1. Introduction

1.1. The French experience of Reorganisation and Reduction of Working Time (RRWT) was the focus of a peer review meeting in Paris on 18 and 19 April 2000. Five European Union countries took part: Austria, Greece, Italy, Luxembourg and Spain, together with the host country France.

The French strategy for a Reduction in the Working Week (RWW) has been a central plank of the government’s employment policy since 1997. It is implemented through a framework of legislation, coupled with incentives and support for industry, and measures to ensure maximum consultation with the social partners and employees and their representatives.

At the core of the policy is the introduction of a 35-hour working week. Two pieces of legislation, the Aubry laws of 13 June 1998 and 19 January 2000, make up its legal basis.

1.2. The French policy is in line with the objectives of the ‘third pillar’ of the European Employment Strategy, launched by the Member States in the wake of the Luxembourg Jobs Summit in November 1997. This aims at encouraging adaptability of businesses and their employees, with a view to making more jobs available. Employment guidelines 16 and 17 refer to modernising work organisation, achieving a balance between flexibility and security, and considering new models of employment contracts.

1.3. The objectives of the French policy on working time are threefold:

- To promote job creation and increase economic growth, in line with the European Employment Strategy;
- To improve the living and working conditions of employees, so as to achieve a better balance between their private and working lives;
- To boost productivity and competitiveness within French companies, through the modernisation of organisation and work practices.

1.4. This summary report explains the background to the French policy on RRWT, and the design and implementation of the law. It goes on to examine the results that have been achieved so far in terms of job creation, modernising businesses and improving working conditions, and enhancing social dialogue. Finally, it summarises the reactions of the peer group countries, and what elements - if any - of the French strategy could be constructively introduced in their own circumstances.

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1 Detailed information about the policy is available on the website: www.35h.travail.gouv.fr
2. Background and policy considerations

France’s drive to reduce working time dates back to the 1981 post-election period, when the option was proposed as a means of boosting employment\(^3\). In 1982, legislation cut the working week to 39 hours and introduced a fifth week of paid holiday. Despite a realignment of policy in 1983 which pushed the issue down the agenda and left the pledge of a 35-hour week by 1985 unfulfilled, the government continued to encourage firms to negotiate on reorganisation.

The rise in unemployment in France in the 1980s and 1990s led to the introduction of a variety of measures aimed at specific sectors of the workforce, such as young people and the long-term unemployed. In this context, work sharing was seen as a way of increasing the overall number of jobs available when economic growth was failing to create new ones.

One measure concerned working time. The so-called Robien law – the predecessor to the Aubry laws – was passed on 11 June 1996. This encouraged collective agreements to reduce working time. 2,953 agreements were signed in total. Most of the companies which took advantage of this measure did so in response to some organisational problem. In practice, this meant that shorter hours were often bargained against a development project such as greater flexibility or an increase in the operating time of plant and machinery. The idea of a legal obligation to reduce hours proved controversial among employers and workers alike.

As the French economy started to pick up in 1997, new jobs started to appear, especially in service industries, although national unemployment remained above the EU average of 9.9% in 1998. Alongside measures targeted at getting young people into work, and cuts in unskilled labour costs which particularly benefited female part-time workers, RWT was seen as a move to create new jobs and avoid redundancies throughout the workforce.

Tackling the lack of consensus

Any realistic RWT strategy had to reconcile a range of often contradictory issues:

- job creation;
- organisation and competitiveness of firms;
- flexibility for both employers and workers;
- improved working and living conditions;
- encouragement of industrial negotiation.

As soon as the plan to legislate was announced in autumn 1997, employers declared their opposition on the grounds that it would increase production costs and make French firms less competitive in the global market. Their main objection was to the proposed intervention of the state in a matter they believed should be covered by collective bargaining on a decentralised basis. This opposition culminated in the resignation of the head of the employers’ organisation CNPF (now MEDEF).

Equally, trade unions, while interested in the project, had some deep reservations. They were concerned that employers would demand trade-offs in other areas, or try to cap pay rises at a time when workers might hope to benefit from the fruits of increased growth. The CFDT expressed concern about how the 35-hour week would be implemented, while the CGT feared that flexibility would be used to fuel divisions between employees.

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\(^3\) Background information from: *European Employment Strategy: The French Plan for Reduction in Working Time*, a discussion paper prepared by independent expert Pascal Charpentier for the peer group meeting.
Individual employees also tended to be sceptical. Many equated sharing work with the unwelcome principle of sharing pay. They also held the view that past negotiations on 'flexibility' had failed to make their own personal time management any easier, and some associated RWT with a deterioration in their professional and domestic situations.

Policy-makers were nonetheless aware of the inevitability of workplace modernisation and greater flexibility, in the light of globalisation and technological change. The main objective was to supervise its development and direct it in such a way as to benefit the economy while at the same time offering better working and living conditions. The promoters of the law aimed to reconcile the economic imperatives and the social aspects of RWT by emphasising the opportunities for a new engagement between the social partners:

“Negotiated reduction in working time should be the occasion to define, if not a new ‘social contract’, then at least a new project between workers and employers which will at the same time enable firms to modernise through new forms of organisation of work and encourage the development of collective negotiation.” (Gorce 1999).

3. Design and implementation

With all these considerations in mind, the French government set about designing a law which would be built on the broadest consensus possible. It settled on a two-phase approach.

- The first Aubry law was enacted on 13 June 1998, and lays out the policy and incentives for the reduction of working time and related job creation.
- The second law, of 19 January 2000, sets new rules for the reduction of working time, based on the experience of a year and a half of branch and plant negotiations.

The measures establish a 35-hour working week (a maximum of 1 600 hours per year), effective from 1 January 2000 (de facto 1 February), for all enterprises and organisations employing more than 20 people, including public services. The law applies to small businesses from January 2002.

Aubry I includes several aspects of the Robien law - notably financial incentives and negotiation - but goes much further. It defines the objective of a 35-hour working week, together with the method for achieving it: decentralised bargaining in individual companies. It puts in place incentives in the form of exemption from charges for companies implementing the measure before being legally obliged to do so and giving undertakings to create or preserve jobs. The main emphasis of this first phase is on opening the way for negotiations between the social partners.

Aubry II carries on from the first statute to apply a generalised rule, taking as its starting point the results achieved in negotiations in companies, professions and industrial sectors.

By making the reform in two stages, the government hoped to avoid too sudden a change in working hours, and to allow time for reflection before implementing the second law. Encouraging negotiation enabled the parties involved to decide on the best way to apply the law according to their specific circumstances, and gave Parliament a chance to review progress before completing the second stage of legislation. The law aims to promote collective agreements which simultaneously protect the aspirations of employees and the competitiveness of firms, thereby setting up “an environment indispensable to the maximum creation of jobs”.

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Who is covered
According to official data from DARES, (Direction de l’Animation de la Recherche, des Etudes et des Statistiques) and DGEFP (Délégation Générale à l’Emploi et à la Formation Professionnelle), the law covers some 10 million staff working in 80,000 companies employing 20 or more people, including 8.8 million on full-time contracts. A further 4.3 million people in small businesses will be affected from January 2002, not counting the 4.8 million civil servants in the three main areas of public service: central government, hospitals and local authorities.

New definitions
Aubry II simplifies the definition of working time, clarifying the status of meal and other breaks. It also lays down the way in which annual work duration is to be calculated, where this replaces the weekly frame of reference, especially in the case of individuals who work part-time or on a modular time scale.

Financial incentives and penalties
The law foresees three conditions as crucial to creating a climate encouraging job creation:
- a genuine reduction of the working week to 35 hours;
- conclusion of a collective agreement on making that reduction;
- approval of this agreement by the workforce.

Thus, only companies which implement a collective RWW agreement providing for a 35-hour week (or 1,600 hours annually), and making a commitment to create and/or preserve jobs, are eligible for reductions in social charges. The social partners are responsible for stipulating the impact of RWW on employment in the agreement. Reductions may be suspended if the company does not honour any aspect of the agreement.

The second statute provides for a flat rate reduction of FRF 4,000 per salaried employee, designed to enable companies to reduce working time and improve work organisation without damaging their competitiveness. DARES/DGEFP estimates the cost to the state, once the system has established itself, to be FRF 40 billion.

Shortening the statutory duration of the working week does not automatically cut the actual time worked by the company as a whole. But companies remaining at 39 hours are penalised by a staged increase in labour costs. Each hour worked between 36 and 39 hours inclusive per week attracts an added labour cost of 15% in 2000 rising to 20% in 2002.

Hallmarks of successful agreements
DARES/DGEFP put forward six criteria for the conclusion of a successful RWW agreement:
- **Taking the time needed** - a preparatory phase, with help from outside consultants, may be necessary. Negotiations sometimes take up to nine months, although - for operational reasons - the changes themselves usually have to be implemented in a single phase.
- **Obtaining commitment from all concerned** - consensus is a guarantee of future stability, and is more likely to be achieved if employees perceive a real improvement in their working conditions.
- **Defining rules and guarantees** – sector- and profession-wide negotiations generate collectively agreed rules and benchmarks. The most effective are those which enable companies and their staff to respond better to customers’ needs, and, at the same time, help employees to reconcile their working and family lives.

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5 The Law concerning the negotiated Reduction in Working Week, discussion paper by DARES/DGEFP for the peer group meeting.
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- **Training to prepare for the future** - training as a goal is a necessary accompaniment to RWW. The reduction in working time can offer opportunities for career development, exploring personal fulfilment, multiskilling, or training future recruits.

- **Preserving and developing capacity for production and service provision** - this is a crucial factor especially for small firms, where the implementation of new forms of organisation may be seen as a bigger problem. Consultant support, or recruiting part-time staff, could be among the possible solutions.

- **Lightening the burden of social charges** - cuts in charges, amounting to 4% of payroll costs, together with productivity gains and moderation in future wage demands, should be able to fund most of the added cost of RWW (estimated at a maximum level of 11.4%), says the report. A sustainable financial balance will be crucial if RWW agreements are to have a long-term impact on employment levels.

4. Evaluation results

4.1 Employment Impact

The French government’s policy decision was backed by the prospect of a further improvement in the employment situation resulting from the economic upturn of the last few years (1.6% growth of GDP in 1996, 2.3% in 1997 and 3.2% in 1998). Unemployment in France reached its peak in 1996 (12.6%) and began to drop in 1997, falling to 10.6% in December 1999.

**Number of agreements**

Official figures indicate that, as of March 2000, 28 406 agreements had been concluded within companies since the first Aubry law came into force. Almost 40% of all full-time staff in companies with more than 20 employees now work a 35-hour week - a total of 3 530 794 people out of a full-time workforce of 9 000 000. Throughout the French economy, a total of 3 656 085 full-timers now work 35 hours a week.

**Jobs created**

At the same time, the French Ministry estimates that 180 000 jobs have been created or preserved by agreements signed under the RWT. Net new job creation as a result of such deals amounts to 7.5% of existing jobs. But because of the average three-month time lag between the signing of agreements and the implementation of changes, together with the further three months companies need to take on staff, all the planned new recruitment will not yet have come into effect. DARES estimates the specific impact of RWW on employment levels, at the end of March 2000, to be 133 000 new jobs. These comprised 109 000 new posts created and filled, and the equivalent of 24 000 more generated by the take-up of extra working time by previously part-time staff in companies switching to 35 hours.

**Covering the cost of working time reduction**

Firms have covered the cost of new recruitment and job preservation in four ways:

- increased productivity through better work organisation;
- capital savings - due to more efficient use of equipment;
- moderation or freezing of staff pay increases;
- reductions in employers’ social charges.
Taking a more sceptical approach, Charpentier stresses the complexity of analysing the true impact of the 35-hour week on jobs. “Of the 420 000 jobs created by the French economy in 1999 (a record figure), how many are due to economic growth and how many have been directly caused by the RWT?” he queries. Since official data are based on the commitments made by companies, they do not yet represent real jobs. He quotes a more modest figure of 60 000 new posts in 1999, taking into consideration the ‘windfall effect’ by which firms include in their agreements the jobs they would have created anyway.

The impact of RWW on employment is unlikely to grow over the coming years, he predicts, partly because the most dynamic companies will have already adopted the 35-hour week, and partly because firms may make cuts once the statutory period for preserving job numbers has ended. Depending on developments in the French economy, he estimates that RWW will create some 300 000 jobs over four years - below government forecasts.

4.2 Modernisation of enterprises and workers’ conditions and aspirations

The enterprises
Rethinking the organisation of time, and more broadly, of work, is at the heart of the success of the RRWT project, believes Charpentier. New, flexible working practices, modern technology, and an increasingly competitive global market have all increased the pressure on firms to modernise. But, especially for small and medium-sized enterprises, the process can be expensive and time-consuming. The Aubry laws give companies the impetus for change, whether for technical reasons, or to meet the cost of RWT.

To help SMEs rise to this challenge, the government introduced a subsidised advice and support service. The state pays for the first five days’ work by a specially trained consultant, who diagnoses the existing situation, develops tailor-made solutions, and facilitates the introduction of the 35-hour week.

Companies have been able to adapt their operations to match seasonal fluctuations and demand. Half the agreements switch to an annual assessment of working time, and 80% of the companies have reorganised, especially by redeploying qualified staff (25%), or extending the use of equipment (16%) or departmental working hours (20%).

Decentralised negotiation is key to achieving an economically and socially satisfying compromise on working time which takes account of the needs of the enterprise as well as the aspirations of the staff. For this reason, big companies chose to conclude framework agreements, delegating detailed decisions on work patterns to site or even department level.

Different agreements use a variety of mechanisms to fit RWT to local needs. Sixty percent of companies combine more than one form of reduction. For example, employers and staff together have negotiated shorter working days, weekly reductions, alternating long and short weekends, extra annual rest days, additional bank holidays, or ‘bridges’ between weekends and bank holidays.
Impact on the workers
DARES estimates that 90% of employees have maintained their wage levels following agreements, and subsequent pay claims have been moderated in 70% of cases. The national minimum wage is guaranteed, and 80% of new staff have been recruited on the same rates as existing workers.

The reduction in the working week has also boosted job security by encouraging a switch to permanent rather than temporary or short-term contracts, and by promoting training and multiskilling. Employers are obliged to ensure that staff can adapt to changes in job descriptions, and related training time is included in working hours. In a significant minority of agreements, part of the time freed-up by RWW is used - with the consent of the workforce - for training for vocational qualifications.

The law sets out to protect voluntary part-time workers, who choose to work shorter hours often for personal or family reasons, by redefining their rights and giving them more control. Some agreements give part-timers the choice of cutting their hours on a pro rata basis, maintaining or increasing them. At the same time, the measure aims to help part-time workers who would rather switch to a full-time contract. This extra flexibility should be of special benefit to women workers, who form the majority of part-timers and often have to combine work and family responsibilities.

Managerial executives, who form 12% of staff in the private sector and work on average 46 hours a week, also come under the law, which seeks appropriate solutions to enable them to benefit from RWW despite the problem of fulfilling their responsibilities. Under Aubry II, executive staff are divided into three categories, with only the very top managers falling outside working time regulations.

The use of overtime is tightly controlled by the law. Compensation for each extra hour worked between 36 and 39 hours per week should in principle be in the form of rest time. Only a collective agreement can sanction monetary overtime payment.

The Aubry laws contain no specific measures to promote equal opportunities, despite the disparity in male and female employment in France. In 1997, 69.9% of men and 45.5% of women were in equivalent full-time work. However, a sliding scale of additional social contribution reductions in favour of lower paid workers is expected to benefit women’s employment, and negotiations have encouraged employers to think more about reconciling working hours with social, family and school times.

One interesting aspect of the law is the use workers make of their extra free time. Surveys show men engage mainly in house repairs and improvements (DIY) and gardening, while women do household chores. Charpentier calls for more research on whether RWT is indirectly reinforcing the division of labour between the sexes.

Research within companies that have implemented agreements shows 85% of employees are generally satisfied with the 35-hour working week. Of these, 86% report an easier personal and family life, and 50% a better working atmosphere. Reasons given include less tiredness and stress, greater efficiency, and better quality of work. In some firms, employees are also developing - sometimes spontaneously - new forms of collaboration and cooperation in order to compensate for missing hours, leading to a debate on individualised management structures.
However, 13% of workers who feel that their conditions have worsened, blame a higher work rate. Charpentier finds that few workforces have reduced their working time without giving ground on some other aspect of pay or organisation. Although data are scarce, staff in 11 out of 13 firms analysed in the Ile de France region reported heavier workloads. In reality, firms often recruit for new activities rather than compensating for hours lost. Charpentier warns of the risk of a growing rift between firms who have no difficulty in accommodating RWT and offering staff more free time and autonomy, and less privileged sectors where the 35-hour week leads to wage restraint and work intensification.

4.3 Enhancing Social Dialogue

Legislators regard dialogue as key to the successful implementation of RWT. Thus, the first statute aimed to open the way for negotiations, while the second law was designed through extensive consultation involving employers, trade unions, professional associations, and France’s 50 most important economic sectors.

Until the mid-1990s, corporate work organisation tended to be excluded from negotiations. The new law made it possible to bring social dialogue into companies where it previously had little influence. According to DARES:

This revitalisation of social dialogue within companies, supplemented by the importance given to negotiations across entire trades or sectors of industry, especially where these have a high population of SMEs, is helping enhance the effectiveness and scope of the enforcement of essential rights provided in our constitutional laws.

Nearly two-thirds of French companies with less than 100 employees have no trade union representative in-house. To tackle this difficulty, the law introduced a new procedure to enable a trade union to mandate an employee to negotiate and sign a deal on its behalf. This approach has been used in more than half of the agreements. In addition, in firms with 50 employees but no trade union presence, a collective agreement can be reached with staff representatives and validated by a joint staff/management panel.

Proposed agreements must win majority approval, either through support by one or more trade unions representing a majority of employees, or by the direct endorsement of the workforce. This, says DARES, guarantees the legitimacy of deals and enables all organisations to negotiate RWW, regardless of size or lack of trade union representation.

Given the number of agreements which have already been signed, “it is obvious that the aim of reviving the dynamics of negotiation has been achieved,” declares Charpentier. Another cause for satisfaction is the dynamic energy of branch negotiations, as well as the fact that many small firms, which will not be subject to the RWW law until 2002, have already launched talks.

However, the figures should not give rise to “unbridled optimism”. Some 75% of companies employing more than 20 people had not signed agreements by May 2000, and most of those that had were in an economically favourable situation. Furthermore, not all negotiations have culminated in agreement, and some unresolved disagreements have led to industrial disputes, especially in big public organisations such as SNCF and La Poste.
In conclusion, many firms, especially SMEs, have had their first experience of negotiation as a result of the 35-hour week. But on the other hand, the new mechanisms introduced to win workforce approval raise long-term questions about the future of industrial organisation. It is too early to say whether the mandate system will open the way for re-unionisation, or prefigure other forms of employee participation in the light of a weak union presence. Equally, will the spread of referenda bring a new style of industrial relations, or do they reflect the inflexibility of relations between the traditional social partners?

As Charpentier points out: “Referenda can be tools of democracy in the firm, or a formidable instrument for weakening one of the parties involved in negotiations, depending on their subject and the moment at which they intervene in the negotiations.”

5. Relevance for Peer Countries

5.1 Employment Impact

All the peer country representatives showed considerable interest in the French experience, and had prepared detailed comments and questions.

Measures to reduce working time are highly relevant to Austria. Employment is currently at the top of the country’s political agenda, although the labour market situation is improving. The jobless total fell in March 2000 to 3.9%, according to EU criteria (6.6% by national calculations), and the redistribution of work through working-hours reduction could further this development.

Besides the general aims of the French approach and the innovative methods applied, many of the details of the policy and the debate it has launched are relevant for Austria, as shown, for example, by the Michelin amendment linking introduction of the 35-hour week to redundancy plans. In Austria, social plans are frequently used for handling lay-offs, and only in rare cases are innovative approaches to working hours and short-term wage reductions proposed.

Greece's National Action Plan (NAP) for employment calls for “the creation of an efficient and flexible labour market, which will maximise employment and productivity and guarantee job security”. At present there is little consensus on the impact of reducing working time, with employers and workers presenting conflicting statistics to support their arguments.

Trade unions argue that a 35-hour week could be introduced without any adverse effect on Greek competitiveness, at the same time creating 130,000 new jobs and preserving 50,000 more. The employers contend that RWT would hit production, exports and business activity, increasing labour costs and the price of goods and services.

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6 Austria report by Jörg Flecker and Christoph Hermann of the Forschungs-und Beratungsstelle Arbeitswelt (Forba) in Vienna.
7 Greece report by Athena Petraki Kottis, Professor of Economics at Athens University of Economics and Business.
In **Italian** collective agreements, reductions in working time are seen as improving the working conditions of employees rather than as job-creation measures. This applies especially to high-wage sectors such as chemicals and banking. Both trade unions and employees have always been firmly opposed to linking cuts in working hours to reductions in pay. For this reason, RWT has not traditionally been regarded as an appropriate strategy for creating jobs in Italy.

**Luxembourg**'s labour market is characterised by full employment. Unemployment was 3.1% in 1998. The country provides work for Belgian, French and German residents who make up 30% of the workforce. Since 1975, Luxembourg has promoted the setting up of new enterprises (137 by 1998), and these start-ups have played a large part in an 11.23% increase in jobs between 1995 and 1998. Therefore, cutting work time in order to create jobs is not relevant in Luxembourg.

**Spain**, on the other hand, has the highest unemployment rate in the EU (15.86% in 1999), so the idea of reducing working time to create jobs has a strong appeal. Employment growth in 1999 amounted to 4.6%, rising to 5.2% in the last quarter. Despite this, further efforts are needed. Spain’s long-term employment strategy centres on economic growth and evening out imbalances such as gender inequalities and regional variations.

With a significant number of women entering the workforce, Spain is interested in RWT’s impact on job opportunities for women. But with regard to the 35-hour week, it should be remembered that Spain only introduced a statutory 40-hour week in 1983, and the social partners are deeply split on RWT.

### 5.2 Modernisation of enterprises and workers’ conditions and aspirations

In **Austria**, progress in cutting working hours slowed down in the 1970s. Measures in recent collective agreements have tended to increase productivity and overtime and intensify workloads, while having little impact on numbers of jobs available. For this reason, the issue of reducing working hours is not very popular among Austrian employees. Attempts to redistribute working hours have been largely unsuccessful. For example, very few staff or companies have taken up the 1997 ‘training leave’ or ‘solidarity bonus’ schemes designed to promote career breaks or individual working time reductions to benefit the jobless.

The **Greek** government is acutely aware of the need to improve the competitiveness of Greek enterprises, while at the same time maintaining existing jobs and creating new ones. At present, many SMEs operate on very low profit margins and are therefore unwilling to take the risks or bear the costs associated with modernisation. Trade unions have announced that they will demand the introduction of RWT in forthcoming collective negotiations, and argue that reorganisation would increase flexibility and productivity at the same time as reducing worker fatigue.

In **Italy**, normal working hours for full-time dependent workers are already lower than the EU average. Employees work 1 718.5 hours a year, compared with 1 792.4 hours in France, and 1 801.9 across the EU. Firms tend to cope with cyclical fluctuations by cutting working hours during periods of low demand, while upturns bring longer hours, plus a growth in atypical employment such as part-time and temporary work. Up to now, trade unions have accepted the widespread practice of

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8 Italy report by Manuela Samek Lodovici, of the Instituto per la Ricerca Sociale.
9 Luxembourg report by Uwe Warner of CEPS/Instead.
10 Spain reports by Manuel Lloredo Alvarez, technical adviser, Ministerio de Trabajo y Asuntos Sociales de España, Secretaría General de Empleo; and Victoria Elisabeth Villagómez, Centro de Estudios Económicos, Fundación Tomillo.
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overtime. Workers consider RWT to be of secondary importance to wages and job security. Unlike in other EU countries, there is no strong pressure from workers for a reduction in working time, and the majority would still prefer to receive higher pay.

Luxembourg is chiefly interested in finding out which measures within the French policy on RWT have been most effective in promoting modernisation, and distinguishing changes which would have been made anyway because of social or economic factors. Warner points out that six months is a very short period to assess the law’s impact, and warns against over-optimism at this early stage.

The rapid introduction of new technologies in Spanish industry makes reorganisation crucial. Much needs to be done in relation to infrastructure and training, and there might be a risk of serious bottlenecks in production if RWW were implemented at this stage. In the last Spanish elections, the left, which had pledged to introduce a 35-hour week via legislation similar to the French laws, was defeated. It seems, therefore, that the Spanish public does not give RWT a high priority, although in a 1999 survey, 45% of the population said they would be prepared to accept a reduction in pay in return for shorter working hours.

5.3 Enhancing Social Dialogue

As Charpentier points out, the French experience is virtually unique in that in most other EU countries, changes in work organisation have come about through collective bargaining between the social partners rather than government intervention. Italy backtracked on legislation in the face of hostility from both employers and unions, while in the UK, state intervention is considered “a heresy”.

In all peer countries, the law provides a general framework on working time, and more detailed working arrangements are agreed through social dialogue.

In Austria, the Working Hours Act (1997) defines the conditions under which flexibility is permitted. Within this framework, working-hours policy has become a negotiating issue at sector level rather than a matter of public debate. Trade unions have called for RWT, but with limited success, while employers are in favour of flexibility, but hostile to a general reduction in working hours. At company level, negotiations on flexibility are frequent, but compensation for staff is uncertain, and the overall effect is a patchwork of unequal conditions. This contrasts with the French approach of establishing the overall principle, together with compensation mechanisms, before moving to decentralised negotiations.

The situation in Greece is similar in many ways, with a 1998 law defining the boundaries for new work organisation models to be developed through negotiation. But the social partners’ opposing views on RWT mean that few companies have reached agreement with their workers on this issue. The Greek government is in favour of promoting a dialogue on working time, through negotiations at company or sector level. The Manpower Employment Organisation (OAED) offers a small incentive – increasing the subsidy for the creation of new jobs – to firms who conclude such agreements.

Collective agreements at plant and branch level have always, by tradition, governed working time in Italy. RWT has been used by the social partners as a way of reducing lay-offs during periods of recession, but in the last decade the focus has switched to trading greater flexibility in the use of plants and equipment for significant cuts in working hours – sometimes as low as 32 hours a week. In recent years, bargaining over working times has contributed to the development and strengthening of industrial relations at plant and territorial level. In order to forestall legislation on the issue, in
October 1997 the social partners signed a national agreement for the implementation of the EU Directive on working time, strongly underlining the role of collective bargaining.

In Luxembourg, the 1999 NAP sets the framework for the social partners to negotiate on collective work contracts, including working time, but no specific agreements are known to have been concluded. The basis for collective bargaining is long-established, and articulated in a law passed in 1965.

Spain has one of the lowest percentages of unionised workers in the EU. However, recent negotiations at different levels have brought about agreements on RRWT (e.g. savings banks, and Ford’s Valencia plant). Implementation of the sort of financial incentives introduced by the Aubry laws would help workers to negotiate for reduced hours. Social dialogue has strengthened in the last five years, but the conflict of opinion on reducing working time means that discussion on this issue needs to be re-instated in negotiations.

6. Transferability of the policy to peer countries

Generally, the peer countries were impressed and interested by the French initiative. They raised a large number of questions, covering the institutional arrangements, the application, and the effects of RWW in France. Most of them felt their countries could benefit from an in-depth study of the French experience, particularly the aspects concerning advice and support for companies, and the system of mandating workers.

However, doubts were expressed about the feasibility of introducing legislation along the lines of the Aubry laws in any of the participating countries, for a variety of reasons.

Employers in Austria insist that working time arrangements should be decided at local level with as little general regulation as possible. In this respect, the French measure should be interesting since it adapts the overall principle to suit local conditions, via decentralised negotiations. However, employers’ organisations are opposed to a universal reduction in working hours. Since 1997, a large number of collective agreements have accepted flexibility through the modulation or annualisation of hours, without reducing working time. Thus, concludes the Austrian report, “given the fact that flexibility arrangements are already widespread and that agreements hardly include working time reduction, the ‘window of opportunity’ for a reduction of working time à la française seems to have been missed”.

Luxembourg, as already indicated, suggests that the introduction of shorter working time in order to create jobs would be superfluous. A framework for collective bargaining is already in place, and the government which was elected last year has stated that it has no plans to introduce RWT legislation in the coming years.

RWT could be beneficial in Greece if it boosted the number of jobs available. However this would only happen if there were no adverse effects on competitiveness and the volume of work. However, the expert concludes that the introduction of legislation, under existing conditions, cannot be recommended in Greece for a number of reasons, among them:

- the country’s many SMEs would face serious financial difficulties;
- any increase in production costs would further damage the competitiveness of Greek goods;
- the burden of state subsidies would be too heavy and would endanger Greece’s place in the Euro-zone;
• Greece is surrounded by countries with cheaper labour, and there would be a risk of industry relocating;
• An increase in the cost of labour might encourage employers to use illegal immigrants from neighbouring countries.

Italy’s report concludes that “the potential transferability of the policy in Italy is very limited, if not impossible”. Apart from the fact that the social partners do not accept a government role in regulating working time, another problem is that introducing a 35-hour week in companies with more than 15 staff would affect only about one third of Italian workers. Not only do a considerable number of people already work less than 35 hours, but there is also a large proportion of self-employment and irregular work.

Finally, in Spain there is still little public awareness and debate on the issue. The proportion of part-time workers (8%) is well below the EU average, and employers have shown themselves unwilling to negotiate on issues such as part-time work and family-friendly measures. Thus, the potential for legislation exists, with labour union support, but the government prefers to leave the issue to collective agreement. At most, it might consider financial incentives for firms to create new jobs.

An indication of the potential transferability to Spain can be seen in the decision of several regional and local governments to introduce a shorter working week in their administrations, and to offer incentives to firms to reduce working hours. However, these decisions have led to legal challenges by the central administration, as they contradict national laws that determine the same employment conditions for all public sector workers.

In conclusion, it was clear from the peer review that, although strategies and mechanisms differ significantly, the aims of the French policy are shared by many European countries: improving work organisation as well as working conditions, in order to create growth and jobs, without increasing labour costs.