

# Labour force participation rates and working time: differentiated adjustments

By [Bruno Ducoudré](#) and [Pierre Madec](#)

In the course of the crisis, most European countries reduced actual working time to a greater or lesser extent by making use of partial unemployment schemes, the reduction of overtime or the use of time savings accounts, but also through the expansion of part-time work (particularly in Italy and Spain), including involuntary part-time work. In contrast, the favourable trend in US unemployment is explained in part by a significant fall in the participation rate.

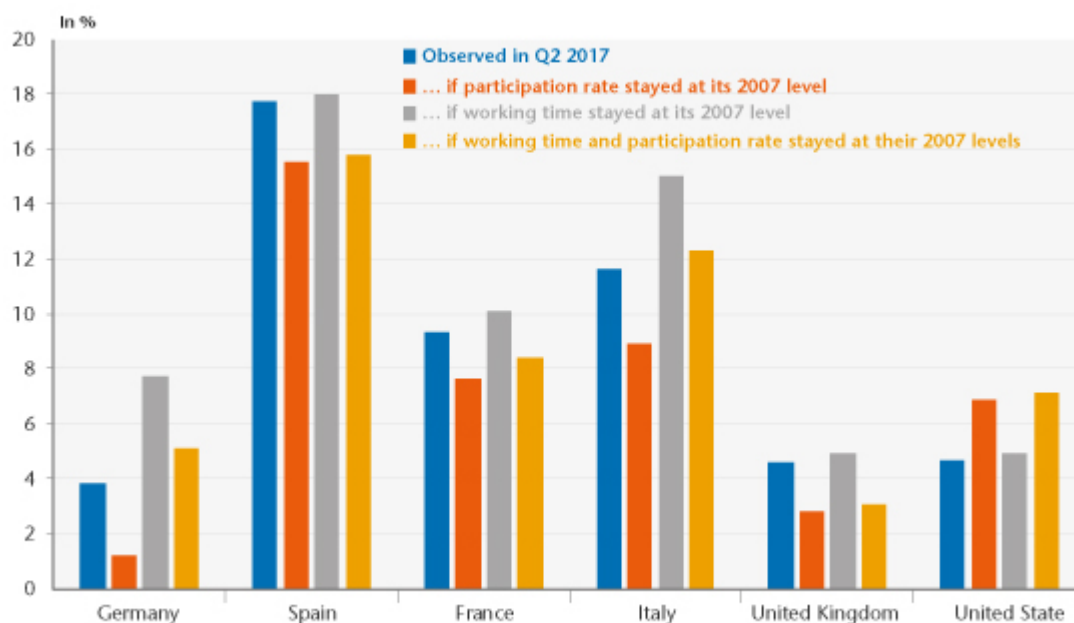
Assuming that, for a given level of employment, a one-point increase in the participation rate (also called the “activity rate”) leads to a rise in the unemployment rate, it is possible to measure the impact of these adjustments (working time and participation rates) on unemployment, by calculating an unemployment rate at a constant employment level and controlling for these adjustments. In all the countries studied, the active population (employed + unemployed) increased by more than the general population, except in the United States, which was due in part to pension reforms. Mechanically, without job creation, demographic growth results in increasing the unemployment rate of the countries in question.

If the participation rate had remained at its 2007 level, the unemployment rate would be lower in France by 1.7 points, by 2.7 points in Italy and by 1.8 points in the United Kingdom (see figure). On the other hand, without the sharp contraction in the US labour force, the unemployment rate would have been more than 3 points higher than that observed in 2016. Germany

has also experienced a significant decline in unemployment since the crisis (-5.1 points) even though its participation rate increased by 2.2 points. Given the same participation rate, Germany's unemployment rate would be... 1.2%. However, changes in participation rates are also the result of structural demographic factors, meaning that the hypothesis of a return to 2007 rates is arbitrary. For the United States, part of the decline in the participation rate can be explained by changes in the structure of the population. The underemployment rate might well also be overstated.

As for working time, the lessons seem very different. It thus seems that if working time had stayed at its pre-crisis level in all the countries, the unemployment rate would have been 3.9 points higher in Germany, 3.4 points higher in Italy and 0.8 point higher in France. In Spain, the United Kingdom and the United States, working time has not changed much since the crisis. By controlling for working time, the unemployment rate is therefore changing along the lines seen in these three countries.

**Figure. Unemployment rate observed at Q2 2017 and unemployment rate if....**



Sources: National accounts, OFCE calculations.

It should not be forgotten that there is a tendency for

working time to fall, which is reflected in developments observed during the crisis independently of the specific measures taken to cushion the impact on employment through mechanisms such as short-time working or the use of time savings accounts. Since the end of the 1990s, working time has fallen substantially in all the countries studied. In Germany, between 1998 and 2008, it fell by an average of 0.6% per quarter. In France, the switch to the 35-hour work week resulted in a similar decline over the period. In Italy, the United Kingdom and the United States, average working hours fell each quarter by -0.3%, -0.4% and -0.3%, respectively. In total, between 1998 and 2008, working time declined by 6% in Germany and France, 4% in Italy, 3% in the United Kingdom and the United States and 2% in Spain, which was de facto the only country that during the crisis intensified the decline in working time begun in the late 1990s.

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## Competitiveness at the expense of equality?

By [Hélène Périvier](#)

Working time has made its appearance in the presidential campaign, and the idea that people work less in France than elsewhere is gaining ground. This is the subject of a report by [COE-Rexecode](#), which unfortunately does not take into account the sexual division of labour.

The employment policies being implemented by European governments are not, however, gender neutral, and ignoring this gives a distorted view of the reality of how work is

divided up in our economies: an integrated approach to equality (or “gender mainstreaming”), which requires thinking about the differential effects of public policies on women and men, is far from automatic.

The counteranalysis to the Coe-Rexecode report proposed by [Eric Heyer and Mathieu Plane](#) emphasises the importance of not just looking at full-time workers when trying to compare working hours and their impact on the labour market dynamics of the major European countries. Indeed, part-time workers represent 26% of all employees in Germany, against 18% in France, so it is misleading to exclude them from the analysis.

It is well known that the distribution of full-time and part-time jobs is gender-biased: throughout Europe, women work part-time more than men do. While in France about 30% of women employees work part-time, the rate is 45% in Germany, and in both countries the part-time rate for men is below 10%. The gendered nature of part-time work is a factor in inequality: recall for example that in France working time explains about half of the wage gap between men and women (see in particular [Ponthieux, Meurs](#)). The issue of working time is central to the promotion of occupational equality.

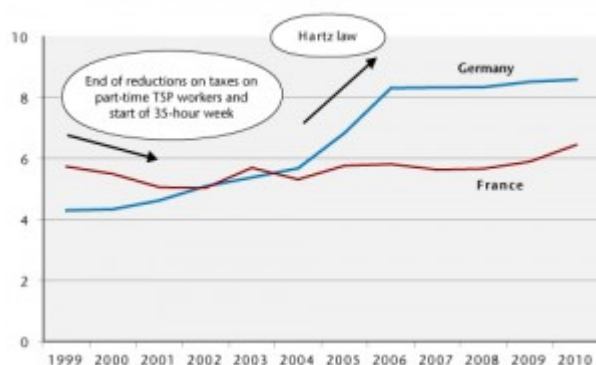
According to the methodological note to the Coe-Rexecode report, “The annual data provided by Eurostat and published by Coe-Rexecode in the paper, “La durée effective du travail en France et en Europe” [“Average effective working time in France and in Europe”] are the only data on average annual hours of work that is comparable between European countries.” It is unfortunate that in its order to Eurostat, Rexecode did not see fit to ask for a gender breakdown of its data. This would have provided a cost-effective way of determining trends in working hours by gender in both countries. Despite this omission, is there anything that can be said about changes in working hours from a gender perspective in the two countries during the last decade, based on the data available to us? How were the adjustments in the labour market divided between

women and men?

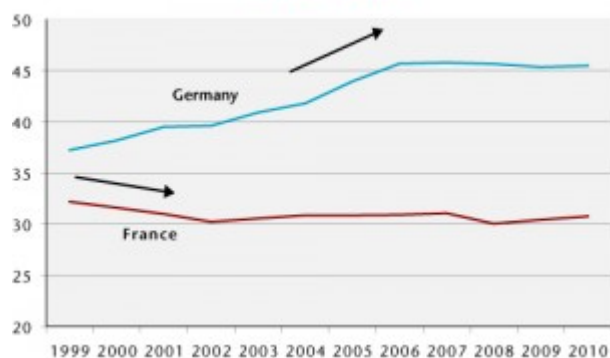
The changes over the period studied are instructive in terms of the employment policy approaches adopted in the two countries. In the early 2000s, the introduction of the 35-hour work week in France put an end to the reductions in charges that had made hiring part-time workers attractive and which had been driving the ramp-up of part-time employment in France, without significantly affecting the employment conditions of men. Since then, the rate of part-time employment has been stable for women as well as for men (see figure). In Germany, the implementation of the Hartz law (effective as of April 2003) introduced “mini-jobs” [\[1\]](#), which basically meant the creation of part-time precarious employment. This affected both men and women, but while the part-time rate of German men rose by 4.3 points, the rate of German women rose by 8.2 points (Figure). German women were thus significantly more affected by part-time employment than were German men, or French women. Furthermore, the average working time for part-time jobs was slightly over 4 hours less in Germany than in France (according to the Eurostat data).

French women were of course more affected by the increase in part-time work than were French men, but this increase has been limited, since new part-time jobs accounted for only 21% of the total jobs created between 1999 and 2010. In contrast, in Germany, part-time work has been the driving force in employment during the period, with German women being the main ones concerned by the individual reduction of working time: they represent 70% of the battalion of part-time workers added during this period. Thus, not only did France create more jobs than Germany between 1999 and 2010, but the choice of a collective rather than an individual approach to reducing working time led to a more balanced distribution of employment between men and women.

Change in the rate of part-time work among men aged 15-64 (in %)



Change in the rate of part-time work among women aged 15-64 (in %)



Source : Eurostat [\[lfsa\\_eppga\]](#)

Share of part-time jobs in the growth of employment between 1999 and 2010 in France and Germany, by sex

in %			
	Change in employment	Share of part-time jobs in the growth of employment	Share of female part-time jobs in the growth of employment
Germany	6,1	130	93 (or 70 % of 130 %)
France	12,2	21	15 (or 76 % of 21 %)

Source : Eurostat [lfsa\_eppga].

# Working hours and economic performance: What lessons can

# be drawn from the Coe-Rexecode report?

By [Eric Heyer](#) and [Mathieu Plane](#)

Do people work less in France than in the rest of Europe? Is France the only country to have reduced working hours in the last decade? Is the 35-hour work week really dragging down the French economy? The report published on 11 January by the [Coe-Rexecode](#) Institute provides fresh material for answering these questions.

We have produced [a note on the main conclusions of the report](#), which can be summarized as follows:

## **1. People work fewer hours in France than in the rest of Europe.**

- TRUE for full-time employees,
- FALSE for part-time employees,
- FALSE for non-salaried employees,
- UNDETERMINED for the total.

## **2. Working hours have fallen more in France than in Germany over the last 10 years.**

- FALSE

## **3. “The shorter work week has failed to meet the goal of job creation and work-sharing” in France.**

- FALSE

## **4. “The shorter work week has undermined per capita purchasing power” in France.**

- FALSE