

**The Janus-Faced Nature of Working-Time Reduction:  
Between Rationalization Whip  
and Instrument for Social Justice<sup>1</sup>**  
Daniel Kinderman

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<sup>1</sup> I am grateful to Kurt Hübner, who made many useful suggestions for this paper.

Like the Roman god Janus, endowed with two heads, one facing forward and the other backward, working-time reduction under capitalism has a twofold nature. Its stipulated goal is social justice. Yet in striving towards this goal, working-time reduction must satisfy the requirements of capitalist economic rationality and profitability. To quote Jürgen Habermas, the question is “*how much strain* the economic system can be made to take in directions that might benefit social needs, to which the logic of corporate investment decisions is indifferent.”<sup>2</sup> How great is the space between these two poles -- *how much social justice can a capitalist economy afford?*

It is not immediately clear that this question makes much sense in the abstract; the answer is surely fairly elastic and context dependent.<sup>3</sup> The present paper locates working-time reduction in a field of tensions between rationalization and social justice in the context of German industrial relations. Germany is particularly important as a test case because working-time reduction there has gone farther than in any other major industrial nation. In this specific case, I will argue that *the prospects for furthering social justice are limited for individual social actors within the system; a 'systemic' approach is needed.* Before examining the specificities of the German case, it is necessary to establish an analytical framework, and define some key terms. This is easy in the case of working-time reduction, less so in the case of social justice.

For my purposes, working-time reduction (WTR) may be defined as “a reduction in the standard work week: that is, a reduction in the numbers of hours beyond which an

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<sup>2</sup> Jürgen Habermas, “What Does Socialism Mean Today? The Rectifying Revolution and the Need for New Thinking on the Left” [New Left Review](#)

<sup>3</sup> I am indebted to Leo Panitch for this point.

overtime premium must be paid.”<sup>4</sup> The ostensible goal of this policy is to decrease the supply of labour in the labour market, thereby leading to new hiring and an upward pressure on workers’ wages, which can be taken as increased income or leisure. The actual situation is of course far more complex. Reducing the supply of labour does *not* in fact guarantee that new hiring will result; whether hiring will occur or not, that depends on the response of capital. Nor does a reduction in *standard hours* mean that *actual hours* worked will approximate that standard, if capital makes use of overtime. The power relation between capital and labour is anything but symmetrical, and this must always be kept in mind. Nonetheless: the goal of redistributing work to the unemployed goes to the heart of WTR, and links it to social justice.

The nature of justice has been the subject of heated debates by philosophers for millennia, and I cannot attempt to give a comprehensive definition here. Crucial for justice are notions of equality. That is, *all people are to be treated as equals*; no person is to be arbitrarily excluded from society, and every person is to receive his/her fair share of resources.<sup>5</sup> Assuming that the involuntarily unemployed are not undeserving people (in other words, the social institutions which result in these people’s exclusion are the problem, not the people themselves; the contrary seems hard to argue), WTR contributes to social justice by attempting to provide all labour market participants with a share of society’s work and wealth.

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<sup>4</sup> Jennifer Hunt, “Has Work-Sharing Worked in Germany” National Bureau of Economic Research Working Paper Series (August 1996), Working Paper 5724, p. 1.

<sup>5</sup> The notion that different political philosophies do not have different foundational values is Ronald Dworkin’s; see for example Will Kymlicka’s development of this point in his Contemporary Political Philosophy Oxford: Oxford University Press, 1990.

The organization of this paper is as follows. **Part I** is concerned with establishing a theoretical framework for my subsequent case-study. I begin with general considerations of capitalism and working hours, and move to a more specific discussion of the difficulty in obtaining capital's consent for work-hours reductions. **Part II** is concerned specifically with Germany, and is divided into two sub-sections. (a) analyzes the position and role of the metalworkers' union, *IG Metall*; (b) analyses the position of the employers' association, *Gesammetall*. In the conclusion I attempt to answer the question "what went wrong?"

### **Part I: Working-Time under Capitalism**

In Volume One of *Capital*, Karl Marx provides a discussion of the conflict between capital and labour over working time during the heyday of the Industrial Revolution. Marx's discussion is useful in that it puts working hours in the context of the functional requirements of the capitalist mode of production. This contrasts with other accounts which naively stress political agency or workers' preferences as sole determinants of working hours. As Richard Hyman has remarked, "Marx's theoretical stature derives essentially from the creative tension between his *dual* emphasis on the structural determinacy of capitalist production and the historical agency of the working-class in a struggle<sup>6</sup>

Marx begins by observing that the length of the working-day is an object of contention, "not a constant, but a variable quantity."<sup>7</sup> On one hand, "the greed for surplus-

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<sup>6</sup> Richard Hyman, "Theory in Industrial Relations: Towards a Materialist Analysis" Paul Boreham and Geoff Dow (eds.), *Work and Inequality* Melbourne: MacMillan, 1980, p. 53.

<sup>7</sup> Tucker, op. cit., p. 362.

labour appears in the straining after an unlimited extension of the working-day.”<sup>8</sup> The extraction of maximum profits, as well as competition against fellow capitalists, compels the lengthening of the working-day. However, “the peculiar nature of the commodity sold implies a limit to its consumption by the purchaser.”<sup>9</sup> There are physical limits to what the labourer can, in the long term, endure, beyond which a lengthening of the day is counter-productive for capital: “[i]t would seem therefore that the interest of capital itself points in the direction of a normal working-day.”<sup>10</sup> Though not necessarily in the interests of individual capitalists, the establishment of statutory limits on the length of the working-day may be seen as in the interest of capital *as a whole*.

Given then that the surplus cannot be increased indefinitely by lengthening the working-day, that is, by an increase in *absolute* surplus value, how then can it be increased? The answer is through *relative* surplus value: “an increase in the productiveness of labour.”<sup>11</sup> Relative surplus-value establishes a positive-sum game under which both capitalists and workers can gain, while the intensification of the labour process may in turn reduce the amount of working-time workers can tolerate without expiration. An intensive and innovative deployment of machinery as well as a skilled labour force are essential ingredients in the brew of increasing productivity via relative surplus value. Relative surplus-value is the needle’s eye through contemporary working-time reduction initiatives can proceed.

State legislation typically establishes the outer limits of (legal) working-time. If working-time is to be reduced beyond these outer bounds, the consent of capital is

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<sup>8</sup> Tucker, *op. cit.*, p. 365.

<sup>9</sup> Tucker, *op. cit.*, p. 364.

<sup>10</sup> Tucker, *op. cit.*, p. 374.

required. Acquiring this consent is no easy matter, for at least two reasons:<sup>12</sup> reducing working-time will increase unit costs and depress profits and competitiveness unless wages are reduced, or productivity increased commensurately. It will also require “adoptive shifts in work organization.”<sup>13</sup> A loss of competitiveness of capitalist enterprises has particularly perverse effects for workers: far from resulting in new hiring, a loss in competitiveness and the economic health of enterprises may cause *rising* unemployment levels, as uncompetitive companies falter and shed excess labour. The resulting reduction in demand will in turn lead to a reduction in total factor inputs elsewhere in the economy, and further job losses. Wages have to be reduced not only in proportion to the reduction in hours, but also take into account the fixed costs of hiring and training additional qualified workers, as well as paying out their fringe benefits.

A second reason for capital’s resistance to working-time reduction is the aspect of labour control. According to the economist Juliet Schor, work hours reductions increase the cost of controlling labor:

capitalist economies systematically over provide goods and services and under provide leisure....[T]he structure of capitalism inhibits the growth of leisure...[and has] a bias toward ....’long-hour jobs,’ because long hours facilitate management’s control over labor....capitalism will oppose work hours reductions, *ceteris paribus*, because they raise the cost of controlling labor<sup>14</sup>

The historian Benjamin Kline Hunnicutt gives an alternate rendition, of time as a medium of social control. Such control, not only of the labour process itself but of society’s wider

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<sup>11</sup> Tucker, op. cit., p. 378.

<sup>12</sup> I am grateful to Kurt Hübner for this point.

<sup>13</sup> Karl Hinrichs, “Working-Time Developments in West Germany: Departure to a New Stage” Karl Hinrichs, William Roche, and Carmen Sirianni (eds.) Working Time in Transition Philadelphia: Temple University Press, 1991, p. 36.

<sup>14</sup> Juliet B. Schor, “Toil and Trouble: Leisure in a Capitalist Economy” unpublished manuscript, dated may 1987, author’s copy. Quoted in Benjamin Kline Hunnicutt, “Kellogg’s Six-Hour Day: A Capitalist Vision of Liberation through Managed Work Reduction” Business History Review 66 (Summer 1992), pp. 476-477.

socio-cultural milieu, may be instrumental to furthering the goals of accumulation. To the extent a reduction of hours could lead to a loosening of the grip of the speeding treadmill of production and consumption on society, capital is likely to oppose it:

the control in civil society also has to do with time...schedule appears to be a fundamental source of cultural authority. In fact, one might argue that time is to civil society what money is to the economic sphere and laws and votes are to the political realm - the medium of exchange, the symbol of value, and the way to get things done<sup>15</sup>

Not to be forgotten, to the extent hours reductions actually increase employment there will be an upward pressure on wages. Labour discipline will also suffer if the unemployment rate is low, since workers can easily abandon one job and take up another: the buyers' market could become a sellers' market. Thus the Polish economist Michal Kalecki argued in a path-breaking essay,

[U]nder a regime of permanent full employment, 'the sack' would cease to play its role as a disciplinary measure. The social position of the boss would be undermined and the self-assurance and class consciousness of the working class would grow...[Business leaders'] class instinct tells them that lasting full employment is unsound from their point of view and that unemployment is an integral part of the normal capitalist system<sup>16</sup>

The view frequently expressed in neoclassical economics, that unemployment will *necessarily* clear if wages are allowed to drop to their equilibrium level, is thus questionable. As *Business Week* wrote in 1968: "You have to keep unemployment high enough so that workers don't get too greedy."<sup>17</sup> The level of unemployment must be high

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<sup>15</sup> Benjamin Kline Hunnicutt, Kellogg's Six-Hour Day Philadelphia: Temple University Press, 1996, p. 8.

<sup>16</sup> Michal Kalecki, "Political Aspects of Full Employment" Selected Essays on the Dynamics of the Capitalist Economy 1933-1970 Cambridge: Cambridge University Press, 1971, pp. 140-141.

<sup>17</sup> quoted in Robert Pollin and E. Zahrt, "Expansionary policy for full employment in the United States: Retrospective on the 1960s and current period prospects" J. Michie and J. Grieve Smith (eds.) Employment and Economic Performance: Jobs, Inflation, and Growth. Oxford: Oxford University Press, 1997, p. 49.

enough to have “a preventative effect as punishment for those who are picking their nose during work time.”<sup>18</sup>

The discussion so far has focused on the question of how capital, and capitalism, responds to and accommodates agency by labour to reduce working hours. As noted above, this schema is misleading insofar as it implies that the interests of labour and capital are necessarily opposed. One could argue that capital as a whole has an interest in limiting *extensive* exploitation of labour (on the basis of hours and wages) in favor of *intensive* accumulation. If capital is forced to innovate and raise productivity, the rate of surplus-value can be much higher,<sup>19</sup> while also providing workers with the means to purchase the products produced. There is a crux, though. Smaller, less capital-intensive enterprises are not be able to innovate as easily, and limitations on working hours must be implemented universally across enterprises to prevent defections.<sup>20</sup> Insofar as different jurisdictions with different regulatory regimes compete with one another, local capitalists have a vested interest in ensuring that they do not incur higher costs than their foreign competitors. Some of the above points on the difficulty of eliciting capital’s consent for hours reductions have been popularized in Anglo-American circles as the “lump-of-labour” fallacy.<sup>21</sup>

According to the “lump-of-labour” fallacy, advocates of working-time reduction make the fundamental mistake of assuming that the amount of output in the economy, and

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<sup>18</sup> quoted in Robert Went, “Making Europe work--the struggle to cut the workweek” Capital&Class #71, Summer 2000, p. 5.

<sup>19</sup> Marxists often remark that the problem with workers in the Third World, who often labor for long hours in appalling squalor, is not that they are under-exploited. In comparison with capital-intensive First World industries such as highly computerized and automated car factories, the problem is that they are *not exploited enough*. The latter worker produces much greater value, and hence profits, than the former.

<sup>20</sup> see Kathleen Thelen and Ikuo Kume, “The Effects of Globalization for Labor Revisited: Lessons from Germany and Japan” Politics & Society Vol. 27, No. 4, December 1999, p. 480



hence the amount of work to be done, is fixed.<sup>22</sup> ‘Fixed’ means here at least two different things: (i) that the amount of work to be done is finite or limited; (ii) that the amount of work to be done is independent of considerations of cost and profitability. (The latter is implicit in critiques of working-time reduction schemes which aim to reduce unemployment by reducing the number of hours worked, while keeping real wages constant). An alternate way of expressing lump-of-labour is that hours per worker and number of workers employed are perfect substitutes.<sup>23</sup> This entails that “[t]he reduction in employees’ temporal participation in the labour market leads to a fall in labour supply. Assuming that aggregate demand for labour remains unchanged, or that unions can prevent factor substitution, employers are induced to expand recruitment.”<sup>24</sup> These assertions, critics allege, are false.

On a moral-philosophical plane, which I can only touch upon here, one might make the argument that the kind of work to be done in society can and must at some level be determined *politically*,<sup>25</sup> and that this amount is unlikely to be infinite.<sup>26</sup> But in a capitalist economy in which money does the talking, the “lump of labour” fallacy is an important lesson. In this context, (ii) is clearly fallacious: if profitability is endangered, through high wage costs or low productivity, firms will eventually go bankrupt and jobs will be lost. Regarding (i), the amount of work in society may be increased via new technologies,

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<sup>21</sup> often found on the pages of *The Economist* as well as in various economics textbooks.

<sup>22</sup> see for example, “One lump or two?” *Economist* November 25, 1995, pp. 67-68.

<sup>23</sup> see for example Lawrence F. Katz, “Comment and Discussion” William C. Brainard and George L. Peiry (eds.) *Brookings Papers on Economic Activity*, 1998, pp. 373-374.

<sup>24</sup> Offe, Hinrichs, Wiesenthal, op. cit., p. 215.

<sup>25</sup> The kind of work acceptable to society depends on our common norms and valuations: while the work of doctors and nurses in hospitals is socially desirable, that of prostitution is not. The alternative is universal commodification in which everything is commensurated.

which boost output and create new demand by increasing productivity,<sup>27</sup> and by the development of newfangled goods and services which had not existed before. The amount of work in society is variable rather than fixed; the economic sphere can and does expand (and with it, output and new jobs), exemplified best by the myriad new industries, the very existence of which would have been unimaginable only a half a century ago. The prerequisite for this expansion, maintain critics of the “lump of labour” fallacy, are favourable investment conditions for capital.

## **Part II: The Case of Germany**

### **A: IG Metall**

Before commencing with this section I wish to comment briefly upon two tendencies within the rational choice-theoretic literature which strike me as problematic. The first tendency is to make bold stipulations with regard to what and how much self-interested employees are willing to sacrifice to further the interests of a collectivity (the working class) or society as a whole, rather than pursue their own narrow individual self-interest. The second tendency is to claim that workers prefer wage gains to reductions in working time. This neglects the fact that there is considerable dispute in the literature as to workers’ preferences for free time or for wage increases. But frequently, these two stipulations are not the result of rigorous empirical study; rather, the unbounded primacy of individual self-interest, as well as the actual content of that self-interest, are asserted *a priori*. This neglects the fact that *it is one of the very crucial functions of politics to raise, discuss and debate questions regarding the nature of the individual and collective good.*

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<sup>26</sup> If paid work is not finite, instrumental rationality encompasses all dimensions of human existence, leaving no space for a realm of autonomy in which activities are their own ends, intrinsically valuable to the subjects pursuing them.

<sup>27</sup> see “The End of Work?” The Economist 9/28/96, Vol. 340 Issue 7895, Supplement, p. 19.

I am therefore reticent to make assumptions as to what workers as economic agents are or are not willing to undertake, and will focus instead on the ways the system constrains the actors, and that which they may wish to do.

By 1983, more than two million workers in the Federal Republic were unemployed. Though the unemployment rate of 8 percent was not overly high in international comparison, it nonetheless represented a dramatic rise from just 3 percent in 1980.<sup>28</sup> Women were entering the labour force in increasing numbers while the prospects for Keynesian expansionism appeared increasingly remote. Competitiveness was not a problem; job creation was. Gerhard Bosch has explained this development by the gap between productivity gains and lower output growth.<sup>29</sup>

It is in this context that, after a failed strike for a 35-hour week in 1978/79, *IG Metall* reemerged in 1982/1983 with the demand for a reduction of the workweek from 40 to 35 hours in one step with full wage compensation.<sup>30</sup> In other words, nominal wages would remain constant despite the hours reductions; hourly wages would increase accordingly. This initiative is striking insofar as *IG Metall*, an organization representing the interests of its members, took on the social responsibility of reducing unemployment for society as a whole. Achieving this goal could have positive side-effects for the union, intermediate collective goods, as a tighter labour market would improve its bargaining position. Nonetheless “it was the presently employed who would have to endure the

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<sup>28</sup> OECD Historical Statistics 1960-1983. Paris: Organization for Economic Co-Operation and Development, 1983, p. 37; p. 41.

<sup>29</sup> Gerhard Bosch, “The dispute over the reduction of the working week in West Germany” Cambridge Journal of Economics, Vol. 10, 1986, p. 272.

<sup>30</sup> Hinrichs, Roche, Wiesenthal, op. cit., p. 220.

hardships of the strike (and almost certainly forego a higher wage settlement) on behalf of the unemployed.”<sup>31</sup>

Why was the demand for hours reductions championed by *IG Metall*? With approximately three million members, *IG Metall* was among the largest private-sector trade unions in the world. More importantly, *IG Metall* comprises one-third of the membership of all unions within the *Deutscher Gewerkschaftsbund* (DGB),<sup>32</sup> and *Metall* workers are concentrated in the “main export-dominated industrial sector of the German economy,”<sup>33</sup> the most export-intensive, competitive and high-value added sectors of West German manufacturing (such as the automobile, steel, machine-tool building and electrical industries)<sup>34</sup>, which comprised almost one-third of total civilian employment in 1983.<sup>35</sup> The German system of industrial relations ensures that leading collective agreements are valid not only for the signing parties, but for entire sectors. Hence, non-members would share the benefits of working-time reduction. The fact that *Metall* was willing to champion such a goal in the first place -- was oppositionalist and left-inclined in its ideology -- is a complex result of historical, economic, sociological and cultural factors.

At minimum, *IG Metall*'s demand had to mobilize the unions' workers to the cause. It had to be a demand which the membership could rally behind. Despite initial uncertainty, the union ultimately succeeded: the 1984 strike became the longest in postwar

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<sup>31</sup> Kathleen Thelen, Union of Parts: Labor Politics in Postwar Germany Ithaca: Cornell University Press, 1991, p. 163.

<sup>32</sup> Jens Bastain, Karl Hinrichs and Karl-Heinz Kevelaer, “Problems of Employment-Effective Working Time Policies -- Theoretical Considerations and Lessons from France, the Netherlands and West Germany” Work, Employment & Society Vol. 3, No. 3., p. 339.

<sup>33</sup> Anke Hassel and Thorsten Schulten. “Globalization and the future of central collective bargaining: the example of the German metal industry” Economy and Society Vol. 27, No. 4, November 1998, p. 497.

<sup>34</sup> Bosch, “The dispute over the reduction of the working week in West Germany,” op. cit., p. 281.

German history.<sup>36</sup> But some commentators have argued that an excessive concentration on the struggle between *IG Metall* and the employers' association *Gesammetall* obscures conflicting and contradictory interests *within* the union.<sup>37</sup> This can best be seen in *Metall's* dual emphasis on an hourly wage increase *and* hours reductions.

“Full wage compensation” was obviously important to appease workers for whom wage increases assumed higher importance than greater leisure. More importantly, those *inside* the union had to be convinced that their position would not be worsened for the sake of those on the *outside*. “The benefits of these institutions would accrue in the future, but the sacrifices would have to be borne in the present.”<sup>38</sup> Maintaining nominal wages meant that the hourly straight-time wage would rise 2-3 percent for each hour of worktime reduced.<sup>39</sup> And those dissatisfied with stagnating real wages could be assured that wages would receive precedence in subsequent negotiations with the employer, and receive an additional boost as a result of the tightening labour market. But are not rising hourly wages in tension with the goal of reducing unemployment?

An increase in real hourly wages runs the risk of eating into capital's profits.

Threatened with this prospect, capital would compensate by looking for ways to

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<sup>35</sup> OECD Historical Statistics 1960-1983. Paris: Organization for Economic Co-Operation and Development, 1983, p. 37.

<sup>36</sup> “The hours strike in the metal industry and the parallel action in the printing industry lasted seven weeks. 5.4 million working days were lost in strikes and lock-outs. This is more than the total for any other year in the history of the Federal Republic. See Karl Hinrichs, William K. Roche and Helmut Wiesenthal. “Working time policy as class-oriented strategy: unions and shorter work hours in Great Britain and West Germany” *European Sociological Review* Vol. 1, No. 3, December 1985, p. 221.

<sup>37</sup> see for example Karl Hinrichs, Claus Offe and Helmut Wiesenthal. “Time, Money, and Welfare-State Capitalism” John Keane (ed.) *Civil Society and the State* London: Verso, 1988, pp. 221-243, or Karl Hinrichs and Helmut Wiesenthal, “Bestandesrationalität versus Kollektivinteresse” *Soziale Welt* Jahrgang 37, Heft 2/3, pp. 280-296.

<sup>38</sup> Hinrichs, op. cit., p. 46.

<sup>39</sup> see Jennifer Hunt, “The Response of Wages and Actual Hours Worked to the Reductions in Standard Hours” National Bureau of Economic Research Working Papers Series (August 1996), Working Paper 5716, abstract.

rationalize and intensify the labour process. The productivity of *Metall* workers would increase, as would their leisure, but no further hiring would result. The gap between insiders and outsiders would be reinforced. This rather depressing scenario is precisely what has happened in Germany since 1984, according to a recent study by Jennifer Hunt.<sup>40</sup> Conversely, however, it is by no means certain that wage restraint, or a reduction in wages commensurate to the reduction in hours, would lead to additional hiring (although this would seem to be a necessary prerequisite).<sup>41</sup> Is this the limit of working-time reduction under contemporary capitalism? Is this as much social justice as a capitalist economy can afford? I will revisit this important question in my conclusion.

Placing IG Metall's demands in the OECD context is important to see just how much latitude existed for addressing the demands of the union. This is especially so because of the export-oriented nature of the industries concerned, which must remain competitive in international markets. Labour costs, hours worked and productivity are the most important indices here. Between 1976 and 1995, labour costs per employee in the Federal Republic rose by only 5.2 percent, lower than the OECD average of 8.2 percent, significantly lower than the United States (7.1 percent increase), the United Kingdom (11.3 percent increase), and marginally lower than Japan (5.5 percent increase).<sup>42</sup> Similarly, unit costs increased by 4.4 percent annually between 1973 and 1983; the comparable figures for the USA are 7 percent, Japan 2.8 percent, France 10.8 percent, the

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<sup>40</sup> Jennifer Hunt, "Hours Reductions as Work-Sharing" William C. Brainard and George L. Peiry (eds.) Brookings Papers on Economic Activity, 1998, pp. 339-369.

<sup>41</sup> Karl Hinrichs and Helmut Wiesenthal, "Bestandesrationalität versus Kollektivinteresse" Soziale Welt Jahrgang 37, Heft 2/3, p. 290.

<sup>42</sup> see OECD Employment Outlook No. 48, Paris, 1990, and OECD Historical Statistics 1960-1990, Paris, 1992.

United Kingdom 14.3 percent, Italy 16.4 percent, and Canada 9.9 percent.<sup>43</sup> By 1981, the nominal price of labour in manufacturing had risen 90.6 percent relative to 1973, whereas the figures were 107.2 percent for the United States, 124.8 percent for Japan, 190.7 percent for France and 282.3 percent for the United Kingdom.<sup>44</sup> These figures outline trends rather than absolute values, but combined with Germany's staggering export surplus, they reinforce Bosch's assertion that given "German competitiveness was so strong, the unions could afford to argue aggressively for [worktime] reductions."<sup>45</sup>

Many scholars have warned of the perils of comparing statistics of hours worked between countries. Comparing data of 'hours worked' may lead to false conclusions if the data are measuring different things. This problem is not irresolvable, and may be sidestepped by careful attention to different ways of calculating working time.<sup>46</sup> However, I cannot address that task in this paper, so working-time data should be treated as heuristic rather than absolute and precise. The agreed reduction of working hours between 1970 and 1980 was to the order of 5.9 percent, the same as Japan (5.9 percent), more than the United Kingdom (2.1 percent), and considerably more than France and the United States, which experienced no reduction during this period.<sup>47</sup> In absolute terms, the Federal Republic's annual working hours of 1,736 in 1980 put it almost exactly on par with the United States (1,735), while France (1,850) and Japan (2,113) had considerably longer workyears. It should be noted, however, that the above figures for France are misleading

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<sup>43</sup> OECD Economic Outlook No. 37, 1985.

<sup>44</sup> OECD Economic Outlook No. 33, 1984, p. 46.

<sup>45</sup> Gerhard Bosch, "From 40 to 35 hours" International Labour Review, vol. 129, no. 5., 1990, p. 613.

<sup>46</sup> for more on this topic, see for instance European Industrial Relations Observatory, annual update 1999 [<http://www.eiro.eurofound.ie/2000/02/updates/tn0002402u.html>]

<sup>47</sup> quoted in Gerhard Bosch, Peter Dawkins and François Michon, "Overview" Gerhard Bosch, Peter Dawkins and François Michon (eds.) Times are Changing: Working Time in 14 Industrialized Countries Geneva: International Institute for Labour Studies, 1993, p. 9.

insofar as the introduction of the *Auroux* laws in 1982 (which reduced the legal workweek to thirty-nine hours and added a fifth week of paid holidays) temporarily reduced French working time below German levels.

It should be clear from the preceding analysis that IG Metall was “forced to walk a tightrope” of conflicting and contradictory pressures and demands.<sup>48</sup> However, I will attempt in my conclusion to dispel the notion that Metall’s internal contradictions are the cause of WTR’s limited employment effects. First, a consideration of the employers’ association.

## **Part II B: Gesamtmetall**

Faced with an obstinate and militant union, *Gesamtmetall*’s initial response was to declare its blanket opposition to any hours reductions. Were reductions to be conceded in the “all-important” metalworking industries, this “would surely open the way for working-time reduction in all of German industry.” This possibility had to be resisted.<sup>49</sup> Though initially an expedient tactical strategy, the strategy of blanket opposition became counterproductive as time progressed. The stubborn obstinacy of the employers (and the government<sup>50</sup>) in the face of the union’s demands only served to strengthen the latter’s unity and resolve. Thus the long standoff between the employers and the union, despite its costs to both sides, may have had the beneficial effect of fostering (now declining) solidarity and cohesiveness within the two opposing ‘camps,’ and therefore strengthening the cohesiveness of the German system of neo-corporatist industrial relations. In any case,

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<sup>48</sup> Hinrichs, Roche, Wiesenthal, op. cit., p. 226.

<sup>49</sup> Thelen, op. cit., p. 162.

<sup>50</sup> Chancellor Kohl is known to have publicly denounced the union’s demands as ‘stupid and dumb.’ In addition, the government changed labour legislation repeatedly, making strikes more difficult and costly.



the union's demand for hours reductions with constant wages placed the employers under pressure: how could they compensate for the increased costs?

It is difficult to know exactly what transpired during the negotiations, but flexibilisation emerged as the employers' most important demand. Gesamtmetall did not merely try to fortify their position against union encroachment, as Thelen remarks, "for the first time ever, Gesamtmetall went into bargaining *with its own set of demands*."<sup>51</sup> Initially a *quid pro quo* for the reduction of hours, flexibilisation has acquired a dynamic of its own and has come to the forefront of German industrial relations: "the core controversy" within IG Metall "has shifted: the question is no longer whether or not to accept flexibility, but what kind, how much, and under what conditions."<sup>52</sup> Flexibilisation involves the deployment of labor in irregular and discontinuous amounts over time, facilitating long plant running times and adjustment to fluctuating market conditions.<sup>53</sup> In Hinrichs' colorful analogy, "[t]he aim of employers' interests in flexible working hours is to make labour power as available as electricity by a switch or water from a tap, which leads to a reduction of the value of contracted and, thus, remunerated working hours."<sup>54</sup> For example, during periods of slack demand, workers put in only thirty hours, and during periods of high demand, forty. So long as the cumulative hours over two months, six months or a year sum to the contractually agreed number, no overtime wages need be paid. Further, a differentiation clause allows individual workers to work longer than the stipulated average, as long as an equivalent number work fewer hours than the stipulated average. This allows the extensive use of especially skilled workers who are of

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<sup>51</sup> Thelen, Union of Parts, op. cit., p. 169.

<sup>52</sup> Thelen, Union of Parts, op. cit., p. 178.

<sup>53</sup> see for example Thelen, Union of Parts, op. cit., pp. 164-165.

disproportionate importance to firms.<sup>55</sup> Combined with ‘round the clock shift work, flexibilisation helps to ensure that capital-intensive machinery is used as efficiently as possible.

The effect of flexibilisation is an increase in productivity, that is, workers produce more in less time. On one hand, this has helped to reinforce the competitiveness of German industry in the international arena. On the other hand, flexibilisation has helped to reduce total labour input, partially vitiating the employment effects which were the ostensible justification of WTR in the first place.<sup>56</sup> In theory, to be employment-effective, working-time reductions would have had to proceed faster than productivity gains, which they clearly did not.<sup>57</sup> Without a commensurate reduction in wages, however, a reduction in hours faster than the rate of productivity growth would imperil the health of enterprises upon which employment ultimately depends.

### **Retrospective and Outlook: What Went Wrong?**

It is hard to avoid the conclusion that working-time reduction in Germany has been only moderately successful in achieving its central goal: to redistribute work to the unemployed, thereby contributing to social justice. There continues to be widespread disagreement on the employment effects of working-time reduction,<sup>58</sup> and it would seem that methodological difficulties prevent us from knowing with any certainty what WTR’s employment effects actually are. Knowing whether employment has increased or decreased following the implementation of WTR does not tell us much, since this could be

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<sup>54</sup> Hinrichs, *op. cit.*, p. 40.

<sup>55</sup> see Bosch, “The dispute over the reduction of the working week in West Germany,” *op. cit.*, pp. 284-286.

<sup>56</sup> Hinrichs, Offe, Wiesenthal, *op. cit.*, p. 232.

<sup>57</sup> Bastain, Hinrichs and Kevelaer, *op. cit.*, p. 342.

due to any number of factors unrelated to WTR. Ascertaining WTR's employment effects would require that we know the counterfactual, i.e. what would have happened in the absence of WTR, which is of course impossible with any certainty.

Though WTR may have had mildly positive employment effects, and may have helped preserve existing jobs and stem layoffs, these have not been significant enough to substantially lower the unemployment rate. For the initial reduction to 38.5 hours, employers claimed the creation of 24,000 jobs while *IG Metall*'s calculations show 97,000 jobs created and 5,000 jobs preserved.<sup>59</sup> In her recent study, Jennifer Hunt concludes that "employment increased by 0.3-0.7% for hourly workers (*Arbeiter*) and by 0.2-0.3% for salaried workers (*Angestellten*) in response to a one hour fall in standard hours....the implied aggregate employment rise [is] at most 1.1% from 1984-1989....Results for the 1990-1994 period are more pessimistic."<sup>60</sup> In a more recent study, Hunt finds that "reductions in standard hours were associated with employment declines, although the magnitudes of these decreases are imprecisely estimated."<sup>61</sup> According to Heiner Ganßmann and Michael Haas, the most optimistic study claimed increased employment of one million, while others claim no jobs created or even negative employment effects.<sup>62</sup> This pessimistic conclusion is shared by Elisabeth-Neifer Dichmann, of the German

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<sup>58</sup> Bosch, "The dispute over the reduction of the working week in West Germany," op. cit., p. 278.

<sup>59</sup> Hinrichs, "Working-Time Development," op. cit., p. 49.

<sup>60</sup> Jennifer Hunt, "Has Work-Sharing Worked in Germany" National Bureau of Economic Research Working Paper Series (August 1996), Working Paper 5724, p. 2; 3.

<sup>61</sup> Jennifer Hunt, "Hours Reductions as Work-Sharing" William C. Brainard and George L. Peiry (eds.) Brookings Papers on Economic Activity 1, 1998, p. 356.

<sup>62</sup> Heiner Ganßmann and Michael Haas, Arbeitsmärkte im Vergleich Marburg: Schüren Presseverlag, 1999, pp. 143-144.

Employers' Association: "[B]oth long-term and international comparisons show that reduced working time is not the answer to the employment problem."<sup>63</sup>

On the basis of WTR's failure to significantly reduce unemployment, Hinrichs prophesizes the disappearance of WTR from the political agenda: "It can therefore be foreseen that the issue of working-time *reduction* will soon have disappeared from collective bargaining."<sup>64</sup> It is of little consolation that other countries, including the United States and the United Kingdom, have reduced unemployment only at the cost of high rates of inequality and poverty.<sup>65</sup> Full employment without the social polarization characteristic of Anglo-American economies, WTR was to answer this challenge, and it remains as pressing as ever.

In his damning evaluation of *IG Metall's* campaign for working-time reduction, Stephen Silva reminds us that "union officials were able to make the *rhetorical claim* they were working toward reducing unemployment" while their workers' real weekly wage increased by 15.2 percent and the hourly wage by 26 percent between 1983 and 1993.<sup>66</sup> For Silva, rather than promoting social justice and helping to break down the walls

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<sup>63</sup> Elisabeth Neifer-Dichmann, "Work time reductions in the Federal Republic of Germany: A dead end for employment policy" *International Labour Review*, Vol. 130, No. 4 (1991), p. 514.

<sup>64</sup> "Es kann deshalb unterstellt werden, daß das Thema *Arbeitszeitverkürzung* in absehbarer Zeit aus der arbeitspolitischen Auseinandersetzung weitestgehend verschwunden sein wird." Karl Hinrichs, "Zur Zukunft der Arbeitszeitflexibilisierung" *Soziale Welt*, Jahrgang 43, Heft 3 (1992), p. 314.

<sup>65</sup> It may be objected that full-employment in the United States and (to a lesser degree) the United Kingdom proves otherwise. This full employment has been achieved at the cost of high and growing inequality and the 'working poor,' who may be worse off than those on income support in Germany. But surely it is not the employment relation *per se* that is significant but rather the rights and benefits which such a relation confers. If the notion of 'full employment' is not to become vacuous and devoid of any positive meaning, it must be connected to a socio-ethical conception of social inclusion if not social justice. In this fuller sense, one can claim that the Anglo-American economies have achieved 'full employment' only by employing the term disingenuously. Some authors have tried to avoid this problem by using the term 'disguised unemployment' rather than 'full employment' for the USA and UK.

<sup>66</sup> Silva, Stephen J. "Every Which Way But Loose: German Industrial Relations Since 1980" Andrew Martin, George Ross et. al., *The Brave New World of European Labor* New York: Bergham Books, 1999, p. 100.

between ‘insiders’ and ‘outsiders,’ *IG Metall* protected the interests of its own members, a privileged aristocracy of wage-earners, against the peripheral and unemployed. Is this perverse result a consequence of a naïve but misguided attempt to promote the general good, or worse still, insidious self-interest clothing itself in the mantle of justice? Where has WTR in Germany gone astray? Is it the case, as Claus Offe, Karl Hinrichs, and Helmut Wiesenenthal assert, that “the strategy of working-time reduction is unlikely to be successful within the industrial-relations framework of capitalist democracies”<sup>67</sup>? Or, to pose again the question, how much social justice can a capitalist economy afford?

André Gorz, one of the most important contemporary thinkers on WTR, may offer some clues. “One of the functions of a politics of time is precisely to share out savings in working time *following principles not of economic rationality but of justice.*”<sup>68</sup> The problem of different levels of engagement immediately becomes apparent. As a market actor (and export-oriented to boot), *IG Metall* had no choice but to move within the framework of economic rationality. The space for letting outsiders in is continually constrained by the bottom line and the desire of insiders not to lose out in the process. In this sense, Silva is of course right: *IG Metall* cannot go against the interests of its members if it is to survive as an organization, and the union’s members were unwilling to countenance falling wages to redistribute employment. But contrary to Silva’s point above, there is no guarantee that wage restraint by the union will actually result in further hiring.

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<sup>67</sup> Offe, Hinrichs, Wiesenenthal, op. cit., p. 235.

<sup>68</sup> André Gorz, *Critique of Economic Reason*, Gillian Handyside and Chris Turner (trans.) London: Verso, 1989, p. 191. Emphasis added.

Though *Metall's* WTR initiatives did not substantially reduce unemployment it is important to acknowledge what they did achieve. Considering that money appears to buy almost anything (this is partly an illusion)<sup>69</sup>, “unions can aggregate income demands more easily than preferences for expanded free time.”<sup>70</sup> In this light, *Metall's* achievement of a collectively bargained hours reduction to 35 hours is a considerable achievement. On average, Germany's workers have the shortest working hours of all G7 countries, a full four weeks, or four-hundred hours, less than Americans.<sup>71</sup> Notwithstanding the continuing problem of those involuntarily excluded from the system, this means that people have greater opportunities to pursue activities unconnected with their work. Releasing the incipient emancipatory potential of this development will require drastic changes on the cultural front.

In mature capitalist society all time must be consumed, marketed, put to use....Time is now currency; it is not passed but spent....If we maintain a Puritan time evaluation, a commodity valuation, then it is a question of how time is put to *use*, or how it is exploited by the leisure industries. But if the purposive notation of time-use becomes less compulsive, then men might have to re-learn some of the arts of living lost in the industrial revolution: how to fill the interstices of their days with enriched, more leisurely, personal and social relations; how to break down once more the barriers between work and life<sup>72</sup>

The threat now is that the “demarcation between work and life”<sup>73</sup> will again be erased, replaced not be the integration of the former into the latter but with the near-total hegemony of money over time, and the commodification of all aspects of human life.

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<sup>69</sup> Money does not and cannot confer *meaning*. This becomes evident in the scenario in which a person, lying on their deathbed and looking back upon their life, reflects upon the absurdity that all they have amassed is a large quantity of thin paper bills.

<sup>70</sup> Offe, Hinrichs, Wiesenthal, op. cit., p. 243.

<sup>71</sup> The figures as of 1997 were: 1,996 - average annual hours of work in United States in 1997

1,656 - average annual hours of work in France in 1997

1,574 - average hours of work in Germany in 1997

This data is compiled from Phineas Baxandall and Marx Breslow, “Does inequality cause overwork?” *Dollars & Sense* Jan-Feb 1999 I 221, p. 42.

<sup>72</sup> Edward P. Thompson, “Time, Work-Discipline and Industrial Capitalism” *Past and Present* Vol. 38, December 1967, p. 91; p. 61; p. 95.

For Gorz, the allocative decisions for employment-effective working-time reduction would have to take place *at the societal level above the market*, rather than within it. Since unemployment in Germany (and in other developed liberal capitalisms) is a *systemic* problem, it demands a *systemic* solution. In addition, decisions regarding the reduction and redistribution of working time would have to be implemented *ex ante* rather than *ex post*. “[S]tate legislation and state administered programmes, such as legislation on working-time limitation, are necessary to compensate for the lack of comprehensiveness of unions and union strategies.”<sup>74</sup> This would require macro-level planning, which would alter and amend the framework within which market forces operate.

From the perspective of today’s untrammled anarchy of the market, such a development seems hard to fathom. But Gorz is adamant. “The point is to steer a process which is actually in progress by choosing the needs it is to serve. Either politics is the sum of such choices, or it is nothing.”<sup>75</sup> Far from abolishing the market, a societal focus on reducing and redistributing working time would circumscribe it, just as the myriad workplace standards and regulations of the welfare-state have done. Seen from a long-term perspective, prospects seem more hopeful: the social provisions of the modern welfare-state were unimaginable just a century ago. As Mark Erikson queries, “[s]urely it is better to choose our own utopia than to remain stuck in this one that is being forced upon us?”<sup>76</sup>

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<sup>73</sup> Ibid., p. 60.

<sup>74</sup> Hinrichs, Offe and Wiesenthal, op. cit., p. 239.

<sup>75</sup> André Gorz, *Capitalism, Socialism, Ecology*, op. cit., p. 104.

<sup>76</sup> Mark Erikson, “Reclaiming Work. Beyond the Wage-Based Society (Book Review)” *Work, Employment and Society* vol. 14, no. 3, September 2000, p. 599.

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