

VIVRE EN TRAVAILLANT: EXPLORING THE ECONOMIC AND SOCIAL EFFECTS OF
THE 35-HOUR WORKWEEK IN FRANCE

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INTRODUCTION

“Making money is not the goal of the Frenchman— it’s not recognized as giving you respect or happiness. Many French companies do not expand because the owner sees the stress involved in enlarging it as destroying his own happiness in life— he’d rather limit his business success. For an American executive, to be successful is 98% of his goal in life. For a French executive, it is 65 percent. That extra 35 percent is for being himself, looking for mushrooms, for instance, in his little forest.”

-Ernest-Antoine Sellière
Chairman and CEO of the French holding company CGIP.

When I first visited France, I was consumed by a laid-back culture, full of people who appeared to devote large amounts of their time to relaxing. It seemed that during all times of the day, there were always people out sitting for hours at a local café or park, chatting with friends, reading, or simply watching the day—and people—go by. In America, people are always rushing somewhere, keeping up with the fast-paced lifestyle, and relaxing only if and when all duties at work are completed. The American, work-obsessed culture has its pros though, and I have always been accustomed to instantly receiving service from businesses during most hours of the day. Once I arrived in France, I realized that everything suddenly took longer. I no longer had the option of taking a quick trip to the bank during my lunch break, or running my errands on the weekends. Between 12 and 2 PM, offices closed; the French worshiped their two, or sometimes three, hour lunch break, and if I ever happened to want lunch after 2 PM, there was little hope because most restaurants were closed. There were always people out and about, but it seemed as if businesses were rarely opened when I needed them to be. Sundays were exceptionally inoperative. There was no chance of the French selling me anything as the entire city was shut down. Sundays were spent with family and friends either at home or in the numerous well-kept parks.

Although in France, I might have missed the instant gratification that American businesses warranted me, now that I am back in America, I miss even more the relaxed atmosphere that enveloped French society. It did not take long for me to adjust to the unconventional hours, and I began to understand and appreciate the French way of life. I miss watching people of all ages enjoying what appeared to be a carefree daily life. I greatly admired the glorified life away from work in France, an idea that I never even seemed to notice in America. My personal experiences in France led me to wonder how a culture such as this survived. It was apparent that the French were working less than Americans. Throughout history, France has also upheld a strong, competitive economy—even if not as great as the United States. Most drastically, I perceived the overall quality of life, especially for workers, to be far more pleasant than in the United States. This observance provoked my thesis research, and I wanted to learn more about the effects of hour reductions on the economy and societal welfare—specifically the 35-hour workweek in France.

According to the OECD Better life index of 2014, People in the United States work 1,790 hours a year and spend 60% of their day not working, or devoting their time to personal care and leisure, while People in France work 1,479 hours a year and spend 64% of their day on average not working. French employees are working less due to programs such as the 35-hour work week and 5 weeks of paid vacation, and it is clear that the French are spending fewer hours working than Americans. Two questions arise from these statistics. Does this extra free time give the French more opportunities to partake in activities that could ultimately lead to increased happiness? Also, how does this policy ultimately affect the economy? The latter question might be more important to many, especially in the highly capitalistic and globalized society that we live in today; but I also hope to find out which question the French believe is the most important.

Do French employees need an immense, growing economy with plentiful and quality jobs to be happy? Or does the quantity and quality of hours spent away from work better expand the happiness of French employees? In my thesis, I hope to answer these questions.

As French President Charles de Gaulle once said, “Life should not be dominated by work, if you work too hard, you will become crazy!” After my time abroad, I realized that many Americans simply live to work. I believe that the French, on the other hand, work to live. Many times this positive notion is overshadowed by cultural stereotypes. France has long had the reputation of taking a lax approach to working life. Two-hour lunch breaks, five weeks of paid-vacation, and a 35-hour workweek only nurture the lazy stereotype of the French by the typical American. Recently, the media blasted the idea of increased French laziness, as false reports regarding work emails were released. “No after-work e-mails please. French ordered to ignore the boss after 6 pm” ran the title of one report.¹ In reality, there was no new piece of French regulation, but a labor agreement within the high-tech and consulting field that affected an estimated 250,000 employees.² False, overestimated reports such as these only strengthen the negative stereotypes that often define French workers. In my thesis, I hope to prove that the French are hard workers, but simply value life away from work more, focusing on the things in life that bring them real happiness. I believe the average work-consumed American should take note of this French peculiarity.

As Anders Hayden explains, “The 35-hour workweek in France is one of the boldest, and arguably most complex, social reforms of recent times in any advanced capitalist nation” (504). In comparison to other countries, the length of the workweek has taken a central place in many

¹ The Report was run by *The Times*, a British daily national newspaper.

² The agreement referred to an “obligation to disconnect communications tools, but only after an employee has worked a 13-hour day” (“France’s 6pm e-mail ban: Not what it seemed”).

labor relations. Since the early days of the Industrial Revolution, numerous efforts have been made by governments to enact protective regulations limiting employees' hours of work. In the nineteenth century— thanks to labor unrest and union agitation that drove political campaigns—the British “Factory Acts” and American labor laws were passed to restrict the maximum number of hours of work per day or per week, ostensibly to protect workers' health and safety (Dembe 459). Similarly, many countries across the world celebrate Labor Day on May 1, the starting date of a strike in 1886 Chicago in favor of an 8-hour working day, when several workers were killed and wounded (Estevão and Sá, “The 35-hour workweek” 419). Workweek reductions have been the norm for years now, and workers in many countries have fought for this well-deserved right to benefit their quality of lives.

Critics might believe that the 35-hour workweek in France is drastic and a hindrance to businesses in a highly competitive and globalized world, but I have higher hopes for this policy in increasing workers' quality of life and supporting the idea of the French exception: working to live. With my research on the 35-hour workweek in France, I hope to learn more about the culture and history of French workers and the ensuing labor movements; the involvement of workers and politics in enacting specific details of policy; the effects of the policy on the French economy, and specifically employment; and the effects of the policy on the overall quality of life of workers in France. If I am correct with my predictions, I hope to discover that the 35-hour workweek is simply part of a French culture that focuses more specifically on life, and not of work; the policy is still around today because of the great support of French workers who are determined to receive the utmost working conditions; and without regard to the economic effects, the policy is a success because of the great increase of quality of life in France.

In my first chapter, I will discuss the history of the French labor movement, starting from the Early Modern Era. Although this very early history is lengthy and does not directly relate to the 35-hour workweek, it is imperative in tracing the roots of social inequality in France. This inequality led to the French Revolution, which overturned the exclusive French monarchy and granted equality for all under the new constitution, and served as a critical moment by fortifying labor movements that, in turn, have shaped the modern working culture. Chapter 1 will not only explore the French inequalities across workers, but also the major displays of opposition to this inequality through strikes, and the labor unions that ultimately resulted. I will introduce the major labor unions in France, specifically explaining their history, demography, density, and popularity. I will search for correlations in both past and present labor movements and use the results to make a general conclusion about the culture of labor unions, and essentially, work in France. By understanding the history and culture of work in France, we will become familiar with the average French worker, and then, can better comprehend how and why the 35-hour workweek was enacted.

The purpose of my second chapter is to provide detailed information regarding the 35-hour workweek in France. In the chapter, I will explain the policy's specific implications, and this will serve as a foundation for analysis in the following chapters. In addition, I will discuss the rationale for a reduced workweek and the political ideology that molded it. I will try to gauge the importance of politics by discussing the transformation of the law through amendments as different political parties took power. I will also research the influence of labor unions, highlighting their opinions and involvement specific to the 35-hour workweek. By understanding the role of politics and labor unions, specific supporters and opponents of the policy can be identified, and this will help explain greater conclusions of whom the policy

benefited. At the end of the chapter, I hope to determine the extent of workweek reductions, discovering how many hours the French actually work, and how drastic the change was compared to previous years. At this point in my thesis, I hope that readers will understand the 35-hour workweek as a labor policy, who endorses it, and how it works.

Chapter 3 analyses the effects of the 35-hour workweek on the French economy, and more specifically employment. I will begin the chapter by explaining the rationale for an economic boost, and then dissect the specific effects on employment. By examining previous research and studying general economic statistics, I will make an initial conclusion of the effects on employment. Then, I analyze the effects of specific phases of the policy, highlighting the most relevant key dates that transformed the original policy. I run regressions to analyze the effects of these phases on the unemployment rate and average annual hours worked. The regressions will allow me to form a more accurate conclusion of the effects of the 35-hour workweek on employment, while pinpointing the specific phases of the policy that may have hindered the policy's overall success.

Chapter 4 will discuss the overall effects of the 35-hour workweek on workers' quality of life. Similar to Chapter 3, I will begin by discussing the rationale for increased worker well-being due to the 35-hour workweek. I will then explain the initial opinions of French workers, and predict who would benefit most from a reduction in hours. I will highlight the allocation of free time, and consequently, how it was used. I not only hope to draw overall conclusions on the welfare of the greater French population, but also target exactly who was affected the greatest. After determining who gains and who loses and the extent of these effects, I hope to make an overall conclusion, determining if the 35-hour workweek was successful in increasing the quality of life for French workers.

In Chapter 5, I introduce additional labor policies that influence working life in France. I provide a broad view of working life in France, pointing out those who benefit the most and those who sometimes miss out on the full security that the policies are intended to provide. I then compare France to the United States, Sweden, and Germany. I use the United States as a contrast to France, highlighting the key differences and the effects they have on the labor force. Sweden and Germany provide alternate views of labor policy in Europe although relatively similar to France. The comparison explains the main goals that each country's labor policies strive to achieve, and how they affect the greater population. I plan to use this comparison as a way of discovering if specific countries policies are better in fighting unemployment and increasing worker welfare than the 35-hour workweek, and use this information to suggest better policy options for France. In conclusion, I hope to give readers an idea of working life in France by studying the 35-hour workweek. Understanding the policy and its effects on employment and quality of life will help me form a greater conclusion about the overall success of the 35-hour workweek, and its connection to the greater culture of working-life in France.

CHAPTER 1: A Brief History of Work in France

“French people are strongly polychromic and not obsessed by time. As far as punctuality at meetings is concerned, this is an emotional thing. There is a mental/psychological resistance to the ‘military’ aspect of companies, the hierarchy and so on. French people are individualists, they want to have a sense of independence, a margin of freedom, and not to be part of a mold. They have fun playing with and by-passing rules (and laws...)”

Jean-Claude Guez
French Executive; Andersen Consulting

Throughout history, literature, art, and film have often portrayed the French as an aloof people in an extremely romanticized culture. Polly Platt reminds us of this in her book *French or Foe?* She claims that “Everyone knows it’s the land of the 4 F’s—Food, Fashion, Fragrance and Frivolity” (16). This viewpoint frequently takes the forefront in foreign perceptions, but the culture of French workers actually presents an alternate idea. Work and labor movements throughout history reveal a people with a passion for fairness and equality, and the French have continuously proved to be hard-working, especially when demanding better working conditions. In more modern times, this determination can be related to the 35-hour workweek. During years of slow economic growth and sluggish union activity, France worked together to create a policy to boost the economy and increase worker well-being. In 1998, the 35-hour workweek in France was enacted by the government with the cooperation and demands of labor unions. By examining the inequality of social classes at work in early years of France that led to movements through revolution and strike, and labor unions, we are better able to understand the effort that is executed by workers to achieve their demands for better working conditions and policies. Ultimately, this history will allow us to understand the exceptional involvement of workers in French labor policy, and more specifically, within the 35-hour workweek.

Dark Times for French Workers: Inequality and Revolt

Both the significance of work and the inequality that frequently emerged can first be traced to The Early Modern Era and especially, through that of the peasants in a feudal society. During the fourteenth through seventeenth centuries, family members worked hard to survive. Each village developed a social rank that revolved around those who were most powerful, commonly the literate communal officials. Often times, the poorest members of the community had no political voice, and the higher officials manipulated the political system to their advantage, charging high taxes to rural peasants who did not own land, but persistently worked the land (Farr 29). During this time, it can be estimated that the church, crown, and lord took about two-thirds of what the peasants produced (Farr 38). The feudal and hierarchal systems in France provided no alternative for those in poverty to actually succeed. This intense poverty that put unfair pressure on the lower working classes caused significant unrest and was bound for resistance and revolution.

Resulting from the history of inequality within the working class, in March of 1789, peasant unrest finally broke out during the French Revolution. “The Revolution swept away a corrupt society based on privilege, despotism, and superstition and replaced it with a society based on the invariant laws of nature and the crystal line simplicity of reason, in which equality under the law and the liberty of the individual citizen would be at once the foundation and the goal of public life” (Sewell 62). The Revolution presented more equality and increased power to the lower classes while also introducing a new constitution. This constitution would be the turning point for French political institutions that would ultimately create a more economically sound and liberal nation.

The French Revolution and the National Constituent Assembly entirely changed French laws. The new constitution completely abolished the feudal system and all of the obligations and dues that it entailed, removing the tax exemptions of the nobility and the clergy (Acemoglu and Robinson 284). It also deemed equality for all, making all citizens, without distinction of birth, eligible to any office or dignity, whether ecclesiastical, civil, or military (Acemoglu and Robinson 285). This radical change in French law prepared France for institutions that would allow for greater economic success. The abolition of the feudal system and creation of fair, equal taxes created greater incentives for the French to work and produce more. Equality for all allowed citizens the chance to rise in society, contributing to innovation and technology for the nation, and holding the wealth that each deserved. The new constitution created the perfect equation for a nation that could succeed economically, while also boosting the well-being of the lower classes who had struggled for so long. The determined people in France, who led the revolution and helped create economic success for the nation, are the same determined people of the workforce in France that can be seen in modern times. Through union involvement and massive demonstrations, the French continue to fight for workers' rights and policies that would be most beneficial to them.

The rise of unions can be anticipated from the early history and culture of inequality and labor relations between the government and workers. Roots can be traced back to the Early Modern Era, when the first law on the subject, the *Loi Le Chapelier* of 1791, suppressed combinations founded on alleged common industrial or trade interest by forbidding combinations of workers (Meyers 47). After many years, France began to enact minute rules of law governing labor-management relations, slowly recognizing intergroup arrangements as quasi-public in character, so that employers and unions could develop rules within legal boundaries, which

might become a charter for an entire industry, or in some cases for the entire economy, binding upon other employers and workers not parties to the agreement (Meyers 48). This perspective is unique to France, embracing pluralism and helping to defend the complexity and validity of unions.

The mid-1800s gave birth to collective bargaining as a significant and seemingly lasting institution with pervasive influence on the French economy and on French industrial relations practice (Meyers 48). Although strikes were frequent many years prior, *le droit de coalition* in 1864 legalized strikes, on the condition that they were peaceful and respectable (Labrune, Toutain, and Zwang 88). Years later, in 1884, the legal right to exist was endowed to unions, as permanent institutions (Meyers 48). After unions were officially allowed to exist, the right to strike was utilized to achieve change after beliefs of injustice in a more acceptable way. As collective bargaining became more popular, unions created a series of elected committees through the *Conseils de Prud'hommes*, or labor courts, ultimately deciding the fate of grievances and disputes, within and without unions (Meyers 49). The labor policy surrounding collective bargaining created a system in which workers could effectively voice their complaints and witness action, and unions could become more credible, therefore strengthening their role in political and economic discussions nationwide.

The Modern Unions of France

France has five *confédérations*, or trade union centers composed of affiliated unions, which are recognized by the state as negotiating partners (Meyers 53). The largest and oldest, the *Confédération Générale du Travail* (CGT) was founded in 1895 by labor organizers and many anarchists who upheld the doctrine of revolutionary syndicalism, which aimed to eliminate the state and bring the working class to a social revolution through unionism (Haus 110). The CGT

was known for intense hostility toward employers and the organization of capitalist production during certain periods (Chapman, Kesselman, and Schain 5). After World War II, this *confédération* was dominated by the Communist party until the 1990s (Haus 132). Frustrated with the domination of the French Communist party over the CGT, several members left to create the anti-Communist *Force Ouvrière* (FO) in 1948, and eventually this *confédération* was funded by both the French government and the American Federation of Labor (Lorwin 530-533). In 1945, a few years before the FO was founded, the *Confédération française de l'encadrement-Confédération générale des cadres* (CFE-CGC) was created by white-collar *cadres*, or supervisors and professional employees such as engineers and administrative staff (Reynaud 215).

Not only are there secular unions for both blue and white collar workers in France, but also two prominent *confédérations* that were historically very religious. The *Confédération Française des Travaillateurs Chrétiens* (CFTC), founded in 1919, had strong links with the social Christian party and has ultimately remained a powerful *confédération* with a fairly constant membership rate (Lorwin 533). After World War II, a majority fraction broke away from the CFTC to form the *Confédération Française Démocratique du Travail* (CFDT), which emerged in 1964 and changed to a more moderate reorientation after a radical and militant period (Haus 132). The CFDT continued to drop all references in its statutes and program to the Catholic church and officially embrace socialism in 1970 (Reynaud 208). The history of the major *confédérations* in France portrays controversy and hostility within parties, which ultimately led to the creation of new unions, but it can also be proven that the *confédérations* joined together when beneficial, most notably in the form of strikes.

In 1966, the CFDT and the CGT struck a unity of action pact that committed both unions to joint support for workers' strikes at the local level. Chapman, Kesselman, and Schain argue that "these breakthroughs for labor— greater unity in the movement, greater combativeness in the workplace— prepared the ground for that stunning surprise, May 1968, when 7 million workers took part in the largest strike wave in the country's history and helped unions rise to a position of central importance in French political and economic life" (11). The strikes are often referred to as a "social revolution" with the great desire to do away with Gaullist capitalism, which was seen as an authoritarian system (Ball 79). There were thousands of public conversations taking place not about who should be elected to office or how to get a raise in pay, but about how work, society, and life itself should be organized and lived (Ball 77-78). The strikes inspired many to become labor activists, and as a result membership lists grew in every *confédération*. The unions became increasingly powerful during this time, but would soon lose steam.

During the 1970s, the defeated left and succeeding right-wing presidents, Georges Pompidou and Valéry Giscard d'Estaing, combined with a large economic crisis, created many problems for the newly empowered *confédérations*. The economic crisis that stemmed from the 1973 oil crisis and the end of the post-World War II economic boom ultimately affected much of the Western world. Chapman, Kesselman, and Schain explain that after the crisis hit France, manufacturing jobs disappeared, unemployment rates soared, and the male blue-collar workforce that had long been the mainstay of the labor movement dwindled in size. Chapman, Kesselman, and Schain continue to argue that the right-wing presidents who during this time favored employers and enacted strong capitalistic and industrial reforms to combat the crisis caused many *confédérations* to restore back to their traditional defensive posture, lacking the desire to

unanimously lobby for new labor policies (12). Membership in all of the confederations dropped by two-thirds after the mid-1970s (Schain 13). The election of the first socialist president of the fifth republic, François Mitterrand, gave hope to unions, but because they were locked out of decision making for so long, they now competed for policy influence in the leftist government, creating rivalries and disputes (Chapman, Kesselman, and Schain 15). The unions could no longer simply unite and oppose policies of the right together.

The Great Deception of Union Participation Rates

After 50 years of decline, just over 8% of workers in France belonged to a trade union in 2006 (“Power Without Responsibility”). In his article “French Unions: Myth & Realities,” Schain claims that “the French trade union movement is perhaps the weakest in Europe, and certainly from the point of view of membership.” Schain supports this argument by showing that the only other nation that comes close to France’s low union participation rate of 8% is the United States with 13% (13). Even though the power of the French unions appears relatively weak, workers actually still obtain substantial power. This power is supported by the enormous masses that gather and strike, often halting the French market and the daily routines of major cities. In France, public support for strike action has often been far stronger than in countries in which unions are considerably stronger (Schain 12). Greeman explains that this power is simply part of the greater French culture and embodies a still-living revolutionary tradition of popular mass mobilization and struggle that began hundreds of years ago (9). Polly Platt similarly explains this cultural idea. “History envelops everything in France, including business. French people live and breathe it”(103). The historical legacy of inequality in France plays a large role in influencing labor movements. When French workers feel as if they are being treated unfairly, they unite to protest and fight for their welfare, and they do so with passion.

The recent presence of substantial strikes in the midst of low union participation rates validates the determination and power of the French labor force. In December of 1995, virtually all transport, civil service workers, and teachers in the country were on strike to protest the government's plan to cut pensions and dismantle the 50-year-old policy of financing health care (Krishnan). Schain, who was in Paris at the time, describes his experience.

The strikes went on for weeks. In December, it is not light much before 9 a.m. in Paris, and so hundreds of thousands of people filled the gloomy streets each morning and evening, trying to get to and from work on foot or by bicycle. In the dark morning mist, it looked like the opening of an Eisenstein film. The government provided some army trucks for the more adventurous, as well as water transport along the Seine. (12)

In the end, the strikes proved successful, and the cuts were rescinded (Greeman 9). Even though strikes disrupt the lives of plenty of people, as depicted during the demonstrations of 1995, the French still show support due to the popular goals of increased worker well-being that they strive to achieve. The majority of the French public understands that the primary role of unions is to defend their members' interests, and clear majorities are in favor of unions' exerting more, rather than less, power in the workplace through strikes (Schain 14).

Another example of massive demonstrations in recent history was in 2010, and many refer to it as the French "Hot Autumn." After the government announced it would increase the minimum retirement age from 60 to 62, protests began: great numbers of workers took to the streets several times in just a few months; high school students surprisingly joined in to defend retirement at age 60; and public opinion both supported the protests and faulted President Sarkozy for intransigence. French trade unions had managed to mobilize between 1 million and 3.5 million people on ten separate occasions between 27 May and 6 November 2010 (Ancelovici 121). Strikes such as this only reiterate the idea that French workers have great capabilities to

powerfully show opposition when the government threatens to decrease or remove aspects of their— historically well deserved— welfare.

In this chapter I have explained how the strong history of inequality in France led to powerful worker mobilization through union formation, and more importantly, strikes. This power gives workers opportunity to play an important role in swaying political agendas and labor policies. The strength of workers and their ultimate goal of increased worker well-being can be seen through the 35-hour workweek. In the following chapter, I will provide detailed information about the French 35-hour workweek and discuss the involvement of unions and political parties in creating the policy. I will also explain how aspects of the policy were designed to benefit worker well-being, and as should now be expected, produced passionate support from the majority of the French labor force.

CHAPTER 2: The 35-hour Workweek in France

*“The primary meaning of the French word *compromis* is a *faux-ami*, i.e. it does not translate into ‘*compromise*’ but rather into something like ‘a potentially bad deal that one might be ashamed to make public.’ ‘*Compromising*’ in French sometimes conveys a taste of ‘losing’... or at least ‘losing face’...”*

-Jean Claude Guez
French Executive; Andersen Consulting

The plan for a reduced workweek, and eventually the 35-hour workweek, was a process that spanned over two decades under several presidents belonging to different parties and was met with both opposition and support from government officials and unions alike. As mentioned in Chapter 1, there are two, opposing types of unions. The earliest, most common, and influential are the trade, or employees’, unions who hold potential of gathering enormous, revolutionary masses. The other is much smaller, but quite often holds more power and wealth, the employer unions. Similar to politics, opposing parties clash at almost everything, and sides must be taken. Fluctuations in economic growth and slumps paired with an already exceedingly controversial topic such as unemployment, created an ideal priority for unions to debate and political candidates to mold campaigns around. Propelled by the ideology of the left, the 35-hour solution to economic and employment issues sparked debate, and often created strong alliances between unions and politicians with similar opinions of the policy.

The Birth of the 35-hour Workweek: A Better Policy for France

The first regulation of the workweek in France occurred after the February Revolution of 1848 and resulted in a maximum working day of 12 hours. In addition, after the victory of the Popular Front in 1936, the working time was limited to 40 hours per week (Labrune, Toutain, and Zwang 84). Many years later, Socialist President François Mitterrand aimed to reduce the workweek more with *la réduction du temps de travail*, or RTT in 1981. Mitterrand's government

both reduced the length of the workweek from 40 to 39 hours, without loss in workers' pay, and introduced a fifth week of paid vacation (Estevão and Sá, "The 35-hour workweek" 422). He believed that this would increase employment within France, and for the same reasons he hoped to adopt a 35-hour workweek by 1985 (Askenazy, "France's 35-Hour Workweek" 30). The idea of reduced working time was followed by several other laws, which eventually led to Mitterrand's goal of 35-hour workweek.

Many years later, as the unemployment rate rose to 12%, the Robien law was accepted by the conservative government of President Jacques Chirac in 1996 (Askenazy, "France's 35-Hour Workweek 30).³ The law offered large financial incentives for firms to create new jobs or preserve existing ones through work sharing, with the main aim of increasing employment, but also improving working conditions and facilitating the reconciliation between work and family life (Durand 11). Firms that reduced hours by 10 percent and increased employment by at least 6 percent received significant lower payroll taxes (Askenazy, "France's 35-Hour Workweek" 30). The Robien law was not expected to be met with huge success. It merely introduced incentives with no regulations and worked primarily as a trial run. Nonetheless, the Robien law was the first step, promoting a plan for employment gains without forcing significant costs on businesses, and at first glance, it appeared to be the perfect fix.

After the dissolution of Parliament by Chirac, the left-wing victories of the legislative elections of 1997 led to the naming of Lionel Jospin as Prime Minister and a 5-year cohabitation that helped guide the policy into greater action (Labrune, Toutain, and Zwang 140). Headed by Jospin, the left validated the 35-hour workweek with a *réalisme de gauche* (realism of the left), which acknowledged globalization's constraints and the need to maintain business profitability

³ His party affiliation was with the Union for a Popular Movement.

and competitiveness, yet insisted that some room to maneuver remained for activist pursuit of social-democratic goals (Clift 325-37).⁴ The Jospin government believed that economic growth alone would not fix the 12% unemployment rate rapidly enough and therefore introduced activist measures to make growth “richer in jobs” (Freyssinet 30-32). Aiding the economy with employment growth, while also improving worker welfare aligned with *réalisme de gauche*, but business profitability and competitiveness still needed to be maintained, and additional capital was critical to fund the policy.

The solution to maintain a competitive economy and financial stability originated from the concept of a link between shorter, but also more flexible work hours. Based on the 1986 Taddei Report of the Socialists, more flexible work hours for individual employees and longer operating hours for French firms would, in effect, make machines work longer while individuals became more productive and worked less. More extensive use of capital equipment and new shift arrangements were believed to help enhance productive capacity and increase the return on capital (Hayden 506). These gains would, in turn, help deliver lower prices, increase market share for French firms, and most importantly deliver a reduced workweek with little or no loss in pay (Hayden 506). The center-right also recognized that an increase in employment would result in vast savings on the direct and indirect costs of joblessness, such as unemployment benefits, and also produce new tax revenues (Larroutourou). It appeared that shorter and more flexible hours created the perfect equation to increase employment, leisure, and business competitiveness, all while funding itself. The fact that a cohabitation government worked together to produce and implement a policy not only provides evidence of diverse support, but

⁴ The left in this sense, includes the Socialist, Green, and Communist parties.

also hope for success and public approval. The rollout of the policy to the greater population did not go as smoothly.

In 1998, Prime Minister Lionel Jospin's government moved forward to mandate the 35-hour workweek and introduced the Aubry I law. Aubry I included a reduction of the standard workweek to 35 hours by January 1, 2000 for large firms and 2002 for small firms;⁵ financial incentives for private-sector firms that reduced hours before the 2000 and 2002 deadlines; a call to labor unions and employers to launch sector-wide and firm-level negotiations on the reduced work week; and a future second law that would be based on the experience of said negotiations (Bilous 30-31). The law provided financial incentives through government subsidies, with the goal of increasing support for the 35-hour workweek both as a general policy and during the negotiations that were to follow and ultimately determine the fate of the law (Askenazy, "France's 35-Hour Workweek" 31). The progression of the 35 hour week through Aubry I ignited an aggressive nationwide argument that would endure through new laws, amendments, and political campaigns. The great idea that fostered such hope and excitement of a successful 35 hour week was suddenly vulnerable to scrutiny from the great power holders in France—politicians and most importantly, the French unions. After all was said and done during the Aubry II negotiations, the idea might have been too good to be true.

Dismantling the 35-hours: Complexity and Controversy

During the deliberations that followed the Aubry I law, the employer organizations and labor unions pushed for different adjustments that would benefit their demands. The trade unions were divided on some issues, but ultimately supported the policy, pushing the slogan "35 hours pays 39," and only demanding that worker income continue to be maintained as hours were

⁵ Large firms have more than 20 employees; small firms have less than 20 employees.

reduced (Estevão and Sá, “The 35-hour workweek” 422). Many unions even agreed to a partial wage freeze for one to three years to demonstrate support for the policy (Durand and Martin 12). In contrast, MEDEF,⁶ the main employers union, and many major corporations counted on the complete failure of Aubry I to undermine the entire project; they believed that most firms would not begin to reduce hours, and the government would then be forced to abandon the project (Askenazy, “France’s 35-Hour Workweek” 31). As avid support from employees and their unions surfaced, MEDEF began to see benefits in negotiating, and called for limits to the extent of reduced hours and hiring, while gaining as much flexibility as possible (Askenazy, “Working time regulation” 157). As negotiations continued, flexibility was positioned as a crucial issue to employers, employers unions, and quite often the politicians of the right.

Even though the idea of flexible hours was supported by Socialists in the initial phases of the 35-hour workweek through the Taddei Report, the magnitude of flexibility and who that flexibility would actually benefit grew fraudulently. Employer organizations had a different idea about reducing working hours and the definition of “work time,” one that attempted to avoid a major work time reduction by creating loopholes in the law. These organizations wanted the definition of work time to exclude “unproductive” breaks, holidays, and training periods so that it would be possible to reach 35-hours with a reduction that was substantially lower than the government’s goal of 10 percent (Askenazy, “France’s 35-Hour Workweek 32). The substantial, assertive strategies of employers led to some key concessions that ultimately added great flexibility to Aubry I.

⁶ *Mouvement des Entreprises de France*, or Movement of French Enterprises.

In 2002, after the negotiations, Aubry II was released with many relaxed changes. The new law did appeal to the call of employees' unions and created a guarantee for employees earning the legal minimum wage, which was designed to prevent a fall in their real incomes as a result of shorter working hours, while also cutting payroll taxes for French firms in order to offset the impact of this income guarantee on costs and competitiveness (Durand and Martin 11-12). Although the minimum wage was upheld to support the employees, the more substantial changes involved concessions to the employers unions. Anders Hayden explains the key concessions. First, instead of reducing hours by at least 10%, firms only had to reach 35 hours, which led to exploitation of work-time calculations (509). It should also be noted that the reduction could take the form of a 1,600-hour work year, as long as weekly hours did not exceed 48 or an average of 44 over 12 weeks, allowing for a generous amount of flexibility. Second, the need to create a minimum number of jobs in return for payroll tax cuts was also eliminated (509). Finally, a transition period was allowed before the full application of overtime limits and penalties (510).⁷ Aubry II added relaxed modifications to the original idea, creating loopholes that benefited employers more than the employee unions would have hoped.

The changes in Aubry II gave firms greater flexibility in achieving 35 hours, while retaining eligibility for government subsidies with no requirement to actually increase hiring. This allowed employers to ask workers to work fewer hours some weeks and more other weeks as long as the total equaled the 1,600 annual hours specified in the Aubry II law. Philippe Askenazy describes the potential avoidance of the 35-hour workweek:

⁷ In the year 2000 (2002 for small firms), overtime hours would attract a premium of 10 percent, with the full 25 percent premium only applied in 2001 (or 2003). Similarly, the government gave firms two additional years before all hours in excess of 35 per week would count toward the annual overtime limit of 130 hours per employee.

For instance, some supermarkets excluded three minute breaks (on the hour) for cashiers from the calculation of time worked. So they reduced work time officially by four hours per week to get to thirty-five hours when it was really a reduction of two hours. Hotel and restaurant employees ratified a system of “equivalent hours,” which took into account time spent waiting for customers. So thirty-eight or even forty-three hours of work could become “equivalent” to thirty-five hours actually worked. (“France’s 35-Hour Workweek” 32)

These loopholes, which employer organizations helped to create, made it possible for some companies to avoid paying overtime to employees and hiring needed workers during potential seasons of high demand. Unsurprisingly, this aspect of increased flexibility caused controversy within the political community.

Original supporters from the left were no longer content and expressed great dissatisfaction with the government and its compromise with employers. According to a French Labor Ministry employee, “The government watered down the law’s requirements to help ease tensions with hostile elements in the business community” (Dayan 171). The left did not seem to be concerned with the reasoning for the concessions, but were mainly angered by the amount of flexibility allowed. Green Party economic spokesperson Alain Lipietz called the second law a “horror” because of the transition period that would only delay hiring and hours reduction (Monnot). Some criticized the lack of worker protection from extreme variations in hours or inadequate advance warning of schedule changes (Bulard). Similarly, some argued that because state support was no longer linked to new hiring, employees faced an increased risk of work intensification and job stress, undermining the objective of an increased quality of life (Bulard). It is also important to point out that by not linking state support with new hiring, government funds ran the risk of being wasted, not being used towards generating new jobs, but merely increasing the deficit. The Communist and Green parties, as well as some Socialists, threatened not to support the law in Parliament, but eventually retracted their statements (Hayden 510).

The discontent of unions with Aubry II reflects the frustration of the left, and the five major *confédérations* voiced their opinions. The European Foundation for the Improvement of Living and Working Conditions published some of their opinions. The CFDT was the only major *confédération* that still had hope of the law's success in reducing working time and creating employment, while also recognizing the opportunity for potentially beneficial negotiations between unions. The largest and strongest, the CGT was not satisfied and described the provisions as dangerous; they believed that reduction of working hours should be applied to all employees, including managerial and professional staff, in both the public and private sector. The FO was similarly disappointed and predicted that the law would threaten stable wage levels and working conditions (Bilous). Aside from the opposition to Aubry II, unions still supported the idea of the 35-hour workweek. They continued to recognize the benefits and were willing to fight for a policy that would be best for the worker as one and the economy as a whole. Even so, Aubry II, created by negotiations for a more unanimous approval, ran the risk of satisfying no one; it began the controversy that now surrounds the 35-hour workweek.

After the defeat of the socialists in the legislative elections of 2002, the new conservative government headed by Chirac continued to adopt MEDEF's stance,⁸ blaming the 35-hour workweek for the economic slowdown after 2001 and adopting the Fillon adjustments in 2003 (Askenazy, "France's 35-Hour Workweek" 34). The new law undermined incentives for companies to reduce the workweek by reducing the cost of overtime and no longer linking decreased social-insurance contributions with a reduction in working time (Estevão and Sá, "The

⁸ The main employer's union: Mouvement des Entreprises de France

35-hour workweek” 423).⁹ These changes to the original laws ultimately made it easier for companies to remain at a 39-hour workweek at no additional cost while still receiving government aid—potentially making the use of government funds even more wasteful.¹⁰ The Fillon law prompted media reports of the 35-hour workweek’s death, but Hayden notes that the reports turned out to be greatly exaggerated as little movement back towards longer hours ensued (526). In 2004, Chirac referred to the 35-hour workweek as an “established right” and showed little enthusiasm for a more significant effort to dismantle it, even calling the latter idea “idiotic” at one stage (Husson). However, in 2005, a new drive from the governing party’s free-market wing, led by presidential hopeful Nicolas Sarkozy and backed by MEDEF, produced further amendments (Hayden 526).

After this 2005 draft bill was created to amend the 35-hour workweek adding more flexibility, unions organized demonstrations and fought back. Backed by three of the largest worker unions, an estimated 1 million people took part in the demonstration across France rallying against the proposed amendments and attempting to protect their 35-hour workweek rights (“Reform of the 35-hour week”). Unfortunately for unions, the bill passed, still referring to 35-hours as the standard workweek, but giving employers several options to turn the clock back to a 39- or 40-hour week in practice (Meilland).¹¹ Resiliency of the 35-hour workweek could still be seen though, even after the additional 2005 amendments. A May 2006 study found

⁹ The limit of overtime hours was increased from 130 to 180 hours; compensating overtime hours, from hours 36 to 29, in money rather than time off; allowing sector-wide bargaining to set overtime premia as low as 10%; and removing the linkage between payroll-tax cuts and 35-hour agreements (Braud).

¹⁰ 35 hours plus 4 hours of overtime.

¹¹ The 2005 reforms included expanded options for the use of “time savings accounts” to accumulate time off, making it easier for time off to be cashed in for money; the right for individuals to “choose” longer hours, even beyond the recently increased annual overtime limit of 220 hours per employee; the ability of firms to buy out managers’ days off on a voluntary basis; extension of special provisions for small firms until 2008 instead of 2005; and allowing small firms to pay extra WTR days instead of giving them as time off.

that some 1,000 firms—a small number compared to the more than 300,000 that introduced a 35-hour week—had taken advantage of the previous year’s counter reforms to add extra flexibility to their 35-hour agreements (Taupin).¹² The fight back by unions might not have been ultimately successful in killing the bill, but it appears that their will and ability to resist may have caused employers to shy away from utilizing the new amendments. The conservative government was persistent though and continued to strive for the utmost flexibility.

After the success of his 2005 bill, Nicolas Sarkozy pushed the slogans “Work more to earn more,” “the value of work,” and “the France that gets up early” in his 2007 presidential campaign, swaying public opinions. After he was elected, he created an arrangement that allowed employees to no longer pay taxes on overtime pay and employers to pay practically low social insurance contributions on that pay (Askenazy, “France’s 35-Hour Workweek” 34). Askenazy argues that this regulation is only an invitation to commit fraud. “It makes overtime hours less costly to employers, while it yields more to workers after taxes than regular hours do. It gives employers and employees a shared interest in reducing basic hourly pay and in declaring the largest number possible of false overtime hours” (Askenazy, “France’s 35-Hour Workweek 11). The new law created much controversy. While employers had consistently under-declared overtime hours, they have been pushed to declare them to benefit from social contribution cuts (Askenazy, “Working time regulation” 334). Because working overtime became more beneficial to both employees and employers, it was likely that workweek reductions would not occur, and consequently, additional hiring would no longer be necessary. It has become clear that the idea of work-sharing is dead. Most private and public workers fear that additional reforms will

¹² The most common change was expanded use of time-savings accounts (79 percent of firms that made changes), followed by individual rights to choose longer hours (15 percent) and the buyback of time off (5 percent).

translate into keeping only the welfare-degrading aspects of French regulation. Even with a mandated 35-hour workweek, the amendments that increased flexibility have transformed the law into a complex, controversial issue.

The 35-hour Workweek Today: The Future and Statistics

Not much has changed since 2008 regarding the 35-hour workweek. The election of a Socialist President François Hollande was followed in June 2012 by a large “social conference”—with no round table on the issue of working time (Askenazy, “Working time regulation” 334). In addition, after a remark made by former Prime Minister Jean-Marc Ayrault to *Le Parisien* suggesting a change to the 35-hour workweek, both government officials and unions denounced him. Trade unions voiced their opposition to any measure, with some hinting at action if it were touched. Labour minister Michel Sapin said “Work more to be paid less, is that what the French want? We must maintain the legal work duration to 35 hours” (Lauter). Even after all of the controversy that ensued, it appears that under the current Socialist led government, the 35-hour workweek is safe from additional changes creating additional flexibility.

Nearing the end of 2014, *The New York Times* reported that the country was reconsidering a more official 35-hour workweek amid reports that the policy is abused by employers and is creating financial hardships for employees (Gibson). This is not a surprise, considering the evidence presented earlier. Because employers benefited the greatest from Sarkozy’s version of the 35-hour workweek, they were not pleased with the idea reform. In December of 2014, they responded through demonstrations. About 8,000 employers marched throughout France with signs exclaiming “Free Our Businesses” claiming that the 35-hour workweek was hindering their profits through employment taxes and regulations (Todd).

Employee unions were in great opposition to this, insisting that businesses were already receiving great tax breaks thanks to the reduced workweek. Without the ability to generate great masses like the employee unions and with the Socialists finally in power, it is unlikely that these employers' demands will be met. If anything, there is hope for a protected 35-hour workweek and amendments that will now benefit the workers instead.

The opposition forces against the 35-hour workweek may have created loopholes in which avoidance could occur, but ultimately work time has been decreased, and many workers can be pleased with their fight to maintain 35-hours. Statistics show the decrease in hours worked and the relation of annual working hours compared to different countries throughout the world. In 2004, France recorded one of the steepest declines in annual hours worked over the past decade, mainly reflecting the impact of the 35-hour workweek (Durand and Martin 11). In 2013, the average annual hours actually worked per person in France was 1,489 while 1,770 hours was the average for OECD countries, and 1,788 hours in the US (*OECD Labor Stat Extracts*). The total amount of hours has decreased in France, and is still fairly lower than the average for most OECD countries, but the decrease was halted, with the introduction of the Fillon adjustments in 2003 and Sarkozy's changes in 2007. In the past decade, France recorded the highest number of average annual hours actually worked per person in 2008, just after Sarkozy's modifications (*OECD Labor Stat Extracts*). It should be noted that these numbers may not completely represent the actual annual hours, because of the increase in fraudulent behavior by both employees and employers, as described by Askenazy earlier. Figures 1 and 2 below continue to show this trend of hourly fluctuations after laws and amendments occurred. Nonetheless, data have proven that the 35-hour workweek in France has been effective in

actually reducing hours worked, even with controversy and amendments that were created by the change of political parties in Parliament and throughout presidencies.

In the past decade, the 35-hour workweek has been debated by many and transformed so that it is not necessarily required by all employers, but it is still important to measure the effectiveness of the policy. In the following chapter, I will investigate the policy in terms of economic efficiency, discovering if the policy is actually effective in increasing employment, which was the main reason for the enactment of the law in the beginning. One reason the law received so much support from unions was because of the potential to decrease unemployment, so it is important to understand if this goal was reached, benefiting both the economy and the workers. By further examining the economic effect of the 35-hour workweek in France, it can be determined if the policy would be more beneficial with improved, stricter regulations, or if the policy itself is hindering the French economy.

Figure 1:

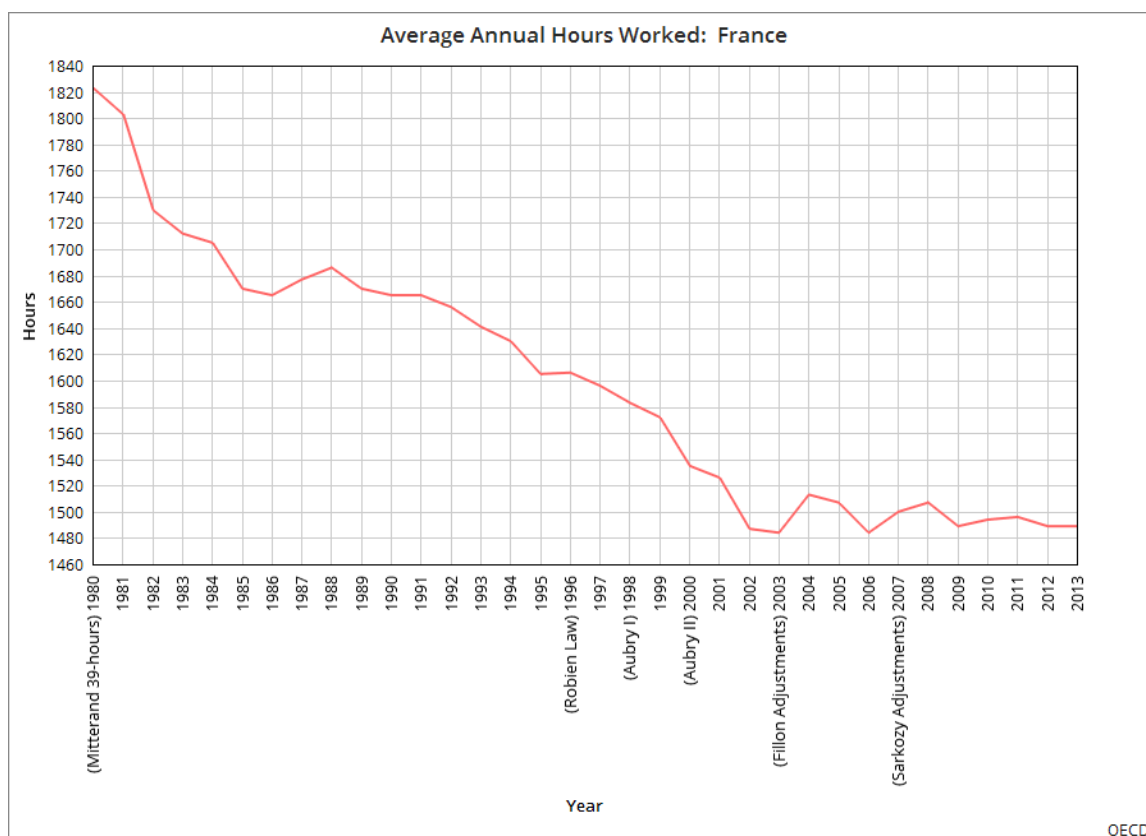
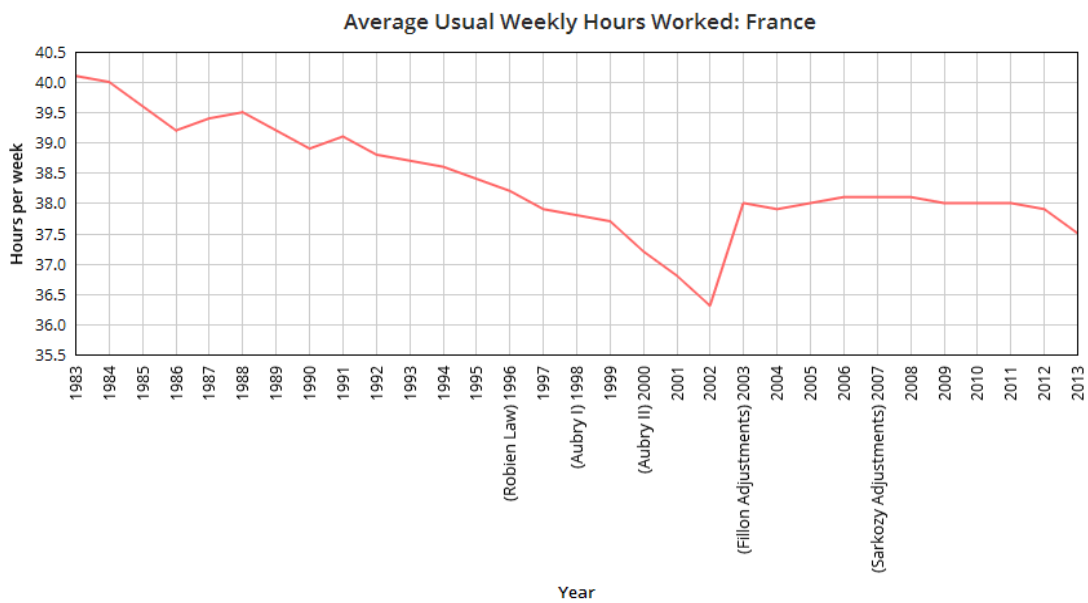


Figure 2:



OECD

CHAPTER 3: Economic Effects of the 35-Hour Workweek

“Once you get used to it, it’s pretty nice, all of that time off. And not being stressed about being late. It all gets done, somehow, and done well. Maybe, you know, their lives are more—well, meaningful than ours.”

-American Systems Engineer in a Computer International Firm
In Polly Platt’s *French or Foe?*

Rationale for Boosting Economy

In addition to attempting to improve working conditions and facilitate the reconciliation between work and family life, the 35-hour workweek was adopted with a main economic goal of decreasing unemployment. Between 1980 and 1998, the number of unemployed workers in France increased from 1.50 million to 3.55 million, peaking officially at 12.6% in 1995, and the labor force participation rate fell faster than anywhere else in the rich world (Smith 1). Clearly, France had an unemployment problem and the 35-hour workweek was believed to be the perfect fix. The policy aimed at reducing unemployment through work sharing— by trading off fewer work hours per worker for a greater number of workers employed (Erbas and Sayers 3). In addition, some expected hourly productivity to increase as firms reorganized production methods and workers increased their work effort (Durand and Martin 12). At first glance, the idea appears simple to understand. An increase in worker welfare, employment, and productivity seems beneficial to all of society, but like almost all government mandated labor policies, complexity is guaranteed. In this chapter I will explore numerous economic effects of the 35-hour workweek and determine if the policy accomplished its main goal of fighting unemployment.

The broad consensus among studies was that if the reduction in hours was accompanied by policies that served to counteract the negative impacts, employment would rise. The primary negative impact of the policy was the cost to both employees and employers. The first issue that

had to be resolved was the potential decrease in income of workers who would suddenly lose 5 hours of working time. Employees were expected to bear only a small part of the cost of the working-time reduction. As mentioned in Chapter 2, they would continue to earn roughly the same monthly income, and workers who received the hourly minimum wage (SMIC) would receive no less (Estevão and Sá, “The 35-hour workweek”). As for firms, which would experience increased labor costs after maintaining current workers’ salaries and hiring additional workers, government subsidies were provided to offset the loss to firms.

Although the additional costs to employees and employers were for the most part, covered by government subsidies, the burden of increased labor costs would mainly fall on the government. The subsidy plan is an expensive one, and for every firm to receive benefits, the government should have to either create new funds, or reallocate existing funds. As previously stated in chapter 2 though, the policy was designed to succeed with only minimal additional costs. As the Taddei Report of 1986 pointed out, new flexible shift arrangements should have led more extensive use of capital equipment and increased returns on capital (Hayden 506). In addition, an increase in employment could result in savings from unemployment benefits, and produce new tax revenues from the newly generated jobs. These concepts are highly important, and in order for the 35-hour workweek to work without substantially increasing the government deficit, jobs would have to be created—both to help fund the increased costs and make the expense worthwhile.

The subsidy plan of the French government is complex. As firms reduce hours, the reduction could follow one of two directions. One result involves an increase in productivity of each worker. If workers become more productive working fewer hours, it is possible for the increased productivity to produce the same amount of output as before the hour reductions. In

this case, additional hiring would not necessarily be needed; but, because productivity increased, the subsidy would then be used to increase the wages of workers. Evidence of basic economic theory and historical empirical data supports this result and shows that as productivity increases, there is a positive effect on wages, and wages increase as well. The other result of hour reductions is increased employment. If worker productivity remains constant, it would then be necessary for firms to hire additional workers to maintain their previous output. In this case, the subsidy would be used to fund the hiring costs and wages of additional workers. This is a simplified idea though, and reality is complicated. Specific to the 35-hour workweek, the many amendments relaxed the original policy, and the minimum requirements for job creation and hour reductions were almost removed entirely. In this case, it is difficult to determine where firms actually used the subsidies.

The predictions of the 35-hour workweek to increase employment and productivity highlight the subsidy allocation mystery, but nonetheless show the diversity of effects that the policy produces. Because the main economic goal of the 35-hour workweek was to increase employment, I will focus on these results while paying attention to the possibility of other economic effects. By examining the outcomes of previous research and then comparing these results with current data and my own research, I hope to measure the extent of the effect of the 35-hour workweek on unemployment.

Past Research, Opinions, and Predictions

The Left promised not only a better quality of life for workers, but also an increase in employment, financially supported by greater productivity. The International Monetary Fund (IMF) conducted research to discover the effects of a reduction in the workweek accompanied by an employment subsidy. This general research is not based on the French model, but provides

evidence that the policy can be successful in the short run. By comparing their basic findings to the French model, we can determine if the policy had the potential for success. Erbas and Sayers developed an analytical framework of a comparison static model of demand for workers and demand for work hours, including overtime (6). The model shows that a rise in short term employment can be created, but its success depends greatly on the subsidy that is allotted to firms. Without a subsidy, employment can only rise if wages per worker decline enough to offset the increased costs of hiring additional workers to make up for the reduction in hours per employee. In practice, the subsidy should offset the costs of maintaining current workers' wages and hiring additional workers. Therefore, this research greatly stresses the importance of an effective subsidy in order for the 35-hour workweek to increase employment in the short run.

The IMF's model focuses on the ability to create downward wage flexibility and downward wage rigidity, both of which allow for an increase in employment. Downward wage flexibility means that workers are willing to take a cut in wages in return for more leisure and, possibly, for higher employment (Erbas and Sayers 17). A degree of downward wage flexibility is extremely important, because even though a sustained income was guaranteed for those earning the minimum wage in France, a drop in income was more likely for higher skilled workers earning greater wages. Without at least some retention of original income or a willingness to trade income for leisure, employees experiencing a reduction in hours, and potentially income, have the ability to take on a second job. If workers are unhappy and choose to take on a second job, then there is little hope for increased total employment, because the new jobs created from the workweek reduction would be shared between the unemployed and already employed.

It is important to note the potential French exception that is not included in the research by Erbas and Sayers. The major involvement of employees and unions in implementing and supporting the policy discussed earlier suggest that the French were happy with the reduction in hours and already possessed a degree of wage flexibility. They showed a willingness to trade income for leisure, and this was further displayed by unions' agreement to wage freezes for 1-3 years (Pham 6-7).¹³ This suggests that the policy had greater chances of success in decreasing unemployment. Even with no account of this French exception, Eras and Sayers argue that the degree of downward wage flexibility necessary to induce an increase in employment is even smaller with the accompaniment of a subsidy, because it would help maintain worker income. Knowing that the French policy included subsidies, and most workers desired hour reductions, it can be assumed that workers may not have necessarily needed or wanted to search for other jobs and were content, strengthening the model's argument.

In addition to wage flexibility, the IMF model expounds on the significance of wage rigidity. Wage rigidity is the difficulty firms experience when trying to reduce wages. Whether because of a labor agreement or for fears of lost productivity, companies find it hard to reduce employee wages or salaries, and many elect to conduct layoffs rather than wage reductions when facing losses or lower profits ("Wage Rigidity"). Without a subsidy, the initial effect of a mandatory reduction in hours could have led to an increase in unemployment, because in some cases, it is easier for firms to simply fire employees instead of risking a loss in productivity and output that could result from decreased worker wages in a reduced workweek. The subsidy given to French firms eases the burden of additional labor costs while accommodating for downward wage rigidity and keeping wages relatively high. France also has high employment

¹³ An average of 52 percent of workers agreed to wage freezes in 2000.

protection legislation that protects permanent workers against individual dismissal, includes specific requirements for collective worker dismissal, and regulates temporary employment contracts (Ohanian and Raffo 9). In 2008 France ranked 6 out of 40 in the highest level of employment protection, minimizing the chance for such layoffs (*OECD Labor Stat Extracts*). Because the 35-hour workweek was accompanied by subsidies, employment protection policies were active, and French workers showed great interest in hours reduction with a maintained income, the IMF model provides evidence that employment should have been created, notably in France.

Economists and statisticians present supporting evidence of the initial success of the 35-hour workweek that correlates with the IMF model's expectations. The unemployment rate did decrease during the crucial years after the implementation of the Aubry I and II laws, but the success can also be seen four years earlier with the preliminary incentive-based and voluntary Robien law. The law created 3,000 collective agreements with firms who introduced a 35, or even 32 hour week, with employment increasing by 10 percent and, in turn, the law created 33,000 jobs (Aznar 15-28). The incentives provided to firms who both reduced workers' hours and increased employment within the firm appeared to be working. Economist Michel Husson found that the period from mid-1997 to mid-2001, during which employment rose 7.2 percent, saw the biggest job gains of any four-year period in twentieth century France (Husson 4). He also points out that during the previous era of sustained growth (1986-1990), annual economic and employment growth averaged 3.6 and 1.5 percent, respectively, while during 1997 to mid-2001, economic growth was slightly slower at 3.3 percent, but employment grew much more rapidly at 2.7 percent (Husson 27). Economic growth is not the only determinant of employment growth, and Husson's results support the role of the 35-hour workweek in boosting employment.

In addition, this data results from the same time period of the implementation of the 35-hour workweek and further suggests that the policy generated employment growth in France.

Economists Beffy and Forcade provide complementary evidence, identifying the 35-hour workweek as a main reason causing 1993 to 2002 to be more job-intensive than previous decades (3-23). This evidence continues to provide insight into the potential success of the 35-hour workweek.

There are counterarguments to the influx of employment during this time though; and they should be noted. Some critics argue that an economic boom was responsible for creating employment, and not the 35-hour workweek. Martine Durand and John Martin of the OECD point out the initial rise in employment after 1997, but credit the rise to favorable economic conditions. They support their argument by referring to the same trend of rising employment across other EU countries (12). In their 2008 article, “The 35-hour workweek in France: straightjacket or welfare improvement?” Estevão and Sá also argue that strong economic growth and other labor market reforms of the early and mid-1990s boosted aggregate French employment in the second half of the 1990s and beginning of the 2000s. They support this argument by showing the probability being employed relative to being unemployed between 1993 and 2002 in both large and small firms. After plotting the log of the probability of working in a large or in a small firm divided by the probability of being unemployed, the log odds of employment by firm size are essentially parallel (447). The probability of employment in large firms should have been greater as a result of their transition to the 35-hour workweek during this time period. Because small firms did not have to make the transition to the 35-hour workweek until 2002, Estevão and Sá’s results suggest that the 35-hour workweek had no effect on the level of employment. It should be noted that this study by Estevão and Sá is empirical and dependent

on the time that small and large firms actually switched to the 35-hour workweek, and this is hard to determine especially because of the exceptions and flexibility later built into the law. These discrepancies make it hard to validate their specific study, but also prove the difficulty in assessing the employment effects of the 35-hour workweek.

Other discrepancies arise from the multiple amendments that added greater flexibility into the law. The changes allowed some firms to stay above 35 hours with no greater cost. For example, automaker PSA Peugeot Citroën had a 38.5 hour week, including one hour and 45 minutes in breaks, which it recalculated as a 36 hour and 45 minute week, allowing it to get to 35 hours with only a small real reduction in hours (Bloch-London 36). Although dramatic, research by Dayan estimated that the practice of excluding breaks could amount, on average, to a difference of about five work days per employee per year, equivalent to an estimated 150,000 jobs not created (170). Samsonite workers agreed to workweeks of up to 48 hours in the summer, when demand for luggage is high, in return for extra days off and workweeks as low as 32 hours when demand falls (Woodruff). These alternations lessened the need to generate employment, while still falling within the flexible boundaries of the amended 35-hour workweek. Because firms found ways to avoid reducing individual workers' hours, it makes it even harder to determine the exact effects on employment.

By looking at simple data for France during the years of the 35-hour workweek, one can observe the trend in the average annual hours, unemployment rate, and GDP. Figures 3, 4, and 5 below exhibit this information. Initially, it appears that concrete conclusions can be made. First, the average annual hours have fallen and this appears to support the goal of the 35-hour workweek in reducing hours, but this is misleading. Yes, the 35-hour workweek aimed to reduce workweek hours, but the goal was specifically reducing hours per worker, not the total aggregate

hours worked of the labor force as a whole. The data do not provide accurate information specific to hours reduction per employee, and therefore is not reliable in measuring this effect.

The unemployment rate also follows a downward trend, especially after 1998, when Aubry I (the first mandated policy) was enacted, and only substantially increases after 2007 when the Great Recession occurred, and high unemployment was expected. The information appears strong in confirming the positive role of the 35-hour workweek, but it is hard to grant all of the success to the policy exclusively. Other factors could have contributed to these results, and these data do not take into account other potential factors.

The level of GDP per capita is even more ambiguous. As I explained earlier, increased productivity and increased employment are two somewhat contradicting factors, and theoretically the reduced workweek should effect one more than the other—either increasing productivity or increasing employment— so it is hard to factor the data into a valid conclusion. In addition, historically, GDP should naturally increase steadily over time. As technology improves, productivity should increase as well, leading to a higher level of GDP per capita. The data presented here could merely show the increasing trend of GDP that one should expect and not be greatly affected by the 35-hour workweek. Even if the conclusions resulting from this data are weak, they provide an initial idea of important economic factors in France during the time of the 35-hour workweek. They also provide a basis for my following research, proving that examining only general data is not an accurate source of valid conclusions, especially when studying a complex policy such as the 35-hour workweek.

Figure 3

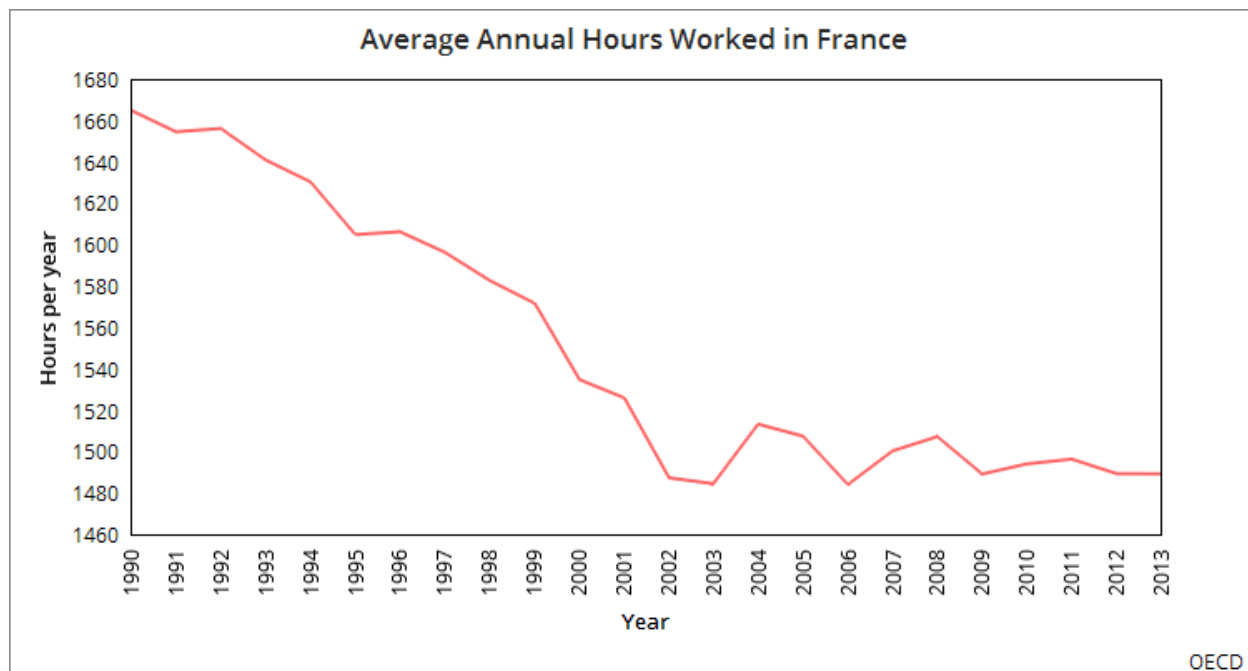


Figure 4

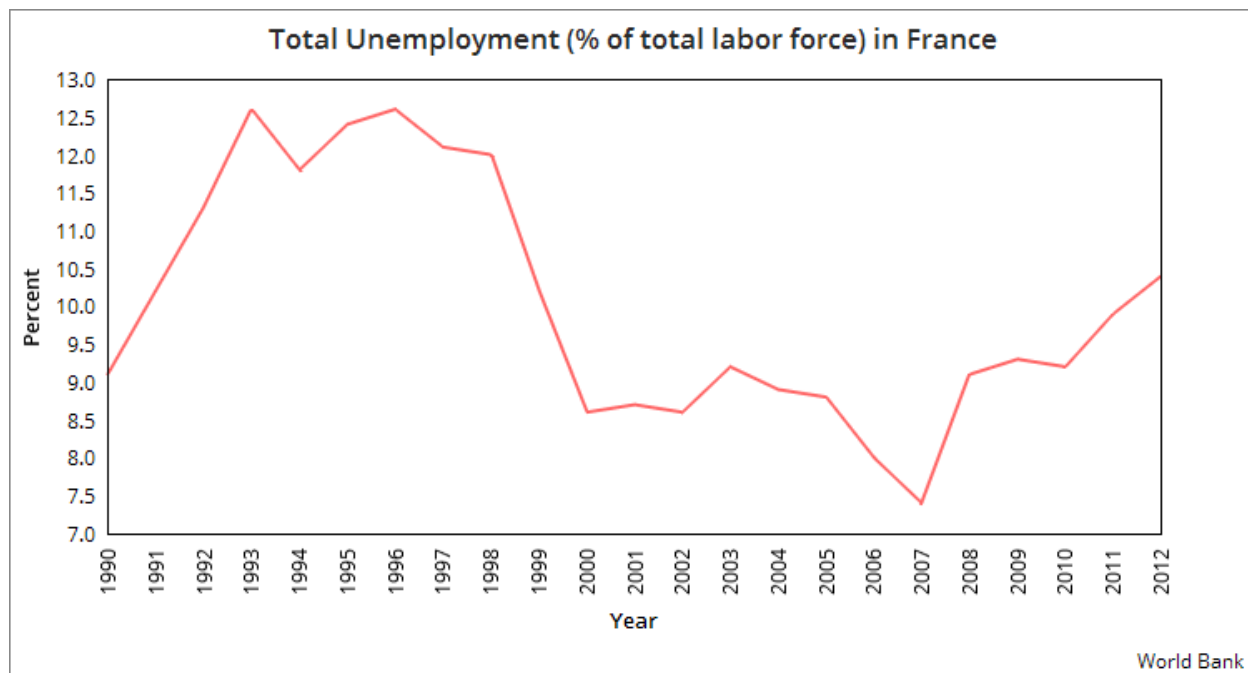
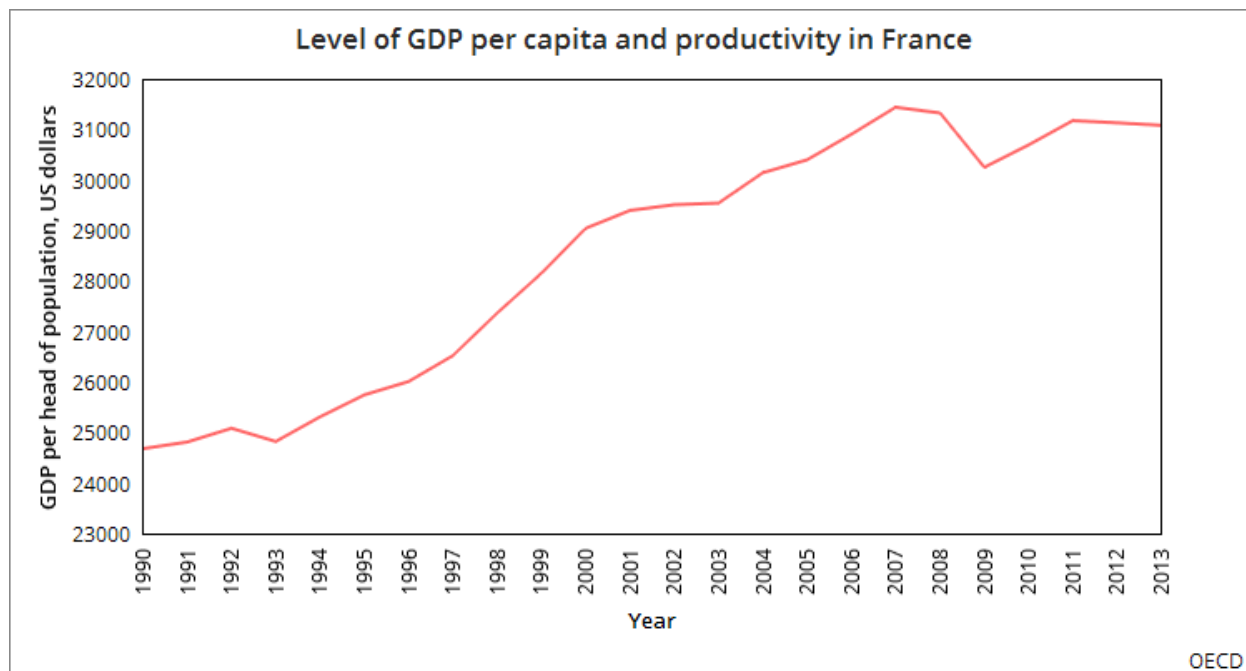


Figure 5



Methodology for Personal Research

In order to form more accurate conclusions of the 35-hour workweek's effects on unemployment, I use the similar factors of the average annual hours worked, unemployment rate, and GDP growth, or productivity and compare them with the specific phases of the 35-hour workweek policy. Instead of observing the effects of the policy in an environment with numerous, differing factors as I did previously with the examination of general statistics, now, I observe the effects of the 35-hour workweek in a more simplified world. I do this by testing the impact of specific phases of the 35-hour workweek, controlling for all other factors that might also influence their outcome using regressions. In effect, I can isolate whether the outcome is influenced by the treatment of the specific phases of the 35-hour workweek and not other factors. By doing this I can determine the specific form(s) of the policy that produced the most favorable

outcomes. Earlier I explained that the multiple amendments added great flexibility that watered down the original policy, and I hypothesize that these amendments negatively affected the original policy, hindering its potential for success. Hopefully, this research will provide some insight confirming my speculation.

To examine the effects of the 35-hour workweek, I run regressions using data I collected from OECD and the World Bank regarding the average annual hours, unemployment rate, and GDP growth, or productivity. By doing this, I can gauge the effect of each phase of the 35-hour workweek on unemployment and average annual hours. I use a basic regression equation to organize and explain the analysis. The regression equation is written as $Y = \alpha + \beta X + \varepsilon$, where Y is the value of the dependent variable; α is a constant and equals the value of Y when the value of $X=0$; β is the coefficient of X , or how much Y changes for each one-unit change in X ; X is the value of the independent variable(s); and ε is the error in predicting the value of X . Specifically, I use the two regression equations written below, substituting the ensuing 5 policies for policy 1 before each run:

$$\text{Unemployment Rate}_t = \alpha + \beta_1 \text{GDP Growth}_{t-1} + \beta_2 \text{Average Annual Hours}_{t-1} + \beta_3 \text{Policy 1} + \varepsilon_t$$

$$\text{Average Annual Hours}_t = \alpha + \beta_1 \text{GDP Growth}_{t-1} + \beta_2 \text{Unemployment Rate}_{t-1} + \beta_3 \text{Policy 1} + \varepsilon_t$$

Table 1 and 2 below show the results of the regressions on unemployment and average annual hours. The coefficient explains the marginal effect of each policy. The p-value represents the statistical significance testing of the effects, reporting an assessment as to whether the observed scores reflect a pattern other than chance. If the p-value is less than 0.1, the coefficient is considered to be statistically significantly different from zero, and the results are unlikely to have occurred by chance. If the p-value is greater than 0.1, the statistical test proves that the coefficient has no effect, and the results are rejected. Table 3 provides a summary of the

six key dates that I believe are relevant to the transformation of the 35-hour workweek, and could have potentially affected its success.

Table 1

Unemployment	Coefficient	p-value
Unemployment Rate	0.186	0.475
Average Annual Hours	0.769	0.973
GDP Growth	-0.136	0.306
1996: Robien Law	-0.479	0.589
1998: Aubry I	-1.537	0.083
2000: Deadline #1 for Aubry I	-2.427	0.080
2002: Deadline #2 and Aubry II	-0.568	0.593
2003: Fillon Adjustments	-0.429	0.648
2007: Sarkozy Adjustments	-1.436	0.115

Table 2

Average Annual Hours	Coefficient	p-value
Unemployment Rate	0.001	0.828
Average Annual Hours	0.355	0.174
GDP Growth	2.140	0.999
1996: Robien Law	-0.004	0.695
1998: Aubry I	-0.006	0.532
2000: Deadline #1 for Aubry I	-0.015	0.309
2002: Deadline #2 and Aubry II	-0.018	0.143
2003: Fillon Adjustments	0.020	0.067
2007: Sarkozy Adjustments	0.015	0.132

Table 3

1996: Robien Law	Trial run that introduced incentives with no regulations. Firms that reduced hours by 10% and increased employment by at least 6% received significant lower payroll taxes.
1998: Aubry I	Legally mandated reduction of the standard workweek to 35-hours by January 1, 2000 for large firms and 2002 for small firms. Financial incentives were provided for private-sector firms that reduced hours before the 2000 and 2002 deadlines.
2000: Deadline #1 for Aubry I	At this time, all large firms have reduced the workweek to 35 hours.
2002: Deadline #2 for Aubry I and Aubry II	At this time, under Aubry I, all small firms should have reduced the workweek to 35 hours. Guarantee for employees earning minimum wage of no fall in income. Instead of reducing hours by 10%, firms only had to reach 35 hours, or a 1600 hour work year, as long as weekly hours did not exceed 48 or an average of 44 over 12 weeks. The need to create a minimum number of jobs in return for payroll tax cuts was eliminated.
2003: Fillon Adjustments	The limit of overtime hours was increased, the cost of overtime was reduced, and decreased social security contributions were no longer linked with a reduction in working time.
2007: Sarkozy Adjustments	Employees no longer pay taxes on overtime pay and employers pay practically low social insurance contributions on that pay.

The results of my analysis support my original hypothesis. The amendments to the 35-hour workweek did negatively affect the original employment success of the policy. In Table 1 the statistically significant coefficients are those that correspond with Aubry I in 1998 and the first deadline of Aubry I in 2000. The analysis shows that these two key dates most greatly affected the unemployment rate in France, and together decreased the unemployment rate by roughly 4 percentage points. The previous data displayed this change, and the regression validates the importance of the 35-hour workweek in causing this effect. The succeeding dates

did not appear to have any effect on unemployment, and this can be expected because each additional amendment only added greater flexibility to the policy, making it easier for firms to avoid hiring new workers.

The results of Table 2 show the effects of the amendments on average annual hours worked. The only date for which the coefficient was statistically significant was 2003 when the Fillon adjustments were enacted. Because the amendment both increased the limit of overtime and reduced the cost of overtime, and no longer linked decreased social-insurance contributions with a reduction in working time, an increase in the average annual hours worked can be anticipated. Many firms were able to return to longer hours than were originally allowed under Aubry I with no penalty. The increase is significant, but small. This suggests that overall the policy did not greatly affect the average annual hours worked in France, and this should be expected. Workweek reductions per individual may have decreased because of the 35-hour workweek, but total hours of the entire labor force should remain relatively the same.

The information presented in this chapter, and the results of the regressions support the initial success of the 35-hour workweek in France. The amendments that were added negatively affected this initial success that the original policy produced. The change of political power from left to right and the government's favor of employers led to the amendments and ultimately halted any future gains in employment. A stronger 35-hour workweek that includes minimum requirements of workweek reductions and job creation that are linked to subsidy allocation decreases unemployment the greatest. Without these requirements, it is unlikely that the 35-hour workweek affects employment at all. In the next chapter I study the effects of the 35-hour workweek on workers' quality of life, while similarly recognizing the impact of the amendments on this effect. The amendments may have put an end to the employment success, but now I hope

to discover if they were strong enough to hinder the quality of life of workers. Concerning French workers, the popularity of the 35-hour workweek has appeared to revolve around this aspect, as it follows the historical idea that envelops French culture— life, not work, is of utmost importance.

CHAPTER 4: The Social Effects of the 35-hour Workweek

“Global capitalism’s relentless competitive pressures are forcing employees around the world to work longer and harder to hold onto their jobs, beyond the limits of what their bodies, families, friendships, and psyches can tolerate”

-Pietro Basso

Modern Times, Ancient Hours: Working Lives in the Twenty-first Century

“French employees’ attempts to hold onto their 35-hour week are doomed in a competitive global economy.”

-Thomas Friedman

New York Times

In the last chapter I argued that the first goal of the 35-hour workweek in increasing unemployment was not met with great success. In this chapter I hope to address the policy’s second goal of increased worker well-being by determining who the 35-hour workweek actually benefits, and to what extent. These goals of increased economic efficiency— through high employment— and increased quality of life can be considered contradictory though. As the quotes above suggest, and as Anders Hayden explains, “Even as people worry about losing time for family, community, and themselves, there is a tendency to believe that sacrificing quality of life is necessary to “succeed” in today’s global economy” (503). This is important, and most of the French labor force appears to be more concerned with the increased quality of life. As I have shown in earlier chapters, French workers generally support and fight to protect labor policies that benefit their well-being and this same determination remained active during and after the implementation of the 35-hour workweek. By analyzing the effects of the 35-hour workweek on quality of life, and distinguishing both the winners and losers while gauging the magnitude of these results, we can determine if the policy was successful in increasing worker well-being, and

if the effort of employees to protect the policy were well worth the time and energy that was spent.

The Rationale for Increased Worker Well-Being

The French Socialist government believed that the 35-hour workweek would relieve workers of stress related to long hours, and grant free time that would benefit their quality of life. The goal was to both create jobs and free up time away from the job to allow workers to live healthy, dignified, and high quality lives (Hayden 506). Lonnie Golden describes more broadly that the public good case for a policy that induces shorter hours of work per employee is only a logical extension from evidence of the adverse effects stemming from excessively long hours of work on workers' stress, work/life balance, and productivity per hour—highlighting the high risk of detrimental effects to mental and physical health (1181, 1184). He also notes that excessive hours have other negative externalities, such as public health risks, and crowding out of time that has a beneficial social and economic purpose as human and social capital development, such as time for parenting, civic activity, and studying (1185). The French had taken the first step to eliminate some of these negative results of long work hours by adopting the 35-hour workweek, but in order for the policy to prove successful, it must be specifically designed to improve the well-being of all French workers.

In his article, Golden also provides suggestions for a successful policy, stating that a shorter workweek may improve workers' well-being if it creates more total employment opportunities; allows more free time to be used at employees' discretion and gives them greater control over work, is accompanied by partial income replacement, and is well targeted toward workers who prefer shorter hours than they are currently working (1181). We are already familiar with the outcome of two of these suggestions, but they present contradicting results. As

I showed in the last chapter, substantial employment was not created, and this undermines one of Golden's suggestions for the potential of success. On the other hand, and as I also explained earlier, the policy was accompanied by partial income replacement, and this supports the potential for success outlined by Golden. I will address the other issues later in this chapter, but it is also important to note Golden's last assumption. He makes clear that the welfare loss due to the decrease in income of some workers may be offset almost entirely by the time gained, depending on how such extra time is used (1185). By better understanding who the 35-hour workweek benefitted and how, we can continue and take a general economic stance to solving this problem—as long as those who benefit from the change gain more than the losers lose, the policy would ultimately prove to be desirable.

A 1997 survey of French employees helps explain workers' initial attitudes towards the 35-hour workweek in regard to the increased amount of free time from reduced work hours. The data showed that higher-income earners were more willing to sacrifice purchasing power to work less, less affluent individuals were prepared to accept such a trade-off on the condition that it created new jobs, and the least affluent were generally opposed to any policy that required income sacrifices (Hayden 518). Comparable to Golden's suggestions, two similar issues arise from this information. Because the 35-hour workweek did not really create a substantial number of jobs, it appears that less affluent individuals would not be supportive of the reduction in hours, even if it increased their free time. The other issue results from the least affluent worker's views. Due to the fact that the income of minimum wage workers was maintained, and the least affluent workers should be the same workers earning this wage, it can be deduced that the least affluent should have still experienced gains from extra free time without income sacrifices thanks to the 35-hour workweek. This data also seems to foreshadow the formation of inequalities, depending

on the types of workers who were both pleased with and benefited from the 35-hour workweek. All of this is contingent on the allocation and extent of hours reduction, and as previously discussed, the many amendments to the original policy that created great flexibility ultimately made hour reductions ambiguous across the spectrum of workers. This adds to the already prominent difficulties in gauging one's well-being. In order establish clearer effects of the 35-hour workweek on workers' quality of life, I will look at the policy's influence on the time spent at work and away.

How the French Used their New Free Time

Because the 35-hour workweek allowed greater free time, it is useful to understand how the time was utilized in contributing to greater societal welfare. As Golden mentioned, this use of free time is crucial, and holds the potential to compensate for other possible negative effects. One optimistic media report refers to the "French miracle" of a "shorter week, more jobs, and men doing the ironing," while economist Nicolas Baverez claims that studies prove that "for the lowest social strata, free time leads to alcoholism, violence, and delinquency" (Hayden 520). The latter idea leads to legitimate concerns, potentially overturning the positive benefits that society was expected to obtain. The results appear to be less drastic, though. Anders Hayden notes that workers have largely devoted additional time to previously existing activities, notably spending time with family and children, and resting (520).¹⁴ As for the distribution of domestic labor in the home, men have not necessarily increased ironing, but women still account for most of the housekeeping.¹⁵ One promising change is the more time allowed to both genders for

¹⁴ Based on data from the *RTT et modes de vie* survey.

¹⁵ In the *RTT et modes de vie* survey, among women at 35 hours, 93 percent say they still do most of the laundry, 86 percent most of the ironing, and 74 percent most of the meal preparation, housekeeping, and shopping. Since the 35-hours, the number of men who report doing more ironing is only 4 percent (the

parenting—63% of women, and 52% of men, with children under 12 say they spend more time overall with their children (Méda and Orain 95). In addition, it has allowed many women to free up their weekends and experience more leisure time by allowing some domestic tasks to be completed during the week (Cette, Dromel, and Méda 120).

As free time has increased, short-term travel has also boomed thanks to the 35-hour workweek. Workers have more opportunities to take 3, or 4 day weekends. The national railroad even added extra service on Thursday evenings and Friday mornings to handle the new demand for such getaways (Woodruff). Twenty-eight percent of 35-hour workers say that they have been able to travel more on weekends and take short trips, but clear distinctions exist: 50% of managers were able to travel more frequently, compared to 15 % of unskilled workers (Estrade and Méda 3). As a journalist from *L'humanité* put it, the 35-hour workweek is undoubtedly a “source of better living...even if this liberated time also reveals inequalities” (Clerget). As we will later see, inequalities existed not only in the way free time was spent, but resulted from more rooted causes that involved the formation of workweeks and overall working conditions.

Unintended Consequences: Unequal Effects on Workers of Different Skill Levels

The 35-hour workweek took a variety of flexible forms, and often, these forms corresponded to particular types of workers. A survey of 1,200 firms after the implementation of Aubry I in 2000 found that for non-managers, the most common forms, in descending order, were additional days off over the year; shorter workdays; “modulation” or “annualization” (which allows companies to vary weekly hours throughout the year); days or half-days off on a weekly or bi-weekly basis; and time-savings accounts (Pham 7-8). These diverse forms help

corresponding figure for laundry is 7 percent; meal preparation, 19 percent; housekeeping, 20 percent; and shopping, 22 percent).

reveal that the quality of time off can vary, depending on who controls when it is taken, and its regularity, predictability, and usability. Often, this quality is more important than the mere quantity of reduced hours. An example of a poor quality of hour reductions can be seen through unpredictable schedules at the French automobile firm, PSA Peugeot Citroën. Workers frequently found themselves working on Saturdays without overtime pay when the firm needed to boost production, balanced by time off, often on short notice, when demand was slack (Hayden 516). The aforementioned survey found that employees who received their time off in the form of regularly scheduled days or half days off, or additional days off on an annual basis, were more likely than others to say their lives improved as a result of the 35-hour workweek. In contrast, those whose hours vary over the course of the year, often gaining time off when most convenient for their employer and not necessarily of value to them, were less likely to say life and working conditions had improved (Pham 7-8). This data only emphasizes the importance of quality in workweek reductions to benefit worker well-being, and the inequalities that can consequently arise.

Often the forms that the 35-hour workweek can take are connected to the skill level of the employee. This idea gave way to an unintended consequence of the policy, and creates the first source of inequality that resulted from the reduced workweek, benefiting the well-being some, while damaging the well-being of the others. A key disparity emerges between those who control their schedules and can choose when to take time off and those who have it imposed by their employer (Dayan 128). Employees of lower skill-level and social rank often received time of lesser quality because they had less control over its scheduling. Estrade and Ulrich found that after moving to the 35-hour week, 50% of the managers surveyed said they had total control over

when they took their time off compared to just 5% of manual workers and employees (74).¹⁶ In addition, they discovered that although the vast majority of employees' work schedules did not become more irregular due to the 35-hour workweek, lower-skilled employees were more likely than others to see increased variability and unpredictability of hours (70). They argue that, at a time of high unemployment, these less-skilled workers had little bargaining power to resist employer demands for work time flexibility concessions in return for the 35-hour week (70). This idea parallels the many employer-driven amendments to the policy that added great flexibility. Péliisse also notes that frequently, less-skilled workers actually felt greater time constraints as employers gained more ability to vary schedules according to fluctuations in business activity. He argues that total work hours may have fallen, but these workers did not necessarily feel they were working any less or benefiting from it due to the lack of fixed hours and unforeseen last minute changes in their schedules (73).

In addition to the formation of workweek reductions, the mixed record of working conditions can help determine the overall effect on quality of life. A principal source of data regarding this information— that many academics I mentioned earlier studied, such as Hayden, Estrade, and Ulrich— is the French labor ministry's research and statistical agency, *Direction de l'animation de la recherche, des études et des statistiques* (DARES). This agency conducted the *RTT et modes de vie* survey of 1,618 employees who had experienced a 35-hour workweek for at least one year, conducted between November 2000 and January 2001. The survey results show that 45.6% of employees said their working conditions had not changed, with the rest nearly equally divided between those who experienced an improvement (26.4%) or deterioration (28%). The feeling that working conditions improved was greater among those who said the 35-hour

¹⁶ Based on data from *RTT et Modes de Vie* survey.

workweek enhanced their ability to organize their work, gave them more autonomy in their work, and led to new hiring in their work unit. Employees whose working conditions improved also tended to be those that could freely manage their schedules, and were most often of a higher qualification and rank. In contrast, employees who said that demands for multitasking increased or that they had to complete the same tasks in less time, felt more stressed at work, or faced additional tasks were more likely to see working conditions deteriorate. The lack of new hiring is often contributed to this feeling of work intensification (Méda 98-99). This data highlights similar inequalities that arise from the formation of workweeks, or the degree of control over free time, and suggests that the well-being of higher-skilled workers is more likely to increase due to the 35-hour workweek than lower-skilled workers.

An Unexpected Promotion of Gender Equality

Although the 35-hour workweek appears to have affected workers of different skill level unequally, the results of well-being by gender provide evidence of greater equality. Women in particular have greatly benefited from the reduced workweek in France. Estevão and Sá explain why this may be so.

For mostly cultural reasons, women have been more attached to raising a family and to household tasks than men, and the externality of having to work longer hours in the free market equilibrium may be more burdensome to them. If this perception is right, compared to men, women would be working “too much” in their main job, and a coordinated reduction in the workweek would allow them to spend more time at home without suffering dire consequences in their professional life. Thus, relative to men, workweek reduction laws could benefit women more. (427)

In addition to creating more gender equality with the improvement of working life for women, the reduced workweek allows for greater family time. Similarly, Jacobs and Gerson call for work-time solutions that address the often-conflicting twin goals of work-family integration and gender equity (115). In this light, the 35-hour workweek has potential to fulfill these criteria,

easing the tension of gender inequality in the workplace, and allowing both parents to be more involved in raising a family. The fact that men now spend more time at home with children opens up opportunities for a future evolution toward greater equality in domestic responsibilities—not to mention the benefits to children having both parents more involved in their lives (Hayden 523). As Méda puts it, “with the 35-hour workweek, we have one of the tools that allows us to reconcile the two values dear to the hearts of those who govern us: work and family” (101).

The introduction of the shorter workweek resulted mainly in women shifting from long part-time to the new short full-time standard (Berg, Bosch, and Charest 829). This allowed women with young children to participate as equals in the full-time workforce and ease the struggle to juggle work and family—providing a more egalitarian alternative to the second-class status of most part time work or withdrawal from the labor market (Hayden 523). This switch of more women working a full-time standard might have aided gender equality, but in turn, it makes women susceptible to the same skill-level inequalities that result from workweek formations and work conditions that I discussed earlier. Workweek formations that involve employer control over schedules and the allocation of free time, often deteriorating the well-being of lower-skilled workers, are particularly damaging to women with family responsibilities. Women, mainly high-skilled, benefited greatly if they had more control over the schedule of their free time. For example, when given the choice, women with young children prefer to take Wednesdays off, when most primary schools are closed (Hayden 516). In relation to working conditions, 42% of female managers experienced improved working conditions, but only 21% of unskilled female workers cited improvement (35% spoke of deterioration). This disparity is small among men, and is perhaps greater among women because of the cultural intensity of

balancing family with work. Deteriorating work conditions add more stress to daily life and can spill over to affect family responsibilities. This information proves that although women may ultimately benefit from additional free time thanks to the 35-hour workweek, they are still subject to skill-level inequalities, and higher-skilled women gain more than lower-skilled women.

Life Outside the Workplace: Overall Effects on Quality of Life

One of the main successes of the 35-hour workweek has been improving quality of life overall, above and beyond conditions at work. The *RTT et modes de vie* survey— considered by Anders Hayden the most comprehensive survey of 35-hour workers, due to the fact that it was conducted before the many amendments were enacted— found that a very significant majority had a positive experience overall (522). Table 4 highlights the main effects on the quality of daily life, divided by sex and skill level.

Table 4
Effect of Workweek Reduction on Quality of Daily Life: Robien and Aubry I Employee's Views

Sex	Employee Category	Improvement (%)	No Change (%)	Deterioration (%)
Male				
	Manager	65.0	28.4	6.6
	Intermediate level	57.1	29.2	13.5
	Skilled worker	56.3	29.4	13.5
	Unskilled worker	57.4	27.5	15.1
	Total	58.3	29.0	12.7
Female				
	Manager	72.7	19.4	7.9
	Intermediate level	73.3	19.3	7.4
	Skilled worker	60.5	25.5	14.0
	Unskilled worker	40.2	39.5	20.3
	Total	61.1	26.0	12.9
Total		59.2	28.0	12.8

Source: *RTT et modes de vie* Survey

When asked how, on the whole, the 35-hour workweek affected their daily lives both at work and outside of work, 59% of workers said their lives had improved, compared to only 13% who said their quality of life had deteriorated. The data shows that managers were particularly satisfied, especially female managers with 73% citing improvement. However, the least likely to be satisfied were unskilled female workers (40% saw improvement and 20% spoke of deterioration). The data proves that the formation of inequalities that I discussed earlier ultimately remain, but even among the least satisfied group, twice as many said their daily lives improved as deteriorated. Another key finding from the same survey is that employed women with children under the age of 12 were among the biggest winners: 71% said their daily life improved, while only 4.8% said it had worsened (Estrade and Méda). In the end, the survey suggests that the 35-hour workweek improved the overall quality of life for the majority of French workers and can be considered a success.

Although the *RTT et modes de vie* survey that I and many academics have used is extremely useful because of its great detail in specific subject matters and sizable, relevant participants, there are limitations to the above conclusions, and they should be noted.¹⁷ Because the survey was conducted in 2000 and 2001, the opinions of employees who were affected by Aubry II and the ensuing amendments were not accounted for. As I have discussed in previous chapters, after this time, the 35-hour workweek was watered down. In reality, as flexibility increased, all workers' weekly hours did not amount to 35, and this weakens a main source of possible benefits to employees. In addition, the initial job creation requirement to receive state aid was removed after the implementation of Aubry II in 2002, so employees very well could

¹⁷ The *RTT et modes de vie* survey was used by Anders Hayden, Marc Antoine Estrade, Valérie Ulrich, and Dominique Méda.

have experienced greater work intensification as firms attempted to absorb the change by adding on to each employee's workload. Survey results from the employees affected by the amendments could produce different results—as they did with employment. However, the results of the *RTT et modes de vie* survey are still advantageous in showing the initial effects of the original 35-hour workweek, and what could have been without the amendments.

Less-systematic, recent opinion polls provide additional information on the effects of the 35-hour workweek on quality of life. A poll conducted for the small business employer confederation found that 59% of people in France believed that the 35-hour workweek was good for employees, a figure that rose to 70% for those who actually experienced the shorter workweek themselves (Ipsos). A January 2005 poll found that 77% wanted to keep their current hours, while only 18% wanted to work more (Ifop). Similarly, the strikes in 2005 by French workers in opposition to amending the 35-hour workweek that I discussed in Chapter 2 provide additional evidence of worker's satisfaction. Although the previous results of the *RTT et modes de vie* survey have limitations, these results provide a broadly similar picture of strong employee satisfaction. In conclusion, the 35-hour workweek created unequal effects between workers of different skill-levels with higher-skilled workers gaining more, but greatly benefited women and promoted greater gender equality. The policy may have affected workers in different ways, benefiting some more than others, but ultimately led to satisfaction and a greater quality of life for the majority of French workers.

CHAPTER 5: Additional Policies and Country Comparisons

“The French welfare state generally succeeds in securing the majority of French people against the risks of modern life— losing one’s job, suffering financially from a serious illness or workplace accident, falling into poverty during old age, and so on. This is no small feat. Private insurance can never provide the sorts of financial guarantees that can come only from the state—Americans who pay large medical insurance co-payment fees can surely attest to this.”

-Timothy Smith, author “France in Crisis”

In the past two chapters, I have discovered the economic and social effects of the 35-hour workweek. In the end, the policy neither substantially increased employment, nor increased the quality of life for all French workers. Unemployment is still a major problem in France, and the current unemployment rate stands at 10.4%.¹⁸ In addition, the 35-hour workweek foreshadowed the formation of inequalities in France, and this can be seen as a major problem in itself. The French welfare state has many other labor policies that influence the life of workers, and specifically unemployment and worker well-being. The 35-hour workweek is only one policy in the midst of many. It can neither fully fight unemployment nor increase quality of life on its own. Other policies can play a large role in influencing these issues, so is important to consider their effects. By looking at these additional French labor policies and comparing them to the policies of other countries, we can better understand overall working life in France, and determine if there are other solutions to fighting unemployment and promoting worker equality—two goals that the 35-hour workweek simply did not accomplish.

Additional French Labor Policies

There is no doubt that most employed persons in France live a superb life. Compared to their North American counterparts, the majority of the French enjoy three to four times as many paid vacation days. Public Institutions are well funded. For example, there are excellent state-funded daycare facilities, and virtually free higher education is available to two million people

¹⁸ In the 4th quarter of 2014, the unemployment rate was 10.4% (*Labor Force Survey*).

(Smith 3). The government has constructed the world's third most expensive cradle-to-grave health care system, and in 2000 the World Health Organization ranked it the best in the world (*World Health Report 2000*). Most pharmaceuticals are covered at 75 to 100%, and only the Japanese consume more of them than the French (Smith 4). Public pensions are among the most generous in the world, and those who survive to the age of 58.5, which is the average age of retirement, can expect to live on large pensions financed by current workers' payroll taxes and through the general tax system (Smith 4). The French can even hop on a publicly subsidized high speed train and traverse the country in just four hours—in London this would take twice as long and cost twice as much (Smith 3). In addition, the French have access to the world's best system of museums, and the cities are beautiful and well preserved.

The broad view of life in France appears great, and many of the French should be proud of their system. Those who work in France tend to have higher wages and better working conditions than in many other nations.¹⁹ In his book *France in Crisis*, Timothy Smith takes note of all that is great in France, but believes that the greatness comes, to a certain extent, at the expense of high unemployment and the withdrawal of several million people from the labor market, leaving inequalities in its midst (18). The first trace of inequality can be seen through the beloved French public sector, and these workers tend to be the best protected. Thirty percent of the population affiliated with the public sector consumes twice their share of the nation's annual pension costs, while the remaining 70% of the retired population accounts for only 40% of pension costs (Smith 23). Civil servants benefit from a wide array of tax exemptions, salaries are typically 20-30% higher, and they also receive special family allowances, free or subsidized housing, and free supplementary medical insurance (“Les salaires de la fonction publique”).

¹⁹ During the mid-1990s, the minimum wage of France was over 60% of the median wage; in the United States it was only 39% and in Japan it was just over 30% (Smith 5).

Smith argues that since France's unusually expensive public sector requires high taxes and deficits to sustain it, it bears down on the over taxed, over regulated private sector and contributes to the high unemployment rate (25). In addition, the French public sector is the European leader in strike days, and they bargain for more favorable deals within the welfare state. Because the public sector is so powerful and their strikes often bring entire cities to a halt, they often have the greatest voice in influencing political agendas, leaving other workers behind.

Another source of inequality can be found in long term unemployment, or those who are without a job for over 1 year. In 1995, the French long term unemployment rate was 45%, six to nine times higher than that of Canadian and US rates (Gallie and Paugman 14).²⁰ In North America, long-term unemployment has not exceeded 20% since the Great Depression of the 1930s (Smith 10). Even in the midst of such high rates, the French economy has grown on average, 2% per year since 1980 (Cohen 126). Senator Bernard Barbier argues, "if high unemployment persists in the context of an economy which is indeed growing, then the fruits of economic growth are not being shared, and something is preventing that newly created wealth from being translated into new jobs" ("Les Rapports du Sénat"). Smith points out that new money was devoted to job creation during this time, but because most of the social spending went to pensions and health care, they were overshadowed (11). Even though the French government spends immense sums of money on certain welfare programs, unemployment remains high and therefore, these programs are not equally benefiting all of society.

The Excluded

Some of the most excluded and unemployed in France include youth and immigrants. Today, younger workers begin their careers ten years later than their parents did at a much lower

²⁰ In 1995, the Canadian rate was 8%, and the U.S. rate was 5%.

real salary, and those who do work in their twenties are taxed at over twice the rate their parents were taxed at a similar age (Smith 190). In 1996, only one in five of French youth aged twenty was working (Galland 81). In 1992, 41% of unemployed French youth whose families hailed from the bottom quartile of the income ladder received no help from their parents, nor assistance from the state (Attias-Donfut 666). Today, many French students prolong their studies, obtaining degree after degree, going from internship to internship, with little hope of full-time employment at the end of their contract (Smith 190). One potential cause of this could be the job protection afforded to older workers. During the late 1990s, the average time spent at one particular full-time job in France was 11 years, compared to 8 years in the United Kingdom and 7 years in the United States. Smith argues that since jobs became so well protected in France, employers found it easier to squeeze more productivity out of existing workers than to hire additional ones (10).

Immigrants are in a similar situation. The gap between the unemployment rate of immigrants and that of the general population is second highest in France (Bernard 148). It is drastic to assume that immigrants are unemployed because of racial discrimination, but opinion polls point to a racial crisis in France. In 1990 a Eurobarometer poll revealed that more than 60% of respondents regularly admitted to harboring racist thoughts, more people favored reducing the rights of immigrants than extending them, over 75% responded that there were “too many” Arabs in France, and 34% said there were too many people from the “Mediterranean” nations (Ferreol 55). It should be noted that many of these immigrants in France have low skill levels. For example, 83% of those who were at least fifteen years old when they arrived in France before 1975 were unskilled workers (Tribalat 160). INSEE showed in its 2002-03 report on the state of France that there was still a strong link between immigrant background and

underutilization of the education system (Smith 179). This hints at the fact that many immigrant children might have a disadvantage in education and would also grow up to be unskilled workers.

The job market for unskilled labor in France is minute, suggesting another cause of high unemployment for immigrants. Some authors have argued that France's low-wage service sector is so small because this type of job offends the morals of many Frenchmen, who still attach a certain degree of "honor" to work, and these jobs are not created in the first place (D'Iribarne). Another reason for the small low-wage sector in France stems from the high wages and social benefits that come attached to all jobs, and many employers resort to increasing worker productivity and employing more labor-saving technology (Smith 183-184). Because the majority of jobs in France are so well funded and protected, there is little money available for the creation of new jobs. In his 1997 study of the low-skilled service industry in France, Thomas Piketty found that if France had the same percentage of workers in these sectors as in the United States, there would be three million more jobs in France (Piketty). Often the burden of high unemployment rates in France has fallen on the shoulders of the youth and immigrants, and labor policies have neither been effective in increasing employment, nor reducing this inequality.

France compared to the United States, Sweden, and Germany

It is obvious that France has an unemployment problem, and certain groups are unequally affected. The French welfare state benefits the majority of its workers very well—better than many other nations— but the presence of such high unemployment and inequality suggest that there is room for improvement. In order to fix these problems and improve, some policies must change and government resources must be spread more evenly to the entire French population. By taking a brief look at labor policies in different countries, we can search for policies that have

successfully fought unemployment and promoted equality and suggest solutions for France. For this country comparison, I focus on the United States, Sweden, and Germany. I use the United States as a drastic contrast, Sweden as the ideal welfare state, and Germany as a medium.

The French do not particularly like the United States. As Amy Chua explains, “As with many people around the world, the French (not all of them, of course, but a significant minority) resent the USA’s economic success, its scientific prowess, its riches, its military power, and its sometimes arrogant and inconsistent projection of its powers and ideals around the world (11). The French are proud of their history, and as Smith suggests, “the French, heirs themselves to a great Revolution, believe that their model is also a potential gift to the world, and as a result, Anti-Americanism indulges France’s fantasy of past greatness and splendor” (66). The French believe that they have constructed a more humane, less frenetic, and more generous labor market than the United States. Part of this is true. The United States has a serious income inequality problem, non-existent or at best weak government support for low-wage families, a growing army of working poor, and poor public services (Smith 7). But, in the United States, the public purpose is geared more towards economic growth. The American job market creates millions of positions in the economy for the unskilled, and the unemployment rate is much more stable. France desperately needs a larger low-wage sector that can boost the employment of immigrants and decrease the total unemployment rate. Anti-Americanism aside, the French could use a piece of the United States’ model.

I use Sweden as an ideal welfare state because France spends almost as much as Sweden on all things “social”, but France has twice the unemployment and three to four times the poverty (Smith ix). The two countries have the same basic ideals, stressing common sacrifice and common benefits, but Sweden has been more successful in accomplishing these goals. Taxes are

high in both countries, but Sweden's tax system is more progressive. The Swedes must now work longer, into their mid-sixties, to receive a full pension (Smith 217). The highly expensive, and at times selective pension system in France could follow the Swedish model, distributing tax revenue to more needed areas. The Swedish tax system also allows for greater income equality. The wealthiest 10% of the French income ladder are 50% richer than their Swedish counterparts; the upper quarter of the French income ladder is not brought down by the tax system the way it is in Sweden ("Inequality"). Wages are also more equal between age groups. In a study of wage dispersion between younger and older workers in seven Western nations during the 1980s, Peter Gottschalk and Mary Joyce found that the gap between the average salary of an older worker and a younger worker grew fastest in France, while Sweden stood out as the one nation in which the young did not lose out to the old (Smith 196). Sweden has been cutting and reorienting social spending towards the most needy, and promoting greater equality of workers, and I believe France should take note of this.

Germany has also had problems with high unemployment rates, but has reformed labor policies while creating more employment opportunities. With 12% unemployment in 2003 and an ossified labor market, the German model, which is very much like the French, also collapsed inward on itself during the 1990s (Smith 15). To a greater extent than in France, however, German politicians have been willing to discuss the shortcomings of their model, to commission a report which was highly critical of labor-market regulations, and to act, with positive results in 2003, creating up to one million new jobs ("Germany's Labour-Market Reforms"). In addition, Germany realized that pension spending had to be controlled, and reformed its pension system, making workers wait until they are at least 65 to receive a full pension.

During the Great Recession of 2008 and 2009, Germany also adopted a work-sharing program to combat unemployment that is comparable to the 35-hour workweek. Under the program, called Kurzarbeit, employees working reduced hours received a “short-term allowance” of 60% of their former full-time wages, or 67% if they had a child (Felter 485). In mid-2009, over 1.4 million workers and 63,000 employers participated in the program, creating the largest work-sharing program in the world. The program cost the German government an estimated 5 billion euros, but saved more than 200,000 jobs by the latter half of 2009 (Felter 485). The policy was an extreme success compared to the United States, Sweden, and France; and the German unemployment rate was least affected, increasing by only .2 percentage points between 2008-2009.²¹ The example of the German policy during the Great Recession provides current and relatable evidence of how labor policies, and specifically workweek reductions can successfully generate employment.

France’s many labor policies are successful in providing benefits and increasing the quality of life of the majority of workers, but the country also obtains rather high unemployment and growing inequality problems. Many believed that the 35-hour workweek would fight unemployment and increase workers’ quality of life even more, but it fell short in the end as high unemployment returned, and only some workers’ quality of life greatly increased. The additional labor policies in France have not contributed much to solving these two problems. They increase the well-being of the majority, but at the expense of high unemployment and inequality. The United States has its faults, and is in no way comparable to the great welfare state that France is, but the country actively creates jobs for the low-skilled, and France must

²¹ Between 2008 and 2009 the unemployment rate increased by 3.5 percentage points in the United States, 1.7 percentage points in France, and 2.1 percentage points in Sweden. Data retrieved from the OECD stat extracts.

expand this sector if it wants to increase employment opportunities for low skilled workers, and specifically immigrants. Sweden has a highly progressive tax system that focuses on evenly distributing funds, reallocating them to those who are most in need. By reforming the tax system, and channeling excess funds away from the old and public sector workers and into the pockets of the ones most in need, France can better deal with its growing inequality program. In addition, by following Germany's lead and enacting policies that actively seek to create employment opportunities, especially in times of need, France can be better equipped to deal with such high unemployment. The French welfare state is exceedingly generous, and even I would prefer to work in France than in most other nations, but labor policy in France is not perfect, and there is always room for improvement.

CONCLUSION

In my thesis I have explained that the extreme inequality during the Early Modern Era led to great resistance by workers in the form of strikes, and mobilization during the rise of labor unions. By studying labor unions and demonstrations throughout history, I have provided evidence that depicts a hard-working and determined labor force in France, which fights not only for equality, but better overall working conditions. Although current participation rates show that modern unions are not as powerful as they once were, this data is misleading and French workers are still very much involved in voicing their opinions to higher officials, especially when they believe a particular issue is important. This power is supported by the continuous presence of a high level of strike activity in France. The historical legacy of inequality still plays a large role in influencing labor movements and suggests important aspects of the French work culture. When French workers feel as if they are being treated unfairly, they unite to protest and fight for their welfare, and they do so with passion. The power of French workers awards them great opportunity to play an important role in influencing labor policy, and is most notably shown through action to protect their ultimate goal of maximum worker well-being. The 35-hour workweek in France is an example that clearly supports these two points.

Chapter 2 explained the rationale and specific implications of the 35-hour workweek. In addition, I concluded that trade unions and many socialists were the most prominent supporters of the 35-hour week, while large corporations, employers unions, and right-winged officials were typically against it. The many negotiations that followed the Aubry I law showcased the difference in opinions and set the stage for the numerous ensuing amendments. In the end, the amendments created great flexibility that firms could use to increase overtime and fluctuate work schedules during periods of high demand, and ultimately to avoid hiring. The amendments

watered down the original policy of the 35-hour workweek and foreshadowed the effects on employment and quality of life.

After analyzing the effects of the 35-hour workweek on employment and quality of life, I conclude that overall, the policy neither substantially decreased unemployment, nor added to the unemployment level. The policy was most successful in its early years, before the amendments added flexibility and hindered the necessity to hire new employees. Quality of life, on the other hand, appeared to be positively affected by the 35-hour workweek, benefiting a majority of workers. Highly skilled workers, and particularly women, benefited the greatest, while lower-skilled workers experienced slight negative effects, as their workweek schedules fluctuated, and working conditions deteriorated. Overall, the 35-hour workweek was successful in increasing the quality of life for the majority of the French labor force. This positive conclusion provides the greatest evidence that relates back to the culture of work in France: the French work to live. The French workers fought for the 35-hour workweek because they believed that it would increase their well-being both at and away from work, and for the most part, they were right. The 35-hour workweek has proved to be beneficial in increasing worker welfare, and because employment rates were not necessarily affected, the policy was not a major hindrance to the French economy.

The 35-hour workweek is only a small part of the greater labor policy in France. The failures of the policy in increasing employment and equality only hint at the larger issues in France. Labor policy has been designed to greatly benefit many, and working life in France can be considered superior to many other nations, but often, a large minority of the French is excluded from these same benefits. Youth and immigrants make up the majority of the unemployed in France, and they are not granted the same protection from the state as others.

Labor policy is geared towards increasing the well-being of workers, but it creates the same problems that the 35-hour workweek unsuccessfully combatted—unemployment and inequality. If these problems are to be solved, benefits must be shared more equally, and reform will be necessary.

Although the overall results of the 35-hour workweek were generally advantageous for the French labor force, this policy could still be improved as well. The many amendments that were promoted by employers and right wing politicians transformed the policy and took away many of the most significant aspects. The amendments greatly inhibited the potential for immense success. French workers have done their part during demonstrations to protect their beloved 35-hour workweek—and I believe it is here to stay—but in order for the policy to reach its greatest potential, the French will have to uncover some of their revolutionary tradition that has historically molded the culture of work in France, and use this power and determination to thoroughly mold the 35-hour workweek into a policy that most greatly benefits the population equally. In return, they will strengthen one of the main aspects that define the culture of France, and foreigners marvel at. By working to live, the French labor force can truly appreciate and experience all of the greatest aspects of life that many foreign workers—and unfortunately, some French citizens themselves—miss out on.

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