France's 35-Hour Week

This article first appeared in Canadian Dimension, February, 2000

By Anders Hayden

"Who produces the wealth in France? We do!" That was one of the slogans of 25,000 business protesters at a recent anti-35-hour work week rally in Paris. The chant would have been more appropriate across town, where the General Confederation of Labour (CGT) amassed a similar number of workers in favour of a 35-hour week, but with fewer concessions to employers.

In June 1997, the Socialists returned to power in France, in coalition with the Communist and Green parties, riding the wave of popular dissatisfaction that peaked in the mass strikes of 1995. A central campaign promise was a cut in the work week from 39 to 35 hours, with no loss in pay, to reduce a 12.5% unemployment rate. The government followed through on that pledge in October 1997 when it announced the details of its 35-hour initiative. The employers' association Medef reacted with a declaration of war, reminiscent of the conflict when Leon Blum's Popular Front introduced a 40-hour week and two weeks paid vacation in 1936, despite the clear democratic mandate and the moderate, economically pragmatic nature of the legislation.

A first law, approved in June 1998, declared that 35 hours would become the legal standard on January 1, 2000 (2002 for firms with fewer than 20 employees). Significant payroll tax reductions were announced for companies that reduced hours and created jobs, or avoided planned layoffs, before that date. Many key questions, such as penalties for firms that do not comply, were left to a second law in autumn 1999, based on a review of negotiations up to that point. Details like work time scheduling and the effect on wages were left to collective bargaining.

The French government reports that by September 1999 16,000 workplace agreements had already been reached, covering more than two million workers, and resulting in 122,926 jobs (85% are new jobs created, the rest are layoffs avoided.) Work time has been reduced in diverse ways, such as: seven-hour days, alternating four- and five-day weeks, additional days off on an annual basis -- usually 22 or 23, and "time savings accounts" for accumulation of long periods of leave. Many deals have gone beyond 35 to 32 hours or given individual workers the choice of reducing their hours further.

Agreements have been signed in all sectors and in all sizes of firms. In many cases, "win-win-win" accords have been reached, creating jobs for the unemployed, more free time for the employed, and efficiency gains for employers. Labour unions have often used the opportunity to convert temporary contracts and involuntary part-time jobs into permanent positions. Deals have been reached at publicly-owned firms like the electricity and gas giant EDF-GDF, where 35 hours will lead to hiring of roughly 20,000 young people, and at foreign-owned multinationals like Packard Bell NEC and Eurodisney, where Mickey Mouse will get a shorter workday with no loss in pay alongside 608 new jobs.

So far, in 88% of cases (and for all minimum wage workers) shorter work time has come without loss in pay. This has been possible due to the government's financial incentives (which are potentially self-financing due to the massive savings on the costs of unemployment when new jobs are created), salary moderation from workers (often through wage freezes over a year or two), and efficiency-boosting work reorganization and increased work time flexibility. Many firms have linked shorter hours for individuals with new shift arrangements to increase operating hours and save on capital costs, or have improved their capacity to respond to fluctuations in demand. Socialist leaders have trumpeted the fact that business competitiveness is not being undermined, and is often enhanced.

But negotiations have not been without conflict. A highly controversial deal was reached in July 1998 in the metalworking sector, where employers pushed hard for large increases in overtime, variations of the work week up to 48 hours, and extension of "flat-rate" salaries -- without reference to work hours -- to more employees. As a result, no new hiring would be necessary, and there would be no real reduction in work time. Many employers
hoped this would become a model, but the government refused to "extend" the deal to all firms in the sector.

Since the 35-hour law was announced, unemployment has declined at an accelerating pace (from 12.5% to 11.1% by September, 1999), due both to renewed growth and the effect of shorter hours. This, combined with surging investor and consumer confidence, has disproved claims by employers and right-wing economists that the project would drive up labour costs, scare away investment and destroy jobs. Even the IMF, which blasted the plan in 1997, has softened its criticism and reluctantly admitted that the 35-hour week "seems to have had a positive effect on the level of social dialogue [between management and labour] and the organization of work."

More serious is the critique from the left. In September's *Le Monde Diplomatique*, Martine Bulard argued that if the costs of shorter work time are covered by increased flexibility, productivity increases, reduced wage increases, and state financial incentives, then "everyone pays but the employer." Greater work time flexibility has been particularly controversial, prompting fears that the real aim is to bring in American-style flexible labour practices through the back door. Flexibility provisions do not always impose undue hardship on workers -- for example, some agreements give workers a four-day week for most of the year and give firms a slightly longer work week during periods of peak demand. But real problems can be created by extreme fluctuations in hours, especially when there is little advance warning. Concern is growing over the rise of night and weekend hours and the loss of established time rhythms. For example, automaker PSA-Peugeot-Citroën has linked the move to 35 hours with more obligatory Saturday work without overtime pay. Questions about whether employers or employees control when time off is taken, and whether workers will gain a real increase in freedom or become more dependent on the time logic of companies, have emerged as key issues.

Facing opposing criticisms from left and right, Martine Aubry, the Minister of Employment and Solidarity, introduced the second 35-hour bill in June 1999. To give more time for successful negotiations, she announced an additional one-year transition before all hours above 35 will be subject to the full overtime premia, and a two-year phase-in of the annual overtime maximum of 130 hours per worker. Alain Lipietz of the Green Party, echoing other advocates of rapid work time cuts, called the transition period "a horror." In contrast, one small business leader said this was no better than having your hanging delayed. Taking the middle road, the government maintains its approach is a "balanced" effort to "reconcile the economic and the social."

The Communist and Green parties initially refused to support the second law. But they joined their Socialist coalition partners in voting for it on October 19, after a number of amendments. New wording specified that accords benefiting from state financial aids should create or preserve jobs and overtime rules were tightened somewhat. The "Michelin amendment," introduced after the corporation announced a cut of 7500 jobs despite record profits, requires all firms to explore shorter work time before layoffs will be allowed. Existing incentives for employers to create part-time jobs were cancelled. Coupled with requirements on employers to consider individual requests to work less, and part-timers' requests to work more, the result should be a shift away from involuntary part-time to "chosen part-time".

Yet other controversial measures remained, such as permitting agreements that require workers to use some of their time off for training. Some managers will be covered by a limit of 217 work days per year, without reference to the number of hours. Fearing the potential of 13-hour days, hundreds of managers took to the streets in Paris on October 12 to demand "a real reduction of work time" calculated in hours. (At the same time, there have been signs of a crackdown on the unpaid overtime of managers and other salaried workers -- most notably, the ex-CEO of the defence electronics firm Thomson-RCM was fined 50,000 francs in June for subjecting his management employees to 45,000 hours of unpaid, "clandestine" work.) The law also includes a Kafkaesque "salary top-up" system to maintain income levels for low-paid workers without increasing the minimum wage.

Despite the controversies, and the disappointed expectations of some individuals, a poll in September found that 84% of workers who have had their hours reduced said there were more advantages than disadvantages, and 75% said their quality of life had improved. Spending more time with one's family and children was the most commonly cited use of the additional free time. Other polls have shown high levels of satisfaction among 35-hour workers due to pride in contributing to job creation. The largest labour unions, the CGT and the CFDT, remain strong advocates of a 35-hour week. The right-wing opposition is divided between hard-line opponents of shorter work time and those who support the goal but question the means of legislation. It is unclear what the right would do about the law if it won the next elections, but don't expect anyone to campaign under the slogan of "let's go back to 39 hours."
On its own, the 35-hour week will not be enough to return France to full employment -- no serious advocate ever claimed that it would. But there is little doubt that it has already helped make recent economic growth "richer in jobs." One can safely expect that it will eventually create between 250,000 and 450,000 jobs, possibly more. Perhaps more important in the long run, the project has already generated some fundamental questioning of the place of paid employment in the lives of individuals and in society as a whole.

For the full promise of shorter work time to be achieved -- as a job creator, as a way to improve quality of life, and as part of a new vision of progress that challenges the infinite growth of consumerist excess -- the competitive pressures of globalized capitalism will have to be tamed or transcended. In the meantime, France's left-wing coalition has taken some significant, if not entirely perfect, steps forward.

Anders Hayden is the author of Sharing the Work, Sparing the Planet: Work Time, Consumption and Ecology and the Research & Policy Coordinator for 32 HOURS: Action for Full Employment. 238 Queen St. W., Lower Level, Toronto ON, M5V 1Z7. Tel: 416-392-1658. Email: freetime@web.net