

The fraud of the 35-hour workweek in France

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The legal enforcing of the 35-hour workweek in France is considered a prime example of the reformist politics of the government of the "pluralist left". Supporters of Socialist Party Prime Minister Lionel Jospin at home and abroad praise it as step towards full employment and a "more human society". On closer inspection, the measures prove to be a fraud.

The project of Labour Minister Martine Aubry, daughter of former European Community leader Jacques Delors, envisages the reduction of average weekly work time to 35 hours for all businesses with over 20 employees, starting from January 1, 2000. Firms with fewer than 20 workers must introduce this regulation in the year 2002.

Since 1982, the number of hours worked per week is officially 39 hours. But according to calculations by Insee, the National Office for Statistics, it is substantially higher—about 41 hours and 48 minutes. These long hours apply particularly to senior management and other high-level personnel.

For large companies beginning in 2000, an employee's yearly work time must not officially exceed 1,600 hours. This total equates to an average workweek of 35 hours, taking into consideration five weeks paid vacation and 11 national holidays.

The rules permitting the number of hours worked per week to fluctuate have been simplified. If the employee is informed seven days in advance, his work time can vary between 31 and 39 hours without overtime bonuses being paid. In special cases, the period of notice can be even shorter. It is also possible to work longer than 39 hours for up to four weeks.

For the first four additional hours worked per week over the legal limit in the first year, a 10 percent bonus must be paid—instead of the usual 25 percent. Thus, it will cost the employers very little to maintain the 39-hour week for another year.

Enterprises that introduce the 35-hour week will enjoy tax breaks and generous subsidies. The proportion of social security contributions they must pay is reduced and partially taken over by the state. Those employing a worker at the minimum wage will receive an annual reduction of the employer's social security contribution of 21,000 Francs (\$3,350). Employers can combine the various subsidies, since they are not mutually exclusive.

The payment of these state handouts to the employers is not accompanied by any requirement that they hire new workers, and they become effective as soon as a company agrees to introduce the 35-hour week, even if dismissals are subsequently made. In the first draft bill there was a regulation granting further state subsidies if new jobs were created, but this has been omitted in the current law.

In a September 4 article, *Le Monde diplomatique* writes: "The question arises whether, with the 35-hour week, the lawmakers are primarily pursuing the aim of institutionalising atypical working conditions and work time regulations. The omission of any reference to the creation of new jobs in the second draft law seems to point in this direction.... In the meantime, it is apparently sufficient to merely sign an agreement to benefit from state funds. In other words, the state pays for the implementation of its own law, an audacious arrangement."

The new regulations will not lead to sharing out the available work among a larger number of people. It primarily serves to implement

flexible work time and opens the way for a systematic degradation of working conditions. It will accelerate the trend displacing well paid and secure jobs with part-time and limited work contracts. This could already be seen after the introduction of the first stage of the 35-hour week in the spring of 1998.

In May of this year, the German finance daily *Das Handelsblatt* announced that "more than 16 percent of French employees work part-time. Experts cite the reduction of incidental wage expenses for low-paid workers, the expansion of contract work and the favourable development of the service sector in France as further reasons for the relaxation of the job market".

One year ago the same newspaper noted: "Part-time working and limited work contracts are presently experiencing a real boom in France. According to official statistics, in March some 906,000 employees had limited work contracts, and 413,000 were engaged in temporary work. Eighty-seven percent of new hirings took place on this basis. According to statistics, only 28 percent of part-time workers find a full-time job after one year. Forty-two percent continue to work with limited contracts, 30 percent become unemployed again."

The income of the lowest social layers is worsened under the new system. This is shown by recent resolutions affecting the minimum wage, referred to as *Salaire minimum Interprofessionnel de Croissance*, or Smic. New hirings at the minimum wage are state subsidised.

Since the *Smicards* (low wage earners) will only be paid for 35 hours, instead of 39 hours as previously, the minimum wage would have to be raised by around 11.4 percent for the real value of low-wage workers' weekly income to remain at the previous level. However, the government has shirked from this. Instead, it has invented "Smic-Jospin". This promises to make compensatory payments and raise the minimum wage gradually in the distant future. The proposal from two Socialist Party deputies to replace the Smic, which is presently based on an hourly wage rate, with a minimum monthly salary, was rejected by Martine Aubry.

It is no wonder that opposition to the new law by employers is very limited. Up to the end of August 1999, Madame Aubry's Ministry of Labour and Social Security was able to record 15,000 individual companies and 101 branches of industry, from chemicals to butchery, which had registered agreements. The 35-hour week will thus be introduced for up to 8 million employees. Only 27 percent of these firms employ over 20 people and would have been obligated to introduce the new arrangements by law.

In the 90 percent of large enterprises that have agreed, the contracts were signed by all the trade union organisations. In individual industries, the organisation representing high-level personnel and leading employees (CGC) has signed up to most of the agreements. Half of the final contracts expressly designate a system of yearly work-time accounting.

Before the law was passed on October 19, a debate in the National Assembly made clear how shorter working hours will increase the pressure on blue- and white-collar workers in factories and offices. It concerned the question of what time could be excluded from the calculation of the 35-hour week.

An internal memorandum of the tire company Michelin unleashed the

debate. Management had suggested paying only for purely "productive time", omitting all other time from the calculation—covering such things as breakfast, lunch and toilet breaks, as well as all holidays. Thus Michelin can effectively retain the 42.5-hour week for 11,000 shift workers, but officially present it as a 35-hour week.

Public indignation at Michelin's plans forced the deputies to be more precise in specifying what constituted 35 hours, and led to unseemly haggling between members of the Socialist, Communist, Green and Radical parties about all possible definitions of coffee, meal and other breaks. Over 1,100 amendments were discussed. The result was a proliferation of amendments to the law, like, for example, the so-called "Mickey Mouse addition". This establishes that only if special clothing is required to perform the job will the time taken to dress and undress be remunerated—as, for example, in the case of costumes worn by employees at Disneyland, Paris.

Although the new law has already been passed, its financing remains an unknown quantity. The government assumes it will have to spend an additional 110 billion francs next year to finance the 35-hour week, but a decision about where this cash will come from has been postponed to a future debate about social security spending.

The *Sécu* (social security) will now incur additional costs as a result of the numerous exemptions that were agreed in order to make the new system palatable to the employers. A draft scheme for financing the *Sécu* in the year 2000 envisages a special fund to cover these costs, presumed to amount to between 62 and 67 billion francs (\$9.9-10.7 billion). Some 39.5 billion francs (\$6.3 billion) are to come from the tax on tobacco, 4.3 billion (\$685 million) from the employers' social security contribution levied on profits, and 3.2 billion (\$510 million) from the new "eco-tax". A further portion will be financed by the treasury. The government assumes, however, that up to 5.5 billion francs (\$876 million) will have to be found from within the social security budget, increasing its deficit even more.

In order to find the missing means to implement the shorter working week, Martine Aubry also intends to take money from the unemployment insurance fund—Unedic. Other budget areas like the state pension scheme or family benefits are also under discussion.

Aubry's plan to plunder unemployment benefits in order to pay for the 35-hour week unleashed immediate protests from both employers and union representatives. On October 4, both the employers association Medef and the CGT trade union took to the streets in protest.

For workers and those without jobs, there are good reasons to protest against the attempt to snatch funds from the unemployment benefit fund. Unemployment benefits in France already lie at the lower end of the European scale, while at 11.2 percent unemployment is still high and many unemployed people no longer qualify for help.

The trade union bureaucracy are primarily motivated by their own interests. The numerous social funds—health insurance, old-age pensions, family allowances, unemployment benefits, industrial accident insurance, workers and managerial employees supplementary pensions—have been jointly administered for 50 years by the employers associations and trade unions. The employers association Medef has threatened to use the government's plan to dip into the unemployment benefit fund as a pretext to get rid of this special form of social partnership. For their part, the trade unions would lose a source of income and privilege.

On October 20, the government gave way and relinquished their plans for a contribution to finance the 35-hour week from unemployment benefits. It committed itself to pay back existing government debts to the unemployment benefit fund, valued at 10 billion francs (\$1.6 billion), starting October 25.

The financing of the 35-hour week is once again an open question, and suggestions to resolve the matter are becoming ever more fantastic. Mrs. Aubry's spokesman, Alfred Recours, floated the idea of using the 7-8 billion franc surplus (\$1.1-1.3 billion) in the industrial accident insurance

fund. Meanwhile, there is talk about raising money from the tax on alcohol. The government is also counting on an obligatory payment from enterprises that do not introduce the 35-hour week, which could bring in 7 billion francs (\$1.1 billion). But this would still leave 20 billion francs (\$3.2 billion) to be found.

Two days before the National Assembly voted on the law introducing the 35-hour week, the Communist Party (PCF) called a demonstration "Pour l'emploi" (for jobs), which attracted approximately 50,000 participants.

The real purpose of the demonstration was to defuse the increasing anger against the law, which the PCF had already voted for the previous evening. The demonstration was expressly directed not against the government, in which the PCF sits, but against Medef, the employers association. Questioned by journalists as to what message the demonstration would send to Jospin, PCF chief Robert Hue explained: "This movement from below is not directed against him, but wishes him success."

Individual expressions of indignation against the government could be heard within the demonstration. Delegates from the PCF section from north France shouted anti-government slogans: "Michelin are vandals! Jospin is their accomplice!" and "What the bosses want, the Left [government] carries out!" But those voicing such opposition to the government were called to order—with the admonition that such messages were "not appropriate".

The trade union CGT, dominated by the PCF in earlier times, did not participate in the demonstration. It explained that although it could support "the social aims of the demonstration", it could not join "an initiative, which, under the given circumstances, is highly political". To mobilise their members against the government was obviously considered too risky.

Beside the PCF, Lutte Ouvrière (LO—Workers Struggle) and the Ligue Communiste Révolutionnaire (LCR—Revolutionary Communist League) took part in preparing and carrying out the demonstration. Since these parties, dubbed " *extrême gauche* " (extreme left) in the French media, cleared the 5 percent hurdle in the European elections, they play a special role in absorbing the increasing discontent amongst workers, and covering the government from the left.

Both criticised the behaviour of the PCF in voting for the 35-hour week. LCR leader Alain Krivine said this stood in glaring contradiction to the success of the demonstration. He said the PCF's parliamentary deputies had satisfied themselves with some insignificant improvements, negotiated behind closed doors.

In its newspaper *Rouge*, the LCR outlined the extent of its "opposition": "Revolutionaries oppose the policy of the government. They try to force it to modify its politics by a [mass] mobilisation—for a ban on dismissals and a real 35-hour law, without flexible working, without work-time accounts, and with job creation. The leadership of the PCF, however, supports the policy of the government. But we do not make resolution of this difference of opinion a precondition for common action."



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