

O P I N I O N

Why we will all work more



It is an easily identifiable international labor market trend that the demand for low-skilled labor is decreasing while high-skilled workers are still in short supply. Although the problem is not confined to Germany, the German labor market has been hit particularly hard by this development. Compared to Americans, Europeans work fewer hours. This difference has largely evolved over the past 20 to 30 years. Since the late 1970s, annual working time in Germany has dropped by 25 percent. About the same is true for France and the United Kingdom. In the Netherlands, the massive expansion of part-time work has also led to a decrease in average working hours. Sweden, on the other hand, has managed to overcome its welfare state crisis by increasing average working hours against the general European trend. Germany should be heading in the same direction.

The recent failure of German unions to negotiate a shorter workweek signifies the end of a sustained period of working time reductions.

Many decision makers in business and politics are finally realizing that the widespread practice of sending older employees into early retirement with generous compensation is a political dead end. With its large number of vacation days and public holidays, Germany has long lost its image of a hard-working nation. Why is unemployment so high in a country where people obviously work less than others? Doesn't the long-term population decline call for a policy reversal towards more lifetime working hours?

In the long run, the demographic challenge will make an increase in the overall individual working time inevitable, either through a longer workweek, fewer vacation days, or delayed retirement. Although there should be some flexibility in choosing between these options, a higher retirement age seems necessary to save the pension funds from collapse by reducing pension benefits in case of early retirement. In our emerging knowledge and information society, older employees are no less productive than their younger colleagues. But they will have to be prepared to accept different, possibly lower paid jobs towards the end of their working lives.

Much of the debate on working time centers on the idea of a factory worker whose hours are recorded on a timecard. It ignores the fact that the actual working time has long been rising due to voluntary unpaid overtime and de facto unregulated working schedules. More and more workers are paid for completed tasks rather than time spent at their workplace. Work is no longer just a means of breadwinning, but it is becoming an integral part of people's private lives. In this respect, the public debate lags far behind economic realities.

We must think and act in a more differentiated manner: Workers without proper qualifications should be able to work less, but they should also earn less so that more people have

a chance to find a job. High-skilled workers, on the other hand, should work more because they are in short supply. If they work more for the same hourly wage, they will become less expensive for the employer, and the demand for skilled labor will continue to rise. If we succeed in training more high-skilled personnel, employment will increase. But since our training capacities are limited, the problem can only be solved by allowing more immigration of high-skilled workers.

Longer working hours at the same pay for skilled labor can only be a first step. It will be unsustainable in the long run because wages will have to rise in order for employers to attract and retain highly qualified personnel. To solve the key problems, our society will eventually have to accept a higher income inequality. This may sound unreasonable, but it could work because it would reintegrate the unemployed into the working society.

The new trend in working-time policy will be marked by diversity. Increased working hours will no longer be a problem for high-skilled labor. Part-time jobs, potentially for different firms at a time, will also be on the rise. Individuals without proper training will perform mostly low-paid tasks. As quasi-one-man enterprises, their jobs will be much less secure than they are today. Due to lower wages, they will have to work more to earn a living.

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