

Time on workers' minds

The 35-hour week may soon be upon us. Before we rush out to buy more beer to fill up those extra leisure hours, let's have a hard look at what this alluring concept really means.

Once upon a time, labor unions fought to win basic rights for oppressed workers. Today, all the battles have been won and unions spend most of their time trying to find new ways for their members to make more money for less work.

Lately, Canadian unions have been making loud noises about pushing for a shorter work week for the same pay. They claim that this would compel employers to hire more workers and thus bring down unemployment. The Canadian Labor Congress may shortly run out its big guns on this issue, citing the achievement of European unions in finally breaking the 40-hour barrier.

Let's have a look.

Last year, West Germany's powerful metal workers union struck for a 35-hour week, bringing much of the nation's industry to a halt. The union settled for a 38.5-hour week and a 2% pay increase. When the contract expires in 1986, the union has promised to win a 35-hour week. This agreement is now setting the pace for all major labor contracts in the German Federal Republic.

Before the contract, the cost of production in West Germany was 18% higher than in Japan, 17% more than in the U.S., and about equal to the rest of western Europe. Producing goods in Europe costs more because of high salaries, hefty fringe benefits, rich social-insurance schemes and six-week paid vacations.

For the same salary, unionized Germans work 10% fewer hours than Americans and 19% fewer than Japanese. Now common sense tells us that a worker who labors longer hours for the same pay



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will be more productive — and his goods will be cheaper.

This, in its simplest form, is why Japan is relentlessly killing West Germany's vital export markets. Equal quality and lower prices have allowed Japanese industry to capture Germany's former markets for cameras, electronics, chemicals and optical devices. Were it not for the artificially high U.S. dollar, American exports would also be taking business away from Germany.

How can Germans, working a 38.5-hour week, compete with busy-bee Japanese working 44 hours for less pay? Worse yet, the new, shorter work week in Germany has boosted costs of production there by 6%, making exports less competitive.

This news could not be worse for the hard-pressed German economy. When wage rates in Germany were equal to those of Japan and the U.S., it had 100% employment and had to import foreign "guest workers." Today, Germany has 10% unemployed and this number is growing steadily. Germany — and the rest of western Europe — have priced themselves out of the international market.

Similar problems have gripped the rest of western Europe. Its economy is now stagnant and afflicted by rising unemployment, dying industries and failure to develop new technology. Few western European governments seem able to stand up to politically powerful unions and say no to new wage and benefit demands.

The formula here is elementary: High wages — lower exports — lower employment — more unemployment benefits — higher taxes — less investment — flight of capital.

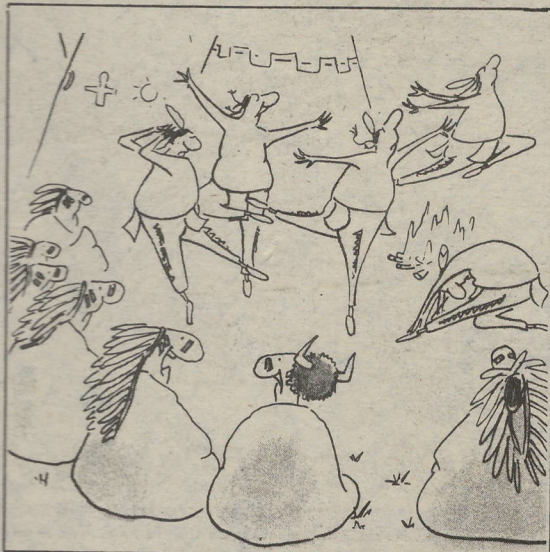
As we earnestly contemplate the spurious allures of the 35-hour week here in Canada, we should note the disastrous example of Europe.

Neither oratory nor economic juju will change reality. Less work, more vacations and public holidays, those long weekends we cherish, they all mean lower productivity and falling exports. Canadian manufactured goods are already close to being priced out of the world market by a ruinous combination of over-regulation and rising costs.

If we allow this process to continue, Canada will certainly end up as a hewer of wood; and even here we are not secure. One day, cheaper timber from Russia or zinc from Zaire may take our markets away — for good.

There is no escaping the fact that our national prosperity depends on the amount of work we do. Less work, no matter how you package the idea in bogus wrapping, means less income. Anyone who tells you differently is selling economic snake oil — a commodity that we produce in alarming and regular quantity.

Punch



"Getting them to do a war dance is one thing, getting them to fight is quite another."