



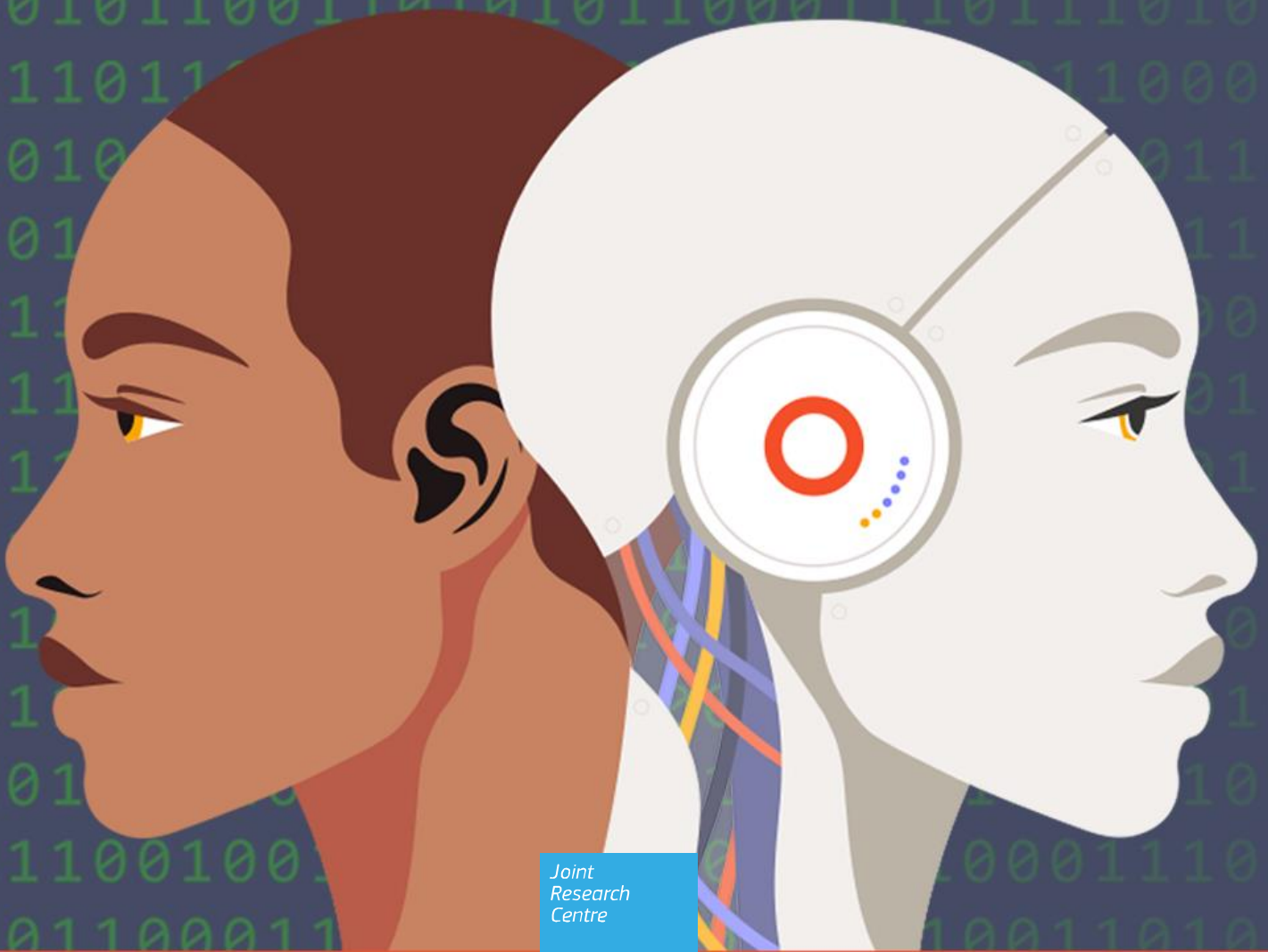
European  
Commission

# REAL UTOPIAS FOR A SOCIAL EUROPE: WORKING TIME REDUCTION AND THE 4-DAY WEEK

Summary Report

## DIGCLASS

Social Classes  
in the Digital Age



Joint  
Research  
Centre

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Contact information:

Name: Salazar, Leire

Address: Joint Research Centre, European Commission (Seville, Spain)

Email: [leyre.salazar-velez@ec.europa.eu](mailto:leyre.salazar-velez@ec.europa.eu)

Tel.: +34 9544-89005

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# AGENDA

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October 27 <sup>th</sup> 2022 Impacts of Worktime Reduction	October 28 <sup>th</sup> 2022 Understanding and assessing 4-day week experiences
<b>14:00</b> Welcome address	<b>10:00-10:30</b> Keynote speech: <b>Lina Gálvez</b> (MEP)
<b>14:05-15:45</b> Session I: Employment, productivity, gender, and wellbeing  Chair: <b>Davide Villani</b> (Joint Research Centre, European Commission)  Speakers: <ul style="list-style-type: none"><li>– <b>Paloma Vilanueva</b> (Universidad Autónoma de Madrid)</li><li>– <b>Till Van Treeck</b> (Universität Duisburg-Essen)</li><li>– <b>Ozlem Onaran</b> (University of Greenwich)</li><li>– <b>Anthony Lepinteur</b> (University of Luxembourg)</li><li>– <b>Maria Rosaria Gualano</b> (UniCamillus-Saint Camillus International University of Health Sciences, Rome)</li></ul>	<b>10:30-12:30</b> Session I: The design and evaluation of 4-day week pilots and experiences  Chair: <b>Lucía Alonso</b> (Red2Red)  Speakers: <ul style="list-style-type: none"><li>– <b>Joan Sanchís</b> (Generalitat Valenciana, Universitat de València)</li><li>– <b>Pedro Gomes</b> (Birkbeck, University of London)</li><li>– <b>Francisca Mullens</b> (Vrije Universiteit Brussel)</li><li>– <b>Pierre Larrourou</b> (MEP)</li></ul> Discussant: <b>Hugo Cuello</b> (Innovation Growth Lab, Nesta)
<b>Break</b> (15 minutes)	<b>12:30 Leire Salazar</b> (Joint Research Centre, European Commission) Closing Remarks and Presentation of Workshop 3
<b>16:00-16:30</b> Keynote speech: <b>Juliet Schor</b> (Boston College)	
<b>16:30-17:30</b> Session II: Environment  Chair: <b>Cristina Monge</b> (Universidad de Zaragoza, Journalist) <ul style="list-style-type: none"><li>– <b>Andrew Watt</b> (Macroeconomic Policy Institute)</li><li>– <b>Héctor Tejero</b> (Más País, MP at Madrid's Parliament, Bioinformatician)</li><li>– <b>Simone D'Alessandro</b> (Università di Pisa)</li><li>– <b>Edlira Narazani</b> (Joint Research Centre, European Commission)</li></ul>	

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# INTRODUCTION

## The DIGCLASS Project

The *DIGCLASS* project was born out of the increasing concern in Europe about the implications of the digital revolution for social inequalities and democratic processes. The objective is to understand better how digital technologies alter the mechanisms that generate inequalities in the distribution of resources and life chances, which is crucial for social policies to respond to the challenges of the digital revolution.

*DIGCLASS* is hosted in the Centre for Advanced Studies (CAS) of the Joint Research Centre (JRC) at the European Commission. The JRC is the Commission's Directorate-General for science and knowledge production. It informs and supports EU policies with independent research throughout the policy cycle. The CAS aims to enhance the JRC's capabilities to better understand and address the complex and long-term scientific and societal challenges currently facing the EU. The CAS is a strategic JRC programme under the Scientific Development unit and collaborates closely with other units within the JRC.

## Real Utopias for a Social Europe

*Real Utopias for a Social Europe* consists of technical debate-type workshops on various bold and innovative social policy proposals. Leading policy experts will come together to assess and discuss these policy proposals' feasibility, distributional impact, costs, and scalability through evidence based on pilots and field experiments, microsimulation studies, actual policy experiences and other empirical research designs. The objective is to bolster a hive mind that can provide rigorous and creative tools to tackle growing socio-economic inequalities in the context of major social and economic transformations ahead.

## Workshop 2: Working time reduction and the 4-day week

The second workshop in the series addresses Working Time Reduction and the 4-Day Week, brought together selected experts on these policies to discuss on the pros and cons of these measures, their potential social, environmental and economic impacts from a policy-oriented and evidence-based point of view. This workshop closely fits the European Commission's priority of dealing with an economy that works for people and a European Green Deal.

## Acknowledgements

The CAS team would like to thank the speakers, chairs and discussants for their collaboration and contributions, as well as the Scientific Development Programmes unit for the support provided for the organization of the workshop.

# DAY 1: IMPACTS OF WORK TIME REDUCTION

## Working time reduction and its relation to employment, productivity, gender, and wellbeing

The first session of the workshop was dedicated to discussing the relationship between working time reduction and employment, productivity, gender, and wellbeing. Five experts contributed to the discussion: Till van Treeck (Universität Duisburg-Essen), Paloma Villanueva (Universidad Autónoma de Madrid), Ozlem Onaran (University of Greenwich), Anthony Lepinteur (University of Luxembourg) and Maria Rosaria Gualano (UniCamillus-Saint Camillus International University of Health Sciences, Rome).

Professor van Treeck explored why working hours in Western economies have not declined in the last decades, despite a steady increase in productivity. One reason relates to the Veblen effect, which is the desire to emulate the consumption norms of the rich. This desire is closely related to status comparisons. As the gap between low-paid and well-off workers increases, low-paid workers may be willing to increase their number of working hours to reduce the purchasing power gap.

The lack of working time reduction is also due to other institutional factors, such as limited government provision of education and decentralised labour relations. The decline in union density in many Western countries may also play a role in perpetuating long working hours. Furthermore, high income inequality contributes to extend the hours of work, pushing workers at the bottom of the distribution of income to engage with longer working hours. Overall, the Veblen effect and institutional characteristics play a crucial role in explaining cross-country differences in the length of the workweek.

Paloma Villanueva analysed the effects of the reduction in working time on various indicators. She presented a paper that simulated a 5-hour reduction (from 40 to 35 hours per week) of the workweek in Spain. The immediate impact of this policy would be the creation of 560,000 jobs, equivalent to a 2.6 percentage points reduction in the unemployment rate.

Reducing working time could also help to mitigate inequality. The labour share of income is expected to increase, countering the recent decline. This is a remarkable finding as it suggests that this policy could also counteract some of the structural trends of our economies, such as the reduction in the labour share of income, which is believed to be linked to the emergence of new technologies. Additionally, the distributional effects of reducing working time would have a positive impact on GDP due to the increased demand.

The potential impacts of reducing working time go beyond the economic sphere. One important aspect is the impact on gender relations. Professor Onaran explored this issue and pointed out that having more time at home could be effective in reducing gender disparities outside the workplace. Women tend to carry a higher burden of non-paid household work, while men's unpaid care and routine household work decreases with the number of paid work hours. In this regard, a shorter workweek could help to rebalance gender relations within households.

Gender relations are influenced by various factors and reducing working hours alone may not necessarily result in an increased gender balance. Hence, it is important to accompany the reduction in working hours with reforms in parental leave policies to promote a fairer distribution of unpaid care responsibilities and encourage gender equality.

The relationship between a shorter workweek and wellbeing was also discussed in the first session. Anthony Lepinteur made a noteworthy contribution by studying the impact of working hours reduction on workers' wellbeing in France and Portugal. Both countries reduced the workweek from 39 hours to 35 in France and 44 to 40 in Portugal, which led to an improvement in workers' job and leisure satisfaction. Notably, this improvement was not offset by a drop in job quality, so that the net effect was positive and significant. The improvement was more pronounced for women compared to men. At the same time, the benefits can be heterogenous across industries. Workers in agriculture and manufacturing record the more pronounced improvements in wellbeing. This indicates that working time reduction can be especially beneficial to those workers involved in more physical demanding occupations. Professor Lepinteur also noted that labour representation plays a crucial role in workers' satisfaction. The presence of unions and staff representation positively affects workers' welfare gains.

Professor Gualano expanded the discussion by examining the impact of reducing working hours on workers' health. An extensive review of the literature showed that reduced working hours have a positive effect on various health indicators, such as improved sleep quality, lower pain levels, and reduced stress and burnout. However, Professor Gualano also warned of potential negative effects, such as the development of unhealthy habits due to increased leisure time. Therefore, she emphasized the importance of raising awareness about the

importance of healthy lifestyles, through the implementation of health policies, when reducing working hours. She also mentioned the risks associated to certain configurations of worktime reductions, for instance if they intensify the use of shifts.

A central issue discussed throughout the session was the relationship between productivity and reducing working hours. There is evidence to suggest that a shorter workweek could positively impact hourly productivity of labour via the reduction of unproductive meetings and higher motivation. This, in turn, could positively impact the wage bill paid by the employers, balancing the higher cost per hour worked. However, the speakers warned that reducing working hours should not be seen as a panacea for productivity, as the positive effects may not be equally distributed all across sectors of the economy and might be short-term. It is crucial for public institutions to consider these intricate challenges that may arise after the introduction of a shorter workweek.

In sum, the session emphasized the benefits of reducing working hours, but also noted the potential challenges associated with it. Policymakers must implement additional measures, such as promoting staff representation and gender equality, and promoting a healthy lifestyle, in order to realize the full benefits of reducing working hours.

## A triple dividend reform?

Juliet Schor, economist and professor of Sociology at Boston College, is a leading scholar in the study of work, consumption and climate change. In her keynote address, Professor Schor covered different pieces of research showcased in her celebrated book *The overworked American: The Unexpected Decline of Leisure* (1992) and her most recent unpublished academic work using trials in firms promoted by the non-profit 4 Day Week Global.

According to various opinion surveys, negative emotions, including stress, have increased substantially, also in the workplace environment. Citizen's concerns about burnout from work have been on the rise too. Workers' engagement in Europe is located below the global average –only 14% of employees express engagement, compared to 21% globally. These developments are driving some companies to start considering the adoption of the 4-day week.

There were important and similar-sized decreases in working hours in selected high-income countries from 1870 and until 1930. Since then, diverging patterns took place until 1973, although decreases still tended to be the norm. A sustained reduction in average annual hours per worker took place in many countries since 1973, with remarkable exceptions such as the United States, China or India. Productivity growth is the factor that fuels hours' reductions.

Furthermore, there is an output bias in capitalism, according to Ms Schor. Without intentional policies to

reduce hours of work and/or increase workers' compensation, there are structural factors in market economies that lead productivity growth to be channelled into more output rather than into shorter hours. This has to do with the incentives' structure that firms face and their preference, *ceteris paribus*, for workers to make longer hours.

Professor Schor considers the 4-day week as a triple dividend reform that could simultaneously show economic, social and climate benefits. There is still scarce research on the implications of the 4-day week (a bit more on worktime reduction more generally), and most has been conducted on just a handful of countries and selected workers (e.g. public employees). These few studies have shown, in the social dimension, improvements in wellbeing, working life quality, increased time for family and the community, and more and better-quality sleep. In the economic realm, studies have pointed to a rise in hourly productivity, improved organizational performance, and easier recruitment and retention. As regards the environmental aspect, reduced carbon emissions due to less commuting have been found to be significant.

There is a remarkable and growing interest on the 4-day week by companies, media and the general public alike. Pilots on selected countries across the world (for instance the UK, Iceland or New Zealand) have been considered successful, and companies undergoing the pilots tend to be very satisfied with the results –further research should try to determine whether the benefits identified are transitory or lasting. The pan-European trial – companies and NGOs piloting the 4-day week– starting in February 2023 offers, according to Professor Schor, very valuable opportunities to deepen our scientific understanding of the potential effects of this initiative, which in Ms Schor's opinion is affordable in the long run in the European context. The key to success is experimentation, since there might not be a one-fits-all model for all companies and workers. For instance, while 100:80:100 option (100% pay, 80% time, 100% productivity) can succeed in low-intensity workplaces, a 100:80:80 alternative could be more appropriate in high work-intensity settings.

## Working time reduction and the environment

In the second session of the workshop the effect of reducing working time on the environment was discussed. Four experts contributed to the discussion: Andrew Watt (Macroeconomic Policy Institute), Héctor Tejero (MP at Madrid's Parliament), Simone D'Alessandro (Università di Pisa) and Edlira Narazani (Joint Research Center, European Commission), moderated by Cristina Monge (Universidad de Zaragoza).

In the first intervention, Andrew Watt focused on how work-time reduction can reduce emissions. Specifically, he showed evidence on the relationship between



emissions, output and growth, productivity, jobs, and working time.

According to Watt, it is important to stress that the past three decades have displayed some encouraging trends. Emissions have reduced substantially in the EU27: almost one-third from 1990 to 2010. At the same time, real GDP substantially increased by around 40%. As a result, the proportion of emissions to GDP declined quite strongly (by more than 55%), decoupling emissions from output. Productivity (GDP/hour) also increased substantially during this period, along with an increase in total working hours due to a rise in employment, while average working time was reduced.

The European Commission's Green New Deal objective to reduce greenhouse gas by at least 55% from 1990 to 2030, however, will not be met according to a simple extrapolation of the trend in the reduction of emissions since 1990. In fact, in a no-policy change type scenario, even by 2050, we will not have reached the target we are supposed to achieve by 2030. So what can we do about it?

One way forward is to increase the pace of decarbonisation of our economies. Imagine two scenarios. In the first scenario, the decarbonisation rate increases by 50%. Even then, we would still miss the 2030 target (reached in 2037). In the second scenario, the rate of decarbonisation doubles. Only then would the target be reached in time. Therefore, we must become twice as fast in taking carbon out of our economy (all else equal) to meet the official European target.

What changes if we reduce the working time? Assuming that everyone cut their working time by 20% (from 5 to 4 days a week), and all else equal, we would get close to the target at the current rate without accounting for any improvement in success in decarbonisation. In fact, by combining a 50% improvement in decarbonisation with a 20% working time reduction, the target could be reached before 2030.

In conclusion, we are improving, but not nearly fast enough. The rate will have to double if the targets are to be reached only by decarbonising. However, the target becomes feasible if we combine a 50% faster rate with a 20% reduction in working time. However, the reduction in working time assumed is substantial. It is hard to believe that it can be entirely offset by productivity, which means incurring some losses in living standards. These losses, especially for the lower and middle classes, should be compensated with redistributive policies.

In the second address, Héctor Tejero presented ongoing work with Jaime Nieto on the effect of the 4-day week on CO<sub>2</sub> emissions.

First, he distinguished two channels through which the working time reduction is associated with environmental benefits: 1) compositional effects (behavioural changes) and 2) scale effects (changes in economic activity). In the previous literature, the combination of these effects is

estimated to reduce CO<sub>2</sub> emissions from 1.4% to 2.5% for a 20% reduction in working time (equivalent to a 4-day week).

Using the Carbon Monitor database, which measures daily CO<sub>2</sub> emissions, Tejero and Nieto employ a novel strategy to estimate the effect of a 4-day week on emissions. During weekends, daily emissions are reduced when compared to the average weekday, about 5% on Saturday and about 10% on Sunday relative to the average weekday. Assuming that "Friday is the new Saturday" and that there is a coordinated one day off, rendering a 3-day weekend, the authors estimate the effect of a 4-day week on emissions. This would be a best-case scenario for emissions reduction.

The main result is that, for the EU-27 (and the UK) in 2019, a 4-day week would reduce emissions, on average, by 2.62% (about 85.8 Mt of CO<sub>2</sub>). To put it in context, this is more than 70% of the reduction of emissions between 2018 and 2019, which was 3.7%. Furthermore, the decline due to less working time would be mainly concentrated in the power/energy, ground transport and industry sectors. It ranges from 3.32% in Spain (highest) to 0.36% in China (lowest), with a world average of 1.06%.

In conclusion, according to Tejero, although the environmental effect of a working time reduction of 20% would be limited (less than 5%) it could still be an essential policy in the ecological transition, not only due to the decrease in emissions but also due to employment creation, the transition to low-energy sectors, or the cultural change towards living better.

Simone D'Alessandro began the third presentation by referring to the EUROGREEN ecological macroeconomic model simulating policies and scenarios for low-carbon transition that also consider the social impact. The key questions motivating these models are whether green policies can foster within-country inequalities and, if so, whether there is room for social policy and innovation to offset those. Unfortunately, there are no win-win solutions, but mostly trade-offs.

One of these trade-offs is the so-called Green Growth Paradox, which means that policies aimed at reducing greenhouse gas emissions may come at the expense of economic growth. Therefore, choosing which policies to implement is important as similar reductions in emissions can produce radically different social consequences in terms of the income distribution, employment, or fiscal stability.

The job guarantee or working time reduction are examples of policies that can combine the promotion of social prosperity and low-carbon emissions. Reducing the working time acts as a redistributive policy that can increase the labour share amongst other advantages, making workers more resilient to the green transition.

The reduction of inequality thanks to working time reduction is especially important to counteract other

climate policies such as green efficiency, expansion of renewals or electrification that have an inequality-increasing effect. Without a fair distribution of the costs, the social barriers to the transition increase and delay the process. Moreover, a working-time reduction would provide more time to adapt to the transition.

Yet, actions in addition to reducing the working time are needed, as the increased leisure time might be used for other carbon-intensive activities. It is therefore important to simultaneously promote low-carbon intensive leisure activities (i.e. relational goods as opposed to private goods). Improving the social and public infrastructure is a way forward as it can reduce welfare dependence on income and increase the value of free time, producing positive network externalities.

Finally, Edlira Narazani presented her work simulating the effect of working time reduction on labour supply, social welfare, and inequality in Portugal using EUROLAB, a multidimensional discrete choice labour supply model.

Three hypothetical scenarios were introduced. In two of them, working time was reduced to 32 hours a week. In one of those, the week was compressed into four days (scenario I), thus reducing transportation costs, while in the other one five days with shorter working hours were adopted (scenario II). The third scenario did not reduce working time but compressed 40 work hours in four days instead of five (scenario III).

The combination of these scenarios allows testing the effects of higher leisure time and lower commuting costs. Commuting costs are relevant because of their impact on emissions and because higher/lower costs can decrease/increase labour supply.

Regarding labour supply, the first and second simulated scenarios suggest an apparent increase in the participation rate – labour force divided by the total working-age population – which was most marked in lower income quintiles (15% increase for men, 11% for women). Moreover, this increase was also more pronounced for single men (11% for those with children and 17% for those without) and for women in a couple (11% for those with children and 13% for those without).

The first two scenarios also provided benefits for welfare and inequality. The social welfare function, which is a measure of both efficiency and equality, increased by 30%. Moreover, as a measure of inequality, the Gini coefficient decreased by between 0.012 and 0.0124, a substantial amount compared to other policies.

In sum, reducing the working time, whether distributed in four or five working days, significantly increased participation rates across all income levels, especially for low-income earners, partnered women, and single men, while reducing inequality and increasing the social welfare function. On the other hand, reducing the commuting costs without increasing leisure time (scenario III) provided much more limited results, suggesting that the main driver for higher participations

rates and welfare is reducing working time and not so much commuting costs.

The session ended with a discussion amongst all the speakers that Cristina Monge kick-started by asking which actor will be most difficult to convince (governments, unions, etc.) and what should be done about it. Some key points discussed were the trade-offs faced by unions, the incentives associated to budgetary effects, or the need to think more about consumption during leisure time and its impact on emissions.

## DAY 2: 4-DAY WEEK EXPERIENCES

### Many expected benefits, some shades

Lina Gálvez, Member of the European Parliament (EP) and an academic specialised in the distribution of work and care time, kicked off the second day of the workshop with a comprehensive and detailed data-driven perspective of existing pilots on the 4-day week. In her view, this is an appealing proposal for improving working conditions, creating new jobs, increasing workers' sovereignty over their time, and potentially entailing productivity gains, as suggested by existing experiences.

The COVID-19 shock enhanced –but also gave visibility to– the high levels of psychosocial risks and endangered physical and mental health that, even before the pandemic, a large share of workers experienced. Work-related stress is common in many occupations and has increased substantially in the last years. Average work hours have risen too; large proportions of teleworkers report working outside normal hours, with a blurring of boundaries between working and personal life, which is reflected in higher levels of stress. Mental health issues have affected women during the pandemic more harshly than men. Part of these problems are due to overwork or other forms of excessive burden entailed by paid work that would, in principle, be alleviated by working time reduction options. The EP has established a dedicated committee to analyse these issues.

On a less optimistic note, Ms Gálvez emphasized the need to consider the potential heterogeneous effects of working time reduction by gender. The COVID-19 crisis brought about very clearly the persistent unequal/unfair distribution of unpaid work. When formalized care options became unavailable for most people, women were in charge of a disproportionate share of it, according to all existing empirical evidence. Career



interruptions were also markedly more common among women.

The risk that initiatives such as the 4-day week might have similar influence on women's attachment to paid work is not negligible. There has been certain backlash in gender equality in certain domains, according to existing compared indexes. In the "right to disconnect"<sup>1</sup> resolution, for instance, gender issues were not very well addressed, Ms Gálvez argued. In order to advance in a fair manner when exploring the implementation of the 4-day week, we would need to consider, according to Ms Gálvez, the whole distribution of paid and unpaid work, not just the former. The design needs to have gender lenses.

Similarly, she depicted a context in which globalization has changed its nature substantially and the digitalization race makes some sectors lose global competitiveness. Concerns were expressed about the possibility that, in such context, the European Union might worsen its relative position in some sectors and about the extent to which this might ultimately influence negatively labour conditions.

Overall, we do not have enough evidence for a full, nuanced evaluation of impacts. Undoubtedly, the European Union ought to rethink its model in the context of digitalization and growing productivity; we require a new framework that allows maintaining autonomy, our democratic values, and social conquests within this new international, often challenging, context. It is important to shape this context in a way that is fairer than what has been done so far.

Finally, Ms Gálvez announced that the EP is trying to move forward with the 4-day week and has presented a pilot proposal to the European Commission on this matter.

## 4-day week pilots: prospects for an evidence-based implementation

After the second day's keynote speech, a monographic session on 4-day week pilots and experiences chaired by Lucía Alonso (Red2Red) addressed the prospects and problems of the design and evaluation of different projects and pilots as perceived by experts and policymakers directly involved with them. The session included Joan Sanchís (Generalitat Valenciana, Universitat de València), Pedro Gomes (Birkbeck, University of London), Francisca Mullens (TOR, Vrije Universiteit Brussel), and Pierre Larroutourou (Member of the European Parliament, EP) as speakers, followed by a discussion and comment by Hugo Cuello (Innovation Growth Lab, Nesta).

Lucía Alonso introduced the topics and background of the session: How to best design and evaluate 4-day pilots and experiments, what the available evidence they have provided so far is, and how to identify benefits and

limitations of the proposal in order to decide about scalable next steps in its development. She then introduced the first speaker, Pedro Gomes, who has been appointed by the Portuguese government to coordinate an ambitious 4-day week pilot in this country. The pilot will support different companies to make the transition to this new organization of the work week, and to evaluate the effects on both the firms' productivity and workers' wellbeing. Since the pilot project is at an early stage, Gomes focused on presenting three possible routes towards a 4-day week. In the first one, the decentralized route, firms and workers would have the leading role. The incentives to do so would be different, though: Firms may seek to increase productivity, as well as to reduce intermediate costs such as accidents, errors in production, absenteeism, energy expenses, or workers' rotation. Workers may in turn improve their wellbeing, reduce stress and burn-out, diminish transportation costs, or stimulate gender equality. In both cases they may be supported by governments with tax incentives and/or ad-hoc legislation.

A second route, according to Gomes, is the national one. In this case the rationale would refer to the wider benefits of a 4-day week for economy and society; these could include more opportunities for economic sectors such as tourism, entertainment, and culture because of the increase in free time for citizens, more entrepreneurship, raise of birth rates, and important environmental benefits. This might be accomplished with national legislation, starting with the private sector, and offering a long enough period in order for firms to adapt and facilitate coordination between different economic sectors and agents.

Finally, Gomes' third route is the international one. The 4-day week would be driven at the international or the European Union level. Besides adopting different measures to push states into it, international organisations and agents might also foster the discussion of the idea and facilitate bilateral or multilateral agreements to implement it. Gomes finished his address by suggesting that the promotion of this proposal might generate consensus across different ideologies, and that progressive small steps towards its implementation are needed, since it cannot be adopted in a rapid fashion.

The second speaker, Joan Sanchís, who is currently participating in the design and implementation of a 4-day week pilot run by the regional government of Valencia (Spain), provided three arguments for reducing working time. The first one is economic: Long working days have a negative impact on productivity, and Spain has one of the longest working times with one of the lower productivities in the EU. The second reason is social: Spain also fares badly in terms of stress and anxiety at the workplace, absenteeism, and sick leaves. Scarcity of time in personal lives also makes it hard to balance work and family and it has been proved detrimental for physical and mental health. The third reason is ecological: A reduction in work

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<sup>1</sup> [https://www.europarl.europa.eu/doceo/document/TA-9-2021-0021\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2021-0021_EN.html)

time could have important benefits to mitigate the effects of climate change.

Two publicly promoted projects on the 4-day week are currently in progress in Spain, one at the national level, and a second at the regional level, in Valencia. Sanchís focused on the latter, which is more developed. It consists in providing financial support to companies who voluntarily apply worktime reductions, on the condition of preserving wage levels and reaching agreements with their workers on how to implement the reductions. The Valencian pilot will be running for three years and has already received applications from 50 companies. The Spanish national-wide pilot, in turn, probably will fund only specific costs associated with the reform (such as innovation expenditures) and just for industrial companies which introduce a worktime reduction of at least 10%.

The conditions for the success of such pilots are, according to Sanchís, diverse: empowering agents who are involved is of the essence, but also getting transversal support by civil society organisations, civil society, political parties, and so forth. Real experiences may help as illustrations of what works in this field and raising public awareness on these experiences may trigger boldness on the part of politicians and firm owners.

Other real experiences beyond pilots may be useful in order to assess the effects of worktime reduction. Francisca Mullens presented research on one of such experiences in Belgium, where a women's organization with 60 female employees implemented a 30-hour week during one year in 2019. In this case, the work week was reduced from 36 to 30 hours, and the employees were able to choose whether they shortened days, had a full day off, or any combination of both options. The rationale of the experience was to improve work-life balance and have more time available for unpaid work, family, and oneself.

Mullens' used different techniques, such as analysis of diaries, surveys in different waves, focus groups, and in-depth interviews. Her results showed that more than 60% of workers chose a 4-day week instead of shortening days (Wednesday and Friday were the most popular days-off). The reasons for this choice included that it was better for family, rest, and recovery, it made easier to block the agenda for other activities, and it freed up the weekend for leisure since the day-off was mainly used for practical matters and arrangements of daily life. School schedules and family life determined many of the choices, but time availability by others or gendered norms had also some influence: for example, most of the participants used their day-off for childcare. The option for the 4-day week reached 80% of the participants after the experience was running for some time. However, Mullens notes the limitations of the case in order to extrapolate conclusions: it was a small-scale experience, it lasted just for one year, and only women were involved.

Pierre Larroutourou started by stressing the productivity revolution in the last 30 years in Western countries and how it should make possible a reduction of working time.

Larroutourou worked for years with former French prime minister Michel Rocard in promoting a proposal that aimed at respecting two principles: no wage cuts, and no increase in costs for employers and customers. This win-win scenario was only possible if funded through savings in unemployment protection coming from the creation of new stable jobs. These were the basic principles of the 'loi Robien' (1996) for stimulating the adoption of a 4-day week in France, which preceded the 'loi Aubry' (1998) which implemented the 35 hours work week in companies with more than 20 employees in France.

The 'loi Robien' designed with Larroutourou and Rocard included a reduction in employers' social security contributions of 8% if they created 10% more jobs and switched to the 4-day week at 32 hours per week, with no pay reductions under 2,500€/month, and negotiation of salaries on a case-by-case basis. The 'loi Robien' allowed to implement the 4-day week in 400 companies benefitting 17,000 workers. The jobs created allowed for additional contributions to fuel social security.

Larroutourou called attention to some details: it is important to consider that such reforms have costs in the short-run, but these might be compensated in the long-run. The reform needs to be modulated and adapted to different sectors, since some jobs are not suitable for a 4-day week timetable. There are also different modalities of a 4-day week, and companies and workers should be allowed to choose.

Larroutourou claimed that, based on the number of jobs created by the 400 companies, the generalization of the policy could create 1.6 million jobs in France. He also stressed that different surveys show strong social support to reduce working time, in particular the 4-day week more so than other forms, and that this policy could also help solve the debate between growth and post-growth supporters, since growth cannot be expected to be the main source of job creation in the future.

Finally, Hugo Cuello acted as discussant and addressed the issue of how to design and evaluate 4-day pilots in order to best assess the effectiveness of the policy. Cuello relied on the lessons learned from many randomized controlled trials (RCTs) testing the effects of unconditional cash benefits on work, child development, consumer behaviour, poverty, and so on. These trials have proved no negative influence on work incentives, contrary to mainstream theoretical expectations. RCTs, according to Cuello, allow learning whether a program has its expected impacts, by measuring precisely how the situation was transformed and identifying whether the change can be attributed to the policy or not. In order to do that, a counterfactual informing about what would have happened if the policy had not been implemented must be built. This is a necessary strategy, since not all changes experienced by the people affected may be attributable to the policy; we need a robust comparison group and random assignment of participants to treatment and control groups. Simple pre/post or enrolled-/not-enrolled comparisons do not grant

that and therefore cannot ensure that the differences observed are due to the program.

Cuello applied this reasoning to the 4-day week pilots and experiences and made several recommendations. It is important to work on such causal inference methodological strategies, since previous research suggests we should expect both positive and negative results from worktime reductions. Cases where the reform did not seem to produce benefits should not be overlooked. Small samples and self-enrolled companies will hardly be representative. The pilots should also be able to answer questions on whether the 4-day week is a cost-effective policy when compared with alternatives, and whether it is scalable. However, most of the existing evidence is based on pre/post comparisons that do not allow answering all those questions properly. Besides, many of the data are self-reported and based solely on workers' perceptions. A useful next step would be then a more ambitious design of pilots and data analysis strategies, so that they can better capture the causal effect of the interventions. This will require continuous experimentation, comparison of alternative treatments, and the use of objective and administrative data beyond subjective perceptions and attitudes.

The speakers of the session replied to the challenges posed by Cuello by emphasizing the specific difficulties of running RCTs on the 4-day week because of legal, political, and budgetary limitations. For example, it is hard to legally mandate private companies to participate in a pilot, and the economic incentives needed to have representative samples would be too costly. It was also argued that RCTs are not necessarily the only rigorous way of evaluating public policies, since other methods such as synthetic controls or propensity score-matching are available. Therefore, a simpler pilot, even with methodological shortcomings, may be a second-best strategy, and perhaps a way to raise more interest and funds for the implementation of a proper RCT.

## Closing remarks: A promising avenue that requires further empirical evidence

Leire Salazar, Lead Scientist of the DIGCLASS CAS project, closed the workshop with some summary remarks. Over this workshop, various arguments about whether it would be desirable and feasible to move towards working fewer hours were made. Existing evidence so far has done a lot of progress identifying potential benefits. The 4-day week seems like a promising avenue to continue the path of historical trends in strengthening workers' rights and improving work conditions in EU countries and a potential means to create employment. Nevertheless, further empirical research should still be produced in at least four areas in order to support stronger or more determined transitions towards this path.

First, the evidence discussed on the first day suggests that working time reduction might not be the silver bullet that solves every important challenge (the digital, green and fair transitions). Its role in alleviating some problems, for instance reducing carbon emissions, is limited, while it appears to be unequivocally strong to improve workers' wellbeing, at least in the short term. If this initiative is beneficial in some domains but not in others, and therefore there are trade-offs, which ones should political action prioritize and on what grounds? Is there scope for political consensus on this? These questions should be subject to scientific scrutiny.

Second, more research is needed to figure out whether the adoption of working time reduction would be beneficial across the board or merely for some groups of individuals. Heterogeneity is expected across economic sectors, genders, countries, regions, etc. and, as in many other policy initiatives, there is a real risk of incurring a Matthew effect by which those already well positioned (whether it is certain firms, already more productive or having more satisfied workers, or individuals) benefit more from the adoption of these policies. Distributional aspects need to be systematically addressed in empirical research dealing with work time reduction.

Third, we need to know more about the possibly heterogeneous preferences that individuals hold regarding working time, but also about the constraints that they face. Other societal arrangements need to be considered too. What would happen with school schedules, for instance? Would success in work time reduction require the adoption of other major policy initiatives, for instance to make sure that gaps in care work is not broadened, as some of the work presented over the workshop might suggest?

Last, how to put this initiative into practice? We need to know what works and what does not and for whom. Experiences and pilots need to be scientifically driven, and design and evaluation should be carefully constructed to minimize the risks of biases (if, for instance, only firms with certain characteristics which correlate with outcomes participate in the experience). As we mentioned in our first Real Utopias for a Social Europe workshop, high-quality evidence is a prerequisite for a good design and a successful unfolding of social protection. But engaging in an often bold political vision of fairness and social cohesion is also a crucial aspect in all these debates.

Professor Salazar concluded her address by advancing the contents of the third workshop in the Real Utopias for a Social Europe series that will take place in 2023. While in Workshop 1 we debated around the distribution of monetary resources and in Workshop 2 the distribution of working time was discussed, in Workshop 3 we will focus on the distribution of power in contemporary societies, workplace democracy, including algorithmic democracy, and the potential new role of unions in a context of technological change.

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