

Quiggin, J. (2000), Shortening working hours, *Australian Options* 17, 2-5.

Globalisation is a nebulous term, but one thing all the different versions of globalisation have in common is that everyone is supposed to become more like America. The English-speaking countries are taking the lead in this process followed by 'good' Europeans like the Dutch and the Italians, while the Germans lag behind and France remains recalcitrant.

In at least one respect, however, the world seems to be following France rather than America. A central feature of the American 'New Economic' has been the reversal of the long-standing trend towards shorter working hours. After the intensive exploitation of the Industrial Revolution, working hours declined steadily for nearly 150 years, under the pressure of union campaigns and legislation. These campaigns are still commemorated in holidays such as Labour Day (originally Eight-Hours Day).

Annual working hours in the United States fell to 1882 hours per employed worker in 1983. Since then, however, annual hours have risen steadily towards 2000 hours per year. Eighty per cent of male American workers and more than 60 per cent of female workers put in over 40 hours per week, and many get only two weeks' annual leave.

The result is like turning the clock back several decades. The US Bureau of Labour Statistics estimates that average hours of work for manufacturing workers in 1998 were higher than in 1950. Working hours in the US are similar to those in much poorer countries, like Mexico and Hungary.

When working hours are taken into account, the supposedly miraculous US economy looks far less impressive. According to the International Labour Organisation, productivity growth since 1980 in the United States (measured in output per hour worked) has been weaker than in any of the major Asian or European economies. Paul

Krugman's observation that 'If the Soviet economy had a special strength, it was its ability to mobilize resources, not its ability to use them efficiently', which he applied to the Asian 'tiger economies', now appears relevant to the United States.

The US has outstripped the notoriously hardworking East Asians. In the 1980s, the Japanese were averaging more than 2100 hours per year and 'karoshi' (deaths from overwork) became a national scandal. But Asians have reduced their working hours as their incomes have increased. The average American employee now works 100 hours per year (more than two full weeks) longer than the average Japanese or Korean.

The really striking contrast is with the wealthy European countries. Dutch and Norwegian workers average around 1400 hours per year, or about two-thirds of the US level. Other European countries average around 1600 hours. These figures reflect easy access to part-time work for women and long annual holidays as well as a shorter working week.

The French have led the way in resisting pressure for American-style working conditions. In 1997, the 'loi Aubry' set a maximum working week of 39 hours, applicable to all workers including managers. The maximum was lowered to 35 hours per week with effect from February 1 this year. There have been some offsets, such as systems of annualisation, allowing a maximum of 48 hours per week. However, the majority of agreements concluded so far call for annual hours of less than 1600 hours for full-time workers, equivalent to about 45 weeks per year at 35 hours per week. Despite Anglo-Saxon predictions of disaster, the new law has been accompanied by strong economic growth and falling unemployment.

Where does all this leave Australia? Over the last decade or so, the growth in full-time hours has been offset by an increase in the proportion of part-time workers. The result is that average annual hours have been more or less constant, but the distribution of work has become more uneven.

In the current state of labour market regulation, there is little that governments can do to offset the pressure for increasing weekly hours of work. But the Federal government could easily legislate a national minimum of six weeks annual leave, as in many European countries. This would be equivalent to a 4 per cent wage increase and could easily be phased in over a couple of years.

The benefits of longer holidays would be substantial, particularly for families and for overstressed workers whose standard week is getting steadily longer.

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