Worktime reductions are only natural in a growing economy

Worktime reductions are often invoked by the anti-capitalist and post-growth literature. And yet, there's nothing anti-capitalist about a shorter workweek. Over the past 200 years, since the Industrial Revolution sparked an unprecedented acceleration in economic growth, working hours have been on a steep decline. **Alessio Terzi** writes that today's conversations about a three-day weekend are not a shift in paradigm but rather a continuation of the paradigm we have seen for over two centuries.

The shorter workweek seems to be upon us. As part of an overhaul to the country's labour law, Belgium has recently decided to give workers the right to request a four-day week, as has notoriously workaholic Japan since last summer. Spain is equally piloting such a scheme since 2021, and so is Iceland. Given that long work hours are often associated with profit over people, this type of news could seem to suggest that a consensus is progressively emerging to shift away from a 'capitalistic obsession with profit', and the consequent 'societal obsession with economic growth'. Such a reading would be understandable, especially since worktime reductions have often been invoked by the anti-capitalist and post-growth literature. And yet, nothing could be further from the truth.

As I discuss in my latest book <u>Growth for Good</u>, at its essence, economic growth is about expanding the possibility frontier, and servicing at the same time a growing list of needs and wants. It is precisely the fact that we can nowadays do more with less, thanks to innovation, that allows people to have more of the good things, including more leisure, and a reduced number of workdays.

Over the past 200 years, since the Industrial Revolution sparked an unprecedented acceleration in economic growth, working hours have been on a steep declining trend. When Thomas More was fantasising about an ideal world in his famous book *Utopia* in 1516, he imagined one day people might perhaps work 'only' around 2000 hours per year. That's more than an average worker clocks in nowadays in all OECD countries, bar Mexico and Colombia. In 1870, workers in most of today's industrialised countries toiled more than 3,000 hours per year — equivalent to a gruelling 60–70 hours each week for 50 weeks per year. That is roughly double a normal work week today. In the US, a typical worker in the 1880s would face a six-day workweek, composed of 10 hours per day. By 1940, the typical work schedule was 8 hours a day, 5 days a week.

It was Henry Ford, not exactly an anti-capitalist, who first introduced the 2-day weekend in 1926, while keeping the same weekly pay, led by the idea that with more time off his employees would buy more cars. In a 1926 interview, Ford stated: "Leisure is an indispensable ingredient in a growing consumer market because working people need to have enough free time to find uses for consumer products, including automobiles." In other words, at a societal level, far from representing the end of a system focussed on profits (capitalism) and growth, reduced working hours (or greater free time) can be seen as a way to allocate the fruits of past economic and productivity growth.

Today's conversations about a three-day weekend are not a shift in paradigm but rather a continuation of the paradigm we have seen for now over two centuries. A great example comes from a comparison between the US and Europe. The latter has notoriously shorter working hours than the former. And yet, up until the 1990s, working hours between Western Europe and the US used to be roughly the same, as were productivity levels. Then Europeans chose to use part of the proceeds of growth to increase their leisure. The result is that GDP per capita levels are lower in Europe than the US, while overall economic wellbeing is probably comparable all things considered. But the point remains that worktime reductions did not result in the demise of capitalism nor the abandonment of economic growth as a policy target altogether.

Likewise, following decades of protracted growth, rich countries today are those where working hours are shortest by global comparison. A pattern that is replicated also within Europe where, against all stereotypes, Greeks work way longer (41.8 hours per week) than the Dutch (30.3). The moral of the story should be evident. Worktime reductions are possible today precisely because of past innovations and economic growth, which expanded the boundaries of possibilities. As such, a further push to shorten the work week is not in antithesis with capitalism, or a mortal blow to a system centred on sustained economic growth. At most, shortening working hours can be seen as part of an attempt to improve the contribution of growth to citizens' wellbeing. Looking ahead, and irrespective of government regulation or employers' policies, it is entirely possible that the digital revolution, accelerated by the COVID-19 pandemic, will allow us to cut on wasteful commuting time, further boosting leisure and productivity at once. Nobody knows exactly what the future might hold, but it is fair to say that where there is growth, there is abundance, including of leisure time.

Notes:

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