person to continue.

Flexibility does not end with the issue of retirement age. The law makes it possible for workers, and since 1980 also the self-employed, to reduce their working hours at the age of 60. The compensation rate is 65 per cent of the lost income when a 60-year-old person goes into part-time retirement.

### ***Life-cycle flexibility - an aim of working time policy***

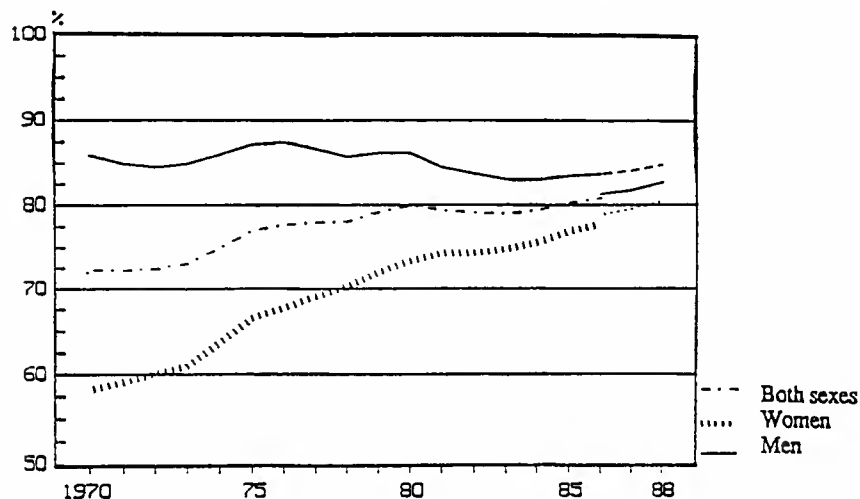
Increased flexibility gives Swedish workers the opportunity to have different working hours during different stages of life. When the labour market consisted of mainly full time employed men it was easier to have one working-time scheme which fitted everyone.

When 80 per cent of the working age population is participating in the labour market, there are more needs and desires to be met. Many people, especially women, want to work part time and many people also have different ideas about when to work.

Employers also have a growing interest in more flexible working time because it gives them an opportunity to use their capital equipment for longer hours and hence increase efficiency and productivity.

All this makes it necessary to have flexible regulations concerning working time and a combination between laws and agreements.

Chart 1: Employment frequency 1970-1988; Men, women and both sexes  
16-64 years



### III. Employment development and hours actually worked

Historical data on employment, working hours and productivity are provided by Tables 1 to 3 (see Appendix).

Employment has increased considerably since 1970. This situation is mainly due to increasing female labour market participation. In chart 1 the increase of women's employment participation rate during the 1970s and 1980s is shown. The ratio of women between 16 and 64 years of age who are employed increased from under 60 per cent in 1970 to over 80 per cent in 1988.

In chart 2 the employment rates in different age brackets for men and women in 1970 and 1988 are shown. In 1988 the employment rate was higher for women in all age groups except the youngest ones. Men have nearly the same employment rate in 1988 as they did in 1970, except in the youngest and oldest age brackets. The overall employment rate for men has fallen by about 2 per cent during this period.

Meanwhile part-time employment has increased. In 1970 about one-third of employed women worked part time, whilst about 45 per cent worked part time in 1988. Also the number of men in part-time work has increased, although at a lower rate. About 7 per cent of all employed men work part time, and these are mostly teenagers and part-time retired people (SCB, 1970-88).

It is important to note the conditions for part-time workers. In Sweden part-time workers have the same rights and security as full-time workers, if they work at least 17 hours per week. Below 17 hours they lose, for example, the right to get unemployment benefits. Of part-time

Chart 2: Employment frequency in different age groups in the years 1970 and 1988

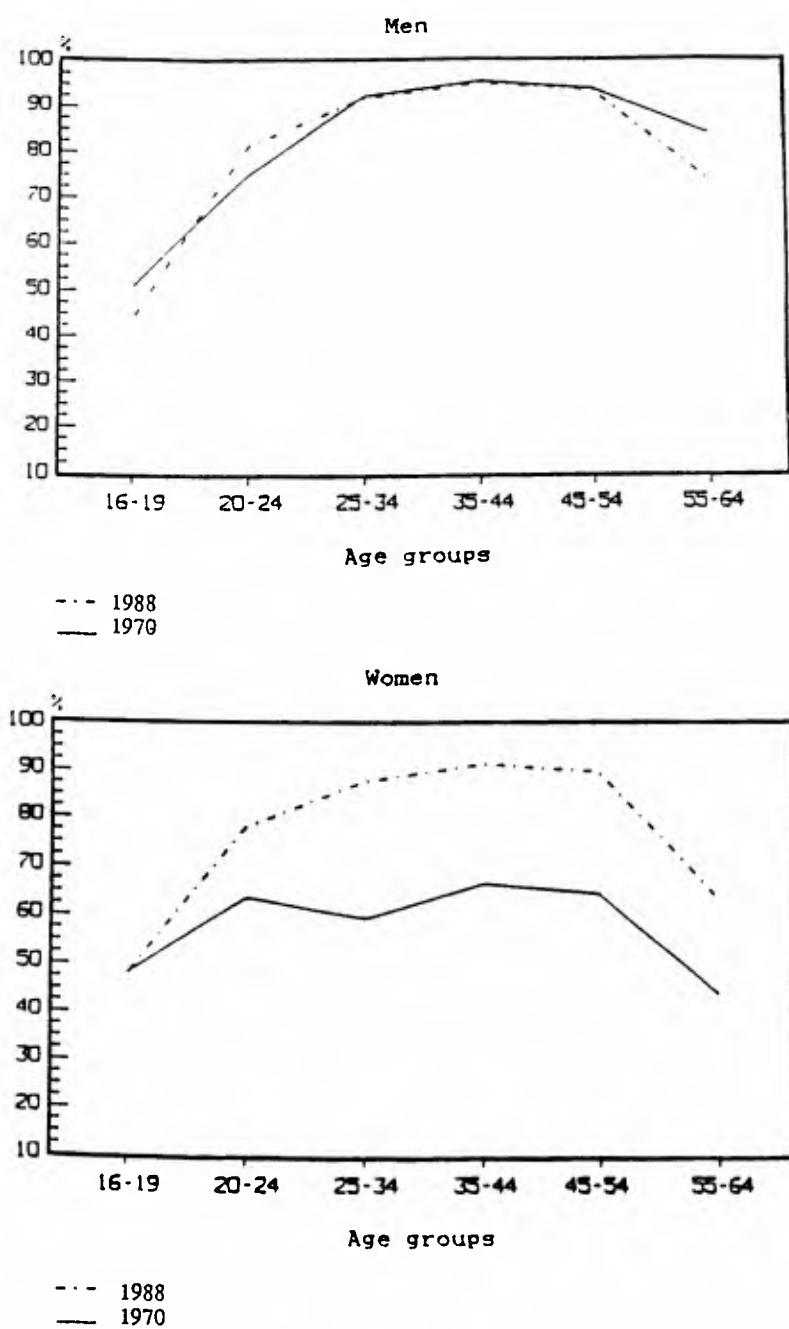
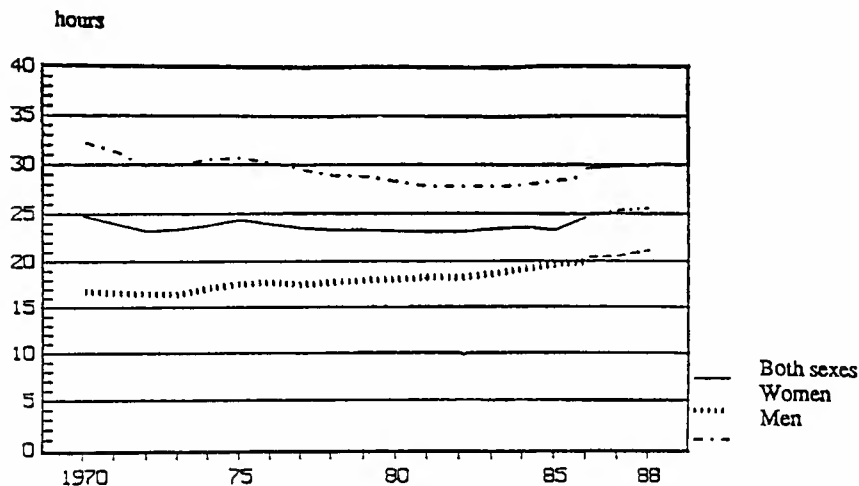


Chart 3: Number of actual worked hours per person in the population for men, women and both sexes, 16-64 years, 1970-1988



workers, 85 per cent work between 20 and 34 hours per week (SOU, 1989:53, supplement 1).

The increase in employment has been rapid. In 1988 there were 650,000 more people employed than there were in 1970. The number of hours actually worked has increased, however only by a few per cents. This is due to shorter working hours, longer vacations and more possibilities for temporary leave from work. But if we divide the total number of hours actually worked with the working-age population, we find that the Swedish people worked about 25.5 hours per person per week. This is a little more than 1970. The development is shown in chart 3. There we can see that women worked on average 3-4 hours more per week in 1988 than they did in 1970, while men worked 3 hours less than in 1970 (SOU, 1989:53, chapter 4).

Overall, this means that the differences between male and female working hours have been reduced. Of all hours worked in the economy in 1988, 40.7 per cent were worked by women, compared to 32.5 per cent in 1970.

Trends changed in the number of hours worked, in the beginning of the 1980s. Until then, hours had been reduced, both as a total number and per person employed. But since 1981 the number of hours actually worked, totally and per employed person, have increased.



The 40-hour week and high employment would imply that Swedes do work a lot. In fact absenteeism and part-time work reduce the number of hours actually worked.

A full-time industrial worker actually works about 1,500 hours per year, 200 hours less than in most other countries. The average hours actually worked amongst employed people is less than 1,500 hours.

Absenteeism in Sweden runs as high as about 21 per cent of scheduled worktime. Of that, 9 per cent is vacation, 6.5 per cent accounted for by illness, 3 per cent by child care, and 1 per cent by study leave. But it is important to note that a person can be ill for three years and still remain employed. Long-term illnesses have increased over recent years.

#### **IV. Interpretations of the development**

Why then do Swedish women work more than women in most other countries? Researchers rely mainly on economic explanations:

- The Swedish taxation system encourages married women to work. Since 1971 spouses have been taxed separately. Therefore marginal taxes for women entering the labour market are low.
- Wage differences between men and women have been reduced considerably over recent decades, due to the solidaristic wage policy from the trade unions, although the wage spread has increased again in recent years.
- Parental insurance makes it very profitable to be employed before the first child is born and makes it possible to stay at home after the birth without losing the job. It also makes it possible for women to continue to work after taking care of the child.
- The child care system has been expanded during the 1970s and 1980s to strongly subsidise fees for parents. Seventy per cent of all employed women with pre-school children have child care outside the home. This makes it possible for women with pre-school children to work, and is also economically profitable.
- Finally, the large number of part-time employed is explained by the taxation system. Marginal taxes are higher for people earning full-time incomes (Sundstrom, 1987).

The fight by trade unions and society as a whole has been very much in favour of equality between men and women. Words, actions, and political aims have been expressed putting forward women's participation in the labour market and political decision-making bodies. This has been important for the political climate and for the situation of women.

But probably nothing has been as important as the introduction of economic incentives. The more profitable it has become to divide the incomes between spouses, the more households have adjusted their time

use between them. In fact time use studies show that, on average, net income is exactly the same for men and women in a household. The man has a higher income, both total and per hour, and therefore higher marginal tax. The woman has lower income and lower marginal tax. The net effect is that households are behaving very rationally in economic terms (results from time and use studies 1984 and 1986).

Tax policies and social policies have made it economically viable to divide working hours between spouses. Political decisions also made it possible for women to participate in the labour market. Expanding the public sector created demand for workers and some 600,000 new working places were created which had to be filled by women.

The public sector also played an important role by providing the necessary support services which enabled women to move into the labour market. Care-taking of children and the elderly was done by public institutions rather than the family. Traditionally female work in the household was paid for by the public sector.

When studying the number of hours worked in the population, one should bear in mind the fact that work done in the household and work done in the labour market varies. The average Swede of working age worked 1,212 hours in 1987. The corresponding figure for a German was 1,030 hours. However, many tasks are undertaken in the German household, which in Sweden would be done in the labour market (SOU, 1989:53, supplement 6).

The structure of working time, and the division between men and women in the population and how this division is reached, tells more about a society than it first may seem. It can show interesting differences in the welfare system.

In Sweden the public sector has played a progressive role in the development of parental leave. It is in the public sector that the agreements have been most far-reaching and employers in the public sector tend to have more understanding for the use of parental leave by men. In the private sector, under the pressure of the market and more traditional values of career, the understanding of these progressive rules has not been great. Male use of parental leave is therefore more common in the public than in the private sector.

## V. When do people work?

It is one thing to point out that people are employed and how many hours they work. It is another thing to determine when people work. The general prohibition of night work, the rules for weekly rest and the lack of a shop closing law are some of the factors that shape when people work.

A large investigation made by the Working Hours Committee in 1987/88 showed that daytime work has become less usual in the last six years. About two-thirds of all employed people work daytime shifts, ie. between 6.45am and 5.45pm, whilst 27 per cent work irregular and

inconvenient working hours, and 8 per cent work regular but inconvenient hours.

One third of all employed people occasionally work Saturdays and/or Sundays, and 8 per cent of employed people work at night. Inconvenient working hours are more common among women than men, blue collar workers work more inconvenient hours than white-collar workers, and employers have the longest and most inconvenient working hours. Furthermore it was shown that inconvenient working hours increase in the business sector and in the public sector.

The situation of the labour market, according to the number of hours and when they are worked, can be summarised in this way:

- Two out of three employees work all of their working hours during the day.
- Two out of three work all their time between Monday and Friday.
- Two out of three work regularly five days a week.
- Three out of four work full time, but only 50 per cent work exactly 40 hours per week.

If you combine these conditions for normal working hours you find that only one-third of employed people work 40 hours per week, day-time, five days a week from Monday to Friday.

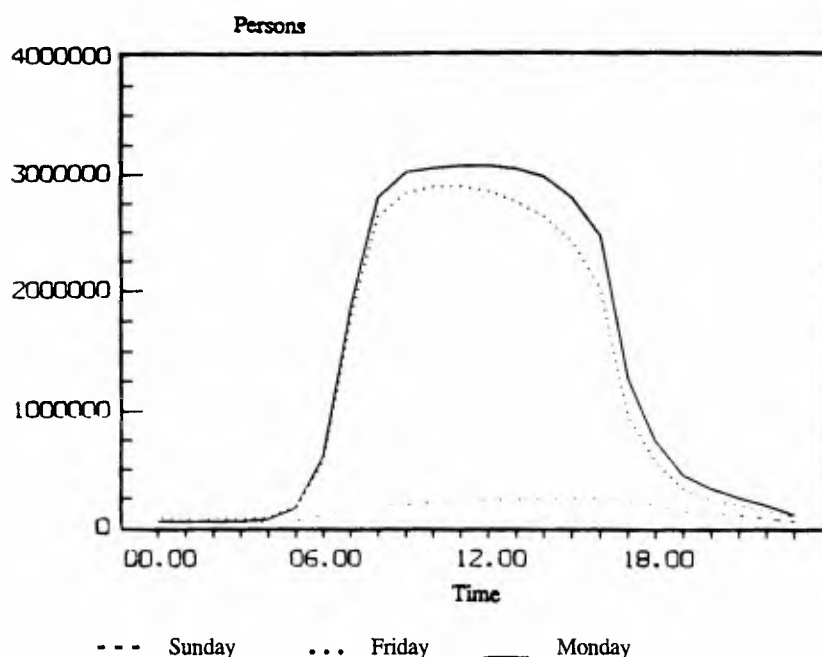
Although we could show that inconvenient working hours were increasing, still 86 per cent of all hours worked fell between Monday and Friday and between the hours of 7.00 am and 6.00 pm. From this investigation we conclude that inconvenient working hours are few, but are shared by a large number of employed people (chart 4).

One interpretation of flexible working time is quite narrow, that it is a question of flexi-time for employees. It gives the possibility to choose working hours. Forty-two per cent of employed people can, within individual pre-set limits, choose when they want to start and finish their work day by day on the Swedish labour market.

## **VI. Political situation**

Since 1972 the Social Democratic Women's organisation has struggled for the 6-hour day. This became a widespread demand from many political parties and trade unions. In the long term, it was said in many programs, we fight for the 6-hour day. The Social Democratic Party more and more agrees to the standpoint that working hours should be more flexible. The blue-collar trade unions (LO) continued to fight for the sixth vacation week, since many workers in the public sector already have this privilege. The white-collar union (TCO) is fighting for a reduced working week, and the academics organisation (SACO) is in favour of more flexibility. In general, employers organisations believe

Chart 4: Persons at work hour by hour



that the important question should be how to reduce working hours. The communist party wants a rapid reduction of the working day to six hours. The bourgeois parties based their recommendations on the results of the big investigation committee on working time, set up by the government in 1987 and which presented its results in August 1989.

## VII. Flexibility - A challenge for future working hours

Flexible working hours are often requested by employers. In their view flexible working hours mean work is carried out at inconvenient hours, at weekends and at night. For employers the business cycle and different seasons make variations in working hours between high and low seasons attractive.

But employees also have an interest in flexible working hours. Flexi-time gives workers the opportunity to use their free time when they want or need it, in whatever form is most suitable to them. Employees gain from adjusted working hours over the life cycle, in terms of time to study and time to recover from illness when necessary.

As citizen and consumer, one has an interest in flexible working hours. With regard to opening hours in the growing service sector, the debate centers around the issue of whether flexibility should be demanded of the client or of the employee. As citizen and consumer it is also of interest that production is effective and efficient so that prices can be kept down.

The challenge for the future is to meet the different ideas of flexibility, and to balance production's needs in terms of flexibility, with the interests of employees, whilst satisfying consumer and citizen demands. To find a balance where laws and agreements do not interfere with the natural development is an outstanding challenge.

There is also an increased focus upon the effects marginal taxes have on the labour supply. Several researchers have claimed that high marginal taxes do not make it worthwhile working an hour extra. And with marginal taxes and marginal losses of benefits, a normal Swedish wage earner gets only 30 per cent of the total cost of an extra hour's work. A big tax reform has recently been decided, which means lower marginal taxes, lower taxes on work and higher taxes on consumption and wealth.

The future of working time will be a question of how to combine free choice and justice between different groups. Available time is not constant throughout the life cycle of an individual which means that working hours must be flexible. People must have the option of changing their working hours year to year. Sometimes people want to work long weeks and have a long vacation, sometimes they want to shorten their working day and perhaps take a shorter vacation.

The working-time committee, set up in 1987 by the government presented its results in August 1989. It had the following suggestions:

- No more working-time reductions until at least 1995 - what will happen thereafter is dependent upon the economic development over the next five years.
- Working-time reductions should be negotiated between the different sections in the labour market, but it is an advantage if the working-time reductions are done parallel in all sectors of the labour market.
- The new form for working-time politics should be a discussion about the number of working hours per year, rather than discussing weekly working hours, vacations and holidays.

Equality between different employee groups in terms of the length of their normal working hours is a move towards justice. It has been considered unjust that some privileged groups have six weeks of vacation, whilst blue-collar workers in the private sector only have the minimum legal vacation of five weeks.

This is the background to the extension of the vacation by law. At the same time the need for free time varies during the life cycle. Therefore the goal is to have very flexible vacation periods whereby the fifth and the sixth vacation weeks shall be exchangeable for a corresponding

working-time reduction, separate free days, or could be saved for future needs.

The aims of the reforms suggested by the working-time committee are to achieve justice and similarity in the length of the normal working hours, but flexibility as to when people may choose to work. This is also an attempt to find a balance in terms of flexibility with regard to the different interests.

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## Appendix

**Table 1: Population, employment and working hours in a perspective of a hundred years**

| Year | Population | Employed | Total number of worked hours | Number of actual hours worked per employed |
|------|------------|----------|------------------------------|--|
| 1890 | 4,785      | 2,155    | 5,969                        | 2,770                                      |
| 1900 | 5,136      | 2,314    | 6,220                        | 2,688                                      |
| 1913 | 5,640      | 2,602    | 6,734                        | 2,588                                      |
| 1929 | 6,100      | 3,146    | 7,182                        | 2,283                                      |
| 1938 | 6,325      | 3,159    | 6,962                        | 2,204                                      |
| 1950 | 7,042      | 3,422    | 6,676                        | 1,951                                      |
| 1960 | 7,498      | 3,616    | 6,592                        | 1,823                                      |
| 1970 | 8,081      | 3,912    | 6,418                        | 1,641                                      |
| 1980 | 8,318      | 4,234    | 6,090                        | 1,438                                      |
| 1987 | 8,414      | 4,383    | 6,427                        | 1,466                                      |

**Table 2: Production and employment 1965 - 1987**

| Year | Production<br>milliards SEK<br>(value of<br>money 1987) | Employment<br>(thousands) | Total number<br>of worked<br>hours<br>(millions) | Productivity<br>SEK/hour | Working<br>hours per<br>year and<br>employed |
|------|---|---------------------------|--|--------------------------|--|
| 1965 | 575   | 3,762                     | 6,648  | 86:50                    | 1,767  |
| 1970 | 697   | 3,912                     | 6,418  | 108:60                   | 1,641  |
| 1975 | 796   | 4,089                     | 6,201  | 128:40                   | 1,517  |
| 1980 | 847   | 4,234                     | 6,090  | 139:10                   | 1,438  |
| 1981 | 844   | 4,241                     | 6,066  | 139:10                   | 1,430  |
| 1982 | 851   | 4,233                     | 6,112  | 139:20                   | 1,444  |
| 1983 | 871   | 4,242                     | 6,163  | 141:30                   | 1,453  |
| 1984 | 906   | 4,278                     | 6,223  | 145:60                   | 1,455  |
| 1985 | 925   | 4,322                     | 6,304  | 146:70                   | 1,459  |
| 1986 | 936   | 4,348                     | 6,334  | 147:80                   | 1,457  |
| 1987 | 956   | 4,383                     | 6,427  | 148:70                   | 1,466  |

**Table 3: Annual change during the period (in percentage)**

| Year    | Production | Employment | Total number<br>of worked<br>hours | Productivity | Working<br>hours per<br>year and<br>employed |
|---------|------------|------------|------------------------------------|--------------|--|
| 1965-70 | + 3.9      | + 0.8      | - 0.4                              | + 4.3        | - 1.5  |
| 1970-75 | + 2.7      | + 0.9      | - 0.7                              | + 3.4        | - 1.5  |
| 1975-80 | + 1.3      | + 0.7      | - 0.4                              | + 1.7        | - 1.0  |
| 1980-85 | + 1.8      | + 0.4      | + 0.7                              | + 1.1        | + 0.3  |
| 1986-87 | + 1.7      | + 0.7      | + 1.0                              | + 0.7        | + 0.1  |

# 13 United Kingdom

Jill Rubery, Simon Deakin and Sara Horrel<sup>1</sup>

## I. Introduction

The British economy has been at the forefront of the movement towards deregulation of labour markets and the dismantling of labour standards. One major dimension of this "flexibilisation" of the labour market in advanced countries has been the "freeing-up" of working-time regulations to facilitate reductions in the fixed costs of labour and to permit firms to extend operating hours. However, the significance of these moves depends not only on the enthusiasm with which the State and ultimately employers adopt a deregulation strategy but also on the nature and strength of the system of labour market standards or regulations which are being put at risk. The argument to be made here is that although Britain has been leading the field in deregulation there were in any case few legal restrictions on working time, and within the voluntary regulatory system there has been a relatively passive stance towards the restriction of working time *per se*, the main concern being to regulate the terms and conditions under which working time is rewarded. Even the growth of part-time work emerged as trend long before the new industrial relations order of the 1980s and can be attributed as much to sectoral change, taxation policy and the British pattern of women returning mainly to part-time work after childbirth, as to changing political and regulatory contexts (Rubery, 1988; Schoer, 1987). Where major changes in working-time practices have taken place in the 1980s, and in some firms and industries these changes will be argued to be significant, they must be understood as part of a broader strategy to change manning levels and unit costs, and not as specific responses to the liberalisation of labour standards.

While moves towards flexibilisation of labour markets by the end of the 1980s appeared to be the dominant factor explaining trends towards the reorganisation of working time in industrialised countries, there was and still is an alternative current running through debates,

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policies and industrial action over working time: that is, the movement to change working-time arrangements in order to ameliorate the problems of unemployment and to improve the standard of life. In European terms Britain has been very much at the sidelines of this debate. The government has set itself against any serious policy of life-time working-time reduction through early retirement and has steadfastly opposed policies to cut the working week on grounds of its impact on labour costs. Part-time work has been used primarily to meet production requirements rather than labour supply preferences. Cuts in the working week have been pressed for and to some extent won by trade unions. However, although the argument that such reductions would reduce unemployment in the long term have been deployed by unions in fighting their cause, there has been little or no attempt to ensure that these effects are realised, through for example controls on overtime or restrictions on productivity bargaining to offset the working-time reduction. Possibly one of the main reasons for the failure of British workers to embrace fully the ideal of a shorter working week to reduce the current and potential threat of unemployment is the relatively low productivity level of the British economy (Ray, 1987; Nolan, 1989). This has a double effect, in keeping wages low so that workers find it difficult to contemplate trading wage increases for shorter hours, let alone agreeing to wage cuts, and in making workers and managers sceptical of the ability of British firms to go it alone in cutting labour hours, given the potential impact on unit costs. In these respects Britain can be expected to be at most a follower of a European movement towards shorter working time.

To analyse the factors shaping working-time practices in Britain over the recent past we need first to look at actual trends and patterns. Working-time trends are considered in the light of the changing labour market conditions from the 1970s to the 1990s. The characteristics and recent changes in the British pattern of working time are described, distinguishing between lifetime patterns, length of annual and weekly working time, time spent in non-standard employment, and unsocial working hours. This summary of recent trends then provides a background against which to discuss the system of regulation of working time in the UK and the forces for changes in working time emanating from the potentially contradictory pressures for, on the one hand, reductions in the working week, and, on the other hand, for increased "flexibility" in working time.

## **II. The labour market and working-time practices in Britain**

Trends in working-time practices in Britain can be linked in indirect ways to developments within the labour market, but often this interlinking takes on a kind of perverse logic, such that the pattern of working time evolves so as to exaggerate rather than reduce the problems

Figure 1: Work force and work force in employment: United Kingdom



Source: *Employment Gazette*, February 1990.

in the labour market. The situation in the labour market in the early 1980s was one of severe decline in employment coupled with a static labour supply and consequently, rapidly rising unemployment (Figure 1). At this stage working time and labour market trends tended to be pulling in the same direction, towards reductions in the number of jobs, in the number of hours per worker employed and with no increase in the supply of labour associated with new working-time patterns. Working-time patterns were thus acting to facilitate the accommodation of lower levels of employment demand. This accommodation was short-lived; when employment levels began to rise again from the trough of 1983, overtime hours soon rose in tandem, thus cutting the potential employment creation effects (table 1). At the same time labour supply also began to rise reflecting both the underestimation of the actual labour force in earlier years (because of discouraged worker effects) and the continued expansion in part-time jobs which attracted women back into the labour force. Thus the trend towards part-time work, and possibly the expansion of temporary work could be said to have reduced the economy's ability to accommodate the lower level of employment demand by attracting married women who were out of the labour force back into work. Alternatively we can say that these trends made clearer the underlying problem of unemployment instead of disguising it in the form of non-employment.

Table 1: Basic hours, overtime hours and actual hours

|      | Manual      |      |                |     |              |      |
|------|-------------|------|----------------|-----|--------------|------|
|      | Basic hours |      | Overtime hours |     | Actual hours |      |
|      | M           | F    | M              | F   | M            | F    |
| 1979 | 39.9        | 38.5 | 6.3            | 1.1 | 46.2         | 39.6 |
| 1980 | 39.7        | 38.5 | 5.7            | 1.1 | 45.4         | 39.6 |
| 1981 | 39.7        | 38.4 | 4.5            | 1.0 | 44.2         | 39.4 |
| 1982 | 39.4        | 38.3 | 4.9            | 1.0 | 44.3         | 39.3 |
| 1983 | 39.2        | 38.1 | 4.7            | 1.2 | 43.9         | 39.3 |
| 1984 | 39.2        | 38.1 | 5.1            | 1.3 | 44.3         | 39.4 |
| 1985 | 39.1        | 38.0 | 5.4            | 1.5 | 44.5         | 39.5 |
| 1986 | 39.1        | 38.1 | 5.4            | 1.4 | 44.5         | 39.5 |
| 1987 | 39.1        | 38.1 | 5.5            | 1.6 | 44.6         | 39.7 |
| 1988 | 39.1        | 38.0 | 5.9            | 1.8 | 45.1         | 39.8 |
|      | Non Manual  |      |                |     |              |      |
|      | Basic hours |      | Overtime hours |     | Actual hours |      |
|      | M           | F    | M              | F   | M            | F    |
| 1979 | 37.2        | 36.3 | 1.6            | 0.4 | 38.8         | 36.7 |
| 1980 | 37.1        | 36.3 | 1.6            | 0.4 | 38.7         | 36.7 |
| 1981 | 37.1        | 36.1 | 1.3            | 0.4 | 38.4         | 36.5 |
| 1982 | 37.0        | 36.1 | 1.2            | 0.4 | 38.2         | 36.5 |
| 1983 | 37.1        | 36.1 | 1.3            | 0.4 | 38.4         | 36.5 |
| 1984 | 37.1        | 36.1 | 1.4            | 0.4 | 38.5         | 36.5 |
| 1985 | 37.0        | 36.1 | 1.6            | 0.5 | 38.6         | 36.6 |
| 1986 | 37.1        | 36.1 | 1.5            | 0.6 | 38.6         | 36.7 |
| 1987 | 37.2        | 36.2 | 1.5            | 0.6 | 38.7         | 36.8 |
| 1988 | 37.2        | 36.2 | 1.5            | 0.7 | 38.7         | 36.9 |

Source: New Earnings Survey.

In the latter part of the decade productivity rose relatively fast (see table 2 and Metcalf, 1988; Ray, 1987; Nolan, 1989). However, far from providing a basis on which the British economy could move towards some form of work sharing, these productivity gains are likely to have been mainly the result of a once-off increase in effort levels or from once-off changes in work organisation, including working-time arrangements. There is no evidence at a macro level of the increases in investment which would be necessary to sustain this productivity growth over the long term. As such, far from heralding a relaxation of the economic constraints which could relieve the problems of moving to a more equitable settlement of the job shortage than unemployment, these trends are more indicative of an increase in the wage-effort bargain, in which changes in working time may have played a not insignificant part.

Of potentially even greater concern is the extent to which the use of overtime has become a means of economising on fixed costs including training. While companies in Britain always express desires to cut overtime in a recession, as the economy moves into a higher level of demand companies' response has tended to be to increase working time. These trends towards extensions of working time have become increasingly evident in sectors where a skill shortage is emerging or in

**Table 2: Unit labour costs in manufacturing**

|                | (A) Total hourly labour costs |      |      | (B) Labour productivity (output per hour) |      |      | (C) Unit labour costs |      |      |
|----------------|-------------------------------|------|------|---|------|------|-----------------------|------|------|
|                | 1980                          | 1984 | 1986 | 1980                                      | 1984 | 1986 | 1980                  | 1984 | 1986 |
| United States  | 126                           | 194  | 161  | 273                                       | 262  | 267  | 46                    | 74   | 60   |
| Japan          | 80                            | 109  | 129  | 196                                       | 177  | 176  | 41                    | 62   | 73   |
| France         | 121                           | 114  | 122  | 193                                       | 179  | 184  | 63                    | 64   | 66   |
| West Germany   | 165                           | 153  | 173  | 255                                       | 232  | 178  | 65                    | 66   | 97   |
| Italy          | 108                           | 117  | 127  | 173                                       | 156  | 155  | 62                    | 75   | 82   |
| Belgium        | 176                           | 140  | 149  | 207                                       | 200  | 154  | 85                    | 70   | 97   |
| Netherlands    | 160                           | 142  | 156  | 269                                       | 267  | 205  | 59                    | 53   | 76   |
| United Kingdom | 100                           | 100  | 100  | 100                                       | 100  | 100  | 100                   | 100  | 100  |

*Note:* Labour costs are compared at current market exchange rates.

*Source:* Ray (1987) and Nolan (1989).

areas where low pay and budget constraints have prevented employers recruiting adequate numbers of staff. The dispute concerning the London underground in 1989 was concerned, amongst other things with inadequate staffing levels and the requirement for workers to cover for absentees by working a second shift. These trends suggest that the British labour market is finding it increasingly difficult to adjust smoothly to new patterns of labour demand; at the same time as overtime was running at very high levels in 1989 unemployment was still on average 7 per cent and of course higher in the North. Most new jobs were part-time jobs which did not provide realistic opportunities for most of the long-term unemployed. Inadequate training programs both for young people and adults (Ashton et al., 1989) mean that skill shortages are likely to continue, causing firms to seek longer hours and greater effort from their staff, and women are faced often with the alternative of taking a "convenient" part-time which is low-paid and low-skilled or taking a full-time job which fully utilised their skills but where the level of commitment in terms of working time is increasing and likely to increase further. These problems may be particularly acute in areas such as the public sector professions where women full-timers are concentrated and where lack of



resources, coupled with new job demands are increasing the working-time commitment of employees.<sup>2</sup>

### **III. The pattern of working time in Britain**

Working time has to be looked at and compared across a range of different dimensions; these include lifetime working-time patterns, annual and weekly working time, working time associated with non-standard employment and the timing of work, that is considerations of unsocial working hours.

#### **1. Lifetime working-time patterns**

The number of years spent in regular or permanent employment by British males is relatively high, as a result of the low share of people in further education in comparison to similar countries (White, 1988). There has been no general move towards early retirement, with retirement age still 65, and only limited support by the government for reducing unemployment through early retirement in the form of the job release scheme.<sup>3</sup> Only small numbers of people were affected by this program, but nevertheless there has been a significant and persistent reduction in participation among men over 60, associated with private early retirement schemes and the tendency of older redundant employees to retire from the labour force (table 3). However, these trends, based as they were on specific adjustment policies of firms and on "discouraged" worker effects, may yet be reversed in those areas experiencing labour shortages.

For women the trend is towards longer working time. Even the drop in participation for older women evident in the mid-1980s (table 3) appears to be reversing in the more buoyant labour market conditions of the late 1980s. The trend towards shorter breaks from working after childbirth, and more frequent re-entry between births (Dex, 1984) has increased participation in the younger and middle age ranges. Much of this increased participation is part-time, but the number of full-time jobs in the economy occupied by women has remained stable and even expanded, so that the net effect is to increase the average amount of time spent working in women's lives.

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2. Even the government has recently admitted that there have been significant additional burdens placed on professionals such as teachers. It has decided against introducing testing in all areas of the new national curriculum for primary children in part because of the pressure on professionals' time.

3. This scheme allowed people to take early retirement provided they were replaced by someone who had been unemployed for six months.

Table 3: Labour force participation by age and gender

| Men   | 16-19 | 20-24 | 25-34 | 35-44 | 45-54 | 55-59 | 60-64 | 65-69 | All  |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| 1981  | 72.4  | 85.1  | 95.4  | 96.0  | 94.8  | 89.4  | 69.3  | 16.3  | 76.5 |
| 1983  | 69.6  | 84.1  | 93.6  | 95.4  | 93.1  | 84.1  | 59.4  | 13.3  | 74.2 |
| 1985  | 74.2  | 85.4  | 93.9  | 95.5  | 92.4  | 82.2  | 55.4  | 14.4  | 74.4 |
| 1987  | 74.8  | 86.3  | 94.0  | 94.7  | 91.0  | 79.4  | 55.2  | 13.3  | 73.8 |
| 1989  | 75.0  | 87.1  | 93.8  | 95.1  | 91.7  | 79.8  | 54.6  | 14.6  | 74.3 |
| Women | 65 +  |       |       |       |       |       |       |       |      |
| 1981  | 70.4  | 68.8  | 56.4  | 68.0  | 68.0  | 53.4  | 23.3  | 3.7   | 47.6 |
| 1983  | 66.8  | 68.2  | 57.0  | 67.7  | 68.1  | 50.6  | 20.5  | 3.2   | 47.0 |
| 1985  | 71.2  | 69.3  | 62.3  | 71.9  | 69.5  | 52.1  | 18.9  | 3.0   | 49.2 |
| 1987  | 73.9  | 70.6  | 65.2  | 73.0  | 70.8  | 53.0  | 19.2  | 2.7   | 50.4 |
| 1989  | 73.7  | 75.1  | 69.3  | 75.0  | 72.2  | 54.3  | 22.9  | 3.4   | 52.6 |

Source: Labour Force Survey 1989, *Employment Gazette*, April 1990.

## 2. Annual and weekly working time

Annual working time is not governed by any legislation in Britain; there is no statutory holiday entitlements, although most workers in practice have leave on the eight so-called statutory holidays. In addition most collective agreements now provide for paid holidays of between four to five weeks (table 4). There has been a fairly steady trend towards increased holiday entitlement through the 1970s and 1980s and the trend seems to be still to press for an incremental increase in holiday entitlement beyond five weeks, a policy that has already born fruit in some industries and companies. Non-manual workers are likely to have slightly more holiday than manual workers, and particularly to have holiday entitlement rise with age. Perhaps most importantly they are less likely to be required to take their holidays at a fixed time associated with factory shutdowns, although there is also an increasing trend towards employee choice over holiday times among manual workers. Most collective agreements do not impose any further restrictions on annual working time than holiday entitlement; that is most do not rule out Saturday or even Sunday working.

Norms for weekly working time are again established by collective agreement, usually at the industry level, and not by legal regulation. By custom and practice non-manual workers have shorter weekly working hours than manual workers and although there are now a large number of firms that have achieved or are aiming for so-called harmonisation of conditions the overall rate of progress is relatively slow. Most of the harmonisation at the national level is occurring by the manual workers reducing their hours without change to non-manual hours; thus between

Table 4. Holidays with pay

|   | 1972 | 1976 | 1980 | 1984 | 1986 |
|---|------|------|------|------|------|
| % of manual employees with basic holidays of: |      |      |      |      |      |
| 1. two weeks                                  | 8    | -    | -    | -    | -    |
| 2. between two to three weeks                 | 16   | 1    | -    | -    | -    |
| 3. three weeks                                | 39   | 18   | 2    | -    | -    |
| 4. between three and four weeks               | 33   | 47   | 24   | 5    | -    |
| 5. four weeks                                 | 4    | 34   | 19   | 15   | 14   |
| 6. between four and five weeks                | -    | -    | 55   | 61   | 63   |
| 7. five weeks and over                        | -    | -    | -    | 19   | 23   |

*Source: Employment Gazette, March 1987, p. 132.*

1979 and 1988 male manual full-time workers reduced their basic hours by .8 hours and female manual workers by .5 hours while average basic hours for non-manual workers remained roughly constant (see table 1). The tradition of different working hours for manual and non-manual employees also has an impact on the sectoral distribution of hours worked with, for example, banking and insurance services having shorter working hours than manufacturing. The impetus for the reduction in manual weekly hours came from the 1979 engineering strike which effectively changed the norm from 40 to 39 hours, even though other groups took some time to achieve this new "standard". However, the momentum from this breakthrough had petered out by the mid 1980s with less than 150,000 manual workers per year achieving decreases in basic hours compared to millions in the early 1980s (see table 5). However, a new round of reductions in basic hours may be about to begin; the engineers have again taken industrial action in support of a shorter working week and have achieved some limited success. Whether or not this will herald the same movement towards shorter working time will depend on various factors as discussed below, not least on whether it changes the customary practice of determining hours standards at industry level while pay and other conditions are set at company or local level.

Overtime working is another major determinant of weekly working hours. As mentioned above, overtime working tends to be cyclically

Table 5: Change in normal weekly hours

| Year | Number of employees affected (thousands) | Average reduction in hours of those affected |
|------|--|--|
| 1971 | 623                                      | 1.0  |
| 1972 | 1618                                     | 1.1  |
| 1973 | 749                                      | 1.6  |
| 1974 | 703                                      | 1.6  |
| 1975 | 340                                      | 1.5  |
| 1976 | 7  | 1.0  |
| 1977 | 3  | 1.3  |
| 1978 | 127                                      | 2.5  |
| 1979 | 35                                       | 5.3  |
| 1980 | 489                                      | 1.2  |
| 1981 | 3230                                     | 1.0  |
| 1982 | 1949                                     | 1.1  |
| 1983 | 1614                                     | 1.1  |
| 1984 | 1024                                     | 1.0  |
| 1985 | 149                                      | 1.0  |
| 1986 | 147                                      | 0.8  |

Source: *Employment Gazette*, March 1987, p. 132.

sensitive although even in the severe recession of 1981 male overtime hours were still averaging at over 4 per week. Since 1981 overtime hours have been on an upward trend so that by 1988 average overtime hours for male manual workers were 5.9, their actual working hours were higher than at any point since 1980 and over 58 per cent were in receipt of overtime pay (see table 6). Women manual workers and non-manual workers of both sexes were considerably less likely to work overtime (see table 7), although these data refer to paid overtime and thus the amount of non-manual hours worked above contractual hours is likely to be grossly underestimated.<sup>4</sup> Nevertheless, the trend towards a higher share of women and a higher share of non-manual workers is likely to be reducing at least when measured by weekly working time per employee. A further major factor which will reduce average weekly hours per employee is the growth of part-time work, which we discuss below.

4. Unpaid overtime hours per week have been estimated to range from around 4 hours in many professional and managerial jobs, to between 1 and 2 hours in most other non-manual jobs but to be less than half an hour per week in most manual jobs (Labour Force Survey 1987; *Employment Gazette*, November 1988, p. 612).

**Table 6: Involvement in overtime working by labour force group 1988**

|                  | Percentage working overtime | Overtime per overtime worker |
|------------------|-----------------------------|------------------------------|
| Manual men       | 56.8                        | 10.1                         |
| Manual women     | 26.8                        | 6.3                          |
| Non-manual men   | 21.1                        | 6.2                          |
| Non-manual women | 18.1                        | 3.5                          |

Source: New Earnings Survey.

**Table 7: Trends in the percentage of manual men who work overtime**

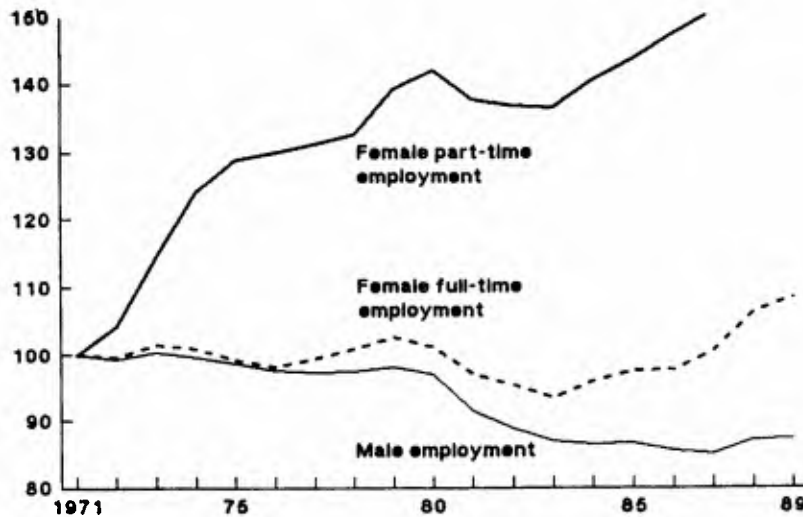
|      | Percentage working over time | Overtime per overtime worker |
|------|------------------------------|------------------------------|
| 1979 | 58.5                         | 10.6                         |
| 1980 | 54.3                         | 10.3                         |
| 1981 | 46.8                         | 9.5                          |
| 1982 | 49.3                         | 9.7                          |
| 1983 | 49.8                         | 9.3                          |
| 1984 | 52.5                         | 9.6                          |
| 1985 | 54.4                         | 9.7                          |
| 1986 | 54.4                         | 9.6                          |
| 1987 | 54.8                         | 9.8                          |
| 1988 | 56.8                         | 10.1                         |

Source: New Earnings Survey.

### 3. Non-standard employment and working time

By far the most important form of non-standard employment in Britain is part-time work. There has been a relatively constant growth of part-time work, through the 1970s, the recession of the early 1980s and continuing with the growth of demand in the late 1980s (Figure 2). Part-time work appears likely to continue to rise with most forecasts predicting that the bulk of new jobs will be part-time because of continued sectoral swings. There is also increasing interest in the creation of more part-time jobs in more skilled areas to cope with the emerging skill shortage. Part-timers also usually work relatively short hours, with 59 per cent in manufacturing and 68 per cent in services working 20 hours or less per week and 21 per cent and 25 per cent respectively working 10 hours or less per week (Labour Force Survey 1987). In contrast temporary or casual work accounts for a much smaller share of the labour force (under 6 per cent) and has not grown consistently; it fell in the early 1980s

Figure 2: Changing pattern of employment by gender and sex



Source: *Employment Gazette*, Historical Supplement No. 2 (1989)  
Employees in Employment, Great Britain, June (seasonally adjusted).

and only recovered to its 1979 level by around the mid 1980s (King, 1988; Casey, 1988; Dale and Bamford, 1988). However, the new temporary and casual jobs are in new areas, including the public sector, so that some areas have witnessed expansions and others declines in their use of temporary workers. These workers are also disproportionately female and part-time.

The other main area of non-standard employment in Britain that has also been growing is self-employment, now accounting for 12 per cent of the labour force and having grown by around 1 million in ten years (see table 8). Average hours of work amongst the self-employed are very long, with 20 per cent working over 60 hours compared to 2 per cent of employees, but recently there has been an increasing tendency towards polarisation within the self-employed, with a high share of new self-employed working on a part-time basis (Creigh et al., 1986).

#### 4. Unsocial hours working

There is contradictory evidence relating to trends in the share of the work force involved in shiftworking; national representative surveys of individuals find no trend increase in the share of shiftwork, with the labour force survey putting the percentage at around 12.5 per cent. However, surveys of firms' working-time policies (ACAS, 1987; Atkinson and Meager, 1985) have found a marked increase in the use of shiftwork



Table 8: Self-employment ('000s)

|                              | 1979  | 1980  | 1981  | 1982  | 1983  | 1984  | 1985  | 1986  | 1987  | 1988  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| No. of self-employed (March) | 1,842 | 1,923 | 2,031 | 2,096 | 2,147 | 2,367 | 2,522 | 2,563 | 2,742 | 2,895 |

Source: *Employment Gazette*, Historical supplement No. 2 November 1989.

associated with flexibility agreements. Table 9 gives such information as is available on types of shift patterns; the most common are the double day shift or three shift systems.

Recent research by two of the authors (Horrel and Rubery, 1991) has found that shiftwork is but one of the ways in which firms organise working time to extend operating hours and to cover unsocial hours. Alternatives range from rotating days, part-time work, overtime, separate part-time contracts for extra hours, staggered starting and finishing times, etc. The type of system used was more dependent on the sex of the people employed and the sector than on the length of operating hours. As a consequence of this variety of methods for covering unsocial hours a much higher percentage of workers are involved in unsocial hours working than in shiftworking. For example, the Labour Force Survey estimates that 52 per cent of men and 36 per cent of women work at least one day at the weekend (table 10). Moreover, a small scale survey revealed that most workers work weekends at least once in a while (81 per cent of men, 64 per cent of female full-timers and 53 per cent of female part-timers) (Horrel et al., 1989). It is much more common to work both Saturday and Sunday than to only work Sundays. These figures show, however, quite clearly that in practice, in Britain, despite the opposition to the abolition of the Shops Act as it would involve Sunday work,<sup>5</sup> there is no such concept as a free Sunday, let alone a free Saturday. Nevertheless, expectations over weekend working will be strongly related to the practice in the particular firm or industry where the worker is employed, so that by no means would all firms feel free to bring in weekend working, even if there were no express restrictions in collective agreements. In comparison night work is relatively uncommon, with 5 per cent working nights as part of a regular shift pattern and only 1 per cent

5. In 1986 the government introduced a Shops Bill designed to liberalise the regulation of shop opening hours under the Shops Act (1950) that restricts trading on Sundays and late evenings. However, the government suffered an unprecedented defeat on the second reading of the Bill in the House of Commons when large numbers of MPs from the government side voted with the opposition parties.

**Table 9: Working-time patterns**

| Percentage of people 16+ in employment in Great Britain: |       |
|--|-------|
| <i>a) Not doing shiftwork</i>                            |       |
| % who work:  | 86.7  |
| Mornings only  | 5.4   |
| Afternoons only  | 1.5   |
| During the day   | 70.7  |
| Evenings only  | 2.2   |
| At night   | 0.7   |
| Both lunch and evening                                   | 0.7   |
| Other times  | 5.4   |
| <i>b) Doing Shiftwork</i>                                |       |
| % who work:  | 12.5  |
| Double day   | 3.7   |
| 3 shift  | 2.5   |
| Day/night  | 1.5   |
| Night shifts   | 1.0   |
| Split shifts   | 0.8   |
| Other  | 3.0   |
| (no reply)   | (0.7) |
| <i>Total</i>   | 100.0 |

Source: Labour Force Survey 1968; *Employment Gazette*, April 1987.

**Table 10: Unsocial hours working (whole economy)**

|                             | Males<br>% | Females<br>% |
|-----------------------------|------------|--------------|
| Sample size (working)       | 36,669     | 28,302       |
| Shiftwork                   | 15         | 9            |
| Work on Saturday            | 23         | 19           |
| Work on Sunday              | 4          | 3            |
| Work both Saturday & Sunday | 25         | 14           |

Source: Labour Force Survey 1987.

on permanent nights and less than 1 per cent of non-shift workers claiming to work at night (table 9).

This relatively "flexible" working-time pattern, in the sense that a high share of the work force is engaged in unsocial hours working, does

not seem to be compensated for by freedom or flexibility for the individual to determine working-time patterns. There is no national data on flexitime, but recent survey work suggests that approximately one-fifth consider themselves to be on flexitime (Horrel et al., 1989), but surveys of employers suggest that this flexitime may range from systems with high levels of individual choice to those where employees are allowed to set their own start and finish times within set bands. Once fixed these must then be adhered to (Horrel and Rubery, 1991).

## **5. Summary**

This survey of working-time practices in Britain has revealed a relatively "flexible" or permissive system, with high levels of weekend, shift, overtime and part-time working and relatively weak tendencies towards working-time reduction for full-time workers, except as a function of sectoral and occupational change. It should also be noted that there is little evidence of a dramatic transformation of working-time practices in the 1980s; what is more significant is the picture of a relatively flexible working-time system prior to the current vogue for deregulation. This flexibility has for the most part been sanctioned by and even to some extent encouraged by the largely voluntarist system of working-time regulation in Britain that we will now describe.

## **IV. Regulation of working time in Britain**

Britain is unique in Western Europe in not having general legislation governing the working hours of adult men (Wedderburn 1986; Trades Union Congress, 1988). Although there has been legislation governing the hours of women and children in industrial employment since the nineteenth century this legislation has recently been repealed, so that only the working hours of children below the school leaving age of 16 are regulated by law. Other legal restrictions on working hours are the indirect effects of other legislation, for example the regulation of drivers' working time in the interests of safety, and the regulation of retail workers hours under the Shops Act that primarily regulates Sunday opening. Even Wages Councils which set legal minimum wages in certain industries<sup>6</sup> have had their powers to regulate hours of work and holidays considerably reduced. There is no legal regulation of holidays,

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6. Wages Councils were established in industries where trade union organisation and collective bargaining arrangements were weak, such as retail, clothing, catering and agriculture (called Wages Boards). These bodies set legal minimum wages through a quasi-collective bargaining system, where if necessary the independent members on the Council will use their casting vote. Since the 1986 Wages Act young persons under the age of 21 fall outside the scope of the provisions and the Councils can only set one minimum rate of pay and a single overtime rate and can no longer regulate holidays.

and even so-called statutory holidays are only observed by custom and practice outside the finance sector which is not allowed to engage in financial dealings on those days. Overall, the effect of the last ten years has been to remove what elements of legislation existed to control working hours, leaving the whole area to either voluntary regulation or the influence of so-called market forces. These changes should not be interpreted as necessarily signalling a major change in custom and practice at the workplace; a recent survey of employers found almost undetectable changes in working-time policies towards women workers in the aftermath of the repeal of the legislation (Horrel and Rubery, 1991), although the repeal for young workers and the limiting of the powers of the wages councils is potentially more serious in its long term effects.

Nevertheless, responsibility for the regulation of working time has long been accepted to lie particularly with collective agreements. These collective agreements do not provide a general system for enforcing standards equivalent to legal regulation, as would be the case in some European countries as there is no obligation on employers to observe the agreements even if they are members of the employers' association. However, they are obliged to abide by the agreement if this forms the basis for the contract of employment with the individual.

The most common forum for the regulation of working time has been industry-level agreements. Interestingly it is at this level that working time has continued to be set in the face of general trends towards local and company bargaining. Even firms that have ceded from the industry agreement still tend to follow the industry agreement as far as hours of work are concerned. This practice has been particularly noticeable in the engineering industry, where the industry agreement was one of the first to be regarded more as a safety net than as a pace setter in terms of pay negotiations. However, it is through changes in the national-level agreement that the process has been initiated of reducing weekly hours not only in engineering but also throughout manufacturing. The pace-setting agreement in terms of hours has always been the engineering agreement; it set a 44-hour week in 1947, a 42-hour week in 1960, a 40-hour week in 1965 and a 39-hour week in 1979. Most other industries have moved to the new norm set by engineering shortly afterwards. What is interesting about the current dispute in the engineering industry is that gains are being won in specific companies without there being any necessary prospect that these will be generalised through the national agreement. Indeed some are suggesting that the dispute not only puts the continuation of the national agreement in jeopardy but also that the actual underlying issue is not that of working time but that of the future and role of the national agreement in engineering (McKinlay and McNulty, 1990). These issues will be discussed later but it may be the case that if the engineering agreement ceases to regulate hours at a national level that other industries will follow suit and hours will be determined in future more at a local level in line with pay. Employers' associations would then lose what could be regarded as their main regulatory function in collective bargaining and

take on more the role of advisory bodies only (McKinlay and McNulty, 1990).

The types of regulations in most industry agreements include holiday entitlements, basic weekly hours and regulations for overtime and sometimes shiftworking. The main thrust of the regulation of overtime is to ensure that appropriate payment is made for overtime worked and to restrict flexibility in the deployment of the basic working week hours, to maintain labour standards and possibly more importantly to maintain opportunities for overtime working. There is little attempt to impose maximum overtime hours, or at least not maxima that cannot be overridden by local agreement. Similarly, most do not prevent Saturday or Sunday working. Some regulations are influenced by custom and practice in the industry; for example Saturday working will attract premia in manufacturing but in many service sector agreements it is treated as a normal working day. Shift-working systems may also be laid down in general terms in the agreement, restricting the range of shift-working patterns that can be introduced as well as regulating meal breaks and other working-time issues. Few collective agreements explicitly restrict the use of part-time staff, reflecting the generally permissive attitude of British trade unions to part-time working in comparison with some European countries. Overall in fact the level of detail with respect to the regulation of working time often reflects the centrality of some groups of workers to the concerns of the union; there is thus much in the agreements to protect the premia and shift pay of full-timers but little to regulate the working-time conditions of part-timers.

The growth of the service sector and non-manual employment will tend to decrease the share of the labour force whose hours are regulated by voluntary agreement. Non-manual workers are less likely to have their hours of work regulated by national agreement, although by custom and practice their hours are fixed below those of manual workers in the same plant. The professional employment area has the least regulation over expected or actual working time and least remuneration for extra hours, yet this is the sector that will continue to grow in the labour force. These sectoral trends, combined with the potential break-up of industry-wide regulation of working time for manual workers will mean that the voluntary system of hours regulation can be expected to become progressively less effective as a substitute for legal regulation of working time in the future.

## **V. Working-time reduction: The campaign in Britain**

Britain has not been immune from the general trends throughout Europe to press for a reduction in working time as a means to reduce unemployment and improve the standard of life. However, it is arguable that this campaign has been pursued with less vigour and commitment by British unions than their European partners. The Trades Union Congress

(TUC) launched a campaign of reduction in working time in 1979, calling for a 35-hour basic week, 6-weeks annual holiday, the option of early retirement and cuts in overtime. However, the TUC does not have a direct bargaining role and this campaign was more a statement of objectives than a specific negotiating agenda. It should also be noted that basic and actual working time varies by sector and by occupational group in Britain, with service sectors and non-manual workers already reasonably close to establishing a 35-hour week as the norm, and many non-manual workers having working weeks of 35 hours or less. Thus the potential for an across the board campaign on the 35-hour week may be less in Britain than in countries with less diversity in working time.

The engineering union over recent years has led the field in campaigning and winning reductions in working time, as has been the historical role of the engineering unions. However, its involvement in these campaigns could be said to have been caused as much because of their implications for the future of industry-level bargaining in the industry and for the future role of the Amalgamated Engineering Union (AEU) within engineering as because of the unions commitment to reductions in working time *per se*. One of the problems in discussing the commitment of the unions to working-time reduction is that the actions and objectives of national union leaders or the TUC cannot necessarily be equated with those of local officials or shop stewards, still less that of the membership. Thus, while the union leadership may propose shorter working time as part of an overall strategy to reduce unemployment, support for this policy on the shop floor may be related to potential rises in overtime pay; or alternatively, as in the current engineering negotiations, the lay representatives may have prevented a deal being struck at national level to reduce working time because they were concerned about the increase in flexibility in working hours, to be determined by managerial discretion, which was to have been agreed to in return for the reduction. In other instances, however, union members have voted for flexibility schemes associated with working-time reduction because they raised pay or gave longer breaks from work even when the union officials were recommending opposition as it reduced the degree of regulation over working time (Curzon, 1986). In short the position of the unions over working time tends to be pragmatic, with the impact on pay, control over work organisation and the impact on future collective bargaining strength being factors that are weighed against the benefits of reduced working time in any negotiation. The union movement has also been in favour of earlier retirement as a means to reduce unemployment and improve welfare, but without the likelihood of any support from the government such a policy has had little practical effect. Where employers have initiated early retirement schemes, these have generally been once-off measures designed to bring about reductions in the size of the labour force and will not necessarily be available for employees in the future.

Whatever the ambivalence of the union movement's commitment to working-time reduction, there is no doubt that the major catalyst for reductions in working time has been trade union bargaining and strike



action. The national engineering strike called in 1979 led to a new agreement for the phased introduction of a 39-hour week. Most collective agreements for manual workers have eventually been adjusted to this new norm and by the late 1980s the impetus for any further reductions in working time appeared to have died. For example out of 600 agreements in 1987 only 19 allowed for reductions in hours (IDS, 1987) and these changes were often reductions to bring workers into line with the 39-hour level rather than movements beyond this "barrier" (TUC, 1988). It could be argued that once the engineering workers had obtained this concession from employers, most of industry accepted the move to 39 hours as "inevitable", even if some employers' associations tried to prolong the period taken to implement the change. There have, however, been relatively few firms or industries which have moved beyond this point, a notable exception being printing after a prolonged strike in 1981 where a phased move to 37.5 hours was achieved. Where individual firms have initiated reductions, these have generally been part of "packages" designed to bring in more flexible working practices or to extend operating hours, with reductions in working weeks offered as a carrot to gain acceptance for the deal as a whole. Research suggests that these radical changes in working time have often been introduced as part of a change in technology, and must be considered largely firm or organisation-specific. These moves to reducing working time will thus be looked at again when we discuss the trends towards flexibilisation.

One of the important questions to emerge out of the current dispute in the engineering sector over a claim for a 35-hour week, recently revised in the short term to a claim for a 37-hour week, is whether the end result of the campaign will be the establishment of a new norm for manual workers of 37 hours, or whether the dispute will in fact end in the collapse of the industry-wide engineering agreement as a norm setter for engineering and other industries. Negotiations to introduce a shorter working week had been carried on for some years at national level, with the main stumbling block being the requirement on the employers' side for full flexibility for employers in the determination of actual working hours, in contrast to the current agreement that specifies in detail when overtime rates shall apply, what shift systems are permissible, and requires all overtime to be determined on a daily and weekly basis with no flexibility to spread working hours over a longer period before overtime applies (Deakin et al., 1989; McKinlay and McNulty, 1990). At times there appeared to be the likelihood of an agreement but this possibility faded as the main union, the AEU, ran into difficulties first with its own lay members for agreeing to such a degree of flexibility, and secondly with other unions in engineering as the proposals for plant level implementation of the agreement were likely to increase the power of the dominant union, the AEU at plant level and thereby maybe introduce single unionism<sup>7</sup> "into brownfield manufacturing" (McKinlay

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7. Single union "deals" have become very controversial in Britain as they have been associated not only with "poaching" of members from other unions but also with

and McNulty, 1990). The unions were thus forced back to their original demands, and the Engineering Employers Federation (EEF), fearful of antagonising its small company membership by agreeing to a reduction in hours was unable to strike a deal. The AEU decided on selective action at large capital-intensive plants where there was most chance of success, because these firms would be the ones to benefit most from flexibility agreements, because of their production processes and because of the strength of union organisation. In contrast small firms probably already have most of the flexibility they desired. At one level the policy seems to have been successful, with three large companies conceding reductions in return for flexibility agreements, but the pace of new agreements has now slowed and there does not yet appear to be the type of "domino" effect working through the industry that the union would wish for. Moreover, there are problems at a deeper level. As McKinlay and McNulty argue, neither the employers association (the EEF) nor the unions wish to see the collapse of the engineering national agreement, but a series of concessions from large companies is likely to undermine finally the authority of the national agreement in matters of hours and may even lead to its demise.<sup>8</sup> This is not the desired outcome of either side, but the divided interests of the employers side, and the difficulty the EEF had in taking the small firm employer membership along with any national deal has probably meant the end of effective national bargaining over hours in engineering. If that is the case, then whatever the outcome within individual companies in engineering it does not appear so likely that this dispute in engineering will have the same repercussions on industries at a national level as was the case after 1979. Instead it is more likely that unions generally will press for and be successful in winning reductions in working time within company-level or plant-level negotiations, and that there may only be very slow progress in changing industry-wide agreements and labour market norms.

One further factor which is likely to increase the significance of plant-level bargaining is the tendency towards harmonisation of manual and non-manual terms and conditions including hours. Harmonisation tends to be introduced at plant or company level as few national agreements cover manual and non-manual workers. Nevertheless there has been a move towards equalisation of basic hours throughout the 1980s as the trend in reduction in working hours over this decade following the 1979 engineering agreement seemed primarily to affect manual workers. The main effects of these trends to fragmented bargaining over hours may be to change the major divide in hours from manual to non-manual to large versus small establishments, with the latter

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the introduction of "no strike" clauses, with conflicts to be resolved through pendulum arbitration. Most deals have been struck in previously non-union firms, so moves which may introduce single unionism into the heartlands of existing union organisation are viewed with deep suspicion.

8 Since this article was written the engineering national level agreement has in fact been terminated.

continuing to follow national agreements and resisting reductions in hours at plant level.

Changes in industry agreements to reduce hours from 40 to 39 hours have provided wage compensation for the reductions in hours; it is indeed difficult to imagine a collective agreement being negotiated where compensation for hours reduction was not included, because of the continuing concerns in Britain about low pay, and the absence of a strong movement to cut hours to improve the quality of life. Most agreements also allow employers to instigate negotiations at plant level to find means of increasing productivity to offset the reduction in hours. These productivity negotiations have not generally been strongly regulated by the unions and in general there has been little attempt to control or enforce the "employment-enhancement" effects of changes in working hours, with the result that there appears to have been little effect, at least in the short term on employment. Over recent years overtime seems to have increased to compensate for the decline in basic hours, suggesting both a reluctance on the part of employers to expand employment, and the continuation of overtime as a major factor in family budgets in Britain. Many firms rely on providing overtime to recruit staff, and whatever the TUC's declared opposition to overtime, there is little evidence of sustained opposition at the plant level, as is indicated by the ever increasing share of workers involved in overtime working. In some instances management have overstretched their reliance on overtime, on a compulsory basis; in the 1989 London Underground dispute one of the issues was compulsory second-shift working because of absenteeism and staff shortages, but disputes over the discontinuation of overtime appear as common as those over excessive overtime requirements.

At the plant level changes in basic weekly hours have led to major changes in the whole pattern of working-time arrangements (IDS, 1988), including the introduction of annualised hours systems, increased flexibility, introduction or rescheduling of shifts or extension of operating hours to include weekend working or other unsocial hours. However, while it may be the case that a large number of firms by the 1990s may insist on radical changes in working time as the price for further reductions in basic hours, evidence suggests that the move from 40 to 39 hours in the 1980s was generally achieved through only minor changes in working-time practices. For example 73 per cent of over 400 engineering firms surveyed in 1981 had implemented the shorter working week through an early finish on Friday, with changes to daily start or finish times being the main other system adopted (White, 1980, 1982). Some changes to break times, times allowed for washing-up and clocking-on systems were also introduced. The main effect of the early finish on Friday has been in practice to increase overtime requirements, and not a move to a 9-day fortnight or other options. It is unlikely that most firms would now choose this route for further reductions and more radical plans for changes to working time would be introduced. Thus the changes in the 1980s were offset to some extent by productivity increase, through for example, reductions in break times but some increase in labour costs through higher overtime pay must have also occurred. In the

future however, much larger productivity increases may be extracted in compensation as the 1980s have increased the power of employers to impose such measures, weakened the power of industry-based norms and enhanced the status of company-level human resource management techniques and also provided companies with experience of how not to implement an hours reduction (the short Friday). However, resistance to further cuts in working time will be fuelled, despite these opportunities to introduce flexibility, by the continuing and indeed increasing shortage of skilled workers. Firms reluctance to train, and their reliance on a dwindling pool of skilled workers will retard any moves from either the employers or the unions side to make any serious dent in the level of overtime working. Interest in flexibility may itself decrease, the more flexibility concerns cutting overtime hours and thus overtime costs, if firms are finding an increased need for commitment to long hours of work from their skilled staff.

## VI. Flexibility and working time in Britain

Firms seek flexibilisation of working time to meet a range of objectives. These vary from lowering unit costs, to extending operating times, to increasing responsiveness to demand. While there has been a clear general trend towards increasing flexibility of working time, broadly defined in all sectors, the motives behind these changes and their attendant results vary by sector, type of firm, occupation and demographic group. Moreover, these changes generally have been only indirectly influenced by the trend towards deregulation, with the change in the balance of power between management and unions taking on greater importance than the change in regulations *per se*. The moves towards flexibility have so far been largely independent of the reduction in basic working weeks at least at the national level. Individual firms have offered reductions as part of a flexibility package, or as a consequence of joint moves towards flexibility and harmonisation of terms and conditions between manual and non-manual workers, but most flexibility deals have not been extracted as part of negotiations over reduced working time.

Three sectors stand out as having different outlooks towards flexibility, and indeed different outcomes in terms of the flexibilisation systems that have been implemented: manufacturing; private services; and the public sector.

Within manufacturing the main objectives in increased flexibilisation have been reduced unit costs, achieved through increased use of shift systems (ACAS, 1987; Atkinson and Meager, 1985) and to a more limited extent through annualised hours and other means of increasing the "efficiency" of the deployment of labour. The evidence of a radical change in working-time patterns is in fact limited. In this sector traditional patterns still dominate: part-time work has on average been decreasing in importance, and overtime working has been rising. Other types of flexibility, such as reductions in demarcations (Daniel, 1987;

Atkinson and Meager, 1985), may have taken on greater importance than working-time flexibility. Nevertheless, considerable change in working practices may be heralded by the flexibility deals in the engineering industry; these will liberalise shift and overtime working arrangements, reducing the cost associated with particular working-time patterns, and possibly leading to more extensive shiftwork and other unsocial hours working.

In private service sectors one of the main pressures for flexibilisation of working time has been the extension of operating hours. This process of extension has been halted at least temporarily in the retail sector because of the failure to abolish the Shops Act which restricts Sunday trading. Further moves are expected, however, to abolish these restrictions, and in the meantime an increasing number of shops are trading illegally. There have in any case been fairly general moves to expand late night opening and to open on bank holidays, changes permitted under the Shops Act. In the finance sector increased competition between different sectors, particularly the banks and the building societies has led to later opening hours and Saturday opening. More generally the expansion of service sector employment has increased the share of unsocial hours working, to provide services during leisure times for "standard" workers. This extension of operating hours has been met by a range of different policies associated with flexibilisation of working time. One of the commonest is the use of part-time labour, but full-timers may be used for overtime or on separate part-time contracts for weekend work, and other methods of extending operating hours without the use of part-timers include rotating days and staggered starts and the employment of temporary workers or casual workers (Horrel and Rubery, 1991). The types of flexibility deployed in these service sectors to extend hours are much less likely to attract premia payments than those deployed in manufacturing, which are mainly shift work or overtime. The latter types of flexibility are also more likely to be associated with male workers, whereas women are more likely to provide flexibility through working part-time, on rotating days and the like. It should also be stressed that in a recent survey we found that women were employed on all types of working-time regimes. Nevertheless, by comparing manufacturing with services and women's employment with male employment the important features to emerge are the high level of flexibility in working time afforded by female labour, and consequently the actual potentially greater impact of current trends towards flexibilisation on male labour. It is in these areas that high levels of overtime are worked and where the greatest cost reductions could be expected from flexibility deals.

The public sector clearly encompasses a wide range of different activities and to discuss general pressure to flexibility for this heterogeneous sector is even more difficult than for manufacturing or private services. However, the public sector does share one characteristic with them and that is its subjection to government policy and over the past decade this characteristic has probably been more important than the specific product, service or process. Nevertheless, there are certain key patterns within the public sector that can be described. In the



nationalised industries the prime objective of the government has been to reduce labour costs to prepare for the privatisation of these industries. The consequence of these objectives have been major changes in working-time practices and greater flexibilisation of working time in many industries. Some of these changes have led to major disputes: for example the strike over flexible rostering in the railways, the refusal of the National Union of Mineworkers to accept 6 day working in super-pits and the resistance by the post office workers to Sunday working. In some cases the government's policies have had effects on private sector companies which have experienced or are about to experience major changes in their product markets because of the government's liberalisation policy. For example, the decision to auction Independent Television (ITV) licences and the introduction of satellite television led to the ITV companies challenging the technicians' regulation of working hours, where overtime hours were guaranteed and manning levels set at a high figure (Industrial Relations Review and Report, 1989). The major dispute between the National Union of Seamen and P&O Ferries was over manning levels and working time, with the union objecting to increased shift times. The ferry industry used to be semi-nationalised but the government sold Sealink ferries and then announced the building of the channel tunnel, thus throwing the market for ferries into disarray. Thus even working-time policies introduced by private sector firms can be linked back to the government's policies on privatisation and competition.

A second group of public sector workers to be looked at are those engaged in ancillary services; thrown into competition with the private sector through the government's policy of requiring competitive tendering for ancillary services, even those workers who remain employed by the public sector have had to accept reduced wages relative to effort. One of the important changes here has been the ending of the traditional task and finish system; now instead workers are only paid for hours worked, and are given shorter hours to do the same work. Among those working for the private contractors, holiday entitlement has been reduced as well as work intensity increased. These policies in the ancillary sectors have continued the pressure towards more part-time work as a means to increase the intensity of labour utilisation (Coyle, 1986).

Such policies are also being used in professional areas of the public sector. For example, hospitals are considering using part-timers for evening shifts as a means of reducing the number of staff on duty overnight where the pace of work is less (Horrel and Rubery, 1991). In some cases, most notably recently with the lecturers in polytechnics, there have been moves to require full-timers to provide flexibility on a contractual basis, by requiring more flexibility in the number of weeks that lecturers teach, longer working hours and more flexible teaching loads. These moves towards more contractual requirements for flexibility and extended working time have come alongside increased reliance on the voluntary commitment associated with professionalism to overcome increasing staff shortages or to cope with increased demands. Where



these policies are used to deal with staff shortages in non-professional areas, such as the London Underground, they have been met with more overt resistance.

Generalising either about the causes or the consequences of current trends towards flexibilisation of labour time is thus fraught with difficulties. In many cases firms or organisations are simultaneously changing their product or service, changing their operating hours and trying to contain or cut unit costs. Deregulation has probably played a role more as an ideology than as an actual tool in the process of flexibilisation; most firms remain unaware of any changes in legislation *vis à vis* women's hours of work, for example, and a recent survey found no evidence of changes in working time to take advantage of the repeal of the legislation. However, the effects of this "ideology" have still fully to be felt in the industrial relations sphere. Many changes are still planned for public sector workers, giving greater autonomy to local management and involving less regulation of working practices; in the service sector the Shops Act has yet to be repealed and its effects on trading practices in services has yet to be established; and in manufacturing changes in working-time after the engineering strike are likely to involve more flexibility and shiftworking as well as reductions in basic hours. Despite ten years of deregulation this summary of the effects on working-time practices may well have been made too early.

## VII. Conclusions

From one perspective the changes in working time that have taken place in Britain over the last decade could be considered as primarily a continuation of previous trends and practices. Basic weekly working hours have continued their gradual decline for manual workers, albeit in spurts led by the engineering union. These reductions in working hours have been compensated by overtime working at least in the short term and there is no evidence of any significant decrease in actual working hours, or of a narrowing of differences between non-manual and manual employees. Part-time work has also continued its upward growth, evident long before deregulation of labour markets became a central concern. Other trends towards more flexible working time practices appeared to have been limited in their incidence and effect, except perhaps in the public sector. Such a conclusion might, however, overlook the increasing evidence of more fundamental changes in the practice and regulation of working time in Britain. These pieces of evidence include the trend away from effective voluntary regulation of working time, through agreements to allow more flexible arrangements for overtime and shiftworking and through the shift towards white-collar and service sector employment, where working time has always been less effectively regulated. Indeed the spread of annualised hours systems to new occupational groups could be interpreted as an extension of the types of systems operating in many professional, non-manual areas where in return for salaried status, employees are expected to work as and when

necessary. Full-time employment may increasingly be organised on this basis with employment with specific working-time obligations increasingly limited to part-time contracts. These changes may be accelerated if there is a move away from the system of setting basic working weeks through industry agreements as a result of the current industrial action in the engineering industry, and indeed if there is more rapid movements towards harmonisation of working time for manual and non-manual employees at the plant level.

While some of the grounds for seeing recent developments as heralding significant changes in the pattern and regulation of working time in Britain are related to the transformation of the British industrial relations system, there are also reasons for seeing these developments as long term structural changes in the economy towards a demand for flexible and unsocial hours working, associated with the shift to services, the extension of service hours and the increasing sophistication of manpower planning systems. These long term changes could be argued to be a necessary consequence of the trend to dual-income families and increased leisure, leading to demands for services outside standard hours. However these requirements of households as consumers have to be considered against the role of consumers as employees. Trends towards more flexible requirements at the workplace may in fact become increasingly difficult to reconcile with the demands of domestic life in two-income households. These problems at the household level may yet provide a basis for renewed efforts to establish some form of regulation of working-time patterns and requirements as part of a basic set of employee rights, an opportunity which may be presented by the proposed European Social Charter.

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# 14 United States of America

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## I. Introduction

On 1 May, 1886, 40,000 workers in Chicago struck for an eight-hour work day, a revolutionary concept for that time. They were not immediately successful, but eventually the eight-hour work day became the norm in the United States.

May Day commemorates the eight-hour movement. It is celebrated in most industrialised countries. And in many of these societies questions of working-time reduction are hotly debated. May Day is not officially, at least, celebrated in the United States. And questions of working-time reduction have virtually, though not entirely, disappeared from the national political debate.<sup>2</sup> The shortening of the standard working week is not viewed as an effective tool for lowering unemployment.

Nonetheless, interesting patterns in working time are emerging in the United States. For the individual, some trends point to a reduction in working time and others to an increase in working time. For the family, the picture seems clearer. As the average number of paid workers per family has increased, the average family is working longer hours to maintain its standard of living. Even so, those workers not satisfied with their work schedules are more likely to need more hours and more money. Very few would trade income for leisure time.

Working-time flexibility is gaining in importance. Yet, it is not part of an overall strategy to counter unemployment. Though some forms of working-time flexibility benefit workers, employers are the driving force behind the push for increased flexibility. They see it, not as a means for increasing employment, but rather as part of a strategy for raising the rate of profit.

In what follows, Section II investigates developments in the labour market and working time in the last two decades. Section III does the

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2. The movement for shorter hours virtually stopped after the Great Depression of the 1930s. See Hunnicut (1984) for an analysis of the end of the shorter hours movement.



same for working time and includes evidence on the length and structure of the working week, year, and lifetime. Section IV explains how working time is regulated in the United States, with special reference to the comparatively minimal legal regulations in this area. A broad overview of the decentralised industrial relations system in the United States is provided in Section V. The analysis of the law and the industrial relations system provides a context for discussing, in Section IV, the changes - both increases and decreases - in working time which have occurred. Section VII turns to the pressures to increase the flexibility of working-time arrangements. Some conclusions are drawn in Section VIII.

## **II. Developments in the labour market in the last two decades**

### **1. The demand for and supply of labour**

Over the past two decades, employment levels and annual working hours have grown substantially. Yet while many new jobs have been created, the growth in employment has not kept pace with the increase in the size of the labour force. The trend of unemployment rate has been upward.

From 1967 to 1987, real gross national product increased from \$2271.4 billion to \$3847.0 billion (in 1982 dollars). Labour productivity improved but at a secularly slower rate. For the non-farm business sector as a whole, the cycle averages of annual rates of productivity growth were 1.83 per cent from 1966-73, 0.66 per cent from 1973-79, and 0.56 per cent from 1979-86 (Naples, 1987, p. 159). Productivity per hour grew slower than output. Employment rose from 74,372,000 to 112,440,000 and annual working hours increased from 131.59 billion in 1967 to 185.39 billion in 1986 (*Economic Report of the President*, 1989, pp. 310, 346, 360; U.S. Department of Commerce, Bureau of Economic Analysis, 1987, p. 53).<sup>3</sup>

Employment growth has been accompanied by an increase in the labour supply. The population grew from about 199 million in 1967 to 244 million in 1987. The share of the working age population (those aged 16 and above) grew from 68.0 per cent in 1967 to 77 per cent in 1987 (*Economic Report of the President*, 1989, p. 343). The civilian labour force participation rate of persons aged 16 and above also jumped from 59.6 per cent in 1967 to 65.6 per cent in 1987. The labour force participation rate of women increased from 41.1 per cent to 56.0 per cent,

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3. The beginning and end points of the time period - 1967 and 1987 - are chosen based on two criteria. First, 1987 is, at times, the last year for which data are readily available. Second, 1967 and 1987 are years of similar points in a business cycle. While they do not represent business cycle peaks, they are years of relatively low unemployment. The intermediate years in the analysis are 1973 and 1979, peak years of the business cycle.

**Table 1: Annual rates of growth in employment and labour supply**

| Time period | Employment | Working age population | Labour force participation |
|-------------|------------|------------------------|----------------------------|
| 1967-73     | 2.26%      | 2.10%                  | .33%                       |
| 1973-79     | 2.53%      | 1.92%                  | .78%                       |
| 1979-87     | 1.63%      | 1.48%                  | .37%                       |

Source: Mishel and Simon, 1988, p. 21.

while that of men fell from 80.4 per cent to 76.2 per cent (*Economic Report of the President*, 1989, p. 349).

More recently since 1975, two out of every three new labour market entrants have been women. And it is married women in general and married women with children in particular who are entering the labour market in droves (Shank, 1988; Briggs, 1987). From 1979 to 1986, the overall labour supply of wives (defined as annual hours worked by the average wife) increased by 18 per cent with the increase being greatest in the lowest income groups. The increase in wives' annual labour supply was due more to an increase in their labour force participation than to an increase in annual hours worked (Rose and Fasenfest, 1988, p. 5).

However, women wage and salary workers are also working longer annual hours. From 1979 to 1986, average annual hours worked by women increased by 111 hours while for men it grew by 9 hours. Overall, on average wage and salary workers worked 48 more hours in 1986 than in 1979 (Mishel and Simon, 1988, p. 4).

While the U.S. economy has created a substantial number of jobs, it has not been able to develop sufficient employment opportunities to keep the unemployment rate from rising. The average rate of unemployment was 3.8 per cent in 1967, 4.9 per cent in 1973, 5.8 per cent in 1979, and 6.2 per cent in 1987.

The unemployment situation in 1987 was a vast improvement over conditions in the early 1980s. However, table 1 shows that the recent fall in unemployment was due less to superior job creation and more to a slowdown in the rate of growth of the labour supply.

### III. Working time

#### 1. Duration of working time

There is no trend toward a shortening of weekly working time in the United States. Weekly working hours of full-time workers have not

**Table 2: Average weekly hours of non agricultural workers by industry and full or part-time status, selected years, 1968-87\***

| Industry                         | 1968      |           | 1973      |           | 1979      |           | 1987      |           |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                  | Full-time | Part-time | Full-time | Part-time | Full-time | Part-time | Full-time | Part-time |
| <i>Total</i>                     | 43.4      | 18.6      | 43.1      | 18.5      | 42.7      | 19.4      | 43.1      | 19.8      |
| Mining                           | 44.9      | 22.6      | 44.4      | 22.3      | 45.9      | 20.6      | 46.2      | 21.6      |
| Construction                     | 41.0      | 20.0      | 40.9      | 19.9      | 41.3      | 20.3      | 42.3      | 20.5      |
| Manufacturing                    | 42.3      | 22.3      | 42.4      | 22.4      | 42.1      | 21.0      | 42.7      | 21.4      |
| Transportation, public utilities | 43.4      | 19.5      | 43.2      | 20.0      | 43.4      | 21.2      | 43.4      | 20.9      |
| Wholesale, retail trade          | 44.4      | 19.1      | 43.9      | 19.5      | 43.4      | 20.0      | 43.7      | 21.0      |
| Finance, insurance, real estate  | 41.6      | 19.2      | 41.4      | 19.5      | 41.1      | 19.3      | 41.6      | 20.5      |
| Services                         | 42.7      | 16.8      | 42.4      | 19.2      | 41.8      | 18.6      | 42.3      | 19.5      |
| Public administration            | 41.6      | 21.2      | 41.6      | 17.8      | 41.4      | 20.3      | 41.4      | 19.5      |
| Self-employed                    | 52.4      | 16.3      | 50.6      | 16.8      | 48.7      | 17.7      | 48.2      | 18.4      |

\* Data for 1967 are unavailable.

*Sources:* Author's calculations from unpublished data from the U.S. Department of Labour; and data from *Employment and Earnings* (January 1980), p. 184; *Employment and Earnings* (January 1988), p. 196.

fluctuated over the past two decades.<sup>4</sup> Table 2 shows the average full-time work week was 43.4 hours in 1968, and 43.1 hours in 1987.<sup>5</sup> The

4. The household survey (Current Population Survey) and the payroll survey (Current Employment Statistics Survey) provide information on weekly working hours. The household survey measures hours actually worked by individuals whereas the payroll survey measures hours paid for by employers. The household survey excludes persons with a job but not at work from the computations of average hours. Those moonlighting - holding two or more positions - are given a figure corresponding to the total hours worked at all positions. For all production and non-supervisory employees on private non-agricultural payrolls, the payroll survey counts hours paid on each job, including reporting and standby time, paid vacation, paid holidays, and paid sick leave. The payroll series shows somewhat fewer working hours per week as it measures hours per job, while the household series measures hours per individual. The data in table 2 are derived from the household survey.

5. Persons on full-time schedules include those working 35 hours or more during the survey week, and those who worked from 1 to 34 hours for non-economic reasons and usually work full time. Non-economic reasons include labour dispute, bad weather, own illness and

**Table 3: Annual hours actually worked by full-time production and non-supervisory workers, selected years, 1963-78**

| Major industrial group              | 1968  | 1973  | 1978  |
|-------------------------------------|-------|-------|-------|
| All non-farm industries             | 2,107 | 2,048 | 1,955 |
| Mining                              | 2,443 | 2,378 | 2,431 |
| Construction                        | 2,091 | 2,046 | 1,985 |
| Manufacturing                       | 2,061 | 2,033 | 1,973 |
| Transportation,<br>public utilities | 2,198 | 2,203 | 2,094 |
| Wholesale and retail<br>trade       | 2,120 | 2,062 | 1,913 |
| Finance, insurance,<br>real estate  | 1,936 | 1,885 | 1,863 |
| Services                            | 2,135 | 2,028 | 1,931 |

Source: Diss Greis (1984), p. 7.

full-time work week declined slightly from 1968 to 1979 and increased slightly thereafter. A similar trend is found in most industrial groupings. Average weekly working hours of part-time workers increased by approximately one hour from 1968 to 1987.

While weekly working hours have not diminished, Diss Greis (1984, pp. 6-8), reporting on data generated by the Wharton Industrial Research Unit (IRU), finds that as a result of increases in paid leave and paid plant time not worked while on the plant premises, annual hours actually worked by the average full-time production or non-supervisory worker declined by close to 10 per cent from 1963 to 1978.<sup>6</sup> As shown by table 3, annual hours actually worked have diminished in virtually all major industrial categories with the largest relative declines occurring in wholesale and retail trade, and services. From 1966 to 1978, hours of paid leave as a percent of total hours paid rose from 6.0 per cent to 7.6 per cent, while paid plant time not worked as a per cent of payroll went from 2.7 per cent to 3.5 per cent. But the trend toward shorter annual hours ceased by the end of the 1970s.

A federal government survey of employee benefits in medium and large firms shows that in 1986 workers on average received 10 paid holidays per year, and 9 days of vacation at 1 year of service, 16 days at 10 years, and 21 days at 20 years. An average sick leave of 15 days per year at 1 year of service was also provided.<sup>7</sup> The extent of these benefits

vacation. The remaining people who worked from 1 to 34 hours are considered to be on part-time schedules.

6. Paid plant time not worked includes pay for breaks, wash-up time, meal-time, grievance time, and clothes-changing time among others. Paid leave includes vacation, holidays, sick leave, funeral leave, jury duty among others (Diss Greis, 1984.).

has remained relatively stable since 1980, the first year the survey was conducted (U.S. Department of Labour, Bureau of Labour Statistics, 1987, p. 2).

In addition to being influenced by paid time off, actual annual working hours are affected by absences and overtime. Absences were lower in 1985 than at any time since 1973, the first year such data are available. An average full-time worker was absent from work 7.2 days in 1985, as compared to 9.7 days in 1980. Also, in 1985 there were fewer absences in goods-producing industries than in service-producing industries. This was the first time this had occurred (Klein, 1986).

In 1985, approximately 10 per cent of all workers received overtime pay - mainly time and a half. Overtime pay varies by industry, being mainly concentrated in mining, manufacturing, and construction (Carr, 1986). There does not appear to be any significant trend in overtime hours over the past 20 years. Average weekly overtime hours of production workers in manufacturing were 3.4 in 1967, 3.8 in 1973, 3.3 in 1979, and 3.7 in 1987 (U.S. Department of Labour, Bureau of Labour Statistics, 1985, p. 189; *Employment and Earnings* (January 1988), p. 231).

In addition to weekly and annual hours, the duration of working time refers to lifetime hours of work. While some very young children work, the age of entrance into the labour market can be thought of as 14. While some 14 and 15 year olds are no longer in school, the vast majority of school leavers are at least 16 years of age. Education is supposed to be compulsory until the age of 16.

Currently at the age of 65, workers qualify for full social security retirement benefits. An early retirement option with partial benefits is available at the age of 62. The most common minimum retirement age under private pension plans is 55 (Mirkin, 1987, p. 26).

Data for 1979-80 suggest that men can expect to work 17.6 years between the ages of 20 to 39, 16.3 years between the ages of 40 to 59, and only 4.4 years after age 60. The expected lifetime working time for women is somewhat less. Women are estimated to work 13.1 years between the ages of 20 to 39, 11.6 years between the ages of 40 to 59, and only 3.6 years after age 60 (Smith, 1985, p. 6).

## 2. The nature of working time

The nature of working time refers to whether a job is full-time or part-time, permanent or temporary. Long-term employment relationships between workers and employers are common. For example, in January 1987, one-third of workers aged 25 and above had been with their current employer for 10 years or more (U.S. Department of Labour, Bureau of Labour Statistics, October 22, 1987). However, the union of

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7. Americans take about the same number of paid holidays as Europeans. But, many European countries average more than twice the amount of paid vacations as the United States averages (Green and Potepan, 1988, p. 183).

the new "lean and mean" corporation of the 1980s and the labour reserve of the 1980s has resulted in the growing importance of the "disposable employee". As "just in time" organisation of inventory and production has spread, so has "just in time" personnel management.

The definition of a contingent or "disposable" employee is arbitrary since very few workers are guaranteed lifetime employment. Including temporary workers, part-time workers, self-employed workers, and business services workers in the contingent labour force, Belous (1989a, pp. 10-11) finds that between 24 per cent and 29 per cent of the labour force would have been contingent workers in 1987. Between 1980-87, the contingent labour force grew at a substantially faster pace than the entire labour force.<sup>8</sup>

Part-time employees are the largest share of the contingent work force. Their share of the total labour force has increased since the late 1960s. Between 1968 and 1985, the proportion of employed persons working part-time increased from 15 per cent to 18 per cent.<sup>9</sup> Women comprise approximately 65 per cent of part-time workers.<sup>10</sup> Part-time workers mainly hold jobs in the retail and service industries.

Temporary workers comprise a very small share of the labour force though they are growing in importance. Those supplied by temporary help agencies increased from 400,000 in 1980 (0.3 per cent of the labour force) to 900,000 in 1987 (1.0 per cent of the labour force) (Belous, 1989a, p. 9).<sup>11</sup> Those supplied by temporary help agencies are disproportionately young and female. They are most likely to work in clerical or industrial help jobs (Howe, 1986). However, many firms utilise "direct hire" temporaries for many professional and technical occupations (Mangum, Mayall, and Nelson, 1985; Osterman, 1987).

### 3. The structure of working time

The 40-hour week is still the norm for full-time workers. Table 4 shows that approximately 55 per cent of all full-time (those working 35

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8. Temporary workers are those hired through the temporary help supply industry. They include those hired through temporary agencies like Manpower and Kelly Services. According to Belous (1989a, pp. 10-11), the lower boundary for the contingent work force suggests this group of workers grew at about a 40 per cent faster rate than the overall labour force from 1980-87, while the upper boundary suggests the contingent labour force grew at about a 90 per cent faster rate than the overall labour force.

9. Author's calculations from data in U.S. Department of Labor, Bureau of Labor Statistics, 1988, p. 710.

10. The rate of moonlighting - the holding of two or more jobs - among women has been rising steadily since 1970. From 1970 to 1985, their moonlighting rate rose from 2.2 per cent to 4.7 per cent. About 40 per cent of the women who were moonlighting were working at multiple part-time jobs (Stinson, 1986).

11. This is likely to be an underestimate of the number of temporary workers. Data are not available on workers directly hired on a temporary basis by private companies.



**Table 4: Weekly hours of work of non-agricultural workers, selected years, 1967-87\***

| Hours | 1967  |      | 1973  |      | 1979  |      | 1987  |      |
|-------|-------|------|-------|------|-------|------|-------|------|
| 1-14  | 5.3]  |      | 5.4   |      | 5.2   |      | 4.8   |      |
| 15-34 | 14.6] | 19.9 | 17.5  | 22.9 | 19.9  | 25.1 | 21.3  | 26.1 |
| 35-39 | 6.5]  |      | 7.2]  |      | 7.1]  |      | 6.8]  |      |
| 40    | 42.3] | 48.8 | 41.9] | 49.1 | 41.6] | 48.7 | 39.1] | 45.9 |
| 41+   | 31.3  |      | 27.9  |      | 26.2  |      | 28.0  |      |

\*The numbers are percentages. The columns may not sum to 100.0 due to rounding.

Sources: *Employment and Earnings* (January 1968), p. 132; *Employment and Earnings* (January 1974), p. 155; *Employment and Earnings* (January 1980), p. 183; *Employment and Earnings* (January 1988), p. 195.

hours or more) non-agricultural workers worked 40-hour weeks in each year. However, part-time schedules, especially 15-34 hours, gained in importance relative to the 40-hour week.

Close to three quarters of all workers work 5-day weeks. Since 1973 both compressed and extended work weeks have made gains at the expense of the 5- to 6-day week. But, these new work schedules apply to very few workers (Smith, 1986). A 1985 survey of employers conducted by Goodmeasure Inc. for the American Management Association found that compressed work schedules were most likely to be found in the entertainment and health care industries and in the government. Only 15 per cent of the employers used compressed work weeks and few of these were implemented company-wide (Bureau of National Affairs, 1986, p. 53).

Flexitime was more prevalent with 35 per cent of the employers offering such programs. Half of the employers had started their programs since 1980 (Bureau of National Affairs, 1986, p. 51). In May 1985, about 14 per cent of all non-farm wage and salary workers were on flexitime. It is quite prevalent in the federal government, and more likely to be found in service-producing industries than in goods-producing industries. Men were more likely than women, and part-time workers more likely than full-time workers to be able to vary their starting and ending hours. And while women often have the larger responsibility for child-rearing, among full-time workers flexitime was more available to fathers of young children than mothers (Mellor, 1986; Kamerman and Kahn, 1987, p. 235).

Non-standard hours take the form of shiftwork, nightwork, and weekend work. Men were more likely than women to be shiftworkers.

In May 1985, 15.9 per cent of all full-time and 47.5 per cent of all part-time workers were shift workers. Evening shifts were most common followed by rotating, night, and split shifts. Shift work was prevalent where continuous production was required, or where product demand went beyond traditional hours (Mellor, 1986). Weekend work is common. About one-fourth of all workers normally work on Saturday, while about 1 in 8 usually work on Sunday.

#### IV. Regulation of working time

There are minimal federal governmental regulations of working time for those 16 years of age and older. The existing laws do not specify the number of hours to be worked, the hours in the day when work can occur, the number of days per week to be worked, the specific days on which work can occur, or the amount of vacation time that must be provided to workers. Rather they only require that a premium be paid for hours worked in excess of stated amounts.

The major piece of federal legislation regulating working time is the Fair Labour Standards Act (FLSA) of 1938. As of 1940, its overtime provision stated that covered employees be paid a minimum of one and a half times the regular hourly rate for all hours worked after 40 hours per week. It has no provision for overtime pay if the workday exceeds 8 hours.<sup>12</sup>

When initially passed, the law applied to less than 20 per cent of all workers. As time went by, its coverage expanded. In 1979, it was estimated that the FLSA overtime provision covered 74 per cent of all non-supervisory personnel and 59 per cent of all wage and salary workers. The major categories of non-covered workers in 1979 were professional, executive and administrative personnel, outside salespersons, employees in seasonal industries (including agriculture), state and local government employees, employees in small retail and service sector establishments, and some household workers (Ehrenberg and Schumann, 1982, pp. 3, 10). Its coverage was further extended in 1985, when the U.S. Supreme Court (*Garcia vs. San Antonio Metropolitan Transit Authority*) ruled that the FLSA could be applied to state and local government employees.

State laws complement the FLSA. They cover state and local government employees and workers engaged in intrastate commerce. In addition, in situations where federal and state law both apply, the law that is most favourable to the worker takes precedence.

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12. The Walsh-Healey Public Contracts Act deals with this situation. It requires firms with federal government supply contracts of more than \$10,000 to pay overtime rates to workers who put in more than an eight-hour day. A similar provision is contained in the Contract Work Hours and Safety Standards Act which generally applies to federally financed construction contracts and federal service contracts.

The working hours of youths below the age of 16 are more strictly regulated by the federal government. When school is in session, they are not permitted to work for more than 3 hours in any school day or for more than 18 hours in any school week. In addition, these youths are not able to work before 7 am. or after 7 pm. during the school year. On non-school days, they are allowed to be employed for up to 8 hours and in non-school weeks they are able to work up to 40 hours. A wide variety of state child labour laws further regulate youth employment, based on specific state labour market conditions.

In the past, women's employment was strictly regulated by state legislation. However, these laws - "protective legislation" - no longer exist. The specific legal provisions varied but they often set limits on the maximum daily working hours of women, prohibited night work for women, and barred women from entering certain occupations. The Equal Pay Act of 1963 and the equal employment opportunity provisions of Title VII of the Civil Rights Act of 1964 nullified the state "protective" labour laws.<sup>13</sup>

More recently, the issues of pregnancy leave for women and parental leave for both men and women have emerged. The Pregnancy Discrimination Amendment (1978) to Title VII of the Civil Rights Act of 1964 made it illegal for employers to discriminate against women on the basis of pregnancy, childbirth, or related medical conditions. Employers are required to treat pregnancy leave the same as leave for any other disability. However, employers are not required by federal law to have unpaid pregnancy leave programs just as they are not required to have unpaid leave programs for other disabilities.

The United States is the only industrial country with no national parental leave policy.<sup>14</sup> However, 16 of the 50 states have passed laws mandating parental (and/or medical) leave policies in the private sector (*Parental and Medical Leave Act of 1988*, p. 32). They require employers to grant leaves of varying duration and to guarantee returning employees reinstatement to the same job or a similar one. The state laws differ on whether parental leave must be made available to both men and women, and both adoptive and biological parents. These states accounted for approximately 30 per cent of total non-agricultural employment in October 1988.

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13. See Hartmann (1976, p. 165) for a critical discussion of protective legislation for women. While these laws may have protected women in some trades, on balance they served to exclude women from "men's jobs".

14. The Parental and Medical Leave Act of 1988 - S. 2488 - introduced into the U.S. Senate would have required employers to provide up to 10 weeks of unpaid parental leave for employees for the birth, adoption, or serious illness of a child and up to 13 weeks of unpaid medical leave to seriously ill employees. Given the eligibility restrictions, it was estimated that the Act would cover only 12 per cent of employers, and 47 per cent of workers. This bill has yet to become law.

## V. Industrial relations system

Since governmental regulations minimally influence working-time patterns, the industrial relations system is the primary arena wherein working hours are determined. In non-union settings, working time is determined largely by management decisions. The only constraint on management's free hand is the need to create a pay and hours package enabling it to attract the requisite workers. In unionised settings, working time is regulated through collective bargaining arrangements.

The federal government and state governments do not, generally, directly intervene in collective bargaining. Rather the National Labour Relations Act of 1935; the Taft-Hartley Act of 1947, the rulings of the National Labour Relations Board (NLRB), and various pieces of state legislation set the legal boundaries within which collective bargaining occurs.

Though some employers and some unions violate labour law, the broad legal context is generally accepted by organised labour and employers. Thus, while there is a strong opposition to unions embedded in the ideology of American management, most employers accept the notion that unions are legitimate organisations, with the right to exist, though not necessarily prosper. While unions may question specific "management rights", they rarely question the basic right of management to manage. Though there is consensus in the sense that there is a shared set of understandings about the nature of collective bargaining and the context in which it is to occur, unions and employers conflict over the terms and conditions of employment.

Labour law provides a mechanism for unorganised workers to gain union representation. This representation is based on the principle of exclusive representation whereby only one union is given the right to represent a given group of workers. To gain representation, workers generally petition the NLRB to hold a representation election. The NLRB will determine the appropriate election unit, and thus the workers eligible to vote, if at least 30 per cent of the relevant workers sign authorisation cards requesting an election. If a majority of the voters choose union representation, that union is certified by the NLRB to be the exclusive bargaining agent for all of the workers in the unit, even those not desiring union representation. The employer may not deal with another union regarding issues pertaining to these workers nor, for a specified period of time, may another union attempt to organise and speak for these workers.

A union must represent the interests of all workers in the relevant unit. But all workers may not be required to become union members. This will depend, first, on the state in which the workplace is located, and, second, on the particular arrangements negotiated between the union and the employer. In 20 states, "right-to-work" laws have been passed prohibiting the union shop. Under a union shop, workers need not be members of the relevant union to be hired, but must join the union within a specified period of time. While the union shop is not allowed, 10 of the

20 states permit the agency shop whereby those who do not become union members are required to pay a fee in lieu of union dues for the union's services as a bargaining agent. The other 10 states only allow the open shop whereby workers cannot be forced to become union members or pay union fees in order to retain their jobs. Where state shop arrangements with employers.<sup>15</sup>

Union density is quite low in the United States. In the 1980s, the percentage of workers who are union members has continued to fall as it has since the mid-1950s. In 1986, union and employee association membership was 17.5 per cent of the labour force (Mills, 1989, p. 66). In addition, in the 1980s absolute union membership has also declined. Reflecting this situation, significant non-union sectors have developed in many industries including mining, manufacturing, construction, and transportation, historically viewed as centres of unionism.

While union density is low, labour unions are quite numerous. There are approximately 200 labour unions, both craft and industrial, and 30 major professional and state employee associations, which though not labour unions *per se* function in a manner similar to unions.<sup>16</sup> Unions vary greatly in size. In 1983, 60 unions and employee associations had less than 1,000 members and an additional 58 unions and employee associations had less than 10,000 members. In contrast, 4 unions and employee associations had more than 1,000,000 members and 15 had more than 400,000 members. The 10 largest unions and employee associations included almost 50 per cent of total membership (Mills, 1989, pp. 68-69).

Many, but not all, labour unions are affiliated with the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO). In 1983, AFL-CIO affiliates included 90 unions with approximately 84 per cent of total union and association membership (Mills, 1989, p. 69). The AFL-CIO is the political arm of the labour movement, attempting to advance the interests of labour through the political process.

Some employers are organised along industrial lines into employer associations. In addition, national organisations of employers crossing industry lines also exist. They include the Business Roundtable, an organisation representing many of the largest corporations, the small business dominated National Federation of Independent Business, the National Association of Manufacturers, and the United States Chamber of Commerce. Just as does the AFL-CIO, these groups mainly try to advance their agendas through the political process.

Neither the AFL-CIO nor the employer associations crossing industry lines play a direct role in collective bargaining. Collective

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15. Closed shop arrangements, whereby workers must be union members prior to being hired, are generally illegal. But, in practice, legal pre-hire agreements in the construction industry function in a manner similar to a closed shop.

16. Craft unions generally have members based in one occupation. Industrial unions organise various types of workers in a given industry. In addition, industrial unions may have members working in several different industries.



bargaining between employers and unions is highly decentralised, mainly occurring between a company and a union or between a plant and a union. Though the process is decentralised, unions attempt to take wages out of competition by pursuing pattern bargaining. But in the 1980s, many employers have pushed for further decentralising the bargaining structure so that wage settlements are more firm specific and wages are put back into competition. In a variety of industries, one or more employers have broken out of the pattern.<sup>17</sup>

In relatively few instances, employer associations represent their respective members in negotiations with a union or a group of unions. But, here too, bargaining has become more decentralised. In the 1980s, in several industries, including steel, the employer associations have had a more limited role to play in collective bargaining.

It is extremely rare for the federal government and representatives of labour and business to engage in trilateral bargaining. Such arrangements have occurred mainly in wartime or occasionally when inflation has been perceived to be a serious political-economic problem.<sup>18</sup>

While working-time issues can be handled through the U.S. Congress, they are mainly dealt with in a decentralised fashion through the industrial relations system and the state legislative system. The current status of maternity/parental leave illustrates this point (see above). The lack of federal legislation places the industrial relations system at the centre of the controversy over maternity/parental leave. An increasing number of unions, including the Service Employees, the State, County, and Municipal Employees, the Foodworkers, the Hotel and Restaurant Workers, the Garment Workers, and the Mineworkers are including parental leave in their bargaining demands. Currently, the industrial relations system does not adequately provide for worker needs in this area.<sup>19</sup>

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17. See Slaughter (1983, p. 35) for a discussion of the breakdown of pattern bargaining.

18. While it is difficult to generalise, several characteristics distinguish the industrial relations system in the United States from those in European countries. In contrast to the principle of exclusive representation, in Europe multiple unionism predominates whereby several unions may have members among a particular group of workers. Union density is lower and the number of unions is higher in the United States than in Europe. In Europe, negotiations are more centralised with industry-wide negotiations between a union or a group of unions and an employers' association being common. In addition, trilateral bargaining, including the government, is more likely to be found in Europe than in the United States (Mills, 1989, pp. 14-16).

19. In 1988, in medium and large firms, unpaid maternity leave was available under plans covering only 33 per cent of the employees and only 16 per cent of the employees had access to unpaid paternity leave. Paid maternity and paternity leave provisions were rare (U.S. Department of Labor, Bureau of Labor Statistics, 1989, p.1).



## VI. The changing duration of working time

In the early 1980s, the rate of unemployment rose to a level not experienced since the Great Depression. Even in 1987, after several years of improving labour market conditions, the unemployment rate remained high by historical standards. Even so, a movement to reduce working time in order to lower unemployment has not emerged.<sup>20</sup> In fact, organised labour which had earlier called for shortening working time to increase employment opportunities has been relatively silent on this matter now. Within the industrial relations system, two tendencies have appeared. The working time of some workers has been increased while the working time of others has been decreased. In both instances, these changes have come about more due to the preferences of employers than workers. Within the U.S. Congress, legislation to shorten the work week so as to increase employment has gone nowhere whereas legislation has been passed which is likely to increase the effective age of retirement, resulting in an expansion of lifetime working time.

The labour movement has historically supported weekly work time reduction, though without a reduction in weekly pay, to increase employment. In the post-Second World War era, resolutions favouring shorter hours have been passed at almost every AFL-CIO convention (Cornfield, 1987). Unions generally do not support work sharing (ie. shortening weekly working hours and maintaining the same hourly wage rate) to forestall layoffs. This form of work sharing is merely "sharing misery".<sup>21</sup>

Prior to the 1980s, there were many instances of working-time reduction, on a weekly, annual, or lifetime basis, being a central issue in labour-management negotiations. For example, in 1963, the United Steelworkers (USWA) negotiated an agreement with the steel companies providing for 13 weeks of paid vacation every 5 years to the senior half of the work force (the one-half of employees with the longest continuous service). Eventually 3 weeks, in addition to regular vacation, every 5 years was negotiated for the junior half of the work force.

In 1973, the United Auto Workers (UAW) negotiated an early retirement scheme with the auto companies, thus potentially shortening lifetime working time at least in the automobile industry. Workers were allowed to retire and receive their pensions after 30 years of work (25 years in a foundry) regardless of age. And as time went on, earlier retirement was instituted by an increasing number of companies, both union and non-union (Bell and Marclay, 1987).

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20. This is in contrast to the Federal Republic of Germany where trade unions have made a shorter working week one of their key bargaining demands and France where the Mitterrand government shortened the working week from 40 to 39 hours.

21. For a treatment of union attitudes toward this form of work sharing, see Medoff (1979). But, as will be discussed below, unions have generally supported short-time compensation schemes, a type of work sharing.

The 1974-75 recession was severe and the unemployment rate rose above 8 per cent. The AFL-CIO and many unions called for reduced working time to put people back to work. The goal of the AFL-CIO was a 35-hour work week. The labour movement formed the All Unions Committee to Shorten the Work Week and strongly supported an amendment to the FLSA - H.R. 1784 - calling for an increase in the overtime premium from time and a half to double time, for the premium to become effective after 35 hours a week instead of 40 hours, and for employers to cease mandatory overtime. The bill was not passed.<sup>22</sup>

Furthermore, while working-time reduction was a subject of collective bargaining negotiations during 1975-76, a general reduction in weekly working time did not occur. A coalition of unions headed by the United Electrical Workers were not able to gain a 32-hour work week without a reduction in pay from General Electric and Westinghouse. On the other hand, workers at Ford Motor Company won twelve paid personal holidays over the life of the three-year contract, in addition to regular holiday, vacation, and sick days (Levitan and Belous, 1977).

The recession of the early 1980s was more severe than that of 1974-75. Yet, there was virtually no discussion of working-time reduction as a means for job creation. In 1985, an amendment to the FLSA - H.R. 2933 - was introduced similar to the earlier piece of legislation - H.R. 1784. This bill has not been seriously debated in the U.S. Congress.

Many of the unions which had earlier emphasised the shortening of working time as a means of job creation have granted concessions in the area of paid time off. Employers argue that costs, including labour costs, must be lowered to meet the increased competition. Ironically, unions justify the lessening of paid time off as a means for preserving jobs.<sup>23</sup>

In 1983, in negotiations with the major steel producers, the USWA was forced to give up the extended vacation plan, vacation bonuses, and one paid holiday.<sup>24</sup> The steel companies also reduced paid time off for non-union employees. In 1982, the UAW agreed to give up paid personal holidays for workers in the auto industry.<sup>25</sup> The UAW reached a similar

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22. The Johnson administration had, more than a decade earlier, introduced legislation increasing the penalty for overtime work. It, too, did not pass.

23. Employers became bolder in their demands for concessions in the 1980s. The rising union/non-union wage premium in the 1970s together with the increased competition, both foreign and domestic, facing many firms during the serious recession of the early 1980s, provided the economic incentives for employers to demand givebacks. The weakened state of the labour movement and the general excess supply of labour increased the opportunities for employers to gain their demands. For a more detailed treatment of the extent and nature of "concession bargaining", see Rosenberg (1989).

24. But in the aluminium and can industries extended vacations were retained.

25. For a discussion of the impact of the removal of paid personal holidays on the employment of autoworkers, see Katz (1987), p. 203.

agreement with International Harvester Company. Paid holidays and paid vacation time were also reduced in other sectors including the rubber industry and retail food stores (Diss Greis, 1984, pp. 273-276).<sup>26</sup>

During the 1980s, the Airline Pilots Association has provided many airline companies with a variety of working-time concessions increasing the proportion of flight time to paid hours. Previously, companies were considered to be doing well if pilots flew at 60 per cent of their credited hours. The recent concessions have resulted in pilots flying between 90-100 per cent of their maximum hours (Capelli, 1987, pp. 162-163).

Not only was paid time off given up in many sectors, but absences also declined especially in goods-producing industries. In sum, annual working hours have increased in many industries.

Government policy toward retirement may also be increasing lifetime working time. Previously, early retirement was encouraged. An amendment to the Social Security Act in 1961 reduced the eligibility age for males to qualify for social security retirement benefits from 65 to 62 years. A similar provision had been instituted for women in 1956. However, the 1978 Amendments to the Age Discrimination and Employment Act outlawed mandatory retirement for most workers before the age of 70. More recently, the U.S. Congress passed legislation which will eventually phase out mandatory retirement altogether. Also, under the Social Security Amendments enacted in 1983, the eligibility age for full retirement benefits was raised from 65 to 67, to be gradually phased in between the years 2002 and 2027. In addition, early retirement reduction in benefits claimed at the age of 62 was increased from 20 per cent to 30 per cent, while the benefit increment for delayed receipt of retirement benefits was raised from 3 per cent to 8 per cent a year (Mirkin, 1987, p. 33).

Though some signs point to an increase in working time, other signs point to a shortening of working time. The legislative changes concerning retirement notwithstanding, early retirement is still occurring in many firms. And more companies appear to be offering "open windows" to early retirement, typically at between 50 and 55 years with 10 years of service, either with supplements to the age of 62 or more liberal early retirement benefits. Such inducements are offered for temporary periods ("windows") of 2 to 6 months at a time (Bell and Marclay, 1987, pp. 24-25). These plans appear to be voluntary, providing incentives for workers to choose whether or not to retire. However, in practice they may be perceived as having a mandatory component to them. The inducements are only offered for a minimum period of time. Many workers may feel they have little choice but to retire since the option may not appear again.

In addition, as reported earlier, there has been a positive trend in the proportion of people employed part-time. The growth in part-time employment mainly reflects employer, not employee decisions. Since 1973, there has been a significant secular rise in the percentage of

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26. These givebacks have not been widespread enough to lower the aggregate amount of paid holidays and paid vacations.

employees who work part-time but would prefer full-time employment (Ichniowski and Preston, 1986; Ehrenberg, Rosenberg, and Li, 1988).<sup>27</sup>

## VII. Flexibilisation of working time

There are many types of working-time flexibility. The attitudes of employers, unionised workers, unorganised workers, and the government vary depending upon the particular form of flexibilisation under consideration. As with trends in working-time duration, the more flexible working-time arrangements being implemented reflect more the preferences of employers than the preferences of workers, especially unionised workers. The federal government and some state governments have also played a significant role in increasing the flexibility of working time.

Employers generally favour increasing the flexibility of working time both in terms of hours of work and numbers of employees. Working-time flexibility can serve to diminish unit labour costs, by lowering hourly wages and increasing labour productivity, thus increasing the rate of profit.

Way (1988) provides an interesting periodisation of employment flexibility over the past 25 years, and finds an increase in flexibility over this period. In the 1960s, employers achieved flexibility mainly through labour hoarding with employee hours contracting during slumps and growing in booms. Labour hoarding diminished in the 1970s. Flexibility in hours was provided by part-time labour, and temporary workers became more important since employers were also interested in varying employment levels. Employment flexibility has grown further in the 1980s as temporary workers have been complemented by leased employees.<sup>28</sup> In addition, firms have been outsourcing to a greater extent, and continuing to increase the proportion of their labour force that is part-time. Furthermore, several states have fostered the flexibility of working time through short time compensation schemes.

However, the quantitative importance of flexible staffing arrangements, even in the 1980s, should not be exaggerated. A Bureau of National Affairs survey of more than 400 firms found that agency temporaries, short-time hires, and on-call workers, while commonly used, only represent 1.5 per cent of a user firm's work force (Abraham, 1988, p. 296). Even so, Abraham argues that flexible staffing is an important component of employers' strategy for adjusting to short-term fluctuations

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27. Ichniowski and Preston (1986) find, after controlling for trends in unemployment, a secular decline in the percentage of voluntary part-time workers from 1973-85.

28. An employee leasing firm leases workers to a client company. Leased employees often comprise a high percentage of a client company's work force and are provided for an indefinite period. In contrast, temporary help firms generally provide workers on a short-term basis to supplement a client company's more permanent work force. It is estimated that 125,000-200,000 people are currently employed by leasing firms (Belous, 1989b, p. 46).

in output demand.<sup>29</sup> If it is the case that "enhanced employment security has grown significantly in the 1980s" (Kochan, Katz, and McKersie, 1986, p. 121), then flexible staffers can guarantee that labour does not become too great a fixed cost. Thus, the growth of employment security for some entails the lack of employment security for others.

The Bureau of National Affairs survey found the likelihood of using certain kinds of flexible staffing varied across industry groups. Short-term hires were used by a greater proportion of non-manufacturers (76 per cent) and health-care organisations (71 per cent) than of manufacturing companies (56 per cent). Almost 3 out of every 4 health care providers used on-call workers, compared with 40 per cent of non-manufacturers, and just over 1 in 4 manufacturing firms. Larger firms were more likely to use both agency temporaries and on-call workers than smaller companies. Firms with more than 50 per cent of their work force unionised were less likely to use "contingent employees" but more likely to contract out work than their less unionised or non-union counterparts (Bureau of National Affairs, 1986, p. 8).

Organised labour is generally unsympathetic toward work-time flexibility. "Contingent workers" are viewed as second-class workers ready to take the jobs of more permanent workers if they unionise, or if unionised assert their collective bargaining rights. Unions object to forms of compressed work weeks and flexitime that allow workers to work more than 8 hours in a day while averaging 8 hours per day over a week, because time and a half would not necessarily be paid on long days. The AFL-CIO prefers that employees juggling work and child care responsibilities be provided better day-care facilities, be granted parental leave to look after young children, and be granted a reduction in working time with no loss of pay, rather than be forced to work part-time involuntarily or experiment with various forms of flexitime.

On the whole, unorganised workers are less antagonistic to flexible working arrangements than is the AFL-CIO. Many parents working full-time would like the option of more flexible full-time work schedules. And some workers do, in fact, desire temporary or part-time employment rather than full-time work. For some highly skilled people, temporary work may provide decent wages and flexible work schedules.

On balance, it appears that many workers are, in fact, satisfied with their work schedules. Those not satisfied are more likely to need more hours and more money. The May 1985 household survey queried workers on their attitudes toward the same, fewer, or more hours with the same hourly wage rate. Two-thirds preferred the same number of hours, one-fourth wanted more hours and more money, and less than 10 per cent wanted fewer hours and less money (Shank, 1986, p. 41).<sup>30</sup>

29. There are minimal legal restrictions on an employer's freedom to layoff or fire workers. However, Abraham (1988, p. 307) speculates that the erosion of the employment-at-will doctrine may have raised the perceived costs to employers of relying on a hire/fire adjustment strategy and led to a growing use of flexible staffing arrangements.

30. In contrast, a third of all workers in the 1977 Quality of Employment Survey reported a problem with inconvenient or excessive hours of work (Kamerman and Kahn, 1987, p. 59).



The federal government and many state governments have implemented policies designed to expand flexible working-time arrangements. For federal employees, the permanent part-time career category was introduced in the Federal Employees Part-Time Career Act of 1978 and defined as employees who work from 16 to 32 hours per week. The Carter administration experimented with flexible work schedules and compressed working weeks while the Reagan administration made these arrangements a permanent part of the federal government's personnel policy. In addition, in 1985 the Reagan administration increased the ability of government agencies to utilise temporary employees. Previously temporary employees were able to be hired for a specified time of one year or less. Now temporary appointments may be renewed for four consecutive years.

Approximately 2 million people work for the federal government. The number of federal workers on flexitime or compressed work schedules increased from 175,000 to 308,000 between mid-1982 and mid-1984. There are relatively few permanent part-timers - approximately 50,000. Slightly less than 250,000 jobs were filled by temporaries during 1984, prior to the new regulations governing such employment. The number of temporary workers is expected to rise sharply under the new arrangements (Bureau of National Affairs, 1986).

For a time, the federal tax code lowered the effective cost of personnel leasing. The Tax Equity and Fiscal Responsibility Act of 1982 allowed leasing companies to provide less lucrative pensions to leased employees than were being granted regular employees of the user firm. Thus, the user firm likely saved on the cost of the leased employee. The Tax Reform Act of 1986 diminished the attractiveness of leased employees. The pension contributions of the leasing company were increased and the user company's pension plan was required to be provided to leased employees where more than 20 per cent of workers were leased (Way, 1988).

The Tax Equity and Fiscal Responsibility Act of 1982 also required the U.S. Department of Labour to assist states in developing short time compensation programs (STC). Several states had such programs prior to 1982 and others soon followed suit. Eleven states now have STC arrangements. Under these programs, employers are encouraged to shorten the work week rather than lay off workers during temporary business slowdowns. If the employer participates in STC, workers with reduced weekly wages due to reduced hours receive a portion of their normal weekly unemployment compensation.

An STC program works as follows: A company with 1,000 workers is facing a 10 per cent decline in product demand. The employer could lay off 100 workers. Rather than doing so, under STC the employer could shorten the work week by 10 per cent and gain the same decrease in total working hours. Workers would then receive 90 per cent of their weekly paycheck. In addition, they would qualify for 10 per cent of their normal weekly unemployment compensation. Since their normal weekly unemployment benefit is less than their weekly paycheck, employees would suffer some loss in income. But the loss in income



would be minimal especially compared to the loss experienced by those who otherwise would have lost their jobs.

Very few employers have participated in STC. Too much paperwork and the risk of increased unemployment insurance taxes, as more unemployment compensation may be paid out under STC than with layoffs, are two reasons for this. While the AFL-CIO has endorsed this form of work sharing, it believes that STC should not become an alternative to explicit government policies aimed at increasing employment (Bureau of National Affairs, 1986; Zalusky, 1986).

## VIII. Conclusion

The working time of many Americans has increased in the 1980s. As real wages have fallen, more family members have entered the labour force. And those who are employed are working longer hours. Working-time issues have been of crucial importance during the "concession" bargaining of the 1980s. Many workers have been forced to give back some paid holidays and paid vacation time.

Even so, some Americans need to work more. Many are working part-time involuntarily, desiring full-time employment. Others have taken "voluntary" early retirement. Their choice was ostensibly voluntary but it had a mandatory component to it. The inducements to retire were only offered for a short period of time. If this option was not accepted, it might never appear again.

Working time has also become more flexible. For the most part, this increased flexibility has not been the result of explicit governmental job creation policies. Rather, employers through decentralised decision making have pushed for increased flexibility in order to raise the rate of profit. On the whole, organised labour has not favoured more working-time flexibility.

Increased, more flexible working hours have not led to a substantially improved standard of living for Americans. In the 1970s and 1980s, the United States has experienced a "jobs miracle" while employment has stagnated in OECD-Europe. But the United States and OECD-Europe have both experienced the same rate of growth of Gross Domestic Product *per capita* (Freeman, 1988). Thus, Americans are working harder for the same gain in living standards as Europeans, not a particularly enviable situation.

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# 15 USSR<sup>1</sup>

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## I. Introduction

The main purpose of this chapter is to provide basic information on working-time arrangements in the USSR. An attempt will also be made to clarify some peculiarities of national working-time policies. Research on the socio-economic aspects of working time has not been very intensive in recent years, but reconstruction of the economy and new economic policy make the problems concerning working-time arrangements very significant.

## II. Historical background

The working population of pre-revolutionary Russia worked 10 to 12 hours per day, six days a week. One of the first decrees adopted immediately after the revolution was that of the 8-hour working day, and a gradual transition to the 8-hour working day began in October of 1917.

Further changes to the duration of the working day depended on historical and socio-economic conditions. A considerable number of changes in the arrangements of working time in the USSR occurred during the pre-war years. By the end of 1926, the national economy was restored to its pre-revolutionary level and it was decided that there should be a gradual transition from an 8- to a 7-hour working day. The first 5-year plan (1928-1932) was formulated on the basis of a 7-hour working day. The transition of the economy to a 7-hour day was effected between 1927-1933. Whilst only 18.3 per cent of all enterprises worked a 7-hour day in 1929, 56.3 per cent did so in 1931, 80.9 per cent in 1932, and 100 per cent in 1933. The average duration of a working

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1. This chapter was written before the political upheavals that resulted in the break-up of the USSR. However, due to considerations of historical interest, it was considered appropriate to retain the chapter in the book. The name, USSR has been retained throughout this chapter since the studies and data referred to relate to the pre-1989 period.

2. Academy of Science (Institute for socio economic studies of population), Moscow.



day in that period dropped from 7.45 hours in 1927 to 7.1 hours in 1932. However, the average duration of a working week constituted 40.3 hours (Maximov, 1965).

The period between 1929 and 1933 is very interesting from the point of view of working-time arrangements. Transition to a 7-hour working day necessitated a search for rational systems of labour arrangement and many experiments occurring around the transition process promulgated as a result. In 1929 a decree was issued on the transition of industry to a 5-day working week. Most industrial enterprises and offices moved to a 5-day working week with patterns of free days varying greatly (Izvestia, 1929). Some had a free day after 4 days of work, others after 5 days of work. Some enterprises continued to work 6 days a week. Enterprises with discrete (not continuous) labour regimes declared every fifth day a common day off for all workers.

Enterprises with continuous production processes had different labour regimes. About half of all enterprises were involved in various experiments during that period (Maximov, 1981), including the so-called "*nepreryvka*" or "the uninterrupted week" (made up of continuous working hours), on the basis of which enterprises and offices worked around the clock, every day of the week and of the calendar year. The main feature of a working week in continuous production is the impossibility of having a common free day for everyone, and "*nepreryvka*" had a staggered free day. Each day of the week was assigned a certain colour: red, orange, yellow, green or violet, as was each employee, on the basis of which the employees were given a free day. Thus on each day, 80 per cent of all employees of the enterprise worked while 20 per cent rested (Maximov, 1981).

"*Nepreryvka*" created considerable disorder in the arrangement of working and leisure time and was a failure. Seven hour shifts proved to be irrational both from an organisational point of view (difficulties with the development of rational shift schedules) *and from a social point of view*- a family could not get a common free day because of "sliding" (staggered) work. However, to some extent "*nepreryvka*" was justified in the context of continuous production, a system necessitated by the lack of equipment, and therefore the consequent need to use it continuously.

There was no uniformity in the arrangement of working time and in the structure of a working week during the pre-war period. In 1932-1933 some enterprises worked a 6-day week, with a fixed free day, while agricultural workers always worked according to a traditional 7-day system. Just before the second world war, the country returned to the traditional 7-day system.

Pre-war experience in the search for rational working-time arrangements was used after the war to determine working hours. Sector by sector, and region by region, one of the main occurrences was the gradual reduction of the working day from 8 to 7 hours between 1956, as the Soviet economy reached its pre-war level of production, and 1960. In sum, reductions in working time in the USSR occurred between 1927 and 1933, and again between 1956 and 1960.

**Table 1: Dynamics of established duration of a working week for adult workers in USSR industry between 1955-1986 (hours).**

| Sector                              | 1955 | 1979 | 1986 |
|-------------------------------------|------|------|------|
| All sectors of industry including:  | 47.8 | 40.6 | 40.5 |
| Coal industry                       | 47.6 | 35.6 | 33.8 |
| Black metallurgy                    | 47.9 | 40.8 | 40.8 |
| Chemical and oil industry           | 46.4 | 39.9 | 40.0 |
| Machine building & metal processing | 47.8 | 40.9 | 40.9 |
| Light industry                      | 47.9 | 40.9 | 40.9 |
| Food industry                       | 48.0 | 41.0 | 41.0 |

*Source: Narodnoe hoziaistvo SSSR za 70 let, Moskva, 1987.*

The next significant event in the arrangement of working time in the USSR occurred between 1961 and 1967 with the transition to the 5-day working week with 2 free days and 8-hour work shifts. This transition was based on a 40-hour working week. It did not reduce working time, but it did lengthen free time (Rimashevskay, Gordon, 1972). With the introduction of the 5-day working week it became possible to improve the structure and content of free time.

Also in 1966, a further reduction of working time was put forward in the new Communist Party program, which suggested a 6-hour working day with one free day a week or 35-hour working week with two free days, but it was never taken any further.

### III. Present situation

The duration of working time in the USSR is defined by the Constitution and regulated by law. There is a rigid norm which determines the duration of the working day, and common labour legislation which determines annual working time for employees and collective farmers.

This figure is the same for both men and women - 2,040 hours a year, with the working week limited to 40 hours. In practice, the exact figure depends upon the sector, while the average figure for the whole economy was 39.4 hours in 1986, in certain sectors, such as the coal

**Table 2: Distribution of the number of workers and employees according to the duration of a working week in different sectors (1 July 1987)**

| Sector                        | All adult workers & employees (%) | Duration of working week in hours: |      |      |      | Average duration of a working week (hrs) |
|-------------------------------|-----------------------------------|------------------------------------|------|------|------|--|
|                               |                                   | 40                                 | 38.5 | 36   | 33   |  |
| The whole economy             | 100                               | 89.5                               | 2.3  | 4.0  | 4.2  | 40.0                                     |
| Industry                      | 100                               | 94.4                               | 0.1  | 3.7  | 1.8  | 40.6                                     |
| Agriculture                   | 100                               | 98.8                               | 0.1  | 1.1  | 0.0  | 40.9                                     |
| Construction                  | 100                               | 98.4                               | 0.0  | 1.2  | 0.4  | 40.9                                     |
| Transport                     | 100                               | 99.1                               | 0.1  | 0.7  | 0.1  | 41.0                                     |
| Communication                 | 100                               | 93.9                               | 0.1  | 5.9  | 0.1  | 40.7                                     |
| Trade & public catering       | 100                               | 96.3                               | 0.0  | 3.7  | 0.0  | 40.8                                     |
| Housing                       | 100                               | 99.4                               | 0.2  | 0.3  | 0.1  | 40.8                                     |
| Health care & social security | 100                               | 38.4                               | 38.1 | 17.4 | 6.1  | 38.5                                     |
| Education                     | 100                               | 47.8                               | 0.2  | 12.3 | 39.7 | 32.2                                     |
| Art & culture                 | 100                               | 86.9                               | 0.1  | 2.5  | 10.5 | 38.8                                     |
| Science                       | 100                               | 93.8                               | 0.2  | 5.7  | 0.3  | 40.7                                     |
| Administration                | 100                               | 99.5                               | 0.2  | 0.2  | 0.1  | 41.0                                     |

Source: *Narodnoe hoziaistvo SSSR v 1987 godu. M.*, 1987.

industry, it was 33.8 hours (Table 1). Weekly work hours in education are 32.6 hours a week, and in health care and social security are 38.6 hours a week. The average duration of working time for industrial workers in 1986 is 40.5 hours per week. This amount has been reduced by 7.3 hours compared with 1955 (Table 1).

Before the economic reforms (1987-89), the role of local administration and of trade unions in regulating the conditions of labour was minimal and has not increased very much subsequently. In accordance with the so-called "command-administrative" approach to management, all regulation came from above. The role of the trade unions was quite formal. Most often they were obedient to commands from administration and did not actively defend workers' interests. In theory, each year a collective agreement is signed between the local administration and the workers. It is sponsored by a trade union and outlines the main demands of the workers: The building of a new kindergarten, the changing of furniture, starting work earlier, etc. However, in practice, the scope of action of local administration was very limited. The new economic policy attempts to promote real economic independence of the enterprises. Under these new conditions trade unions should be able to perform their true function.

At present the main mode of arrangement of working time is a 5-day working week. State policy includes the prolonging of annual

vacation periods, and the increase in the number of free days rather than the reduction of daily working time.

There are different options concerning the reduction of working time. The working day may be reduced:

- (i) on the days preceding free days and holidays. There are eight state holidays a year;
- (ii) for 14-16 year olds who work 4 hours, and for 16-18 year olds who work 6 hours;
- (iii) for those who work during the day and study in the evenings, applicable to those 15 years and over (their working day is around 6 hours).

Annual working time is the main figure taken into account when analysing economic activity in industry and agriculture. At present the annual working time per person is calculated on the basis of the methodology used in industry: out of 52 weekends (104 free days), 8 holidays, the number of days vacation (15), and 3 to 4 days of possible sick leave are subtracted from the 365 calendar days. This method does not take the peculiarities of agriculture into account. Its revision is a matter of much debate and the main suggestion is that the working time of agriculture be counted in working hours, rather than in working days (*Narodnoe hoziaistvo SSSR* v 1987).

As the organisation of working time depends greatly upon the nature of the production process, various experiments with new arrangements are being undertaken. Some of them are aimed at abolishing night shifts wherever possible ("Ivanovo schedule"), others, at the provision of a common day off for all workers using the night shift formula ("Leningrad schedule"), etc. Usually, in continuous production (chemical, metallurgical, gas and other sectors) four-person teams work a 3-shift schedule over a 40-hour working week or five-person teams work a 4-shift schedule over a 36-hour working week. There are 48 hours of rest after four 8-hour shifts, or five 6-hour shifts, respectively.

In practice the production process can make it necessary to prolong a working day. Sometimes it reaches nine, ten, or more hours on duty. If trade unions do not object, one way of making overtime work legitimate is to total working time for a week, or for a month, in order to arrive at a figure which does not exceed normal working time.

Another aspect to the problem of working-time arrangements is that of annual leave. At present, minimum annual vacation in the country is fifteen working days (*Narodnoe hoziaistvo SSSR* 1987). Three-quarters of all workers and employees have longer vacations. Those younger than 18 years old are entitled to one calendar month of leave.

Actual annual vacations consist of the main and additional vacation specified by law and by collective agreements sponsored by trade unions.

Labour legislation stipulates additional leave for working in unhealthy conditions; for a long career in one enterprise; for those who

work unregulated working hours per day (ie. researchers); and for work in the regions in the Far North and other similar regions.

There is a wide system of additional paid leave for those working during the day and studying in the evenings. State policy is to increase their privileges. Paid leave is given to sit for examinations, and to obtain diplomas. The breakdown is as follows: 20 working days leave with the average salary for younger students; 30-40 working days for students to sit for examinations; 2-3 months to defend a diploma (the length depends on the institute).

Mothers have special privileges with regard to annual leave. The policy is to create favourable conditions which allow the combination of motherhood with active participation in the labour force. In the 80s, paid leave was increased by 3 days for all working mothers who had 2 or more children below 12 years of age, and whose vacation was less than 28 calendar days.

Partial paid leave for infant care (before the baby reaches the age of one year) was introduced for mothers whose work record was less than a year, and for mothers who are studying instead of working. Women have a right to additional unpaid leave for child care until their children are eighteen months old. They do not lose the continuity of their work record.

Between 1981 and 1986 the duration of leave for women involved in cattle-breeding, nursing, and kindergarten teaching was increased.

The tendency is to relocate national female labour resources, reducing the number of women engaged in hard physical labour, and increasing the number involved in high technology sectors.

Table 3 shows that, in 1986, the average annual paid vacation in the USSR was 22 working days. However, it varied quite significantly between sectors, for example, annual leave in the education sector was substantially higher than that of industry.

#### **IV. New economic policy and conditions of labour**

There has not been much debate on issues of working time in the USSR in recent years. Nevertheless, ongoing economic reforms (1987-89), though not directly concerned with problems of working time, are closely connected with conditions of labour.

New economic mechanisms based on self-accounting and the self-financing of enterprises went into effect on 1 January 1987 when 2.5 thousand enterprises (more than 20 per cent of industrial production) were transferred to the new system, and it was expected that the transition of all enterprises to the new system would be concluded by 1989 (table 5).

Economic reform has brought new forms of employment: co-operatives and self-employment. The number of co-operatives is

**Table 3: Distribution of the number of workers and employees according to the duration of annual leave (AL)**

| % of adult workers who have: | 1958 | 1964 | 1968 | 1977 | 1986 |
|------------------------------|------|------|------|------|------|
| 12 days AL                   | 42.3 | 36.6 | -    | -    | -    |
| 15 days AL                   | 12.7 | 10.8 | 39.7 | 31.4 | 24.1 |
| 16-17 days AL                | 0.0  | 0.0  | 0.4  | 0.9  | 4.2  |
| 18 days AL                   | 11.1 | 14.2 | 17.2 | 18.8 | 19.1 |
| 19-20 days AL                | 0.0  | 0.0  | 0.2  | 0.5  | 0.8  |
| 21 days AL                   | 3.0  | 4.8  | 5.0  | 4.9  | 5.2  |
| 22-23 days AL                | 0.0  | 0.0  | 0.4  | 0.4  | 0.5  |
| 24 days AL                   | 19.2 | 20.1 | 23.2 | 27.8 | 30.0 |
| over 24 days AL              | 11.7 | 13.5 | 13.9 | 15.3 | 16.1 |
| Average                      | 18.5 | 19.3 | 20.9 | 21.6 | 22.0 |

Source: *Narodnoe hoziaistvo SSSR za 70 let, Moskva, 1987.*

**Table 4: Distribution according to the duration of annual leave(1 July 1987)**

| Sector                        | % of adult workers with duration of annual leave days of: |       |       |       |      |      |
|-------------------------------|---|-------|-------|-------|------|------|
|                               | 15  | 16-17 | 18-20 | 21-23 | 24   | 24+  |
| Industry                      | 16.5  | 6.3   | 24.8  | 9.3   | 24.9 | 18.2 |
| Agriculture                   | 24.7  | 3.8   | 29.8  | 7.3   | 31.0 | 3.4  |
| Construction                  | 16.7  | 3.6   | 22.1  | 8.2   | 31.8 | 17.6 |
| Transport                     | 11.3  | 3.7   | 20.4  | 10.6  | 27.0 | 27.0 |
| Communication                 | 21.1  | 8.4   | 39.9  | 0.8   | 23.9 | 5.9  |
| Trade & public catering       | 49.6  | 0.3   | 24.8  | 0.2   | 21.2 | 3.9  |
| Housing                       | 33.4  | 0.9   | 29.1  | 1.4   | 30.8 | 4.4  |
| Health care & social security | 8.3   | 0.2   | 32.6  | 1.8   | 42.4 | 14.7 |
| Education                     | 14.9  | 0.1   | 6.5   | 0.1   | 19.1 | 59.3 |
| Art & culture                 | 16.4  | 0.1   | 13.0  | 0.1   | 53.7 | 16.7 |
| Science                       | 7.7   | 1.8   | 11.7  | 3.5   | 63.4 | 11.9 |
| Administration                | 5.9   | 0.2   | 7.8   | 0.9   | 78.6 | 6.6  |

Source: *Narodnoe hoziaistvo SSSR v 1987 godu. M., 1987.*

constantly increasing. In April 1987, there were 19.5 thousand co-operatives (table 6); in July 1989 there were about 133 thousand co-operatives. In April 1987, there were 245.7 thousand persons employed in co-operatives; in April 1989, 1.5 million; in July 1989, this number reached almost 3 million. This figure does not include those for whom work in co-operatives is a secondary job, in spite of the fact that they appear to constitute more than half of co-operative employment. The statistics for self-employment are given in table 7.



**Table 5: Percentage of enterprises, working in conditions of self-accounting and self-financing (beginning of 1988)**

| Sector                  | Number of enterprises | Number of employed | Volume of production in 1987 |
|-------------------------|-----------------------|--------------------|------------------------------|
| Industry                | 41                    | 55                 | 61                           |
| Agriculture             | 58                    | 55                 | 62                           |
| Construction            | 36                    | 33                 | 37                           |
| Transport               | 88                    | 95                 | 95                           |
| Communication           | 100                   | 100                | 100                          |
| Trade & public catering | 93                    | 92                 | 97                           |
| Services                | 53                    | 55                 | 55                           |

Source: *Narodnoe hoziaistvo SSSR v 1987 godu. M., 1987.*

Although the appearance of new forms of employment engenders changes in work regimes and duration of labour, working hours in this sector have yet to be thoroughly investigated and of labour conditions are not subject to state regulation. According to some estimates, the intensity of labour in co-operatives reaches 12-15 hours per day. People in co-operatives work on output rather than time bases. Some control over working time in this sector is badly needed and the central trade union is expected to issue special legislation for the regulation of working hours in non-traditional sectors of the economy.

Economic reform has generated many new trends. Although rigid labour regimes are still widespread, the present economic situation necessitates changes in the rigid use of time. Working-time management grows more difficult, because economic conditions become more complicated (in the last 15 years production has increased 2.5 times). In recent years, the number of those employed in the formal economy rose at a higher rate than the natural increase of the population, due to the influx of the rural population, a source which is now practically exhausted (Sergeeva, 1987).

The population of the USSR is now mainly urban. There has been an absolute reduction of those working in agriculture (*Narodnoe hoziaistvo SSSR*, 1987), which causes problems, many of which can be solved with the help of flexible working time, and the possible reduction or lengthening of a working day, depending on the necessity.

Current discussions on flexibilisation are mainly concerned with either women, or with flexible automated production lines (Sergeeva, 1987; Starikov, 1987). The flexibilisation of labour is in its infancy in the USSR. State policy today is directed towards the promotion of flexibilisation, understood as a possible means of adjusting working time to private preferences. Flexibilisation is meant to promote the participation of a greater portion of the able-bodied population.

**Table 6: Number of co-operatives and those employed (1 April 1987)**  
(in thousands)

|  | Number of<br>co-operatives | Number of<br>employed |
|--|----------------------------|-----------------------|
| All co-operatives, including:                | 19.539                     | 245.7                 |
| — services                                   | 7.927                      | 97.4                  |
| — catering                                   | 3.730                      | 28.7                  |
| — production of consumer goods               | 4.257                      | 67.0                  |
| — production and processing of raw materials | 1.186                      | 15.6                  |
| — others (trade, transport etc.)             | 2.439                      | 36.8                  |

Source: *Narodnoe hoziaistvo SSSR v 1987 godu. M., 1987.*

**Table 7: People engaged in self-employment in the republics of the USSR**  
(1 April 1988)

|                 | Population<br>000's | Participants<br>000's | % engaged in:  |          |                    |               |       |
|-----------------|---------------------|-----------------------|----------------|----------|--------------------|---------------|-------|
|                 |                     |                       | home<br>trades | services | entertain-<br>ment | art<br>crafts | other |
| USSR            | 281,700             | 369.4                 | 60.2           | 26.8     | 4.7                | 1.0           | 7.3   |
| Russian SSR     | 145,311             | 168.1                 | 59.9           | 24.7     | 6.2                | 0.5           | 8.7   |
| Ukrainian SSR   | 51,201              | 64.3                  | 64.8           | 25.3     | 3.5                | 1.2           | 5.2   |
| Belorussian SSR | 10,078              | 15.2                  | 47.7           | 31.0     | 3.1                | 0.5           | 17.7  |
| Uzbek SSR       | 19,026              | 16.6                  | 65.5           | 22.8     | 2.0                | 0.4           | 9.3   |
| Kazakh SSR      | 16,244              | 12.7                  | 59.4           | 27.2     | 3.0                | 0.4           | 10.0  |
| Georgian SSR    | 5,266               | 11.7                  | 34.4           | 53.6     | 7.9                | 2.4           | 1.7   |
| Azerbaijan SSR  | 6,811               | 6.5                   | 36.4           | 49.7     | 12.8               | 1.1           | -     |
| Lithuanian SSR  | 3,641               | 31.0                  | 72.3           | 17.8     | 1.4                | 2.2           | 6.3   |
| Moldavian SSR   | 4,185               | 6.5                   | 76.7           | 20.0     | 2.4                | 0.6           | 0.3   |
| Latvian SSR     | 2,647               | 11.2                  | 45.4           | 38.7     | 4.1                | 6.8           | 5.0   |
| Kirgiz SSR      | 4,143               | 3.5                   | 48.3           | 36.9     | 1.2                | 0.5           | 13.1  |
| Tadgik SSR      | 4,807               | 3.1                   | 68.4           | 18.6     | 2.2                | 0.1           | 10.7  |
| Armenian SSR    | 3,412               | 10.1                  | 62.2           | 34.8     | 2.8                | 0.0           | 0.2   |
| Turkmen SSR     | 3,361               | 2.5                   | 68.1           | 29.9     | 1.3                | 0.0           | 0.7   |
| Estonian SSR    | 1,556               | 6.1                   | 56.6           | 37.8     | 4.7                | 0.7           | 0.2   |

Source: *Narodnoe hoziaistvo SSSR v 1987 godu. M., 1987*

The introduction of part-time work is rather slow. It is used mainly to include women with children between the ages of two and five years, and for students and retirees in public production. There is limited experience of part-time work at present, the main reason being the lack of economic interest by local administration. The necessity to use part-time work and home work more intensively is due to legislation obliging local

administration to permit part-time work for mothers with children below 12 years of age. According to some estimates, the number of those employed part-time was less than 1 per cent of total employed in 1989.

With growing economic development, enterprises will become more interested in part-time work. Part-time work in the USSR is considered a privilege rather than a form of partial unemployment.

Economic reform brought not only new forms and types of employment, but also the problem of unemployment. In 1989, the number of unemployed was estimated at about six million people. One of the main sources of unemployment was the planned reduction of the labour force in production, begun in 1987-1988. The idea was to relocate the labour force from production to services, but the system of retraining proved inadequate. The resultant problem of changing profession for those affected could be solved by the emergence of a free labour market.

The reduction of employment was not entirely problematic. It facilitated a revision of pensions and annual leave. Two draft laws were tabled in November 1989 (the law on retirement [*Izvestia*, 1989] and the law on holidays [*Pravda*, 1989]).

The present retirement standards have existed for the last 30 years, but the draft law revises pensions and not the age of retirement. Thus, it remains unchanged: 55 years for women and 60 years for men.

There are 60 million retired people in the USSR (one in five persons was retired in 1989). The average pension in 1988 was very small: 86 roubles for workers and 54 roubles for collective farmers. The draft law suggested making payments more biased towards quantity and quality of labour and to create a uniform system (at present there are about 900 different legislations). Minimum pensions are proposed to be raised from 50 per cent to 55 per cent of wages; 1 per cent of the wages added for each year above 20 years of work for women and 25 years of work for men (not more than 75 per cent in all).

The draft law on holidays proposes to revise the duration of paid leave. The main idea is to prolong minimum leave by three days and to implement a uniform paid holiday for all workers, including those working in co-operatives.

Both drafts were submitted for public discussion to be considered by the Parliament. Attention to social problems in the USSR has increased. Economic reforms have stimulated scientific and practical interest in the problems of time arrangement.

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## **Poverty, inequality, exclusion: New approaches to theory and practice**

by Maryse Gaudier

Beyond the dramatic statistics, the literature on poverty in the world reveals three new trends in the 1980s: poverty is no longer declining, despite global economic growth; inequalities have widened on both economic and social fronts; and new categories of poor people have appeared — direct or indirect victims of changes in economic and social policy.

Faced with the urgent need to reduce poverty, inequality and exclusion, how has the scientific community tried to improve its observation, measurement and understanding of these phenomena? How have practitioners tried to renew and adapt social policy? How have the poor themselves reacted? What lessons have been drawn from these innovations, and what routes are now proposed towards the attainment of growth without poverty?

This bibliography brings together a selection of papers and publications which reflects these concerns, and highlights those which best illustrate the renewal of both theoretical and practical approaches to poverty.

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## **Retraining ... not redundancy** ***Innovative approaches to industrial restructuring in Germany and France***

by Gerhard Bosch

During the 1980s the threat of mass redundancies hung over large firms in manufacturing industry (e.g. shipyards, steel producers, consumer electronics) in both Germany and France. Large numbers of workers lost their jobs, and redundancy pay became an increasingly unsatisfactory way of counteracting the social consequences of large-scale job losses. In many West German firms, so-called employment plans were negotiated and in France reconversion policies were developed. By combining company funds devoted to social plans with public money made available for the promotion of labour market policy and regional development, it was possible to offer the affected workers places in training or job creation schemes and active assistance in finding new jobs, either with the same employer or in other companies. The training measures gave companies and regions time to plan for diversification. The author's investigation of the measures implemented in Germany and France is based on 14 case studies. He describes the problems raised by these new approaches to labour market policy and assesses their chances of success. His basic conclusions are that mass redundancies were prevented or reduced by employment plans and reconversion policies; that the companies involved committed themselves more strongly to internal structural change or to regional revival; that unskilled and semi-skilled workers in particular were protected from unemployment; and that structural change was acceptable to employees, works councils and trade unions because they were able to play a part in shaping the process.

In his conclusions, the author argues for an extension of active labour market policies. The deregulation of protection against dismissal or a return to *laissez-faire* labour market policies, on the other hand, would restrict the scope of labour market policy, increase long-term employment, strengthen resistance to change within companies and thus reduce the pace of structural change.

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