

European times

Public opinion on Europe
&
Working hours, compared and explained

European Outlook 3

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FOREWORD

The time devoted by Europeans to paid employment has fallen steadily in recent decades. In the 1960s the average time spent on paid employment was 2000 hours a year; now it has fallen to under 1600. In the United States the average employee is still working around 1800 hours. This marked difference has led commentators to speak of lazy and pampered Europeans.

The short European working weeks have also attracted attention politically. The 35-hour working week in France has come under fire, while in the Netherlands a return to the 40-hour week has been urged. Public opinion surveys, however, indicate that most Europeans would prefer to work shorter hours than they do at present. In this third European Outlook the facts about time-use and time-use preferences are presented for both the EU member states and the US, together with an analysis of the influence of taxation and parental leave on the number of hours worked. A change in the number of hours worked also has an effect on such matters as employment and productivity. The final chapter outlines this perspective and examines the possibilities for a common European policy in this area.

Like previous European Outlooks this edition starts by looking at public opinion concerning European integration. In the light of the outcome of the Dutch Referendum of 1 June 2005 on the European Constitution, detailed consideration is given to this aspect in two chapters. The cross-country comparison presented in the first chapter indicates that according to longitudinal surveys there was no evidence of any reduction in support for European integration up to and including 2005 in either France or the Netherlands. Drawing on diverse survey material and more qualitative research, chapter 2 examines opinion formation on Europe in the Netherlands in more detail. Various reasons are put forward as to why diffuse support for the European Union did not result in an electoral majority for the Constitution.

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PART A. PUBLIC OPINION ON EUROPE

Outline and summary

This part concerning public opinion consists of two chapters. The first chapter provides cross-national comparisons and is wholly based on Eurobarometer surveys. A comparison of current attitudes towards European integration in all 25 member states is followed by an examination of developments in the support for Europe in the nine oldest member states since 1973. A description of public opinion in the ‘referendum countries’ of Spain, France and the Netherlands (Luxembourg has been left out of account) leads on to an analysis in chapter A2 of the mood in the Netherlands. This begins with a description of various developments in recent years, especially attitudes relating to the rejection of the ratification of the European Constitution¹ in the Referendum of 1 June. The Constitution and the Referendum are first of all examined in quantitative terms. Changes in involvement, knowledge and preferences in the months and weeks preceding the Referendum and the backgrounds of those who voted for and against are examined on the basis of various public opinion surveys. Consideration is then given to the results of more qualitative research concerning involvement in Europe and the way in which attitudes are formed in this area. The chapter concludes with some final considerations in respect of both chapters.

Although the outcome of the Referendum might lead one to suspect otherwise, the mood towards Europe in the Netherlands in 2004 and also spring 2005 was certainly not negative. On the basis of the customary indicators for support for European integration and the Union the mood had in fact become somewhat more positive in various respects, although there was a sharp decline in the Netherlands in support for ‘a’ European constitution between the end of 2004 and spring 2005. Together with Belgium, Denmark, Greece, Ireland, Lithuania, Luxembourg, Portugal and Spain, the Netherlands is among the most EU-minded group, as against the least EU-minded group of Finland, Austria, the United Kingdom and Sweden. With the exception of Lithuania all the new member states of 2004 occupy the middle of the field when it comes to support for the EU, but are significantly more often advocates of common policy. Taken over the longer term various patterns are discernible in the nine oldest member states as regards support for Europe. Apart from stable countries with much (Luxembourg) and little (UK) support, there are risers (Denmark) and slow (Italy) and sudden (Germany) fallers. The changes need to be explained primarily in terms of domestic factors. The developments do not as yet provide any evidence of a clear convergence indicating the existence of a common body of European public opinion. The available survey data do not allow us to explain why the vote became a ‘yes’ in Spain and a ‘no’ in the Netherlands and France.

Chapter A2 deals in more detail with attitudes towards Europe in the Netherlands and the developments in the months and weeks in the run-up to 1 June. Indicators of knowledge of and involvement in the EU in the Netherlands do not provide any grounds for assuming that there was any break in the trend: the Dutch do not score any lower than other Europeans and their knowledge has even increased in recent years.

In the discussion of the explanation for the Dutch ‘no’ the argument is often put forward that no-voters consider European integration to be proceeding too rapidly. Data going back to 1986, however, reveal that on average the

¹ The official term is not the Constitution but the Constitutional Treaty. The treaty itself was not rejected; instead the Lower House of Parliament was advised not to cooperate with its ratification. For the sake of readability, however, we shall in future refer to the Constitution/rejection of the Constitution (and disregard reformulations of survey questions on this point).

Dutch have always wanted – and at the end of 2004 still wanted – European integration to proceed more rapidly than people thought it was. The percentage of people considering integration to be proceeding too rapidly has not increased in recent years, while people who do consider that integration has been too rapid are no more frequently opposed to ‘a’ constitution than people who do not consider integration to be proceeding too fast. Nor do data from autumn 2004 suggest that people are more likely to be opposed to a constitution if they consider Europe to be too expensive or too interfering.

The months preceding the Referendum in the Netherlands saw an increase in knowledge of and interest in the subject. May also saw an increase in the propensity to vote, a fall in the proportion of people intending to vote in favour and a widely-based expectation that the vote would be against. In the various surveys reported on, divergent attitudes concerning the European Union and European issues such as the euro and enlargement turned out to be major factors in explaining differences in individual support for ‘a’ constitution and individual voting intentions. There is, however, clearly no question of any simple division into Euro-friendly yes-voters and Euro-sceptic no-voters. Support for the European Union, and Dutch membership of the Union, remains considerable among no-voters as well. The general preferences according to survey questions leave much unexplained. In many cases specific motivations for voting intentions or behaviour are more by way of legitimisation (voting in favour on account of ‘European unity’, abstaining or voting against on account of ‘lack of information’) than a genuine explanation.

Notwithstanding the available survey material, there is little basis for suspecting that no-voters were less informed or motivated. In the interests of a better understanding of opinion formation this chapter also reports on focus groups concerning Europe. A more negative tone emerges right across the board from these groups than it does from the public opinion surveys. The lack of knowledge and involvement is substantial and the realisation that this is so leaves people in an uncomfortable position that can give rise to cynicism (if Brussels is going to do what it wants anyway, there’s no point in getting involved) but also to interest. In order to generate interest, however, Europe needs not only to be important but also absorbing from time to time.

A1 COUNTRIES COMPARED

Section 1.1 provides a brief discussion of differences in public opinion in all the 25 member States. Trends in support since 1973, as measured by three indicators, are then examined for the nine eldest member states in section 1.2. Public opinion in Spain, France and the Netherlands is examined in more detail in relation to the referendums on the Constitution in section 1.3. The chapter is based on the Eurobarometer public opinion surveys.¹

1.1 Diversity in the Union

Now that there are 25 member States it is no longer feasible to compare countries by placing them side-by-side in columns in a table, although that has been done in the appendix table to this chapter. Table 1.1 summarises this appendix table in two ways: by drawing a distinction between the old fifteen and new ten member states and by distinguishing three groups of countries resembling one another in terms of general attitudes towards the EU. The table shows averages of the percentages in the appendix table, i.e. of country characteristics without taking account of the difference in size of the countries. A separate column has also been included for the Netherlands.

The countries have been divided into three groups on the basis of their scores on four variables (seven measurements): consider membership of the EU to be a good thing, consider that the country benefits from membership, would be very disappointed if the EU were scrapped and has a positive image of the EU. As expected the negative group also scores lower on most other variables than the middle group and the positive group. The 'negative countries' have less confidence in the European Parliament (EP) and the Commission, and are less often advocates of a political Union, the euro and 'a constitution'. As far as the preferences for a political Union and a constitution are concerned (and in 2004 also the euro), the middle group and the positive group do not differ from one another. With respect to enlargement issues no differences were found between the groups. Between autumn 2004 and spring 2005 a fall in the percentages for all sorts of indicators (e.g. good thing, image, confidence in EP and Commission, euro, political Union and 'a constitution') fell in the various groups of countries. In the Netherlands this does not apply to the general support indicators (the first seven in table 1.1) but does for various specific indicators. A substantial fall of 20 percentage points was recorded in respect of support for 'a constitution' (this also applied to Austria and to a somewhat lesser extent Luxembourg (- 16)). This will have been related to the debate about 'the Constitution' that was in full swing during the 2005 survey and to which we shall be returning later in this chapter. The picture outlined above is confirmed if we examine the correlations between all the indicators. The various measurements of a generally positive attitude (positive image, good thing, more advantage than disadvantage, very disappointed about abolition) are closely correlated but are wholly independent of the attitudes concerning enlargement. The more that countries are positive in a general sense the greater the confidence in the EP but not in the Commission. The more positive the image of the EU, the clearer the preference in a particular country for monetary and political union and for a constitution in general. The link between the other three positive attitudes and these preferences is also positive but clearly weaker.

¹ As in previous editions of this chapter we would note that it must be assumed in relation to the country comparisons that the translations of questions and statements in the surveys are not merely correct but that they also correspond in a subjective sense. This has been done in general terms for the English and Dutch formulations, but not for other languages.

Table 1.1 Attitudes towards European integration in 2004 and 2005 in averages of country percentages

	old and new		groups ^a			Netherlands
	old 15	new 10	negative four	middle group	positive nine	
Generally speaking considers it a good thing that own country is a member of the EU (2004)	61	51	45	51	70	75
Ditto 2005	58	48	41	49	67	77
All things considered, considers that own country benefits from membership of the EU (2004)	60	54	42	51	73	59
Ditto 2005	59	57	42	55	71	67
Would be very disappointed if the EU were to be scrapped tomorrow (2004) (no data for 2005)	43	35	29	38	48	49
Has a reasonably or very positive image of the EU (2004)	51	48	35	48	58	45
Ditto 2005	46	47	31	48	52	38
Is inclined to trust the European Parliament (2004)	61	61	53	60	66	63
Ditto 2005	55	58	48	57	58	51
Is inclined to trust the European Commission (2004)	56	58	55	55	59	62
Ditto 2005	50	55	50	52	52	53
Favours a European monetary union with a single currency, the euro (2004)	68	63	57	64	72	72
Ditto 2005	65	63	55	64	68	71
Favours the development of the European political union (2004)	56	68	41	65	63	58
Ditto 2005	54	66	39	65	60	53
Favours 'a constitution for the EU' (2004)	66	68	56	69	68	73
Ditto 2005	56	61	44	63	59	53
Favours the enlargement of the EU by Turkey (2005)	32	40	34	36	35	39
Ditto by Norway	80	84	82	83	80	91
Ditto by Albania	35	42	36	38	39	34

^a Distinguished with the aid of the characteristics in the hatched part of the table; negative four = Austria, Finland, Sweden and the UK, positive nine = Belgium, Denmark, Greece, Ireland, Lithuania, Luxembourg, Netherlands, Portugal and Spain; the middle group consists of the remaining twelve member states.

Source: Appendix table 1 (Eurobarometer 62.0 (October-November 2004) and Eurobarometer 63.4 (May-June 2005))

If the 2004 data are used to examine the relationships between the available indicators for that year at the level of individuals instead of countries, the correlations turn out to be positive in all countries. The more that people see benefits rather than drawbacks and have a positive image, etc., the more frequently they favour a monetary and political union and a constitution and the more inclined they are to trust the EP and the Commission (the question concerning enlargement was not asked in 2004). The strength of the relationships does, however, differ from one Member State to another and there is no clear pattern.¹

The preferences in respect of Community policy are summarised in appendix table 2. Twenty policy areas and topics have been ordered according to the extent to which common policy is considered desirable. This applies the most to combating terrorism and the least to the police. The gap between these two aspects – which are necessarily related to one another to some extent – indicates that no simple ordering of large policy sectors is possible. As in the case of earlier measurements (CPB/SCP 2003: 35; 2004: 16) Europeans generally turn out to be strong supporters of a Community policy in respect of clearly international issues and when it comes to tackling specific major problems and display more reluctance when it comes to classical tasks of the welfare state. On average the new member states are more in favour of Community policies than the old; in the division into three groups made in table 1.1, the 'negative four' (Austria, Finland, Sweden and the UK) stand out for the lack of enthusiasm across

¹ Taken across the board the correlations in the UK, for example, are stronger than in Belgium. In part this will be due to the greater polarization of British political opinion concerning Europe.

the board for common policy, but the ‘positive nine’ are certainly not notable for the desire to tackle a wide range of matters on a European basis.¹

Before examining the correlation between various attitudes at indicator level in Spain, France and the Netherlands, long-term trends in respect of three indicators of a generally positive attitude are examined.

1.2 Long-term trends

This section discusses differences in support for the EU in the nine oldest member states: the six Treaty of Rome members (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) and the three accession states of 1973 (Denmark, Ireland and the UK). The first three indicators in table 1.1 are used for this purpose, i.e. considering it a good thing that one’s own country is a member, believing that membership largely brings benefits and being disappointed if the EU were to be scrapped. The data describe the period from 1973 to 2005.

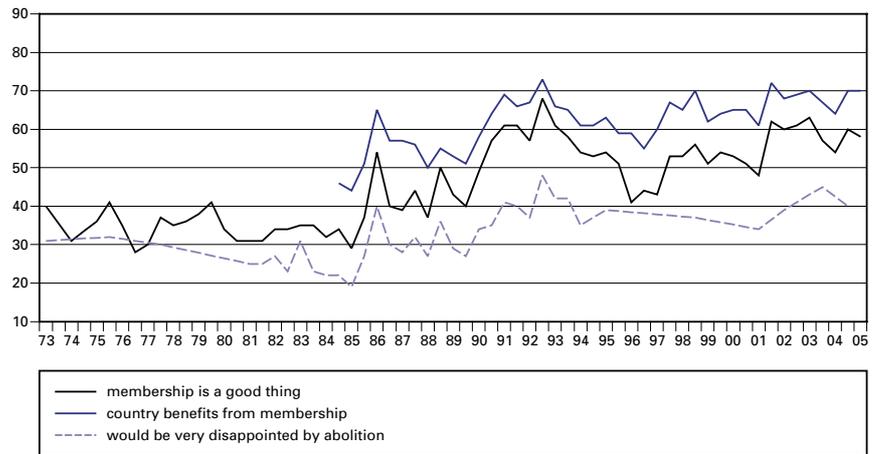
While the three indicators move nicely in parallel in each country, the patterns differ from country to country. It may be seen at a glance from the graphs in figure 1.1 that the support for the EU was higher throughout the period in certain countries than in others. In Luxembourg and the Netherlands the support for the EU throughout the period was fairly stable and at a high level (although with a downward tendency in the Netherlands between 1991 and 2004); stable marked support is also characteristic of Ireland from the second half of the 1990s onwards. In the mid-1980s support in Denmark also surged, with a further upward if fluctuating trend. According to the current figures Denmark no longer deserves the Euro-sceptic reputation it still enjoyed in the previous Outlook. The UK starts low and ends low; the rise in the 1980s is followed by a decline in the 1990s. Throughout the period support in the UK is the lowest of all nine countries. In Italy and France there appears to something of a downward trend in support from the late 1980s onwards (although the percentage of people who would regret abolition of the EU is no lower in 2004 than in 1973). Germany and Belgium both display sharp falls in the 1990s. The trends are consistent with falls in indicators for institutional and political confidence and are widely linked to the problems and economic consequences of the integration of the former GDR and a number of political and legal scandals respectively. For the remainder we shall not, however, seek to explain differences in national trends in terms of specific, major national events. More qualitative research does, however, suggest that historical national events have a major bearing on public opinion towards the EU (Díez Medrano 2003).²

¹ On the basis of the bottom row in appendix table 2 the new member states on average score + 5.8 and the old member states – 3.9; the negative four on average differ by – 12.8 percentage points, the countries in the middle group by + 3.6 and the positive nine by + 0.8. As in the rest of this section we are concerned here with country data and no account is taken of the size of the countries. For all 25 countries together the average desirability of common policy has no more than a weak (and non-significant) correlation with the percentages of the population that consider membership to be a good thing and who consider the benefits to outweigh the drawbacks, but does have a clearly positive correlation with the share of the population having a positive image of the EU. In countries in which people have a reasonably or highly positive image of the EU there is also greater support for common polic

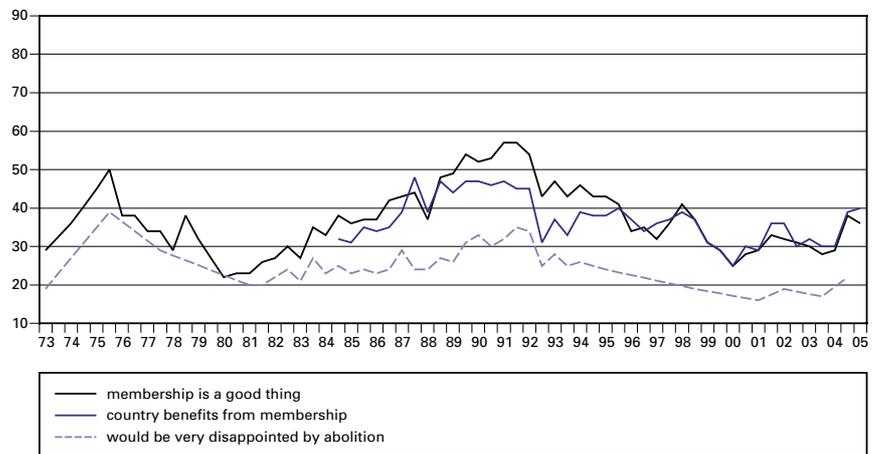
² Research by Díez Medrano (2003) indicates that support for the EU may be based on widely varying motives. Medrano relates the high level of support for the EU in Spain to the drive to modernize the country and to break with the centuries-old tradition of isolation. The support in Germany was seen as being related to the desire to banish the fears of other Europeans in relation to the holocaust and WWII. The low level of support in the UK was related to the emotional ties with the British Empire.

Figure 1.1 Support for European integration 1973–2005

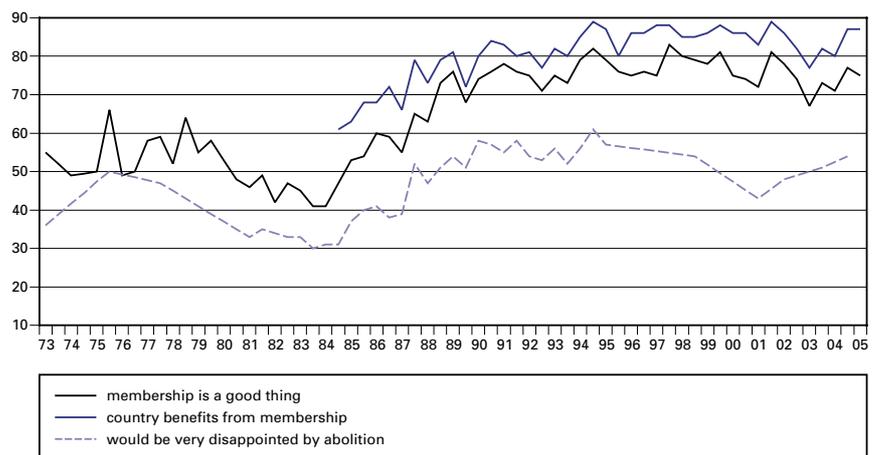
Denmark



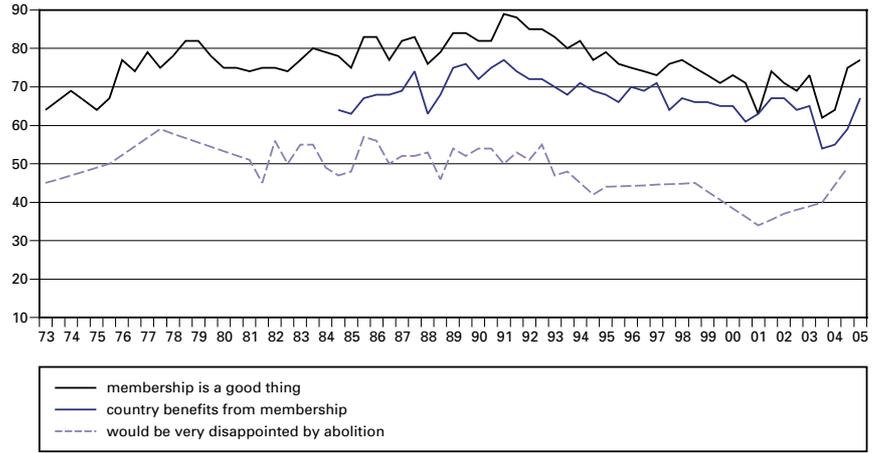
UK



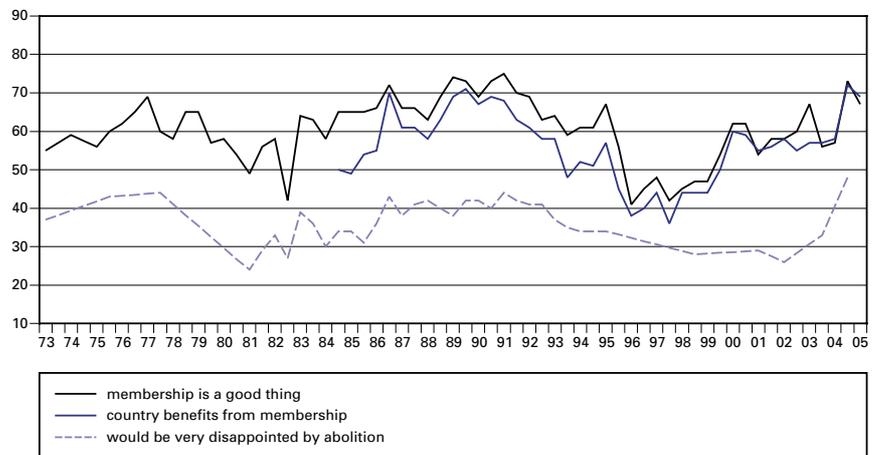
Ireland



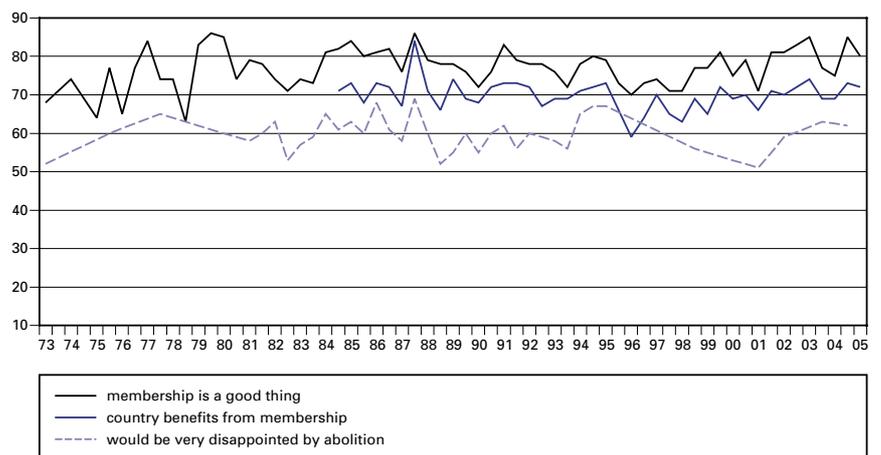
Netherlands



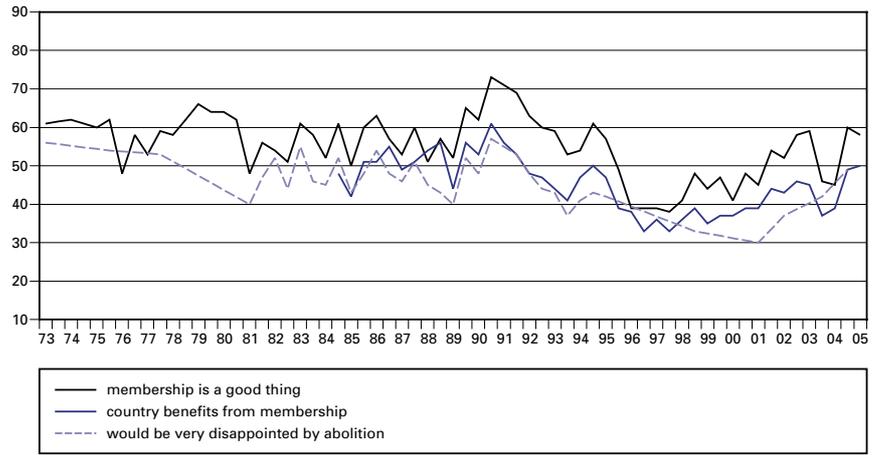
Belgium



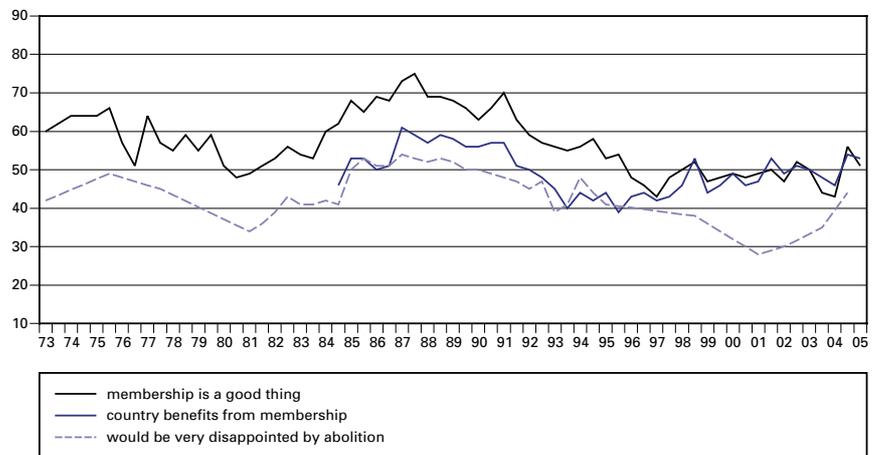
Luxembourg



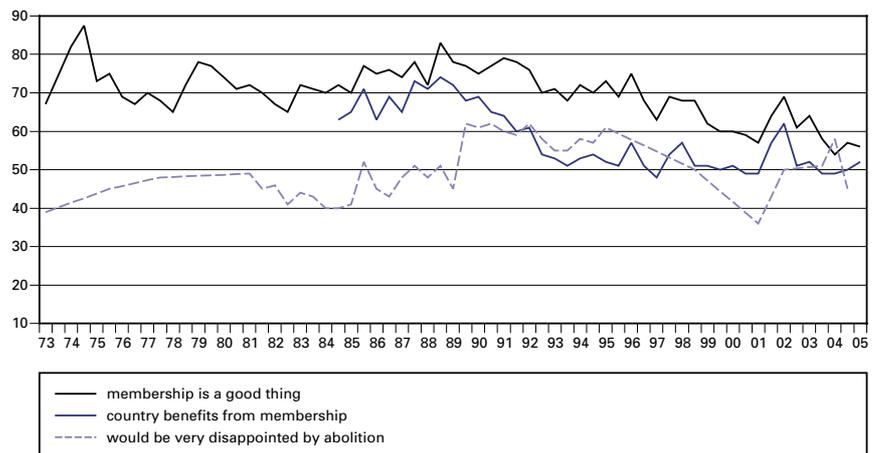
Germany



France



Italy



On the basis of Eurobarometer and other data going back as much as 50 years, Janssen (2001) also emphasises the importance of national factors and circumstances in explaining changes in public support for the EU.¹ Given the ongoing differences in national trends, cross-national (EU-related) factors would still appear to be of subordinate importance. At any event the data provide few indications to assume that attitudes towards the EU will converge in the various member states over time.²

National events and circumstances do not work through into public opinion directly but via the media, politicians and opinion-leaders who set the agenda and interpret events. On the basis of a theory by Zaller (1992), Janssen argues that the level of public support for the EU in a country is determined primarily by the extent of support for the EU among the political elite in that country. He considers that the changes and differences in support for the EU in the period he investigated (1952–1994) can be largely explained in terms of the changing positions of the larger political parties. Their influence is greater the more that citizens identify or associate with political parties. The limited association of citizens with parties provides Ray (2003) with a reason to qualify the influence of political elites on the public support for European integration. Ray also considers that such influence is limited by the lack of importance attached to the topic by political parties and the low level of polarisation/politicisation in this area: in the absence of any clear opinions by the political parties, public opinion will also not be influenced. We shall be returning in the next chapter to the influence of elites and political parties in explaining the outcome of the Referendum.

1.3 Spain, France and the Netherlands

No consideration of public opinion towards the EU in mid-2005 can by-pass the referendums on the European Constitution. After 76.7% of the population (with a turnout of 42.3%) had voted in favour of ratification in Spain on 20 February 2005, majorities of 54.9% (turnout 70.5%) of the voters in France and 61.6% (turnout 63.3%) of the voters in the Netherlands voted against the Constitution on 29 May and 1 June respectively. In the case of the Luxembourg referendum held on 10 July 2005, which took place after doubts as to whether it would go ahead following the results in France and the Netherlands, 56.5% voted in favour of ratification (turnout of 86.5%; voting in Luxembourg is compulsory). The proposed referendums in the Czech Republic, Denmark, Ireland, Poland, Portugal and the UK have been indefinitely postponed on account of the rejections in France and the Netherlands (source: www.grondweteuropa.nl).

The rejection of the European Constitution in France and the Netherlands – two of the original member states – came as a surprise to many. The next chapter looks in more depth at the background in the Netherlands to the actual and proposed voting behaviour, the motives for voting for and against, and the changes that took place in the months and weeks leading up to the Referendum. This section compares Spain, France and the Netherlands, first of all on the basis of the already used regular Eurobarometer 62.0 of autumn 2004 and then on the basis of reports (EC 2005a-c) concerning the telephonic ‘Flash Eurobarometers’ held in these three countries after the referendums. No such report was (yet) available for Luxembourg and this country has therefore been left out of account.

Appendix table 1 indicates that of the three countries, public opinion in France was the most critical and that not infrequently there was more support for Europe in the Netherlands than in Spain.

¹ ‘In one form or another – political context, communication structures, culture and history, etc. – the nation states remain exceptionally important for the development of public opinion towards the EU’ (Janssen 2001: 139).

² According to Díez Medrano (2003), the importance of economic factors for attitudes towards the EU is also exceptionally low, but the potential influence of being a net payer or recipient may repay further study (CPB/SCP 2003: 15).

Since it is often assumed that information (or the lack of information) played a role in the Referendum, table 1.3 presents four indicators for the level of knowledge and two attitudes concerning the provision of information on the EU in the national media.

In terms of the factual test of knowledge the Dutch did not score worse than the Spaniards or French.¹ The Dutch say that they have heard of fewer EU institutions than the Spanish say they have at least heard of, but score higher on subjective and objective knowledge: the Dutch award themselves a high mark when it comes to knowledge, say more frequently that they understand how the EU works, obtain a somewhat higher mark on a simple test of knowledge and more frequently answer a question about the EU budget correctly. In all three countries the various indicators are positively correlated: the objective knowledge is on average greater the higher people's perceptions of their own knowledge. These are simple indicators and the level of the results may provide some grounds for concern (a score of 6.3 is not high when an average of 5.5 could be obtained just by guessing), but in any case they do not provide support for the supposition that the Dutch are less well informed on Europe. The Dutch are certainly also not negative about the provision of information in the media: they think more than anyone else that there is too little reporting and less than anyone else that the reporting is unduly positive. Far more Spaniards consider that there is too much and too positive reporting on the EU in the national media. To the extent that the Dutch have more subjective and objective knowledge they are more inclined to state that the media pay too little attention to the EU and less frequently consider the reporting to be unduly positive. In Spain, by contrast, the reporting is considered rather more frequently to be too positive the greater the level of objective knowledge. As in the Netherlands, a higher level of objective knowledge in France increases the probability that people will consider that the media pay too little attention to the EU.

¹ If questions about European symbols (such as the flag and public holiday) are added to the test of knowledge, however, the Dutch do score less well than most other Europeans (see also Wennekers 2005).

Table 1.3 Knowledge of and attitudes towards the reporting on Europe in 2004, averages and percentages of the population aged 15 and over in Spain, France and Netherlands

	Spain	France	Netherlands
Rating of personal knowledge on the EU: average on a scale of 1–10	3.9	4.1	5.0
Actual knowledge of the EU: average on a scale of 1–10 ^a	5.5	5.9	6.3
Reported familiarity with nine European institutions: average on a scale of 1–10 ^b	6.7	6.3	6.3
Is inclined to agree with the assertion 'I understand how the EU works': percentage	41	44	51
Knows that the bulk of EU funding goes on agriculture: percentage ^c	8	18	27
Generally speaking considers the amount of reporting on the EU in the national media to be			
• too high	20	12	3
• more or less right	52	38	38
• too little	24	47	54
Considers the reporting on the EU in the national media to be			
• too positive	41	26	18
• neutral	38	42	47
• too negative	7	19	23

^a The correct response to accuracy/inaccuracy of the statements that the most recent EP elections took place in June 2002 (incorrect), that the president of the EC is directly elected by the citizens (incorrect), that the EP is directly elected (correct) and that the EU currently has 12 member states (incorrect). NB: if no use were to be made of the option 'don't know' and 'correct' or 'incorrect' were to be selected at random, an average score of 5.5 would be obtained.

^b 'Had heard of' European Parliament, Commission, Central Bank, Court of Justice, Council of Ministers, Court of Audit, Ombudsman, Economic and Social Committee and Committee of the Regions. 1 = none, 10 = all 9.

^c 'Agriculture' as answer to the multiple-choice question of the area to which the most money from the EU budget is allocated: employment and social affairs; agriculture; scientific research; regional aid; foreign policy and aid to countries outside the EU; and administrative and personnel costs and buildings. The latter item is the most frequently selected: 25% in Spain, 27% in France and 33% in the Netherlands. Only in Spain is the 'don't know' group bigger: 27% (in France 16% and in the Netherlands 12%).

Source: Eurobarometer 62.0; weighted results.

As indicated in appendix table 1, 72% of Spaniards (63% in spring 2005), 70% of French (60% in 2005) and 73% of Dutch people (53% in 2005), indicated in autumn 2004 that they favoured 'a constitution' for the EU. The backgrounds to this preference in 2004 are examined in table 1.4. The relevant data for 2005 are unavailable. At that time (the fieldwork was conducted in the three countries between 12/14 May and 7/8 June) the question concerning 'a constitution' would have come across oddly since a specific constitution was very much the subject of debate and was to be or had been voted on.

The importance of a number of possible background factors to the preference for 'a constitution' is identified in table 1.4: three socio-demographic characteristics, confidence in one's own government and, as far as the EU is concerned, two measurements of knowledge and two measurements of support. An indication is provided as to whether groups satisfying these characteristics differ from the rest of the population and whether the variable still has an effect if account is taken of the effects of the other characteristics.

Table 1.4 Backgrounds to the preference for a constitution for the EU in Spain, France and the Netherlands, 2004, group differences and unique effects of eight characteristics (population aged 15 and over)^a

	Spain		France		Netherlands	
	difference	effect	difference	effect	difference	effect
women	-		-			
young people (15-39)						
low level of education (left school before aged 16)	-		-		-	
is inclined to trust own government	+		+		+	
considers they have enough EU knowledge (table 1.3)	+				+	
gets a pass for EU knowledge (table 1.3)	+	+	+			
considers EU membership a good thing (table 1.1)	++	+	++	+	++	++
trusts the European Parliament (table 1.1)	++	+	++	++	+	+

^a Summarised results of logistic regression analyses: - = significant (p<0.05) negative effect, + = significant positive effect, ++ = strongly positive effect (odds ratio > 3).

Source: Eurobarometer 62.0; weighted results.

In the case of the socio-demographic characteristics the ‘difference’ columns indicate that age does not make a difference anywhere, the less well educated are less inclined in all three countries to support a constitution, and women are less inclined to do so in Spain and France. Citizens who trust their own government more frequently support the idea of a European constitution and this also applies to those who know more about the EU as measured by one or both of the knowledge indicators. People who consider EU membership to be a good thing and trust the European Parliament more frequently favour a European constitution. If one examines the ‘effects’ of the combined characteristics, this leaves only the positive attitudes towards the EU and in Spain also the EU knowledge. It is reasonable to suppose that the socio-demographic characteristics influence the support for a constitution primarily via the positive attitudes.

Unfortunately the data do not allow it to be established whether the attitudes towards ‘a’ constitution also apply to the backgrounds to the vote in the referendums on ‘the’ Constitution. On the basis of the reports on surveys conducted after the referendums (EC 2005a-c), however, a number of attitudes concerning the campaign and motivations for the voting behaviour in the three countries may be presented in table 1.5 by way of conclusion to this section. In these surveys 75% of the respondents in Spain said that they had voted in favour of the Constitution, while in France and the Netherlands 54.7% and 61.6% respectively said that they had voted against. These figures are closely in line with the actual outcome in these countries.

Table 1.5 shows that a quarter of the voters in Spain and the Netherlands (and somewhat less in France) did not make up their minds until the week before the Referendum. Supporters and opponents do not differ notably from one another in this regard. A large majority of the Dutch – especially of the supporters (72%) – state that the debate on the European constitution got off the ground too late. The campaign in the Netherlands did indeed start later than in France.

Table 1.5 Attitudes after the referendums in Spain, France and the Netherlands, in percentages of the population entitled to vote

	Spain			France			Netherlands		
	all	for	against	all	for	against	all	for	against
Supporters versus opponents:									
When did you decide how you would vote:									
• when the Referendum was announced	35	39	24	29	32	29	26	24	28
• early in the campaign	23	24	23	29	29	31	21	20	22
• in the last few weeks of the campaign	16	14	23	20	17	23	20	20	19
• in the week preceding the Referendum	15	13	14	14	15	13	14	22	20
• on the day of the Referendum	10	9	12	7	7	5	11	13	10
The debate on the Referendum started:									
• too early	13	13	8	15	13	15	7	5	11
• precisely on time	22	31	15	39	39	42	13	12	14
• too late	46	40	60	37	39	34	67	72	58
Important vote-determining factors ^a :									
• general attitude towards Europe	33	41	6	32	52	17	31	44	23
• opinion concerning Constitution	26	25	35	18	16	20	18	15	21
• socio-economic situation in own country	-	-	-	32	11	47	21	11	28
Supporters, opponents and non-voters separately:									
Supporters: Important reasons for voting 'yes' ^a :									
• essential to continue the European project		.			39			24	
• have always favoured European cooperation		.			16			7	
• strengthens the feeling of European identity		.			6			13	
• strengthens own country's role within Union/world		.			12			13	
Opponents: most important reasons for voting 'no' ^a :									
• negative effect on employment		.					31		7
• lack of information		.					5		32
• economic situation		.					26		5
• loss of national sovereignty		.					5		19
• Constitution too liberal		.					19		5
• opposed to present government		.					19		14
Non-voters: Most important reasons for not voting ^a :									
• lack of information	30			49			51		
• text too complicated	3			60			26		

^a The factors selected are the most frequently cited reasons in the various countries for voting for/against/not at all. In the case of the most important reasons for not voting only substantive reasons have been included (the frequently cited option 'I was prevented' has therefore been left out of account).

Source: EC 2005a-c

Among the supporters the general attitude towards the EU is the most frequently mentioned vote-determining factor. Opponents more frequently mention their opinion of the Constitution (especially in Spain) and the socio-economic situation in their own country (especially France) as the most important vote-determining factor. In the Netherlands the most important reason for voting in favour of the Constitution is that it is regarded as necessary for the continuation of the European project. In addition the European Constitution is seen as strengthening the position of the Netherlands within the EU (or the world) and the Constitution is seen as enhancing the European sense of identity. The most important argument put forward by the opponents is lack of information concerning the Constitution. In addition there is fear of losing national sovereignty or a no-vote is seen as a vote against the present national government. In France opponents refer far more frequently to socio-economic factors, especially the fear that the Constitution will adversely affect employment and the economy.

On the basis of the figures in section 1.1 (and the appendix tables) it is not possible to explain why a majority in Spain voted in favour of the Constitution in the Referendum while in the two other countries a majority voted against. A further examination of the data for 2004 concerning general preferences, knowledge and involvement has highlighted all sorts of

differences in this section but has not provided an explanation. Indicators for diffuse support in favour of European integration in the public opinion surveys do have something to say about the climate of opinion in which Europe is regarded as 'normal' and certainly also help explain differences of opinion between individuals. They are however of highly limited value for explaining the formation of public opinion and electoral behaviour with respect to specific European issues that attract public attention and become politicised. The next chapter seeks to create a better understanding of opinion formation in the Netherlands and the dynamics of public opinion on Europe and the Constitution.

A2 THE NETHERLANDS

This chapter focuses on the year 2005 and the formation of public opinion around the Referendum. Data from various surveys are used for this purpose (section 2.2). In order to obtain a better understanding of opinion formation the figures have been supplemented by an analysis of qualitative material from 2004 and 2005 (2.3). The chapter starts with a description of developments over the past five years (2.1) and ends with some concluding observations for part A (2.4).

2.1 Developments in 2001–2005

Support and involvement

Table 2.1 shows changes over time in indicators for support for and involvement in European unification, as also discussed in the previous chapter and in earlier Surveys (CPB/SCP 2003 and 2004).

Table 2.1 Support and involvement (in the Netherlands), 2001–2005, in percentages of the population aged 15 and over.

	autumn 2001	spring 2002	autumn 2002	spring 2003	autumn 2003	spring 2004	autumn 2004	spring 2005
Generally considers it a good thing that own country is a member of the EU	74	71	69	73	62	64	75	77
All things considered, considers that own country benefits from membership of the EU	67	67	64	65	54	55	59	67
Favours a European monetary union with a single currency, the euro	71	75	67	67	62	58	72	71
Favours the enlargement of the EU by new members	58	56	58	48	50	44	50	45
Feels partly or wholly European (and not just Dutch)	54	57	58	52	56	50	53	.
Rates own knowledge of EU as sufficient/good	34	32	38	34	31	38	41	50
Claims to understand how the EU works	.	.	.	43	.	45	51	.
Claims to have heard of at least seven of nine EU institutions	30	27	30	20	27	26	20	.

Source: Eurobarometer 56.2, 57.1, 58.1, 59.1, 60.1, 61.0, 62.0 and reporting (EC 2005d) on 63.4; weighted results

As was already evident in figure 1.1, support for European unification dipped in the Netherlands at the end of 2003 and early 2004. Support for European unification picks up again from autumn 2004 onwards, as evident from the attitudes on membership and the euro. In 2005 support for a monetary union was back to 2001 levels (it will be shown later that it may be doubted whether this also means a rise in support for ‘the euro’). The enthusiasm for further enlargement of the Union with new members has, however, gradually fallen (58% of supporters in 2001, 45% in 2005).¹

Little change took place in the ‘Europe feeling’ between 2001 and the end of 2004: a small majority indicated that apart from being Dutch, they considered themselves as partly or wholly European. In terms of their own perceptions, the Dutch have steadily built up knowledge on Europe in recent years (from 34% sufficient/good knowledge in 2001 to 50% in 2005). Familiarity with EU institutions varies (between 20% and 30% in the bottom row of the table). As has already been seen in table 1.3, the Dutch score on knowledge is no lower than that of the French or Spaniards.

To sum up, these indicators do not provide any basis for a turnaround in Dutch thinking on Europe. The Netherlands is by tradition a pro-European country and, apart from some fluctuations around 2003/2004, remains so. Similarly their (self-perceived) familiarity with and knowledge of the EU do not provide any grounds for supposing that the Dutch have been turning away from Europe in recent years.

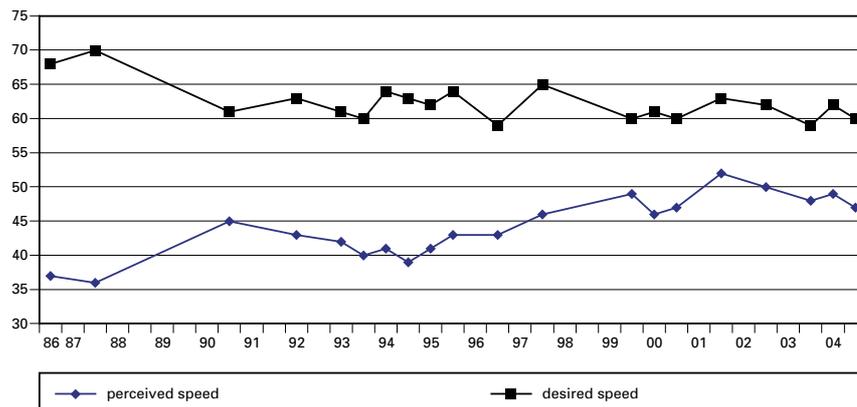
¹ As a rider to the ‘positive’ jump between spring and autumn 2004 it may be noted that there was a change in the fieldwork organization. The mood also became more positive in respect of confidence indicators and in other countries. On the other hand this did not take place across the board and, more importantly, reasons may be put forward (CPB/SCP 2004: 19) for the low level of support since the end of 2003 and early 2004. For the time being we are assuming reliable measurements and a recovery of support in 2004.

In earlier Outlooks (CPB/SCP 2003 and 2004) the indicators for support and involvement were broken down for the Netherlands according to personal characteristics. This revealed level of education to be the most important distinguishing feature for support for European integration. Also important were 'domestic' political attitudes. In 2003 highly educated males who were satisfied with democracy were particularly positive towards the EU. Poorly educated women who were dissatisfied with the way democracy functions in the Netherlands, by contrast, scored very poorly (CPB/SCP 2003: 18–19). As noted in 2004 (CPB/SCP 2004: 22): 'People who are highly educated, display political self-confidence and show few signs of xenophobia support EU membership much more frequently than those who are poorly educated and who provide no evidence of political self-confidence.' Such differences could undoubtedly still be identified at the present time, but this year we should like to concentrate in particular on the Constitution and the Referendum and will therefore be leaving the general diversity out of account.

Did Europe become 'too much'?

An argument that has been used frequently in the debate about the outcome of the Referendum, to be discussed below, is that many no-voters considered European integration to be proceeding too fast. In order to analyse this argument we may examine the answers to two questions concerning the speed of European integration. The questions concerned the perceived speed of integration (*how quickly do people think European integration is taking place?*) and the desired speed of integration (*how quickly do people want European integration to take place?*). Figure 2.1 outlines changes in the responses to these questions over the period from the end of 1986 to the end of 2004. At all measurement points, the average desired speed of European integration exceeded the perceived speed. Over time there has, however, been a convergence: the perceived and the desired speed of integration are drawing closer together. Since the end of the 1990s the two have followed a comparable path. On the basis of these figures it cannot be argued that a high proportion of the Dutch consider European integration to be proceeding too fast. Since the early 1990s the desired speed of integration has been at a fairly stable level. At the same time, there are no grounds for assuming that more and more Dutch people consider European integration to be going too fast. No differences have been established between groups on the basis of age, level of education and sex. Finally, although there is a significant correlation between favouring 'a' constitution and speed of integration, this is in the sense that people who consider the integration to be too fast are more inclined to favour a constitution than people who do not consider the integration process to be too rapid. On the basis of these data it cannot, therefore, be concluded that the speed of European integration has been an important argument for voting against the European Constitution.

Figure 2.1 Perceived and desired speed of European integration, 1986–2004



Source: Eurobarometer 26.0, 28.0, 34.0, 37.0, 39.1, 40, 41.0, 42, 43.1, 44.1, 46.0, 48, 52.0, 53.0, 54.1, 55.0, 56.2, 58.1, 60.1, 61.0 and 62.0, weighted results

Apart from the argument that European integration was taking place too quickly, the three-part argument of too far, too expensive and too interfering has been put forward (see Dutch Parliament 2005). Table 2.2 explores the force of these arguments in recent years. The table shows the percentage of respondents who consider that Europe was proceeding too rapidly, was going too far, was too expensive or was too interfering, as well as the effect of these variables on support for ‘a’ European constitution.

Table 2.2 ‘Too fast’, ‘too far’, ‘too expensive’ and ‘too interfering’: various indicators in % of population aged 15 and over, 2001–2004, and their effects on support for European constitution at the end of 2004

	spring 2001	autumn 2002	spring 2002	autumn 2003	spring 2003	autumn 2004	spring 2004	Effect on support for the constitu- tion ^g
Too fast ^a	15	.	18	.	23	22	20	+
Too far 1 ^b	62	56	o
Too far 2 ^c	.	11	.	13	14	18	18	o
Too far 3 ^d	45	39	-
Too expensive ^e	74	63	o
Too interfering ^f	.	23	.	22	26	32	34	o

^a Considers the desired speed of integration to be less than the perceived speed of integration.

^b Is afraid that the EU will involve a loss of power for smaller member states.

^c Personally considers that the EU means a loss of our cultural identity.

^d Is afraid that the EU means a loss of national identity and culture.

^e Is afraid that our country will pay more and more to the EU.

^f Personally considers that the EU means bureaucracy.

^g Correlation with support for ‘a’ constitution, measurement autumn 2004 (+ = positive effect, - = negative effect, o = no significant effect).

Source: EB 56.2, EB 57.1, EB 58.1, EB 59.1, EB 60.1, EB 61.0, EB 62.0

Table 2.2 reveals that the number of people who consider that European integration is proceeding too fast has increased to some extent in recent years (from 15% to 23% and 20%), but statistically this is not related to the rejection of a constitution. People who consider that integration is proceeding too fast in fact significantly more frequently favour a constitution than people who do not take that view.

As far as the argument that European integration is going ‘too far’ (i.e. that the Netherlands would lose sovereignty) is concerned various indicators

provide various results. The number of respondents who consider that the EU involves a loss of national cultural identity has risen in recent years from 11% to 18%. The number of people who are afraid that the EU involves a loss of power for smaller member states, by contrast, has fallen, as has the number of people who are concerned that the EU involves a loss of national identity and culture.¹ The latter item is significantly and negatively correlated with the question concerning 'a' constitution, i.e. people who indicate that they fear a loss of national identity more frequently oppose a constitution than people who have no such fears.

The number of people who fear that the EU will cost more and more has fallen in recent years from 74% to 63%. This is still a significant figure, but statistically the attitude turns out not to be correlated with attitudes towards a constitution. Finally the number of people who consider that the EU involves bureaucracy has risen steadily in recent years. Once again there is no significant correlation with the question concerning 'a' constitution.

To sum up, the data presented above provide no grounds up to the end of 2004 for assuming that 'too fast', 'too expensive' and 'too interfering' provided cogent reasons for voting against the Constitution. The number of people who consider that the EU involves bureaucracy has, however, risen steadily in recent years. In addition there are indications to suggest that more people in recent years see the EU is a threat to national identity. Only people who explicitly fear a loss of identity are also more frequently against a constitution in a statistically significant sense than people lacking such fears. These findings relate to the period up to the end of 2004. It may well be that the campaigns and debates in the run-up to the Referendum led more people to consider that the EU was 'too much' (see for example table 3 in box 2) and to hold back the EU by rejecting the Constitution. Whatever the case may be there is no question of any long-term growth of resistance to European integration that then finally erupted in the Referendum.

2.2 Public opinion in 2005

Developments

Table 2.3 shows a number of results of four telephone referendum surveys conducted in each case among over 800 18–75 year-olds from early January to May 2005 by the public opinion research agency Marktresponse on behalf of the Government Information Service and the Ministry of Foreign Affairs.

The first block sets out the findings for a number of indicators concerning knowledge of and involvement in Europe, the Constitution and the Referendum. There was certainly no increase in the desire for news on the EU during the survey period; if anything the idea that people were sufficiently informed on the Union decreased rather than increased (although this may of course point to an increase in the demands that people make of themselves on this score). As far as the Constitution is concerned an increase may be noted in following the news and regarding oneself as informed. Increasing numbers of people have also heard something about the Referendum. The most marked rises took place in April, but this could also be because the survey in early April produced some unusually low scores. April saw a decline in the need for more information on the Constitution. While this is consistent with people's subjective sense of being well-informed, there is little evidence of any increase in factual knowledge during this period. Such an increase is, however, evident in the final weeks preceding the Referendum (see box 1, which is based on other research).

¹ This question concerns people who are afraid that the Netherlands is losing its national identity; the previous question concerned people who relate loss of national identity to the EU without any explicit emotion or value judgment.

The second block of table 2.3 provides insight into the development of various attitudes concerning Europe and the Constitution. According to all four indicators public opinion became more cautious in the first few months of 2005: in early May somewhat more people were negative about and lacked confidence towards the EU than at the start of the year and there had been a clear decline in the number of people who considered the Constitution to be important for the EU and who supported it.

Table 2.3 Attitudes towards the EU, the Constitution and the Referendum, January-May 2005, as % of the population aged 18–75 years

	3–8 January	25 February – 4 March	30 March – 6 April	26 April – 7 May
(Sometimes) deliberately follows news on the EU via radio, TV, newspapers, internet or otherwise	55	47	47	50
Feels well or adequately informed about the EU	60	52	49	51
Has heard or read something about the Constitution in recent months	46	65	56	78
(Sometimes) deliberately follows news on the Constitution via radio, TV, newspapers, internet or otherwise	24	35	30	44
Feels well or adequately informed on the Constitution	27	30	28	47
Obtains a pass for factual knowledge concerning the Constitution ^a	.	55	53	58
Would like to know more about the Constitution	62	.	61	54
Had already heard about the Referendum before the interview	32	74	67	85
Attitude towards the EU:				
• positive/highly positive	40	38	35	35
• negative/highly negative	14	17	16	20
Confidence at the present time in the EU:				
• much/very much confidence	14	14	12	12
• no confidence/no confidence whatever	27	28	30	31
Attitude towards the importance of a Constitution for the EU:				
• important/highly important	69	61	60	52
• unimportant/highly important	14	16	17	21
Attitude towards the European constitution				
• supporter	61	54	52	42
• opponent	21	27	26	37
Propensity to vote according to a question at the start of the interview:				
• will certainly vote	53	50	47	53
• will probably vote	26	26	28	25
Ditto at the end of the interview ^b				
• will certainly vote	61	54	54	58
• will probably vote	26	29	28	23
Voting intention as % of those certain or likely to vote at the start				
• for	29	44	39	34
• against	20	24	26	36
Ditto at the end of the interview				
• for	56	56	53	41
• against	20	24	25	36
Expectation concerning outcome of the Referendum				
• majority will be in favour	53	57	53	44
• vote will be roughly even	4	6	4	7
• majority will be against	32	31	36	45

^a Ability to indicate the accuracy/inaccuracy of the statements ‘under the European Constitution the EU will obtain a Minister of Foreign Affairs’ (correct), ‘the European Constitution will create a European army’ (incorrect), ‘according to the European Constitution a Member State can leave the EU if it so wishes’ (correct), ‘thanks to the European Constitution citizens will be able to elect the president of the European Council’ (incorrect) and ‘if the European Constitution is not adopted, Turkey will not be admitted to the EU’ (incorrect). NB.: If people had just guessed the correct answer and never stated ‘don’t know’, approximately 50% would have obtained a pass (cf. table 1.3).

^b ‘Now that you know something more about the European Constitutional Treaty and the Referendum as a result of this interview, do you intend to vote in the Referendum?’ A brief, not unduly critical explanation of the content of the Constitution was provided in the course of the interview (see Marktresponse 2005a: 26).

Source: Data on Quantitative European Constitution Referendum survey (Marktresponse Pro41)

The final block is concerned with electoral indicators: the propensity to vote, voting intentions and expectations of the outcome. As is always the case, the surveyed propensity to vote (75% and more stated that they were

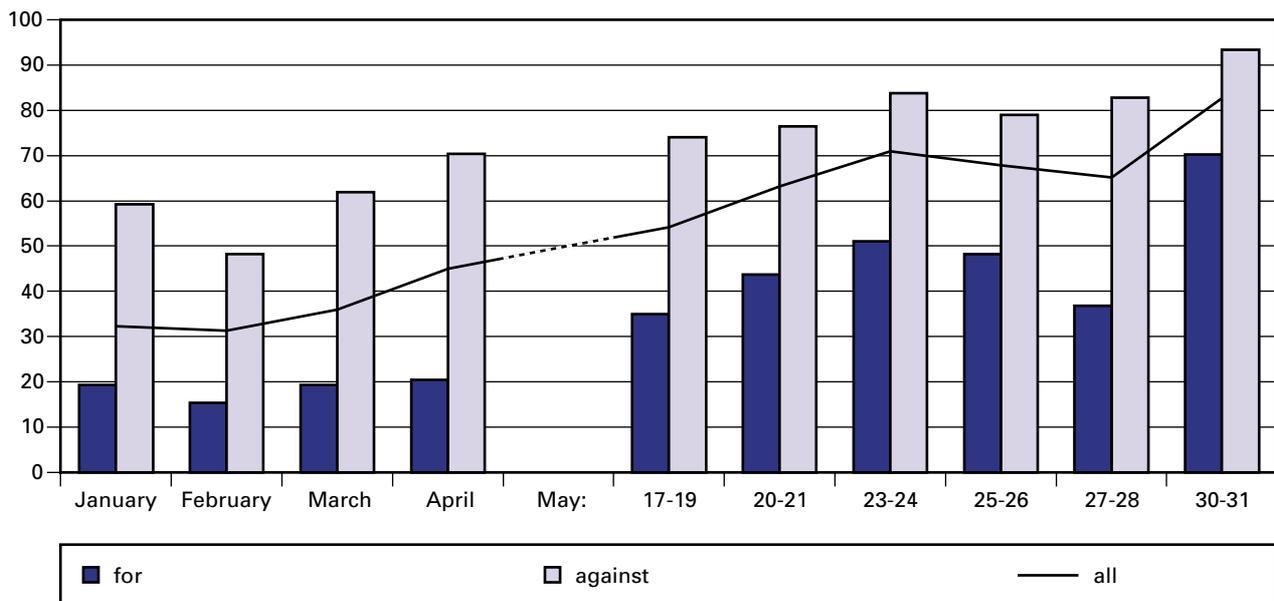
certain or likely to vote) was higher than the actual turnout (63%). What is more striking is that the propensity to vote is so stable.¹ It should be noted that the participants of the surveys were asked on two occasions about the propensity to vote and voting intentions: once fairly early on in the interviews and once at the end, after all sorts of questions on the Constitution and the Referendum had been asked and a certain amount of information had been provided on the Constitution. At the end of the interviews the respondents were somewhat more inclined to vote and much more inclined to vote in favour. The latter may be due in part to the rather positive summary provided of the Constitution, but undoubtedly the discussion of the topic as such will also have had an effect.² April saw a decline in the number of people intending to vote in favour, as well as in the number expecting a majority to vote in favour.

The expected outcome of the Referendum provides insight into the rapid changes in public opinion. Set against the actual outcome, figure 2.2 shows how the expectation of an anti-majority developed until just before the Referendum. For this purpose the figures used in table 2.3 have been supplemented by the data from daily surveys conducted among some three hundred citizens in the weeks running up to the Referendum. The line indicates the percentage of the population considering that the majority would be voting against, while the bars indicate the size of this percentage among those who stated in the survey that they tended to vote in favour or against. From mid-May onwards a majority of the population consistently anticipated a 'no' vote. Before the French Referendum held on 29 May the figure was 65%, while after the Referendum it rose to over 80%. At that point 70% of the supporters had also given up hope of victory. Initially (between the beginning of January and end of April) just 20% of the supporters expected a victory by the opponents. With the exception of the February survey there was a consistent majority among the opponents who believed in victory. Large differences between supporters' and opponents' expectations of the outcome are not unusual. They arise from both the hope that one's own position will be in the majority and the desire to form part of the majority. The latter will also have played a role in the increase in the number of no-voters in the days before the Referendum.

¹ In other Marktresponse surveys (2005b) the propensity to vote rises from 67% who were 'certain' or 'likely' to vote at the end of April to 83% at the end of May. The number of people who haven't yet decided how to vote falls throughout the period and the group of no-voters rises, from 27% to 51% of the people who say they definitely intend to vote. Research conducted by Maurice de Hond (Peil.nl 2005) also indicates an upward path for the propensity to vote between the end of April and the end of May, from 32% who were certain to vote on 23 April to 48% on 30 May. The increase in the propensity to vote did not therefore take place (just like the campaign) until May.

² Of the respondents in the four surveys, 79% had an unchanged propensity to vote while 4% were less inclined and 17% were more inclined to vote. Of the initial supporters 1% switched to the opponents, while of the initial opponents 7% switched to the supporters' camp; of the initial doubters 40% decided at the end to vote in favour and 8% against. It has frequently been noticed in the past that surveys and focus groups on politics have a stimulatory effect on political involvement (cf. Dekker 2002: 144).

Figure 2.2 Expectation that the majority will vote against, early January–31 May 2005, as % of all 18–74 year-olds and of people intending themselves to vote for or against



Source: Data from Quantitative Survey on European Constitution Referendum (Marktresponse P1041) and European Constitution Referendum monitor (Marktresponse P11079)

Box 1. The development of involvement and knowledge during the campaign

In spring 2005 one would still come across references to the effect that the subject of the Referendum on 1 June – the Constitutional Treaty for Europe – was not suitable for submission to the voters for decision. This, it was argued, was a complex political issue capable of being mastered only by those prepared to make the necessary effort. Furthermore it concerned Europe – an area that was definitely not known for the lively debates on the subject.

The relatively high turnout on 1 June almost entirely silenced this criticism. But did it perhaps contain a core of truth? Was the involvement in the Referendum initially perhaps fairly low, and did it then pick up strongly during the intensive phase of the campaign? And how well informed were the Dutch voters in fact on the Referendum and the European Constitution?

These two questions may be answered with the aid of a survey we conducted on behalf of the Netherlands Ministry of the Interior and Kingdom Relations, and on which a book will be appearing this autumn (Aarts and van der Kolk 2005) For the purposes of this questionnaire survey, five independent samples from a larger panel were approached during the last five and a half weeks before 1 June in order to identify trends during the campaign.¹

To begin with we may examine the extent to which the voters were in fact familiar with the subject in question in the run-up to the Referendum. At the beginning of the research respondents were asked an open-ended question about the subject of the Referendum. All answers with references to the ‘European Constitution’ have been regarded as correct; the other answers and of course all ‘don’t know’ answers as not correct. The percentage of correct answers in each campaign week is shown in the first row of the table in this box. As early as the start of the final campaign phase, two out of three voters could name the subject of the Referendum without prompting. In the course of the campaign this group

¹ Each week some 300 respondents were interviewed by GfK Panel Services Benelux. For details of the research and the precise questions see Aarts en van der Kolk (2005).

became even larger, reaching 85 percent in the final full week of May and 94 percent after the French Referendum. The subject of the Referendum was therefore known to a great many voters. The growing familiarity with the Referendum may also be deduced from the percentage of voters saying that they had discussed the Referendum with others at least once during the past week. This percentage also rose strongly during the last five weeks, from 48 percent at the start of the survey to 59, 79 and 80 percent and finally 94 percent on the eve of 1 June.

On 1 June the voters therefore knew what the subject of the Referendum was and moreover almost everyone had discussed it with others shortly beforehand. But to what extent did these voters know what the European Constitution was about? The Constitution covers all sorts of matters. From various other surveys we know that many voters did not consider themselves to be well informed about the Constitution. What was their factual knowledge? Four subjects were submitted to the respondents asking them whether these were to be regulated by the Constitution. These four topics were: the powers of the EP; the accession of Turkey within 10 years; various fundamental rights of citizens; and that Europe would be concerning itself with asylum policy. Three out of these four topics were indeed more or less regulated under the Constitution; only the accession of Turkey within a given period was not covered in any way.

The table indicates that the vast majority of the voters knew that the powers of the EP were at issue. The percentage doing so rose during the campaign from 72% at the outset to 84% in the final days. The fact that the Constitution regulated various fundamental rights of citizens was also known to a clear majority of the electorate. There were far fewer correct replies when it came to Turkey and asylum policy. At the outset of the campaign fewer than half the citizens knew that the accession of Turkey within ten years was not regulated under the Constitution. Not until the end of the campaign was a majority of the voters able to provide the correct answer. This relatively low percentage of correct answers is not, however, entirely surprising: the negotiations with Turkey concerning the commencement of talks with the EU had been completed at the end of 2004 under Dutch presidency with a good deal of publicity, apart from which the Dutch MP Geert Wilders had made Turkey's possible accession to the Union the focal point of his campaign against the Constitution. Somewhat fewer correct answers again were received to the statement that, according to the Constitution, Europe would become involved in asylum policy. That is in fact so, but most voters evidently could not see this coming about. Throughout the entire campaign period no more than a minority of voters was able to give the correct answer.

Did the Dutch voters in fact know little or a great deal about the content of the Constitution? The European Constitution is a complicated document. Various much discussed points from the Constitution became widely known among substantial elements of the electorate. In that sense there cannot be said to have been any mass lack of knowledge. It is, however, clear that this knowledge does not extend to the more specialised elements of the Constitution.

Table. Knowledge of the Constitution and the Referendum: correct answers in percentages of qualified voters

	22 April– 5 May	6–12 May	13–19 May	20–29 May	30–31 May
1. Knowledge of the subject of the Referendum (= names the European Constitution in reply to an open question)	68	75	79	85	94
2. Knowledge of what is regulated under the Constitution:					
• The powers of the European Parliament (yes)	72	72	78	76	84
• The accession of Turkey within 10 years (no)	45	39	44	50	57
• Various fundamental rights of citizens (yes)	68	63	67	61	71
• Europe is to become involved with asylum policy (yes)	38	43	47	50	46
3. Knowledge of the ratification process elsewhere:					
• Spain (outcome = majority in favour)	31	34	39	46	56
• Belgium (no referendum)	9	8	17	27	33
• Denmark (referendum held)	19	17	20	19	22
• Germany (no referendum)	5	9	17	26	40
• France (referendum held)	59	56	61	69	96

Source: See Aarts and Van der Kolk (2005); weighted results

The lower part of the table concerns the knowledge of the ratification process of the Constitution in other member states. Respondents were asked if they could remember the outcome of the referendum in Spain, where a large majority of the population voted in favour of the Constitution on 20 February 2005. Respondents were then asked whether a referendum was also to be held on the Constitution in four other countries: Belgium, Denmark, France and Germany. At the time of the survey that would have been the case in France and Denmark but not in Belgium and Germany (after the results in France and the Netherlands Denmark reconsidered its proposed referendum). The rows at the bottom of the table revealed that only the referendum in France was widely known (after it had taken place on 29 May almost all respondents were in fact aware of it). The position on possible referendums in Belgium, Denmark and Germany was much less well known. This is not so surprising since the focus of attention (e.g. in the media) in the final phase of the campaign was almost exclusively on France and the Netherlands. It is notable that a comparatively high proportion of people think that Germany does intend to hold a referendum. The other incorrect replies are mainly 'don't know' answers. At the start of the campaign the outcome of the Spanish referendum was recalled by just 31 percent of the voters. This percentage rose during the course of the campaign to 56 percent. Knowledge of the referendums in Belgium, Germany and France also increased significantly in the course of the campaign. Notably this does not apply to Denmark. The vast majority of respondents have no idea as to whether or not a referendum is to be held in Denmark – whereas the earlier Danish referendums on European topics such as accession to the euro did receive due coverage in the Dutch media.

The final five weeks before 1 June were characterised by an intensive campaign on the part of both supporters and opponents of the Constitution. As was seen above, a clear increase in voters' knowledge and involvement took place in the course of the campaign. 'Europe' became a familiar topic of conversation for many voters during the campaign. Although far from everyone had formed a correct impression of the content of the Constitution or of the ratification process in other countries, basic knowledge about the object of the Referendum and the state of affairs in other countries became widespread.

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Background to support for and voting in favour of the Constitution

In line with the analysis in table 1.4 in the previous chapter, the effects of various characteristics on support for the Constitution and the intention to vote in favour are examined in table 2.4.

Table 2.4 Determinants of support for the Constitution and intention to vote for the Constitution, January–May 2005, group differences and unique effects of eight characteristics and the survey month (population aged 18–75)^a

	supporter of the Constitution		intends to vote for Constitution	
	difference	effect	difference	effect
Women	–		–	
young people (18–39)	+		–	–
low level of education (21% up to and incl. jun. voc. educ.)	–			
claims to be informed about the EU (table 2.3)	+	+	+	+
follows news on the Constitution (table 2.3)		–		–
is highly positive about the EU (table 2.3)	++	++	++	++
has confidence/great confidence in the EU (table 2.3)	++	++	++	+
survey wave 1 (January)–4 (May)	–	–		+

^a Summarised results of logistic regression analyses: – = significant ($p < 0.05$) negative effect, + = significant positive effect, ++ = strongly positive effect (odds ratio > 3). The analysis of the voting intention concerns the first question in the questionnaire and the 77% of the respondents who stated they were certain or likely to vote.

Source: Data from European Constitution Referendum Quantitative survey (Marktresponse Pro41)

According to the ‘difference’ columns, women are less supportive of a constitution and less inclined to vote in favour, young people are more often in favour of the constitution but less inclined to vote in favour and the less well educated are less often in favour but (if they decide to vote) do not differ from the better-educated in terms of voting intention. Along the same lines as the findings in table 1.4 these socio-demographic characteristics appear to affect the support for the Constitution and voting intentions via the attitudes towards Europe. In addition young people are in any case less inclined to vote (in favour or otherwise). Taking account of the effects of the other characteristics in the table, the trend (i.e. the effect of the survey wave in the final row of the table) in the period up to the beginning of May turns out on the one hand to have a negative effect on support for the Constitution and on the other to have a positive effect on the intention to vote in favour in the Referendum. The latter relates to the people who think they will vote and probably points in particular to the decline in the proportion of voters still having doubts as to whether to vote yes or no. More interesting is the fact that following news on the Constitution has a negative effect on both support for the Constitution and the propensity to vote in favour when account is taken of the other characteristics. This suggests at the least that the majority in the Referendum against the Constitution cannot simply be traced back to a lack of interest or information on the part of the population.¹ This is supported by another finding from the referendum surveys. After respondents had been asked whether they were for or against the Constitution, they were asked an open-ended question about the reasons behind their response. Of the supporters 6% were unable to provide any reason whatever (even though the research bureau was prepared to accept all sorts of reactions as a motivation: see Marktresponse 2005a: 32 ff.). Of the opponents and the people who said they were unable to decide whether they

¹ In this connection a more detailed analysis of the data in table 2.4 for interaction effects is also interesting. This reveals that following the news about the Referendum and regarding oneself as well informed on the EU had a negative effect on the propensity to vote in favour of the Constitution, especially in the last two surveys.

were for or against, 4% were unable to provide any answer to the question about motivation.¹

The above relates to preferences and their backgrounds during the period January – early May, i.e. slightly less than a month before the Referendum. The voting intentions in the days before the Referendum are shown in table 2.5. In the surveys used for the table, 23% said that they intended to vote in favour and 40% against; the 37% who would probably not vote or did not yet know which way have been left out of account. The respective shares of supporters and opponents is shown in the table in respect of various attitudes towards European issues. In a number of cases we see highly predictable differences: of the opponents of the Constitution 0% intend to vote in favour and 74% against; of the people who consider that the Netherlands should leave the EU, 2% intend to vote in favour and 75% against.

Table 2.5 Various attitudes (and % agreement) and the intention to vote for or against the Constitution on the part of the adherents of these attitudes, late May 2005, % of the population aged 18–75 years^a

	(% agree)	of which intend to vote for	of which intend to vote against
All		23	40
Considers Dutch EU membership to be good/very good	(74)	31	32
Considers it bad/very bad	(12)	5	55
Considers that the Netherlands should leave the EU	(12)	2	75
Considers that the Netherlands should not do so	(80)	29	34
Considers that the European Parliament should be given a greater say	(38)	38	22
Considers that it should have less of a say	(41)	9	63
Supports the European Constitution	(39)	58	11
Opposes the Constitution	(45)	0	74
Would have voted against in a referendum on ... the introduction of the euro	(62)	10	50
... the enlargement of the EU by ten countries in 2004	(48)	12	56
... commencing accession talks with Turkey.	(50)	14	55

¹ On average supporters provided 1.31 and opponents 1.45 reasons for their attitude towards the Constitution. This is not a big difference, but statistically the difference in favour of the opponents is significant. Under the research bureau's coding scheme, many arguments put forward by the supporters end up under the heading of 'Unity of Europe', followed by the communal tackling of problems and Europe's place in the world. The analysis of the outcomes in Spain, France and the Netherlands in chapter 1 also revealed that these were important arguments for voting in favour of the Constitution. In the case of the opponents, frequently mentioned arguments were loss of national authority and identity, but most of the arguments ended up under the 'miscellaneous' heading. Respondents who have not yet made up their mind tend to substantiate this on the grounds of lack of knowledge and information

^a How to interpret the table: Of all respondents 23% state that they intend to vote for and 40% against the Constitution (the rest do not intend to vote or have not made up their minds); of the 74% of the population who consider EU membership to be a good thing, 31% intend to vote for and 32% against. Source: Data from European Constitution Referendum monitor 24–31 May 2005 (Marktresponse P11079)

More interesting is the fact that of the clear majority of the Dutch favouring membership of the EU – and this was still 74% of the respondents at the end of May – the number of people thinking they would vote against was not below the proportion of supporters (32% and 31% of the respondents). The Marktresponse surveys at the end of May also asked how people would have voted in three imaginary referendums, namely on the introduction of the euro, the enlargement of the EU by ten new member states in 2004 and the decision in principle to commence accession negotiations with Turkey. A clear majority of the respondents would have rejected the euro. This is consistent with the negative attitude towards the euro in table 2 of box 2

(61% consider the euro to be a bad thing), but certainly not with the recovery in support for 'a European monetary unit with a single currency, the euro' in table 2.1 (with, as in May–June 2005, 71% in favour).¹ As far as the respondents of this survey are concerned, the two other issues would probably also have given rise to a 'no' vote.² Those who would have voted against in the imaginary referendums clearly have above-average intentions of voting against in the actual referendum. The percentages do, however, remain far removed from 100% (see also table 3 in box 2), which runs counter to the supposition articulated at the time that the mass vote against the Constitution was intended to give expression to negative views on the other issues named.³

As far as the background to the actual (reported) voting behaviour is concerned, researcher Maurice de Hond (Peil.nl 2005) provides figures on the socio-demographic diversity. A number of contrasting groups taken from this survey are shown in table 2.6 for the no-voters. The table sets off the largest group of no-voters against the smallest group of no-voters in respect of various personal characteristics.

Table 2.6 No-voters in various population categories: groups with the highest and lowest % of no-voters per characteristic

	% no-voters		% no-voters
All	62	Religious affiliation:	
		• non-practising	65
		• Catholics	54
		Regular newspaper readers:	
		• none	74
Sex:		• Telegraaf (popular newspaper)	69
• female	66	• NRC (quality newspaper)	46
• male	58	Broadcasting association membership:	
Age:		• Veronica (commercial)	73
• 45–54	69	• NCRV (public)	38
• 65+	48	Party supported in 2003 parliamentary elections:	
Level of education:		• LPF and SP (right wing, left wing)	92
• low	82	• CDA (centre-right party)	52
• high	51		

Source: Post referendum survey by Peil.nl (2005)

In the case of the socio-demographic characteristics the less well-educated stand out for their mass rejection of the Constitution. Women, 45–54 year-olds (in table 1 of box 2, however, more often young people) and people lacking any religious affiliation voted 'no' relatively often. NCRV Broadcasting Association members and NRC newspaper readers are the only groups in this table with a minority vote against. On the basis of the party supported in the 2003 Parliamentary elections no one party emerges with a minority of no-voters.⁴ Given the express support given by most parties to the Constitution this is a notable finding, which also attracted considerable attention in political circles.

At first sight this result is also difficult to square with the theory by Janssen (2001) and others, as noted in chapter 1, that people were primarily guided by political elites in deciding what position to take on Europe. In the Netherlands there has traditionally been a broad, cross-party pro-Europe consensus – a consensus consistent with the widespread and diffuse public support for the EU among the public noted in chapter 1. In the previous European Outlook (CPB/SCP 2004: 23), however, it was noted that large groups of voters regard the party of their choice as being more in favour of European unification than they themselves are. This discrepancy presumably

¹ Evidently the principle of 'a' monetary union with a euro is quite different from 'the' euro, which has of course already been introduced and which has been linked to an undervaluation of the guilder and higher prices. The evidence of support for the EMU in table 2.1 should not, therefore, be interpreted as enthusiasm for the current euro.

² As against the 48% against enlargement 42% were in favour (10% no opinion), compared with 50% against talks with Turkey and 40% in favour (and 11% no opinion).

³ The in no way perfect correlation between the actual and the virtual referendums can also be clarified in a reverse sense: a quarter of the people intending to vote in favour of the Constitution would have voted against the euro and a quarter of those intending to vote against the Constitution would have favoured talks with Turkey. In brief, a general attitude towards Europe will have been important, but it is not the case that any referendum topic whatever would have produced the same voting behaviour. In this respect it would have been interesting if opponents of the Constitution had been specifically asked how they would have voted on the referendum concerning the Constitution had they also been given the opportunity to express their views on the other matters.

⁴ This takes on a different complexion if we examine the party preference after the Referendum: of those supporting the SP 96% voted against the Constitution, while 24% of CDA (centre-right wing party) and D66 (centre-left wing party) supporters voted against. It appears plausible that the campaigns concerning the Constitution and the Referendum had their effect on general political attitudes. A comparison of the surveys conducted by De Hond before the campaign and some time after the Referendum also provides evidence of various shifts in preference in favour of parties and politicians that had come out against the Constitution.

widened during the months of the run-up to the Referendum. At any event, the campaigns in favour of the Constitution conducted by the coalition parties and the two opposition parties did not manage to convince the rank and file. As far as the influence of the government on public opinion is concerned there is even evidence of a negative effect. According to the surveys conducted by Maurice de Hond, 38% of the voters gave the stance taken by the government a negative rating on 30 April, a figure that had risen to 59% on 21 May. Most of those taking a highly positive view of the EU and overwhelmingly intending to vote in favour of the Constitution also rated the stance taken by the government negatively (Peil.nl 2005). This is more than just a matter of a difference of opinion between the political elite in The Hague and the general public: there is also a discrepancy between the attitudes of many large organisations in civil society (which generally favoured the Constitution) and the public.¹

Box 2. Background to the no-vote on the Referendum

On 1 June 61.5 percent of the electors who turned out voted against the European Constitution. The no-voters were not evenly distributed over the country. Those who analysed the results in the various municipalities will have noted that the no-voters were primarily concentrated in the Christian municipalities in the Veluwe region, in the centre of the Netherlands and in traditional socialist strongholds.² This impression is confirmed in the survey we conducted around the Referendum (see box 1), which indicated a clear correlation between such factors as religiosity, social class and income on the one hand and the percentage of no-voters on the other.

Table 1 showed the percentages of various categories of voters voting against the Constitution. The table reveals that more young people voted against the Constitution than older people, more women than men, more less well-educated than those with higher education. The lower the household income, the more that people were inclined to vote against; the same applies to the social class to which the voter claims to belong. Finally both people who often go to church and those who do so rarely or never more often voted against than the group in between.

Table 1. Voting behaviour in the Referendum by various background characteristics

Characteristic	% no-voters
All	62
Age	
18–34 years	68
35–64 years	62
65 years and over	51
Sex	
male	59
female	63
Level of education	
low (up to and incl. jun. voc./pre-voc. sec. educ.)	78
middle (jun. gen. sec. educ./pre-univ. educ.)	65
high (higher prof. educ./university)	47
Household income	
low (lowest 25%)	72
middle (50%)	64
high (highest 25%)	43
Social class (self-classification)	
ordinary/higher working class	76
ordinary middle class	63
higher (middle) class	37
Frequency of church attendance	
1–3 times a month	50
once a week or more	64
several times a year or never	63

¹ In this regard ‘the silence of civil society’ (NRC Handelsblad of 27 April 2005) is notable.

Evidently civil society organisations did not wish to burn their fingers on this clearly controversial topic. Many organisations did however take the view that the Constitution represented progress in their particular field of activity, but did not seek publicity beyond their own websites and members newsletters. This aspect was covered in research by Esther van den Berg into the Europeanisation of civil society organisations, on which the SCP hopes to publish a report at the end of 2005 or early 2006. Established political and civil society organisations no longer automatically have the same hold over public opinion they once had. This does not however mean that the importance of elites as such has fallen sharply. In all probability ‘independent’ commentators, columnists and other opinion

² See <http://www.verkiezingsuitslagen.nl/verkiezingsuitslagen.aspx>, consulted on 22 July 2005.

Source: see Aarts and Van der Kolk (2005); weighted results

Why precisely did certain categories of voters vote ‘no’ more frequently than others? Among other things we may seek the answer to this question in certain attitudes towards the EU, towards the consequences of the European Constitution and towards European issues which, although not formally related to the Constitution, became identified with it in the campaign, such as the euro and the accession of Turkey. Table 2 reveals the existence of widely differing ideas on these issues among the various levels of education and social classes (we shall be confining ourselves here to these characteristics since they exhibited the biggest differences in table 1).

Table 2: Background characteristics and % of support for five attitudes on Europe

	European unification should not go any further	Economy will not grow more strongly as a result of the Constitution	Social security will decline as a result of the Constitution	Euro is a bad thing	Turkey should never be allowed to join the EU
All	49	71	65	61	35
Education					
low	61	81	64	72	46
middle	51	70	70	67	34
high	38	65	58	46	28
Social class (self-classification)					
working class	62	82	73	71	41
middle class	48	69	65	61	33
higher class	25	59	46	40	29

See: see Aarts and Van der Kolk (2005); weighted results

This survey revealed that voters were somewhat averse to further European unification. On a scale from 1 (unification has already gone too far) to 10 (European unification should continue) 49% placed themselves in positions 1–5. A clear majority does not expect the Constitution to lead to stronger economic growth and many voters consider that the Constitution represents a threat to the system of social security. Nor do voters view the introduction of the euro positively. Respondents were asked to react to three statements about the impact of the euro on economic growth, the exchange of the guilder for the euro and on inflation. The answers to these statements indicate that 61% of the electorate was more negative than the average voter towards the introduction of the euro, which is not to say that the remainder were exactly cheering on the new currency. By contrast a majority accept the eventual admission of Turkey, provided it satisfies a number of criteria on democracy and human rights. As was to be expected, attitudes towards the five issues were correlated with the no-vote. Table 3 shows the percentages of no-voters with differing attitudes.

Table 3: Attitudes towards Europe and the no-vote

		% no-voters
European unification must ...	be continued	38
	not be continued	85
As a result of the Constitution economic growth will ...	accelerate	32
	not accelerate	78
As a result of the Constitution social security will ...	not become worse	34
	become worse	76
Introduction of the euro has ...	also got its good sides	38
	no good sides	77
May Turkey join under certain conditions?	yes	49
	never	78

Source: see Aarts and Van der Kolk (2005); weighted results

The attitudes provide a partial answer to the question as to why people voted against the Constitution. Do they also provide an adequate interpretation for the differences between education categories and subjective social classes shown in table 2? In the case of differences in education that would appear to be the case. The fact that people with lower education more frequently consider that European unification has already gone too far, that the Constitution will not bring anything good, that 'we' are disadvantaged by the euro and that Turkey should never be allowed to join the EU, they voted more frequently against the Constitution. The differences between the social classes can be understood only in part in this way. Even if people who regard themselves as working class had not differed from the higher classes in terms of the attitudes they would have voted more frequently against the Constitution. Why that is so remains the question.

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So much for certain elements from the survey material and possible explanatory factors for differences in attitudes towards the European Constitution, the Referendum and the campaign. Before comparing these with one another and assessing them in the concluding observations, the next section attempts to throw more light on the process of opinion formation along different lines.

2.3 Qualitative analysis of opinion formation

This chapter has reported on public opinion using survey data. However, in order to obtain a better impression of the dynamics and origins of opinions on Europe, for example in the light of the recent events surrounding the Constitution, this section also makes use of focus groups. These were held as part of a wider survey into opinion formation among Dutch people on Europe and are therefore not specifically related to the Referendum on the Constitution.¹ The focus groups are designed to obtain a deeper understanding of the way in which the Dutch form impressions of Europe and to provide greater insight into the factors behind involvement and non-involvement. Various topics were discussed in the groups, such as opinion formation on the EU (How do people view the EU? From what sources do people obtain information on the EU? Are people for or against European cooperation, and how far should this go?), knowledge of the EU (How do people assess their own knowledge of the EU? How large is the objective knowledge – based on a knowledge test, interest in the EU (Do people consider the EU interesting? Do people pay attention to news about

¹ See Wennekers (2005) for an extensive description of the material and methodology. The focus groups, four in total, form part of PhD research by Charlotte Wennekers into the Dutch and European integration, for completion in 2008.

the EU?), and the Referendum on the European Constitution (Had people heard about the Referendum? How do they intend to vote?).

We begin with a general section on opinion formation concerning Europe before proceeding to examine opinion formation in relation to the European Constitution.

Focus groups on Europe

What precisely do citizens know about Europe? The majority of the respondents admit that they know little or nothing about the EU. The objective test of knowledge confirms this impression. Generally speaking all participants regarded the test of knowledge as difficult. Most participants rated their own performance on the test of knowledge as poor. To take some examples: *'My self-esteem has taken a blow,' 'I should really know this,' 'a bad exam,' 'need to look this up when I get home,' 'I feel embarrassed that I simply don't know these sorts of things'*. It was noted previously in this chapter that although the Dutch are no less well-informed on Europe than the French or Spanish, knowledge of Europe is generally very poor.

The reactions of the respondents – especially those of the better educated – also provide evidence of feelings of guilt or embarrassment. Particularly during a focus group, they feel a moral obligation to be up to speed on these kinds of matters. When asked if they are interested in the EU, those with higher education are not inclined to admit that they in fact regard Europe as dull and boring. To begin with a sense of duty leads to a kind of quasi-interest during the focus groups. Not until some members of the group admit that they are not in fact interested in Europe (or, more generally, in politics) do more respondents become clean as well.

Most of the less well-educated have no difficulty in simply admitting that they do not find Europe interesting at all. Politics are generally regarded as dull, and European politics if anything are even more boring. Most of the less well-educated participants do not read national newspapers and avoid television news on Europe. *'Europe simply turns me off,' 'You get debates on television from time to time but they are just so boring!,' 'Politics are just totally uninteresting.'*

The EU has a fairly negative image among both well and poorly educated participants in the focus groups. In a number of groups there was evidence of a 'chain reaction': one or more respondents would set the tone by making negative statements about the EU, which would in turn arouse negative associations among the other participants. The participants in these negative focus groups also assessed the membership of the EU much more negatively than those in other focus groups in their replies at the end of the sessions to various written standard questions. The signs are that a negative attitude towards the EU can easily spread through a group. It may be that this process took place on a larger scale in the run-up to the Referendum.

The lack of interest among the more highly educated participants and the apathy towards Europe among the poorly educated participants could be partly explained in terms of such negativity. A number of respondents project a wide range of abuses onto Europe.¹ Particularly in the most negative focus group (with poorly educated respondents) the general perception was that nothing but bad things come out of Brussels. People assume that the Dutch citizen is worse off because of European regulations. Most participants are aware of the fact that Dutch citizens are the biggest net-contributors to the Union. Given the present economic situation in the

¹ This was also the case in the politically turbulent year 2002, when a great deal of domestic dissatisfaction was projected onto the EU in focus groups on Europe and the question as to what the Dutch politician Fortuyn would have thought formed an important thread in the discussion (Anker Solutions 2002).

Netherlands there is little solidarity with other European peoples. In addition many respondents are convinced that the euro has made daily life much more expensive. Apart from that Brussels is seen as sluggish and bureaucratic. A number of participants are highly critical of the monthly relocations from Brussels to Strasbourg and vice-versa. The excessive claims for expenses by European politicians are also cited. In addition the participants are concerned about pointless subsidies. There is clearly an 'association process' at work here: as more negative points are mentioned, more new negative points are introduced.

Where do these negative images among the participants come from? The literature on opinion formation on Europe refers to a negative framing in the media as a possible significant cause. De Vreese (2002) suggests that the media are able to affect and change images and perceptions on Europe since citizens, politicians and policy-makers regard the media as the most important source of information on Europe. According to De Vreese the media use two different frames in their reporting on Europe. The first of these is the conflict frame, in which news on Europe is purveyed as a conflict (of interests) between the various member states. The second frame is the economic consequences frame in which the news about Europe is viewed in the light of the potential economic and financial consequences. Needless to say public opinion on Europe is influenced if emphasis is placed on possible costs or risks.

A second reason for the persuasiveness of negative arguments concerning Europe could be the lack of objective and factually correct information on the EU. Generally speaking knowledge of the EU is fairly limited. People admit that they are not well-informed on European affairs. Most are unable to remember any attention being paid to the EU at school or say that such attention was very limited. The forerunner to the European Outlook (Dekker et al. 2002) indicates that a good deal of work does indeed remain to be performed in the field of education on the EU and that the Netherlands certainly does not lead the field in this area. The signs are that an important opportunity is being missed here.

Having explored general attitudes towards Europe, we may now examine attitudes towards the European Constitution.

The European Constitution

Most of the participants in the last two focus groups (in November 2004 and February 2005) were aware that a referendum was to be held on the European Constitution. The picture to emerge from these two focus groups is broadly consistent with that outlined by the qualitative measurements conducted on behalf of the Government Information Service (RVD) (PQR 2005a-c, SmartAgent 2005). These measurements also cover the last few months in the run-up to the Referendum. The information from these surveys has been incorporated into this section. Where a trend is outlined this has been taken from PQR (2005a-c).

At the end of 2004 and in early 2005 the general public gradually became aware that a referendum on the European Constitution was in the offing. This was also all that citizens knew; the content and status of the Constitution remained a black hole for almost everyone. Participants indicated that they had a clear need for information in this area. Particularly among people who are already negative towards politics in general (and consequently also negative towards Europe), this also involves a certain degree of suspicion: 'What do we know? Nothing at all, do we? They need first of all

to summarise the Constitution in a way that everyone can understand.' Among people with a more positive attitude towards politics their ignorance can sometimes have the opposite effect: 'If I had to vote right now, I'd just rely on the fact that everything was sure to be in order and on that basis I would vote in favour. Many people have given it consideration and it has been carefully drawn up; who am I as an ordinary citizen to vote against it?'

It is notable that the ignorance extends to large parts of the population. The existence of a knowledge deficit with respect to Europe was noted before. This lack of knowledge provides fertile soil for all sorts of misunderstandings. It was seen in the previous section that negative arguments on Europe can be highly persuasive and that these can in turn lead to further negative arguments, even when people's basic attitude towards Europe is positive.

Whereas citizens were still moderately positive towards the Constitution in early 2005 and initially indicated that they were receptive to the provision of information (and indeed had a need for such information), this switched over the next few months into a predominately negative attitude. People frequently stated that they 'didn't understand' the information provided by the government and dismissed the available leaflet material as uninteresting, unattractive and heavy-going. In combination with a number of statements by political heavyweights that were not well-received, the result was an ever-growing majority who intended to vote against the Constitution. In this regard it is notable that the provision of information by the government and Parliament had little if any effect. Precisely because Europe is regarded as such a dull topic (see the earlier description of the interest taken by the Dutch in the EU) and since there is in any case an enormous knowledge deficit, the available material evidently failed to speak to many Dutch people (despite the fact that they also expressed a desire for more information). Citizens appeared to have an unrealistic picture of the way in which the lack of knowledge could be recovered. Many assumed that this could be 'topped up' in a straightforward, quick and absorbing way. In addition, the often widespread suspicion among certain strata of the population towards the government at the time meant that people were in any case disinclined to trust the information on the Constitution and that they had the feeling of having something 'rammed down their throat.' Furthermore, as seen above, a negative attitude can spark off a kind of chain reaction in which more and more negative arguments come to the surface (even in the case of people who were not particularly negative towards Europe to begin with). These factors together could provide part of the explanation for the large majority who voted against the Constitution on 1 June.

At the same time, the qualitative measurements (PQR 2005c) indicate that, paradoxically enough, most respondents do not have particular difficulty with the content of the Constitution. If the participants were submitted a list of points that might have been included in the Constitution, the majority responded positively to those points. When it later turned out that those points were in fact already all in the Constitution, this generated irritation about the fact that these points had not been communicated to the citizen: 'Why haven't we been told about these points? That's just not good enough!' At the same time people no longer allowed themselves to be influenced by the fact that the Constitution evidently consists of all sorts of elements with which people had no trouble. The general attitude is already too negative and people can no longer be persuaded by substantive arguments in the focus group. This strengthens the impression aroused earlier in this section, namely that the Dutch 'no' had little to do with the content of the Constitution or the general attitude towards Europe.

All this does not however mean that a better informed public would have voted in favour of the European Constitution. A very wide diversity of arguments came into play in the Referendum, encompassing both carefully thought through arguments, as well as myths and misunderstandings. A better informed public can make more reasoned choices. Regardless as to whether the choice is for or against Europe, greater involvement is in the end always beneficial.

2.4 Concluding observations

On the basis of the numerous research results presented in this and the previous chapter, there is little reason to assume a break in the trend prior to the Referendum and every reason to assume that the support for European integration in the Netherlands remains at a high level. The results of the surveys into the backgrounds to attitudes towards the Constitution and the voting behaviour in the Referendum cannot always be reconciled with one another – and are often also hard to compare with one another – but it has become clear that the rejection of the Constitution was not the result of a single, mass sense of conviction, let alone mass ignorance and irrationality. Nor have any indications been found to show that the supporters immersed themselves in the subject more seriously than the opponents. On the basis of the findings presented above and even more in view of the discussions conducted in the media and elsewhere in the run-up to the Referendum, it appears that supporters and opponents alike allowed themselves to be guided by widely varying arguments and feelings and often have made difficult trade-offs.

As such the outcome of the Referendum should not be dramatised as an eruption of dissatisfaction going back a long way. It should rather be regarded as the result of a combination of circumstances, including a mood of low political confidence and especially a process of public opinion formation with a dynamic all of its own.¹ In that sense the Referendum was also comparable with the run-up to and outcome of the surprising elections of 15 May 2002 (Dekker 2005). Another similarity could be that public opinion becomes more negative after the election respectively the referendum. Declining support for European integration or at any event a more critical and sceptical attitude on the part of the public towards certain elements could develop as a result of the Referendum. Whether that is the case will need to be shown in the next European Outlook.

Lack of knowledge emerged in various surveys as an argument for detachment or a no-vote. The argument provides a certain legitimisation (in the same way that the arguments ‘no time’ and ‘not asked’ have done in other research when questions are asked about the background to non-voting and other forms of non-participation), but it does undoubtedly point to a lack of involvement in Europe. As such this also emerged in the focus groups in the previous section. Here, this went hand-in-hand with feelings of discomfort: one should in fact know more about Europe. The perceived lack of knowledge can provide a basis for becoming better informed and joining in discussions. It can also provide a basis for a cynical attitude of not needing to do so: if politicians and the political system or Brussels are no good anyway, there’s no point in getting to grips with the details (Hibbing and Theiss-Morse 2002). For involvement purposes it is not sufficient for politics or, in this case, ‘Europe’, to be important; people must also feel that they are able to exercise influence or at the least the spectacle, the problems at issue and the politicians concerned with them must engage their interest. Europe has seldom managed to stir its citizenry, but practical

¹ In this regard the tone in discussions of concrete issues can, at least to begin with, be more critical than in the case of surveys of ‘general’ attitudes towards principles and institutions. The mood in the focus groups reported on in the previous section is more negative than the survey results at the start of this chapter and in the previous chapter would lead one to suspect. The attitudes towards the introduction of the euro in the Netherlands turned out to be more negative than the attitudes towards a monetary union with a common currency.

advantages or inevitability were widely evident. This combination explains a sympathetic attitude towards Europe in Dutch public opinion at the same time as a lack of involvement. Attention has repeatedly been drawn to this in previous European Outlooks, as well as to the risk that the lack of involvement leaves 'Europe' susceptible to sudden politicisation with unpredictable consequences.

If one wishes to contain that risk it is highly important to sustain the growth in popular involvement in Europe produced by the Referendum. The 'national debate on Europe', which has been proposed by the cabinet and the Parliament, could help in this direction. In addition there will be a prolonged need for active measures to be taken to make Europe an important and attractive subject in education and in the media.

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Appendix tables to chapter A1

Appendix table 1. Attitudes towards European integration in the 25 member states of the EU^a, 2004 and 2005, in percentages of the population aged 15 and over^b

	FI	SE	DK	UK	IE	NL	BE	LU	DE	AT	IT	EL	FR	ES	PT	EE	LV	LT	PL	CZ	SK	HU	SI	CY	MT	
Generally speaking considers it a good thing that own country is a member of the EU (2004)	48	48	61	39	77	75	73	85	60	46	57	61	56	72	59	52	41	69	50	45	57	49	52	52	45	
Ditto 2005	45	44	59	36	75	77	67	80	58	37	56	56	51	66	61	48	42	59	53	49	54	42	49	43	40	
Taking everything into account, considers own country benefits from membership of the EU (2004)	49	36	70	39	87	59	72	73	49	43	50	76	54	70	68	56	51	78	55	42	62	48	58	40	51	
Ditto 2005	50	36	70	40	87	67	69	72	50	41	52	69	53	69	67	58	57	72	62	56	63	47	62	41	53	
Would be very disappointed if EU were scrapped tomorrow (2004)	32	26	40	22	54	49	50	63	49	36	45	44	43	42	53	34	21	35	26	27	38	40	39	48	43	
Has a reasonably or very favourable impression of the EU (2004)	35	38	38	32	75	45	59	61	47	34	64	58	53	62	60	38	40	60	46	40	48	46	62	51	45	
Ditto 2005	29	34	35	29	68	38	55	58	42	30	64	54	48	57	56	38	40	49	51	43	46	43	57	56	48	
Is inclined to trust the European Parliament (2004)	63	55	60	39	70	63	70	71	55	56	63	66	59	64	64	62	45	66	51	60	70	68	66	64	58	
Ditto 2005	56	51	56	35	57	51	67	67	46	48	66	59	50	50	63	54	47	56	52	51	63	71	66	62	58	
Is inclined to trust the European Commission (2004)	51	47	58	53	57	62	61	49	39	67	41	58	57	66	68	44	64	54	59	61	61	59	64	51	60	
Ditto 2005	46	43	54	50	51	53	59	44	31	61	44	53	49	43	67	37	65	45	59	53	56	62	64	49	60	
Favours a European monetary union with a single currency, the euro (2004)	79	46	50	31	85	72	89	85	69	73	62	62	78	69	67	55	59	69	65	60	69	60	60	87	59	46
Ditto 2005	77	48	50	28	86	71	84	87	59	65	67	49	76	58	65	59	57	60	65	63	72	64	83	53	50	
Favours progress towards a European political union (2004)	40	40	42	33	58	58	70	53	60	49	69	71	52	74	66	62	58	74	66	62	74	73	77	67	63	
Ditto 2005	38	42	46	34	51	53	66	63	64	40	69	67	54	68	61	59	60	62	66	65	74	73	76	63	61	
Favours 'a' constitution for the EU' (2004)	58	50	44	49	61	73	81	77	79	67	73	69	70	72	61	64	61	73	73	63	71	62	80	74	56	
Ditto 2005	47	38	42	43	54	53	76	63	68	47	74	60	60	63	59	52	56	64	61	44	60	78	76	73	50	
Favours enlargement of the EU by Turkey (2005)	31	50	30	45	38	39	36	22	21	10	33	26	21	42	43	27	36	42	54	37	37	51	53	16	43	
Ditto by Norway	95	90	90	73	73	91	86	84	82	70	72	81	78	66	66	85	78	79	85	89	89	83	91	88	74	
Ditto by Albania	33	58	40	40	40	34	33	29	18	13	31	37	35	47	43	36	34	44	56	32	38	35	50	33	58	

^a The 15 old and 10 new member states are presented in north-south order, bordering one another wherever possible: Finland (FI), Sweden (SE), Denmark (DK), United Kingdom (UK), Ireland (IE), Netherlands (NL), Belgium (BE), Luxembourg (LU), Germany (DE), Austria (AT), Italy (IT), Greece (EL), France (FR), Spain (ES) and Portugal (PT) / Estonia (EE), Latvia (LV), Lithuania (LT), Poland (PL), Czech Republic (CZ), Slovakia (SK), Hungary (HU), Slovenia (SI), Cyprus (CY) and Malta (MT).

^b As a percentage of all possible answers, including 'don't know.'

Source: Eurobarometer 62.0 data (October-November 2004) and reporting (EC 2005) on Eurobarometer 63.4 (May-June 2005); weighted results.

Appendix table 2. Preferences for European policy in the 25 member states of the EU, 2004. (unweighted) averages of the national percentages of the population aged 15 and over and deviations by the countries from this average in percentage points^a

	country average																									
	FI	SE	DK	UK	IE	NL	BE	LU	DE	AT	IT	EL	FR	ES	PT	EE	LV	LT	PL	CZ	SK	HU	SI	CY	MT	
the war against international terrorism	90	0	0	0	-10	2	4	3	-3	-2	-5	-8	1	3	-1	-5	4	4	5	3	3	5	0	-2	2	-1
scientific and technological research	76	-19	-18	-8	-5	7	0	0	6	-24	-10	-3	11	3	-2	-6	7	1	11	5	6	7	2	1	17	9
the war against drugs	75	-6	-9	2	-8	-9	-7	2	19	6	-2	-11	4	4	0	-6	11	9	11	12	4	6	8	-6	5	-2
foreign policy towards countries outside the EU	73	-10	-15	-8	11	8	5	10	-1	-1	-2	2	2	5	4	-2	-3	1	2	-1	5	8	-7	2	3	8
humanitarian aid	72	-22	-20	-9	3	6	1	10	4	2	-20	4	6	10	7	2	4	2	11	9	-4	4	4	-9	5	7
aid to regions with economic problems	68	-16	-8	-4	-3	10	-4	3	5	-5	-2	-15	5	-27	5	-4	7	6	10	15	-10	5	5	3	7	11
environmental protection	67	-21	-10	-9	-4	-2	6	3	-13	8	-4	-6	7	6	9	-5	3	-6	5	15	1	-5	12	-3	8	6
tackling poverty and social exclusion	61	-13	-10	-14	-7	-3	-14	-2	-10	-6	-6	0	14	-3	13	-2	5	0	15	6	-1	8	4	0	15	12
defence	57	-44	-32	-13	-13	-21	7	17	3	13	-5	3	-17	3	12	-18	17	21	16	13	18	15	-3	19	-7	-2
immigration policy	57	-28	-27	-19	-15	-13	2	11	11	-2	-20	16	3	14	19	2	-4	16	25	20	5	1	-2	1	0	8
agriculture and fisheries policy	53	-33	-10	7	-14	-1	12	7	-9	2	-7	-4	9	2	8	-3	-1	-1	12	13	-6	-8	8	-3	18	1
tackling unemployment	52	-22	-12	-12	-19	-7	-12	3	19	-16	-2	0	19	-5	4	2	9	6	21	16	6	14	11	-2	17	8
tackling the problem of ageing	51	-20	-29	-28	-12	-3	-21	-2	-13	-7	4	8	19	8	25	2	-1	11	12	11	8	0	8	-8	29	12
admission of refugees	52	-30	-20	-22	-10	-15	-2	17	10	4	-17	19	1	15	22	18	-5	3	22	11	0	0	-5	7	-1	-3
education	39	-18	-12	-10	-16	-11	-12	-6	-16	13	-13	6	13	-10	8	-10	6	13	19	12	15	15	2	11	12	14
health and social security	37	-15	-20	-23	-1	-4	-4	3	-12	-9	-13	13	-4	-2	16	-7	9	8	33	9	-1	6	-4	11	13	-2
justice	34	12	-12	-19	3	4	-8	3	0	-3	-9	14	12	5	9	-9	-3	6	16	2	-13	-13	15	-4	22	-10
elementary guidelines for radio, TV and press	32	-7	-17	-17	4	1	-10	4	0	-5	-7	19	3	4	19	9	-11	-3	11	4	-10	-3	6	-7	3	10
cultural policy	30	-13	-17	-9	-13	-8	-8	-1	-7	-1	10	7	-2	4	20	-3	1	8	19	16	-2	3	4	3	8	0
police																										
preference for European policy: average of the deviations	-18	-17	12	-8	-4	-4	4	-7	-4	-8	3	7	1	10	-2	4	6	15	10	0	3	4	4	1	10	5

^a For each of the following areas, can you tell me whether you consider decisions should be taken by the [national] government or within the EU? A total of 27 policy areas and topics were submitted to respondents, of which 20 are shown here. 'Don't know' answers have been left out of account. Example of how to read table: on average 90% of the population in the member states consider that the war against international terrorism should be tackled in the European context; in the United Kingdom the figure is 80% (90-10) and in the Netherlands 94% (90+4).
Source: Eurobarometer 62.o (October-November 2004); weighted results.

PART B. WORKING HOURS: DIFFERENCES AND EXPLANATIONS

Outline and summary

Calls to extend working hours can be heard in many European countries. It is a recurrent reaction when the economic tide turns for the worse, and is not without foundation. If the economy is unable to grow along one path (via productivity), then it will have to grow via another (higher deployment of labour). Worries about the affordability of the welfare state, about the international competitiveness of industry and about the relocation of employment to other countries have also fuelled the debate on longer working hours. In several large companies both in Germany and the Netherlands, this has prompted employees to agree to longer working hours for the same pay. It seems that the economic arguments for longer working hours are beginning to find a more receptive response in Europe today.

This does not mean that the desirability of longer working hours in Europe is undisputed. Longer working hours mean less time to spend on other things. They mean a loss of leisure time, including time for social contacts and voluntary work, but also time spent on caring for others and time devoted to the household. If this time use is greatly valued by Europeans, a relatively short working week can be the social optimum. Moreover, one side-effect of a longer working week can be to make the distribution of tasks within the family more one-sided. This can also undermine welfare in the broad sense.

The calls for more and longer working weeks are often justified by the fact that Europeans work far fewer hours than Americans: an American employee works on average 400 hours a year more than his Dutch counterpart. On top of this, the labour market participation rate is lower in most EU member states than in the US. It was not always so; in the 1970s the number of hours worked per employee in the then 15 member states – the EU-15 – was the same as in the US. Since then the number of hours worked each year has fallen in both the US and the EU-15, but the reduction has been much steeper in Europe. It is also worth noting that the short working hours do not apply for all member states; people in Central and Southern European member states in particular tend to work longer hours.

Short working hours: voluntary or institutionally determined?

Part B of this European Outlook is a quest to find the differences in time use within the EU and in comparison to the US. The emphasis is on the differences in working hours. To explain these differences we examine international differences in preferences, in leave and childcare arrangements and in labour market institutions, such as taxes and benefits. In doing so we attempt to provide an insight into the direction and magnitude of the determinants of the number of hours worked per employee. Virtually everyone agrees that high taxes make working less attractive. But how big is this effect? And what is the influence of specific arrangements such as childcare and parental leave? Can differences between countries in the design of care arrangements and labour market institutions explain the differences in the number of hours worked? All these questions receive attention in this part of this European Outlook.

Differences in time distribution ...

Employees have to divide their time between work, household tasks, providing care and relaxation. This time distribution varies widely between EU member states, and often deviates widely from the time use patterns found in the US. Employees in the EU-15 work over 200 hours per year fewer than workers in the US, whereas employees in the new member states work approximately 150 hours per year more than in the US.

In most countries women are more heavily occupied with work and care tasks than men. This applies to a relatively high degree in the new member states. Women in the Netherlands, however, are no busier than men. This is because of the relatively low number of hours they work in paid employment: the majority of working women combines paid work with household/care tasks, voluntary work or education or training courses. Time use also depends greatly on the family situation: the obligations are the least onerous for people who live alone and greatest where there are small children.

A negative correlation is found in both the Netherlands and the US between time spent at work and time spent on other activities. People who work longer hours spend less time on household and care tasks, on recovery (sleeping, eating and drinking) and on watching television, but also on activities such as maintaining social contacts, performing voluntary work and providing informal help.

... in line with preferences?

Merely describing these differences says nothing about their background. Differences in preferences may play a role here; these are described in chapter B2. European workers are content with their lives, their health and their work in general, but are less satisfied with the amount of leisure time they have available and with their financial position. More than a quarter of European workers states that they have plans to reduce their working hours.

Compared with Europeans, and especially the Western European member states, a higher proportion of Americans report that they are willing to work longer hours. A higher proportion of Americans also states that a good salary is important and that it is important to achieve something in their work. In this respect the surveys provide every reason to suspect that the longer working hours in the US are linked to a different view of work, income and leisure time from that in Europe. On other variables (e.g. a strong work ethic), however, Americans appear less focused on work than Europeans.

Stage of life and the extent of a person's employment are also found to influence preferences with regard to time use. People with children living at home are on the one hand more interested in a good income, while at the same time achieving a lower score on the statement that work should always be given priority over leisure time. In addition, women with small children attach most importance to long holidays and low pressure of work. Finally, part-time workers are less pro-work than full-time workers.

... are caused by institutions?

Chapter B3 shows that there are good arguments for the government to intervene in the balance between work and care, for example in order to ensure that the scarce production factor 'labour' is used more efficiently. Empirical studies of the various arrangements show that higher marginal tax rates have a negative effect on the number of hours worked and that grants to help fund childcare foster participation in employment by women,

in terms of both numbers of persons and hours worked. Parental leave also leads to a higher participation rate in the target group.

The generosity of the provisions varies widely between countries. Generally speaking the Scandinavian countries have the most generous provisions in Europe for leave and childcare, whereas these provisions are fairly meagre in Ireland and the UK, though still somewhat more generous than those in the US. The Netherlands occupies a middle position in terms of leave and childcare provisions, between the Scandinavian countries on the one hand and the US on the other. However, the number of hours worked in the Netherlands is significantly lower than in either Scandinavia or the US. One reason for this is that marginal tax rates in the Netherlands are relatively high. The tax system also plays a role in the differences in hours worked between the US and the EU member states; the tax rate in Western European member states is often 10% higher.

... and change over time!

Both the different arrangements for combining work and care and the different preferences offer a possible means of explaining the differences in time spent on paid work, providing care and relaxation. Unfortunately, few data are available on the trend in these determinants over time. Nonetheless, it can be established that the utilisation of the labour potential has changed radically in all member states over the last 40 years. Chapter B4 compares these changes with developments in the US and tries to explain them. Per capita GDP in the EU-15 has been around 30% lower than in the US for decades. In the 1970s this could be attributed to a lower labour productivity per hour, but today the most important determinant is the lower number of hours worked in the EU. Although the number of hours worked per employee has also fallen in the US, by an average of five hours per year, the fall in the EU has been much sharper.

It is now generally accepted in the economic literature that labour market institutions such as unemployment benefits have a substantial influence on unemployment rates. From our analysis in this chapter it is apparent that labour market institutions also influence the number of hours worked per employee; it is found to be particularly low in countries with high taxes, generous benefits and liberal arrangements for parental leave. But labour market institutions can explain only some of the differences in hours worked. Other factors apparently also play an important role, such as childcare arrangements, time use preferences and more general cultural characteristics of individual countries.

Role for the government

The government can influence the working week both directly, through arrangements enabling work and care to be combined, and indirectly via labour market institutions. However, a higher number of hours worked has more consequences than simply higher output. Chapter B5 discusses this broader perspective. One direct consequence is that there is less time available for care, education, recovery and leisure time. Moreover, longer working hours only lead to a proportional increase in output if they do not have an adverse impact on employment and labour productivity. The effect of a higher labour utilisation on education and training is ambiguous, because time spent working reduces the amount of time available for education and training, but on the other hand increases the returns on education. The broader perspective also applies to the policy instruments available to encourage labour market participation: countries with parental leave arrangements have higher participation rates (among women), while

in countries with high benefits and taxes there is less poverty and/or income inequality. All these factors have to be taken into account when assessing the effect on social welfare and thus the desirability of increasing working hours. Potential effects on social cohesion and environmental sustainability, which are referred to only in passing in this European Outlook, may also play a role here.

The question of whether government intervention is desirable is followed by the question of whether there is a role for the EU in coordinating policy on time use. This may be the case if economies of scale can be achieved, or if the external effects are large and international. This question was discussed in the first European Outlook in the broader framework of labour market institutions (CPB/SCP 2003). This revealed that there are only weak arguments for European coordination in this field. External effects and economies of scale are also difficult to identify in the legislation on working hours. An important argument against a common policy is that it removes the ability of member states to gear their policy specifically to their own population. A political justification for European cooperation on policy aimed at influencing the number of hours worked may however lie in the signal it sends out, namely that the EU regards social norms as highly important.

B1 TIME USE: FACTS AND FIGURES

Data on time use occur in various guises. First in the form of institutional statistics: surveys of workers and, for example, social security institutions. Secondly they take the form of general questions on participation in certain activities and the amount of time spent on them – the type of questions that are asked in general research such as workforce surveys and labour force surveys. Thirdly, they take the form of information gathered from diaries kept by respondents – referred to in the international literature as ‘time use surveys’¹.

Each of these data types has its advantages and disadvantages. The first and second types – institutional statistics and general surveys – are the most common, but generally produce less reliable information (because people knowingly or unknowingly make estimation errors, not least as regards their working hours; see Robinson 1985, Robinson & Gershuny 1994, Niemi 1993). Moreover, there are few surveys which in addition to questions on the time spent on work also ask about other forms of time use. The third kind of information, time use information gathered from personal diaries, is generally accepted as being the most reliable and also the most complete (in that it includes time spent on activities other than paid work). A disadvantage of this method is that it is less well developed than the other methods and the opportunities for international comparison are therefore more limited.

We begin this chapter with the source that produces the most reliable information on the kind of time use that is the core focus here: paid employment. These data are taken from the OECD and are based on institutional statistics and general surveys on paid employment. We then look at findings from the Eurobarometer 60.3 survey, in which an attempt is made on the basis of general questions to establish differences within the Union in the time spent on paid and unpaid work. We conclude this section with an analysis of data from time use surveys from 11 European countries, plus the US.

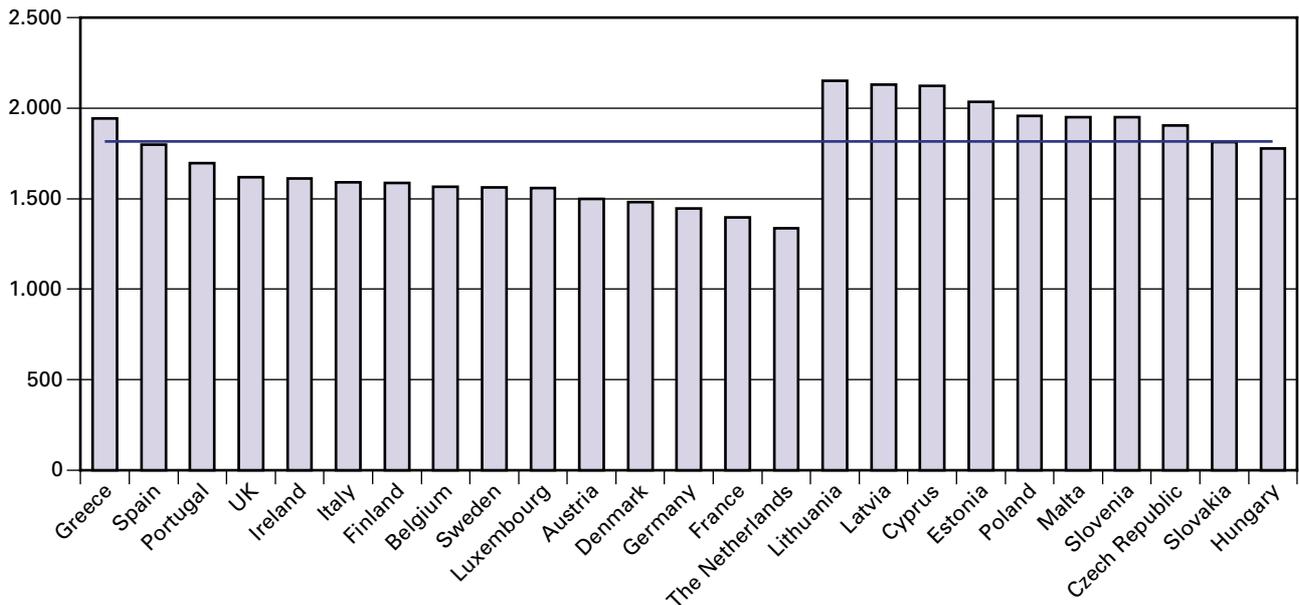
1.1 Hours worked and participation rate (OECD figures)

The OECD statistics provide an insight into the number of hours worked in different countries.² In this section we discuss these figures, focusing on the number of hours worked per employee. Figure 1.1 compares these figures for the EU member states with the number of hours worked in the US. The contrast between the EU-15 and the 10 new member states is stark: in the first group only Greek employees work more hours per year than their American counterparts, while in the second group only Hungarian employees work less hours than in the US. The second striking feature of the graph is the wide variation in hours worked: an average worker in Lithuania works 800 hours per year more than his or her Dutch counterpart, who in turn works the fewest number of hours on average, at 1,338 hours per year. The average worker in Lithuania thus works for more than 41 hours a week for 52 consecutive weeks.

¹ With a variant traditionally known as the ‘experience sampling method’ (Zuzanek & Mannell 1993). In this method respondents do not keep a diary, but are asked several times a day – by mobile phone, pagers or other methods – to note down what they are doing at that moment and how they feel about it.

² Although differences in sources in the different countries mean that the OECD figures are more suitable for comparisons over time, as in chapter B4, than for comparisons between countries, there is no reason to assume that this will lead to large discrepancies.

Figure 1.1 Hours worked per employee in EU member states and the US



Source: GGDC, hours worked per employee in 2004. The number of hours worked per employee in the US in 2004 (1,817) is represented in the graph by a horizontal line.

The differences in the number of hours worked per employee may be related to differences in the number of working weeks per year, the number of hours worked per week by full-time workers, or differences in the percentages of part-time workers. Pommer & Van Gasteren (2005) recently made this subdivision for the EU-15, which is presented in modified form in figure 1.2.¹ Sadly, these data are not available for the ten new member states.

The calculation is based on a hypothetical maximum number of hours worked per year of 2,288, i.e. 52 working weeks of 44 hours. The loss of labour potential relative to this maximum as a result of each of the causes cited is then established.² An example for the Netherlands may help to clarify the calculation method. Employees in the Netherlands receive an average of 31 holiday days and eight public holidays per year. Multiplied by eight hours a day, this works out at an annual loss of labour potential due to holidays of more than 300 hours (roughly 14% of the potential). The working week effect measures the effect of the deviation of a full-time working week from the assumed maximum of 44 hours. The usual full-time working week in the Netherlands is considerably less than this, at 36.7 hours.³ This produces an additional loss of a further 300 hours relative to the hypothetical maximum.⁴ Finally there is the part-time effect: the high proportion of part-time workers in the Netherlands means that the actual working week is even shorter, leading to a further loss of 300 hours. The total loss of labour potential relative to the assumed annual maximum of 2,288 hours is thus more than 900 hours (40% of the potential). The following graph shows the results of this decomposition for the entire EU-15 and the US.

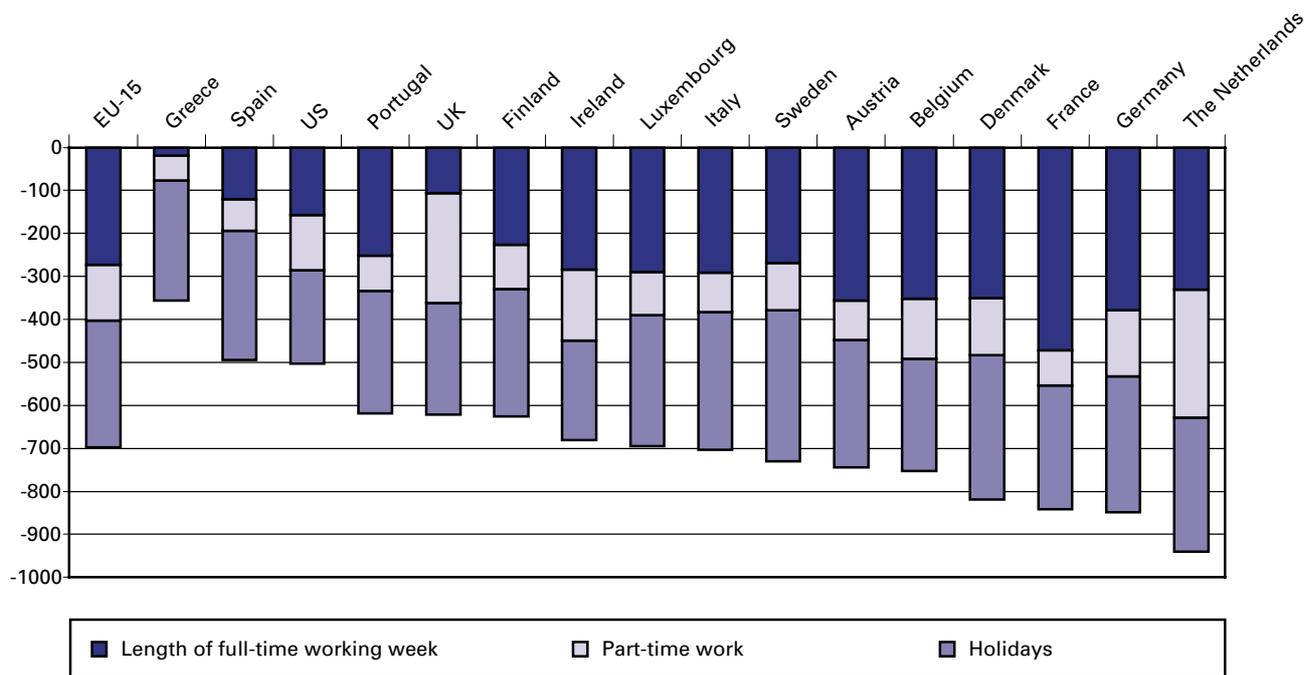
¹ We are grateful to Evert Pommer and Edwin van Gasteren, who made these figures available to us. Other recent decompositions can be found in OECD (2004a) and Schulte Nordholt (2005).

² Pommer and Van Gasteren look at hours worked per inhabitant. Here we are concerned with hours worked per employee, which means we do not consider differences in participation.

³ This figure is taken from the OECD. The EIRO figure is 38.9 hours.

⁴ The size of this loss is determined by the arbitrarily assumed maximum working week of 44 hours.

Figure 1.2 Decomposition of the difference in annual working hours relative to a hypothetical maximum of 2,288 hours (52 working weeks of 44 hours)



Source: OECD; EIRO. Figures for 2003.

Figures for the EU-15 have been calculated as the unweighted average of the figures for the individual member states.

For the EU-15 as a whole (unweighted average), the smaller number of hours worked compared with the US can be traced entirely to two causes: longer holidays and a shorter working week for full-time workers. Workers in the EU-15 have around 10 days' more holiday than in the US, while the full-time working week is almost 3 hours shorter. The loss of hours worked due to part-time work in the EU-15 as a whole is however comparable with the loss in the US – though it should be borne in mind here that this assessment is based on a differing full-time working week in each country.

In the Netherlands the number of hours lost is even higher than the average in the EU-15 on all three elements: the number of days' holiday is higher, the full-time working week is shorter and part-time work is more common. This latter element in particular distinguishes the Netherlands within the EU-15; the UK is the only other country where part-time work produces a loss of labour potential of more than 200 hours per year. Compared with the US, the low number of hours worked in the Netherlands is explained primarily by part-time work and the relatively short full-time working week. Each of these two factors explains approximately 170 hours of the difference in the number of hours worked per employee compared with the US.

The loss of labour potential means a simultaneous increase in the number of hours that can be spent on other activities. This not only means leisure time, but also for example the time that can be spent on caring for children and on the household. The OECD figures give information only on the number of hours worked and therefore provide no insight into this. In order to obtain a picture of the importance of these aspects, other sources are needed. The remainder of this chapter provides a clearer impression of the time use based on the Eurobarometer surveys and time use surveys.

1.2 Time spent on work and care in Europe (Eurobarometer)

The Eurobarometer 60.3 survey provides a first¹ insight into the time spent on the combination of work and care in the EU-15.

Among working Europeans, 66% of women and 42% of men combine paid work with household and/or care tasks (table 1.1). This combination of activities occurs more commonly in the south; in the countries of northern Europe – including the Netherlands – paid work is combined relatively more often with voluntary work and/or educational courses. All in all, more than three-quarters (78%) of women in work and just under two-thirds (61%) of male workers in Europe combine work with either household/care tasks, voluntary work or study. The position of the Netherlands does not deviate from this norm.

Table 1.1: Combining paid work with other activities, as % of working population, EU-15, 2003

	Men				Women			
	with household/care tasks ¹	with voluntary work ²	with education ²	with one of these three	with household care tasks ¹	with voluntary work ²	with education ²	with one of these three
EU Total	42	16	27	61	66	18	31	78
Finland	33	28	43	68	59	33	48	82
Sweden	40	45	33	71	62	37	37	81
Denmark	43	34	33	70	67	27	44	86
Germany (West)	46	16	39	75	66	17	37	82
Germany (East)	44	12	43	70	75	9	43	89
Netherlands	32	27	30	63	62	38	26	77
UK	40	13	30	59	64	15	27	73
Ireland	32	17	17	49	62	23	29	71
Belgium	43	17	24	60	69	17	29	78
Luxembourg	61	32	34	79	80	36	32	91
Austria	36	28	37	63	72	25	39	85
France	30	18	14	46	57	20	29	72
Portugal	27	8	6	34	75	7	8	80
Spain	41	4	22	53	70	5	27	84
Italy	60	15	24	68	71	19	31	78
Greece	39	11	16	47	77	10	13	80

¹ At least 12 hours

² One hour or more

Source: De Groot & Breedveld 2004

Working Europeans spend a total of approximately 59 hours per week on paid work, household/care tasks, voluntary work and education (table 1.2). The lion's share of this time is spent on paid work and on household and care tasks. The time spent on voluntary work and education by the working European population averages around 2.5 hours per week.

Men spend an average of eight hours per week more on paid work than women, but also nine hours fewer on household/care tasks. On balance, European women are occupied with obligations for one hour per week more than men. This discrepancy is greater in Southern Europe than in the Northern European countries.

The time spent on obligations in the Netherlands is below the European average. The main reason for this is that the number of hours worked is lower in the Netherlands than in other European countries. Working Dutch men and women do however spend an above-average number of hours on

¹ Use has been made here of data from De Groot & Breedveld (2004). A more detailed report will be published in due course by the European Commission. A selection of the data, including data on the new member states, is likely to be published in the 'Social Situation Report' in 2006. 'Time use' will be one of the central elements in report.

voluntary work, and male Dutch workers also spend an above-average number of hours in education. Together with Germany and the UK, the Netherlands is one of the European countries where working men are busier than working women (cf. SCP 2000).

Table 1.2: Time spent on the four types of obligations, in hours per week, working population, EU-15, 2003

	Men					Women				
	Total	Paid work	Household/ care tasks	Voluntary work	Educa-tion	Total	Paid work	Household/ care tasks	Volun-tary work	Education
EU Total	58.4	42.6	13.3	0.8	1.7	59.5	34.7	22.6	0.8	1.8
Finland	55.1	40.8	10.5	1.5	2.4	59.9	37.3	18.3	1.3	2.6
Sweden	56.9	40.4	13.6	2.0	1.2	59.1	37.0	18.9	1.6	1.6
Denmark	57.2	40.8	13.3	1.7	1.2	62.5	36.5	22.4	1.1	2.3
Germany (West)	59.1	42.2	13.3	0.7	2.2	57.2	32.1	22.3	0.8	1.8
Germany (East)	60.6	42.9	13.1	0.5	3.2	59.6	35.4	21.8	0.4	2.2
Netherlands	54.9	39.8	11.6	1.4	1.9	53.4	27.4	23.8	1.8	1.2
UK	57.5	42.2	13.7	0.6	1.6	55.4	28.6	25.9	0.6	1.3
Belgium	59.5	42.3	13.7	0.8	1.3	60.7	36.4	21.5	0.6	1.2
Luxembourg	66.0	43.2	19.0	2.4	1.9	69.4	32.9	32.0	3.5	2.3
Austria	60.3	46.2	11.5	1.3	1.8	62.2	37.7	22.2	0.9	1.4
France	52.7	40.0	10.4	0.9	0.9	55.5	35.9	18.2	0.6	1.6
Portugal	54.1	45.1	8.4	0.4	0.4	64.6	41.9	21.4	0.3	1.0
Spain	59.0	44.0	13.4	0.1	1.7	67.9	39.9	23.8	0.2	3.1
Italy	66.0	45.0	18.0	0.8	1.8	66.3	39.5	25.3	1.1	2.0
Greece	61.5	46.9	13.0	1.0	2.0	69.8	41.2	26.8	1.3	1.7

Source: De Groot & Breedveld 2004

Age/family stage

Age plays a clear role in the total number of obligations. Working people aged 25–54 years are busier than younger or older working people (table 1.3). This applies in particular for working women. Combining work with other tasks (household tasks, but also voluntary work and education) occurs more often in this stage of life than among younger or older workers.

Table 1.3: Time use (hours per week) and task combination (%) by age and gender, working population, EU-15, 2003

	Time use (hours per week)			Task combination (%)	
	Total obligations	Of which work	Of which household	Work with household ¹	Work with household ² , voluntary work ² and/or education ²
Men					
15–24	52.9	40.1	8.3	23	52
25–39	59.8	43.2	14.2	45	62
40–54	59.0	43.1	14.0	45	63
55–64	57.3	41.8	13.1	40	60
Women					
15–24	55.1	34.9	16.2	44	64
25–39	62.7	35.2	25.0	68	81
40–54	60.8	34.8	24.0	73	83
55–64	51.6	33.6	17.9	55	69

¹ At least 12 hours

² At least one hour

Source: De Groot & Breedveld 2004

This greater pressure of time is related primarily to differences in the time spent on household tasks, differences which in turn correlate with the family composition. The data from the Eurobarometer survey contain only limited information on this, but even here it can be seen that the greatest pressure occurs in families with children (table 1.4). We will return to this in more detail in the next section.

Table 1.4 Time use (hours per week) and task combination (%) by family situation and gender, working population, EU-15, 2003

	Time use (hours per week)			Task combination (%)	
	Total obligations	Of which work	Of which household	Work with household ¹	Work with household ¹ , voluntary work ² and/or education ²
Men					
Single, no children < 14 years	53.2	42.3	7.7	20	47
Couple, no children < 14 years	57.7	43.0	12.5	39	60
Cohabiting, with child < 14 years	65.1	42.8	20.3	68	76
Women					
Single, no children < 14 years	52.5	37.9	11.6	36	60
Couple, no children < 14 years	55.5	35.3	18.5	63	77
Cohabiting, with child < 14 years	69.5	31.3	36.1	93	96

¹ At least 12 hours

² At least one hour

Source: De Groot & Breedveld 2004

Most task combiners are found in families with children. This is a relevant observation, because working people who have other obligations outside their paid employment are demonstrably busier than people who concentrate solely on paid work (table 1.5). This applies for both working men and working women.

Table 1.5 Time spent on obligations, by degree of combining paid work with other obligations, in hours per week, working population, EU-15, 2003

	Total	Men	Women
Only paid work	46	48	43
Combines paid work with other obligations	65	66	64
With one other task	63	63	63
With two other tasks	68	70	65
With three other tasks	73	78	71

Source: De Groot & Breedveld 2004

1.3 Time use in Europe and the US (time use surveys)

¹ A Eurostat 'Statistics in Focus' in which the information published here is supplemented by information on Spain, Italy, Lithuania, Latvia, Poland, Bulgaria and – though not entirely comparable – Denmark, Portugal, Romania and the Netherlands, is expected in the autumn of 2005.

² The time use data for the US are collected by the Bureau of Labor Statistics (BLS) and form part of the Current Population Survey (CPS). For more information see <http://stats.bls.gov/tus/>. For information on the Dutch time use survey see www.tijdsbesteding.nl.

In the period 1998–2002 ten European countries conducted comparable time use surveys. Eurostat published on these surveys most recently in 2004 (Eurostat 2003a/b, 2004a)¹. For this European Outlook, data for the Netherlands (for the year 2000) and the US² (for 2003) have been added to these data.

Of the 168 hours in every week, the population aged 20–74 years surveyed here spend an average of 42–52 hours per week on the three more or less 'compulsory activities': paid work, education and the household (table 1.6). The total of these obligations is rather higher in the US and in the countries

of Central Europe than in the Western European countries. In the US this is because more time is spent on work, while in the Central European countries it is caused mainly by the fact that more time is spent on household and care tasks (including gardening). The time use data suggest that Americans spend 37% more time on paid work than the Dutch; this roughly corresponds with the figures on hours worked as measured by the OECD. In the Western and Northern European countries the level of these obligations is lower in Germany, Belgium and – to a slightly lesser extent – the Netherlands than in the other countries presented here.

Table 1.6: Time use in hours per week, population aged 20–74, 1998–2003

	Finland	Sweden	Norway	Germany	UK	Belgium	France	Hungary	Estonia	Slovenia	Netherlands	US
Paid work	22.1	24.7	23.5	18.1	22.9	17.9	21.1	21.7	20.8	23.0	19.8	27.2
Education	1.8	1.9	1.6	1.6	1.0	1.7	1.8	1.6	0.7	1.8	1.7	1.3
Household/care tasks	21.9	21.8	21.5	23.0	23.1	25.2	24.3	27.0	28.1	27.2	23.7	23.4
Total obligations	45.7	48.4	46.6	42.7	47.0	44.8	47.1	50.3	49.6	51.9	45.2	51.9
Sleeping	59.3	56.7	56.4	57.8	58.6	58.6	62.0	60.2	60.0	58.1	58.0	59.0
Eating and drinking	14.4	16.3	14.6	18.4	15.2	18.8	21.1	16.8	15.3	15.2	15.9	12.9
Leisure time	40.6	36.6	41.7	39.5	37.0	35.7	31.0	34.1	34.9	35.1	41.3	34.9
Mobility	8.1	10.1	8.9	9.7	10.2	10.1	6.8	6.6	8.3	7.7	7.6	9.3
Total	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0

Source: Eurostat 2004a, SCP analysis; TBO 2000, ATUS 2003

Time spent on paid work and on household/care tasks is consistently similar in the European countries studied; among the working population household and care tasks occupy approximately two-thirds of the time spent on paid work (US: 50%¹; table 1.7). Substantially less time is spent on education (cf. table 1.2). The Netherlands does not differ from the other countries on this point.

¹ Freeman & Schettkat (2005) come to the conclusion in their analysis of 25–54 year-old working people in the early 1990s that European and American women differ from each other mainly in the fact that American women spend more time on paid work and that European women spend more time on household work. The differences among men are smaller. Freeman & Schettkat's analyses differ from the analyses performed here in the sense that their analyses relate to a different period, a different age group and different activity categories. An analysis (not printed here) performed with the more recent data used in this report for the Netherlands and the US, with the same age group but with a differing activity classification, largely confirms Freeman & Schettkat's earlier analyses. Both the analyses in this report and those by Freeman & Schettkat show that Americans spend more time on work than Europeans and tha

² In the time use surveys fewer hours of paid work are reported than in normal surveys such as the Eurobarometer (cf. table 1.3). This is due to estimation errors. In general surveys, such as the Eurobarometer, respondents generally overestimate the time spent on work. On the one hand this has to do with the social esteem that is attached to work (working hard is good), and on the other with the fact that people forget to include things such as days off, holidays and periods of illness in their estimates. The diary technique in the time use survey minimises estimation errors of this kind.

The time spent sleeping does not vary much between the different countries and – with France as the biggest outlier – lies between 58 and 62 hours for the entire population aged 20–74 years (and an hour less for the working population). The time spent eating and drinking also shows little variation, though it is notable that the French spend most time on these activities, followed by the Belgians and Germans, while the least time is spent eating and drinking in the US. Working people spend somewhat less time on eating and drinking.

The total of a relatively large number of obligations, more sleep and more time devoted to eating and drinking implies that the leisure time budget for the French is the lowest of the countries presented here. In addition, there is less leisure time in the US and Central European countries in particular. This applies both for the population as a whole and for the working population. The number of free hours among the population of the Netherlands aged 20–74 years is around the average for the majority of Northwest European countries.

If we look only at the working population, we see that the number of hours spent on work is significantly higher than among the population as a whole². Although the number of hours spent on household and care tasks is rather lower, it is not sufficient to compensate fully for the increase in the number of hours' paid work. On balance, the working population has more obligations than the population as a whole (table 1.7). The situation of the

Dutch working population compares well with the working population in most other Northern and Western European countries, especially Norway and Germany.

Table 1.7: Time use in hours per week, working population 20+, 1998–2003

	Finland	Sweden	Norway	Germany	UK	Belgium	France	Hungary	Estonia	Slovenia	Netherlands	US
Paid work	33.4	31.9	29.1	30.1	33.5	31.2	36.2	35.0	31.7	32.9	30.1	37.5
Education	1.3	1.0	1.6	1.7	1.2	0.6	0.2	0.7	0.6	1.3	1.7	1.0
Household/care tasks	18.6	20.6	19.5	17.2	18.4	20.7	18.8	20.6	22.3	23.5	19.1	19.4
Total obligations	53.2	53.5	50.2	49.0	53.1	52.5	55.2	56.3	54.6	57.6	50.9	57.8
Sleeping	58.0	55.8	56.0	56.6	58.1	56.9	59.5	57.5	58.6	57.1	56.7	57.5
Eating and drinking	13.9	15.6	14.0	16.9	14.1	18.1	20.7	17.0	14.9	14.6	15.7	12.9
Leisure time	34.1	32.6	38.5	35.2	31.7	29.1	24.7	29.4	30.8	30.5	36.5	29.9
Mobility	8.9	10.5	9.3	10.4	11.1	11.4	7.9	7.7	9.1	8.3	8.3	9.9
Total	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0

Source: Eurostat 2004a, SCP analysis; TBO 2000, ATUS 2003

Differences between men and women

Differences between men and women manifest themselves in a variety of ways. Women in all countries, including the US, spend slightly more time sleeping, eating and drinking and rather less time on education. However, the biggest differences occur in paid work and household/care tasks, and these differences are sufficient to warrant emphasis in the analysis of male-female differences (table 1.8/1.9).

If we look first at the population as a whole (table 1.8), it is striking that men spend between eight and 15 hours more on paid work and between nine and 16 hours less on household and care tasks than women. The US follows this same pattern. The gender-related differences for paid work are the greatest in the Netherlands of the countries presented here, mainly because Dutch women work so many hours fewer than women in other European countries; only the number of hours worked by women in Germany and Belgium comes close to that of Dutch women. Dutch men do not work significantly fewer hours than other European men.

Differences between the sexes in the time spent on household and care tasks are especially wide in the Eastern European countries and are the smallest in Sweden and Norway. The Netherlands occupies an average position here.

Men in the Netherlands are slightly busier in their work than women. The countries which approach the Dutch situation closest on this point are Sweden and Norway, where men and women devote approximately the same amount of time to compulsory activities; in all other countries, and especially in Central Europe, women spend more time on obligations.

Table 1.8: Time use in hours per week, by sex, population aged 20–74 years 20–74 years, 1998–2003

	Finland	Sweden	Norway	Germany	UK	Belgium	France	Hungary	Estonia	Slovenia	Netherlands	US
<i>Men and women</i>												
Paid work/education	23.8	26.6	25.1	19.7	23.9	19.6	22.9	23.3	21.5	24.7	21.5	28.5
Household/care tasks	21.9	21.8	21.5	23.0	23.1	25.2	24.3	27.0	28.1	27.2	23.7	23.4
Total obligations	45.7	48.4	46.6	42.7	47.0	44.8	47.1	50.3	49.6	51.9	45.2	51.9
<i>Men</i>												
Paid work/education	28.1	30.9	29.9	25.1	30.2	24.6	28.4	28.1	25.7	28.8	29.2	34.3
Household/care tasks	15.9	17.4	16.6	16.4	16.1	18.4	16.6	18.6	19.6	18.6	16.7	17.1
Total obligations	44.0	48.3	46.4	41.5	46.4	43.0	44.9	46.7	45.3	47.4	45.9	51.4
<i>Women</i>												
Paid work/education	19.7	22.5	20.2	14.6	17.8	14.8	17.6	18.9	17.9	20.9	13.9	22.9
Household/care tasks	27.5	25.9	26.5	29.3	29.7	31.8	31.5	34.6	35.2	34.7	30.5	29.3
Total obligations	47.3	48.4	46.7	43.8	47.5	46.6	49.1	53.5	53.1	55.5	44.5	52.2
<i>Gender difference</i>												
Paid work/education	8.4	8.5	9.7	10.5	12.4	9.8	10.7	9.3	7.8	7.9	15.3	11.4
Household/care tasks	-11.7	-8.5	-9.9	-12.9	-13.6	-13.3	-14.9	-16.1	-15.6	16.1	-13.8	-12.2
Total obligations	-3.3	-0.1	-0.2	-2.3	-1.2	-3.6	-4.2	-6.8	-7.8	-8.2	1.4	-0.8

Source: Eurostat 2004a, SCP analysis; TBO 2000, ATUS 2003

The situation for the working population is not so very different (table 1.9). Dutch working men do roughly the same amount of work as working men in other European countries, while Dutch working women spend considerably less time working than working women in other European countries. In the working population, too, men in the Netherlands are somewhat busier than women (cf. Table 1.2). In countries such as Sweden, Norway, Germany, the UK, Finland and the US, the differences between men and women in the amount of time spent on obligations are not large. In Belgium and France, and especially in the various Central European countries, however, working women have less time over than working men (cf. table 1.2).

Table 1.9: Time use in hours per week, by sex, working population aged 20+, 1998–2003

	Finland	Sweden	Norway	Germany	UK	Belgium	France	Hungary	Estonia	Slovenia	Netherlands	US
<i>Men and women</i>												
Paid work/education	34.7	32.9	30.7	31.8	34.7	31.9	36.4	35.7	32.3	34.2	31.8	38.4
Household/care tasks	18.6	20.6	19.5	17.2	18.4	20.7	18.8	20.6	22.3	23.5	19.1	19.4
Total obligations	53.2	53.5	50.2	49.0	53.1	52.5	55.2	56.3	54.6	57.6	50.9	57.8
<i>Men</i>												
Paid work/education	38.7	36.9	34.5	35.6	39.9	35.4	40.1	38.0	35.0	37.3	37.8	42.4
Household/care tasks	13.9	16.6	15.4	13.1	13.4	15.8	13.2	15.1	16.3	16.8	13.8	15.2
Total obligations	52.6	53.6	49.9	48.7	53.2	51.1	53.3	53.1	51.3	54.1	51.6	57.6
<i>Women</i>												
Paid work/education	30.3	28.6	26.4	27.0	28.7	27.2	31.7	33.0	29.5	30.7	23.9	33.8
Household/care tasks	23.5	24.8	24.0	22.2	24.3	27.0	25.7	27.2	28.5	30.8	26.1	24.2
Total obligations	53.8	53.4	50.4	49.3	53.0	54.3	57.4	60.3	58.0	61.5	50.0	58.0

	Finland	Sweden	Norway	Germany	UK	Belgium	France	Hungary	Estonia	Slovenia	Netherlands	US
<i>Gender difference</i>												
Paid work/education	8.4	8.3	8.2	8.6	11.2	8.1	8.4	5.0	5.5	6.7	13.9	8.6
Household/care tasks	-9.6	-8.1	-8.6	-9.1	-10.9	-11.3	-12.5	-12.2	-12.1	14.0	-12.3	-9.0
Total obligations	-1.2	0.2	-0.5	-0.5	0.2	-3.1	-4.1	-7.2	-6.7	-7.3	1.6	-0.4

Source: Eurostat 2004a, SCP analysis; TBO 2000, ATUS 2003

Differences by sex and family situation

Table B1.1 in the appendix contains a more detailed analysis of the time spent on paid work/education, household/care tasks and on the total of these activities, for men and women in different family situations¹. The analyses were performed for the population as a whole and for the working population. The table reports only the data on the working population.² The findings show clearly that the time spent on work by men does not vary much as a function of their different family situations. The average European working man generally works between 35 and 40 hours per week, regardless of his family situation and where he lives. The figure for American men is rather higher, at around 42–43 hours per week, but here again the family situation has little or no influence.

The situation for women is different. Single working women work the highest number of hours, closely followed by working women living as part of a couple but without children living at home. The arrival of children leads to a fairly sharp fall in the number of hours worked, and this happens in virtually all countries (the least in Finland, Slovenia, Estonia and the US; the most in Sweden, Norway, Germany and the Netherlands). Women with older children in Germany, the UK, Belgium, France and the US (consistently) work less than women without children. In the other countries there is little difference in the time spent on work between women with older children and women without children.

The time spent on household and care tasks is lowest for both sexes among people living alone, and somewhat higher for people who live with a partner³ (and possibly with an adult child living at home); it increases again if there is a young child in the family and reduces somewhat if the child is older. These fluctuations in the time spent on household and care tasks are however greater among women than men (measured in absolute numbers of hours; proportionally the shifts are often of virtually the same magnitude). The picture for total obligations is comparable with that for household/care tasks: the level of obligations is lowest for people living alone, greater where people live with one or more adults, peaks where there are small children and falls slightly again (though not as low as in situations where there are no children) when the youngest child is older. This pattern is found in virtually all countries.

Working hours and leisure time

There are 24 hours in a day. The earlier analyses show that Americans spend more time on paid work, primarily at the expense of the amount of time they reserve for eating and drinking and for 'leisure time'. In this concluding section of this chapter we look more directly at the relationship between working time and other forms of leisure time use⁴. We do this for the two countries for which we have the most data, the Netherlands and the US.⁵

¹ Single; living with a partner but without children living at home aged 0–17 years; adult in a family with children where the youngest child is aged 0–6 years; and adult in a family with children living at home where the youngest child is aged 7–17 years.

² For technical reasons (often too few single fathers in the studies to enable analyses to be performed), the figures exclude single parents.

³ The fact that cohabiting adults spend more time on household and care tasks than single adults probably indicates that living with a partner causes people to do more in the household (e.g. tidying up more often, cooking more often or for longer, etc.). The evident advantages of scale associated with cohabiting are thus expressed not so much in a time-saving as in greater household 'productivity'.

⁴ The analyses differ on a number of points from the analyses presented earlier in tables 1.6–1.9. The main changes are that in the following tables the time spent on travel are incorporated in the figures for the Netherlands in the time spent on the various activities. This does not apply for the figures for the US, which means that the figures in tables 1.10 and 1.11 are not 100% comparable (though the data are consistent within the table). In addition, school pupils/students have been left out of the analyses for both the Netherlands and the US, while time spent on voluntary work and providing informal help are included under leisure time and not under 'care activities' as in tables 1.6–1.9.

⁵ For the other European countries we did not have access to the raw data from the time use surveys themselves, but only to the tables published by Eurostat, so that no comparable analyses were possible. Analyses of the data from the Eurobarometer surveys, however, point to comparable trade-off patterns: more time spent on work is accompanied by less time spent on household and care tasks, voluntary work and education. Although the correlations are weaker than in the analyses of the time use data for the Netherlands and the US, this may be connected with the more general questions used in the Eurobarometer survey.

Analyses of the data from the Dutch Time Use Survey (TBO) reveal virtually linear correlations between the number of hours worked and the time left over for and spent on other activities (table 1.10). Men who work longer have less time for and spend less time on education, household and care tasks, recovery (sleeping, eating, personal care) and leisure time. Within the category 'leisure time' we see smaller numbers of hours spent on virtually all forms of leisure activity: media, social contacts – including voluntary work – sport and exercise and hobbies.

Table 1.10: Time use by sex and working hours¹, Dutch population aged 15–64 excl. students, 1995/2000, in hours per week

	Men					Women				
	Not working	4–23 hours	24–35 hours	36–43 hours	44+ hours	Not working	4–11 hours	12–23 hours	24–35 hours	36+ hours
Work	0.2	17.5	34.6	44.5	54.6	0.2	8.6	19.9	32.8	45.4
Education	2.2	6.6	1.6	1.2	0.9	1.2	2.5	1.3	1.9	1.3
Household/care tasks	19.9	13.6	11.5	9.7	7.8	34.7	31.8	27.9	19.0	11.9
Sleeping, eating, personal care	82.4	81.3	75.1	72.7	70.2	80.4	80.6	77.5	76.6	75.3
Leisure time	63.3	49.0	45.1	40.0	34.6	51.5	44.6	41.5	37.8	34.1
Leisure time:										
Media	25.6	17.4	17.6	16.9	13.8	18.4	15.8	14.7	13.0	11.3
of which television	16.9	12.3	11.5	11.7	9.9	12.7	10.6	10.2	8.8	8.1
Social contacts	22.4	19.6	17.9	15.6	13.8	22.0	20.7	18.9	18.0	16.7
of which with members of own household	2.7	2.0	2.2	2.0	1.4	2.4	2.1	2.1	1.9	1.4
of which with others	7.6	6.5	6.1	5.5	4.9	10.1	9.1	8.1	8.0	7.2
of which going out, day trips	7.4	7.5	7.1	6.2	5.7	5.6	6.1	6.4	6.8	7.1
of which going to church	0.4	0.2	0.2	0.2	0.2	0.5	0.4	0.2	0.2	0.1
of which voluntary work, informal help	4.3	3.4	2.3	1.7	1.6	3.4	3.0	2.0	1.2	0.9
Sport, exercise	2.7	2.1	2.1	1.9	1.8	1.7	1.3	1.3	1.6	1.5
Solitary hobbies	12.6	9.9	7.5	5.5	5.1	9.4	6.9	6.6	5.1	4.5
Feeling rushed (% , as a function of working hours)	8	21	18	19	18	14	25	22	26	21
Feeling rushed (% , as a function of total obligations)	7	13	15	16	23	14	17	16	20	29
Distribution across groups (%)	18	8	22	29	24	48	10	15	16	11

¹ Working hours excl. time spent on travel, consequences for time use including time spent on travel;
Source: SCP (TBO 1995, 2000)

On balance, men who work longer hours do not feel busier than men who work fewer hours, though this is primarily because men who work longer invest significantly less time in education and – in particular – household and care tasks. If we briefly ignore the number of working hours and look at who feels busy because of their total obligations (work, education and household/care tasks), we find a virtually linear correlation between the total hours spent on work, education and household/care tasks and the extent to which people reported that they sometimes feel rushed¹ (last line in table 1.10).

Virtually the same correlations are found for Dutch women, though they are somewhat flatter and less striking than for men: women who work longer spend less time on recovery (sleeping, eating, personal care) and on leisure time. Within their leisure time they spend less time on media, social contacts and hobbies. The only areas where this does not apply are sport and going out: women who work longer hours spend roughly the same amount of time on sport and actually spend more time going out than women who

¹ The figure in the table indicates the proportion of people who feel rushed on at least one day a week (in general, not necessarily as a result of their working hours).

work fewer hours. Whether there is an underlying income effect here or an age/stage of life effect was not investigated further here. As with men, we see that the busier women are, the more rushed they feel.

A comparable analysis can also be performed on the data from the American time use survey (table 1.11). However, for several reasons the table is not completely comparable with the analysis for the Netherlands. In the American survey a diary is kept for only one day and not for a week as in the Dutch survey. This makes the survey less suitable for selecting groups if those groups are defined on the basis of time use (as was done here with regard to the number of hours worked). For this reason the selection of groups takes place on the basis of a general question in the questionnaire.

Table 1.11 Time use, by sex and working hours¹, American population aged 15–64 excl. students, 2003, in hours per week

	Men				Women			
	Not working	1–35 hours	36–43 hours	45+ hours	Not working	1–35 hours	36–43 hours	45+ hours
Work	11.2	29.7	38.4	48.4	4.4	21.6	35.3	43.4
Education	0.6	0.9	0.1	0.1	0.4	0.2	0.2	0.1
Household/care tasks	19.4	13.0	13.7	13.4	35.5	28.2	21.1	19.1
Sleeping, eating	76.3	72.5	71.5	67.2	76.7	75.1	72.7	70.4
Leisure time	51.9	40.8	34.6	28.9	43.1	33.6	29.0	25.3
Travel	8.6	11.0	9.8	10.1	8.0	9.4	9.8	9.7
Leisure time:								
Media	31.6	24.0	20.4	16.1	24.1	17.2	16.1	12.7
of which television	27.4	20.1	17.4	13.7	20.4	14.2	13.4	10.3
Social contacts	11.8	10.1	8.2	8.0	13.7	12.1	9.0	9.4
of which with members of household/others	6.8	5.4	5.1	4.6	8.1	7.3	5.5	5.4
of which going out, day trips	0.8	0.6	1.0	1.0	0.9	0.9	0.9	0.9
of which going to church	1.0	1.0	0.8	0.7	1.2	1.3	1.0	0.8
of which voluntary work, informal help	3.2	3.1	1.4	1.7	3.5	2.6	1.6	2.3
Sport, exercise	2.5	3.3	2.2	2.3	1.4	1.6	1.2	1.5
Solitary hobbies	6.1	3.4	3.7	2.5	3.9	2.6	2.6	1.7
Distribution across groups (%)	20	8	36	36	34	19	33	14

¹ Working hours excl. time spent on travel, but in contrast to the TBO based on general question and not on diary; consequences for time use exclude time spent on travel

Source: SCP (ATUS 2003)

Bearing this observation in mind, we see patterns in the American survey which are comparable with those in the Dutch survey. American men who work longer hours spend less time on most other activities, including education (with the exception of men who report on the questionnaire that they work between 4 and 23 hours per week), recovery (sleeping, eating, personal care) and leisure time. Only the time spent on travel (included here as a separate category, in contrast to the Dutch survey) does not fluctuate clearly with working hours. Within the total amount of leisure time, fewer hours are devoted to media use, including television. Social contacts also decline, albeit not as much as in the Dutch survey. There is also a clear downward trend in time spent on voluntary work, with the exception of the group who work the longest hours. People who work longer hours also devote less time to hobbies than people who work fewer hours or who do not work. Sport and exercise remain at a constant level, however. We find the same patterns among American women.

All in all, it appears that an increase in working hours is not without consequences for other kinds of time use, including time spent on recovery and social contacts. The situation in the Netherlands is not very different from that in the US in this regard.

B2 PREFERENCES WITH REGARD TO TIME USE

Describing differences in actual time use says little about the background to those differences. This chapter takes a first step in that direction. It looks at the degree to which differences exist – between countries within Europe and between Europeans and Americans – in the preferences with regard to work and leisure time and the opinions people hold on these matters. The next chapter looks at institutional factors which may provide an explanation for the observed differences in time use.

This chapter is structured as follows. First we look in more detail at what is known from the literature about the background factors that influence time use, opinions on this and the mutual relationship between them. We then describe the empirical material which – as in the previous chapter – is based primarily on the available data material: first we describe the purely European research material (section 2.2), then the material which includes a comparison with the US (section 2.3). In section 2.4 we look in more depth at differences by stage of life, while section 2.5 concentrates on the relationship between preferences and actual time use.

2.1 Review of relevant literature

It is generally the case that working people with a higher education level and working men have more influence over their own labour process than people with a lower education level and women¹ (Breedveld & Van den Broek 2003). That influence has increased in recent decades/years, at least in the Netherlands. Partly as a result of specific legislation, workers have greater autonomy in shaping their work and working hours (Houtman et al. 2004). The increased diversity in working hours and patterns offers more scope for variation than the 40-hour 9-to-5 uniformity of the past. There is quite simply more choice, in a time of increasing variety of lifestyles in which it is no longer the case that everyone makes the same choices.

There is therefore every reason to examine how far differences in time use can be related to differences in preferences. Studies of expressed preferences can however never provide a complete explanation for differences in behaviour.

First, what is stated in surveys by no means always reflects the deeper desires and motivations of the individuals concerned. Social desirability, political correctness and/or an imperfect understanding both of one's own motivations and of the consequences of one's actions mean that the answers to face-to-face or telephone questions by no means always reflect what the person concerned really wants to (and will) do. In addition, practical difficulties can present obstacles to the realisation of preferences. People state in surveys that they would like to work less, but in practice are afraid to do so because they fear for their job or the associated loss of income, issues which apparently, for whatever reason, weigh more heavily. Conversely, there are people who state that they would like to work more hours, but who for different reasons (attaching more importance to looking after children, lack of facilities for combining work and care tasks) do not do so.

¹ Gender-related differences in the degree of influence over the labour process can largely be reduced to differences in the types and grades of jobs held by men and women: men are generally employed in positions which offer greater control than women.

Secondly, the establishment of preferences and differences between them leaves unanswered the question as to where those preferences come from: what drives them and to what extent can individuals themselves influence them? In studying preferences we are actually doing little more than displacing the problem: it is not the behaviour that should be explained by

the preferences; rather, the question should be what explains the preferences. Why do citizens attach importance to taking care of their children themselves, to maintaining their income levels or to a certain professional prestige? Why are these issues more valued in some countries than others, and what lies behind changes in preferences?

Several authors have pointed to factors which help determine the preferences of citizens with regard to issues such as work and income (Schor 1991, 1998, Cross 1993, in the Netherlands: Peters 2000). At the core of their thinking lies the observation that a free-market economy is based on a system of consumption. As Ford realised long ago when he introduced his '5-dollar day', the financial and psychological ability to consume is the driving force behind the free-market economy. Without income/work there is no consumption; without consumption there is no turnover; without turnover there is no work/income. It is this cycle of earning and consuming, of selling and hiring, which drives the free-market economy, from the 'golden age of capitalism' in the 1950s and 60s right through to the lack of consumer confidence in more recent years.

Consumption is not an end in itself. Like other things, consumption must serve a purpose. Following on from sociologists such as Bourdieu and Goffman, Schor argues that the driving force behind the consumption process is the battle for social status. In a society where there are no fixed positions – a person born into poverty can at least dream that they will one day become a millionaire – social position is no longer based on issues at such as a person's origins and occupation, but on acquired possessions, displayed taste, exhibited lifestyle: consumption patterns, in short. And because this competition is not a logical end in itself (every position is a relative position; the grass is always greener on the other side), citizens drive each other to ever greater heights in their consumptive urge.

In order to be able to stay in the consumption race ('keeping up with the Joneses'), however, it is necessary to earn more and more and thus to work ever harder. Industry feeds this theoretically insatiable desire for distinction by constantly bringing new products to the market with which people can set themselves apart from their fellow citizens.

As a result, people become trapped in what Schor calls a 'cycle of work-and-spend': we want to spend more and more, and to do so we have to earn more and more and work harder and harder. According to Schor, this socio-economic system is the reason that the revenues in terms of productivity brought about by technological progress have never been translated into a fall in the number of hours worked, but have above all been reflected in material progress.

Schor also outlines a number of factors which exert pressure on people to begin or continue working longer (see also Echtelt 2004). First there is the system of 'wages' in place of 'salaried workers': employees who receive a fixed remuneration and are not paid by the hour make it attractive for their employers to keep their employees working for as long as possible. In addition job contents are changing, so that worker achievements are less easily linked to the work performed. The uncertainty that results from this leads to internal competition for jobs, with labour utilisation – the number of hours actually worked – is one of the few variables open to influence. Finally, it is argued, the rise of ICT has led to a blurring of the boundaries between work and leisure time and thus contributes to a longer working week.

The way in which preferences with regard to work and income are guided by the broader social processes is thus illustrated from several perspectives. In addition, all manner of financial considerations play a role. These are considerations that are partly shaped by aspects such as the structuring of the social security system, the tax system and the relative power of employees and the groups which look after their interests (such as trade unions). In more recent years, provisions for combining work and care and making those combinations affordable, can be added to this list. Taken together, this means that describing the opinions and preferences of working people with regard to work and income can be no more than an approximate attempt to explain differences in the time spent on paid work.

2.2 Opinions in Europe (European Foundation/Eurobarometer)

Satisfaction

An earlier analysis of Eurobarometer data shows clearly that European workers are generally satisfied with their lives, health and work (table 2.1). People are markedly less satisfied with the amount of leisure time they have and their financial position: one third of European workers express dissatisfaction. For the Netherlands, these figures are one or more percentage points above the European averages on virtually all fronts (figures not in table).

Table 2.1: Satisfaction with various aspects of life and the work, % reasonably satisfied, working population, EU-15, 2003

	Total	Men	Women
Life in general	91	92	90
Health	90	91	89
Work	85	85	85
Help from family and friends in looking after children	84	87	80
Sharing of tasks with partner	81	89	70
Amount of time spent with family and friends	75	76	74
Amount of time spent working	74	73	76
Amount of time spent on household/care tasks	74	81	67
Amount of time spent on voluntary work	72	73	71
Amount of time spent on education/training	67	67	68
Leisure time	67	71	62
Financial situation	65	65	64

Source: De Groot & Breedveld 2004

Working hours reduction

More than a quarter of European workers who took part in the Eurobarometer survey stated that they have plans to reduce their working hours (table 2.2). The proportion of Dutch workers with these plans is slightly higher; this is striking because in chapter 1, in the same survey, it was observed that the Dutch already generally work fewer hours than other Europeans.

Table 2.2: Plans to reduce working hours, % of working population, EU-15, 2003

	Total	Men	Women
EU Total	24	23	24
Finland	25	27	24
Sweden	26	30	23
Denmark	13	13	13
Germany (West)	9	7	10
Germany (East)	8	8	8
Netherlands	31	34	28
UK	30	31	29
Ireland	32	31	34
Belgium	19	19	18
Luxembourg	24	27	21
Austria	14	15	13
France	25	22	29
Portugal	26	23	30
Spain	32	34	28
Italy	31	27	36
Greece	28	29	26

Source: De Groot & Breedveld 2004

Earlier European research, by the European Foundation for Working and Living Conditions, revealed that working men in Europe would prefer a working week of 37 hours and working women a working week of 30 hours. For men this means a reduction of more than six hours and for women more than three hours (table 2.3). There are thus proportionately more women than men who, rather than reducing the total number of hours worked, would like to increase them (this applies for 16% of European working women compared with 9% of men, versus 44% of women and 57% of men who would like to reduce their working hours; Fagan 2001).

Table 2.3: Actual and desired number of working hours, working population EU-15 + Norway, 1998

	Men			Women		
	Actual ^a	Desired	Difference	Actual ^a	Desired	Difference
Europe (EU-15+Norway)	43.0	36.5	- 6.5	33.5	30.1	- 3.4
Netherlands	41.1	35.5	- 5.6	26.0	24.9	- 1.1

^a The actual numbers of hours worked as presented in this table differ slightly from the working hours as presented in chapter B1, table 1.2 (from Eurobarometer) and, for the Netherlands, table 1.7 (from the Time Use Survey). For the differences between table 1.2 and table 1.7, see chapter B1. The fact that the hours worked presented here differ from the Eurobarometer findings probably has a methodological basis (different method of questioning: in the Eurobarometer respondents are asked more explicitly about the time spent on work, not just about the length of the working week, something which leads to lower outcomes with men and slightly higher outcomes with women).

Source: Fagan 2001

2.3 Europe and the United States

The above studies still offer no insight into the differences between Europe and the US as regards opinions on and preferences with regard to work and leisure time. This information is however contained in two other studies, namely the ISSP 1997 and the World Values Survey (WVS) 1999/2000. The outcomes of the analysis of these two data files are reported for all European countries individually in the appendix to this chapter (along with the complete wording of the various questions). For the sake of clarity table 2.4 clusters the various European countries, with the exception of the Netherlands, into five groups, as follows:

- Scandinavia: Finland, Sweden, Denmark and Norway;

- Anglo-Saxon: United Kingdom and Ireland;
- Rhineland: France, Germany, Belgium, Luxembourg, Austria and Switzerland;
- Southern Europe: Italy, Greece, Spain and Portugal;
- Central Europe: Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Malta and Cyprus¹

Table 2.4: Preferences for time use in percent

	Men	Women	Men	Women	Men	Women	Men	Women
	% who would like to work more hours ^a		% work very important – % leisure time very important ^b		% who feel a good salary is important ^c		% who find not having too much pressure important ^c	
Netherlands	20	18	3	-13	78	67	28	37
Scandinavia	14	16	2	2	63	54	26	30
Anglo-Saxon	28	18	-5	-12	86	78	31	27
Rhineland	24	18	25	18	76	69	20	19
Southern Europe	36	29	29	28	85	84	48	50
Central Europe	50	47	45	41	90	88	50	53
Europe	30	24	23	19	82	76	35	35
USA	38	28	17	6	90	88	35	41

Table 2.4 (cont.): Preferences for time use in percent

	Men	Women	Men	Women	Men	Women	Men	Women
	% who think a large amount of holiday is important ^c		% who feel it is important to achieve something at work ^c		% who have a strong work ethic ^d		% who feel work should always have priority over leisure time ^e	
Netherlands	26	29	44	36	12	9	25	21
Scandinavia	21	17	62	64	23	18	40	34
Anglo-Saxon	42	37	59	59	17	11	28	26
Rhineland	24	22	53	50	33	25	45	38
Southern Europe	37	34	63	62	40	35	50	46
Central Europe	32	29	62	58	49	47	63	61
Europe	31	29	58	56	34	29	46	42
USA	36	37	81	86	21	17	40	32

^a ISSP 1997, weighted results

^b For each of the following, indicate how important it is in your life: work and leisure time', 4 response categories varying from 'very important' to 'very unimportant' (in cells: % work very important minus % leisure time very important) (WVS 1999/2000, weighted results)

^c WVS 1999/2000, weighted results

^d WVS 1999/2000, weighted results (explanation of work ethic scale: see table 2.1 in appendix)

^e WVS 1999/2000, weighted results

(For the complete questions, see Table B2.1 in appendix)

Compared with Europeans, a higher proportion of Americans state that they would like to work longer and earn more. Similarly, a higher proportion of Americans than Europeans consider a good salary important and that it is important to achieve something in one's work. In this respect the surveys give every reason to suppose that the longer working hours in the US are linked to a different view of work, income and leisure time than in Europe.

A higher proportion of Americans than Europeans state that they attach importance to a large number of holidays. This appears to contradict the importance attached by Americans to work and income, but is probably more a reflection of the low number of holidays that Americans currently receive.

¹ Unfortunately the various databases do not contain data for all countries. Table B2.1 in the appendix shows the countries for which and the questions on which data are not available.

Contrary to expectations, there is a higher proportion of people with a strong work ethic in Europe than in the US. The statement that work should always be given priority over leisure time also receives a more positive score in Europe than America. It is not entirely clear why this should be so; the findings seem to contradict three of the four early findings somewhat, which appeared to show that Americans are definitely more pro-work than Europeans. One explanation could lie in differences in the legitimisation of a pro-work/income attitude. For Americans, this legitimacy could come primarily from a drive to achieve personal success, while in Europe it could be more rooted in a sense of social responsibility. The higher European scores on the work ethic scale would then mainly reflect this sense of social duty, while the higher American scores on the three other questions (longer working hours, importance of a good salary, wanting to achieve something in one's work) would reflect a more individualistic legitimisation of a pro-work/income attitude.

In addition to this substantive explanation, reference must also be made to the fact that the strong work ethic in Europe is caused chiefly by the high scores in Southern and Central Europe. As with some groups in the US at the lower end of the labour market, these scores probably reflect the economic necessity of working hard.

The Netherlands scores below the European average in terms of wanting to work longer hours, the importance of work versus leisure time, the importance of a good salary, the importance of achieving something in one's work and the work ethic (as that is measured here). On a number of these questions, the Dutch find themselves in good company with the Scandinavian and Rhineland countries. A clear pro-work/income attitude is most pronounced among residents of Southern and Central Europe.

Finally, men record a more pro-work and income score than women on virtually all variables. Dutch men and women do not differ much in this regard from other European men and women, and European men and women do not differ essentially from American men and women.

2.4 Preferences by sex and stage of life

Chapter B1 shows that the actual time use differs for people in different stages of life. To what extent does this also apply for preferences in time use? The European research by Fagan (2001) cited earlier shows that a preference for working more/fewer hours correlates with age and with having children, at least for men. The desire to work fewer hours is greatest among men aged between 30 and 59, and is greater among men with children than men without children (table 2.5). This correlation is less clear-cut for women.

Table 2.5: Preferences for hours worked by sex, age and having children, working population EU15 + Norway, 1998

	Men				Women			
	Would like to work fewer hours	Would like to work same number of hours	Would like to work more hours	Total	Would like to work fewer hours	Would like to work same number of hours	Would like to work more hours	Total
16–19 years	37	36	27	100	29	42	29	100
20–29 years	49	39	12	100	48	36	16	100
30–39 years	61	32	7	100	46	39	15	100
40–49 years	60	34	6	100	44	42	14	100
50–59 years	57	36	7	100	44	42	14	100
60–64 years	51	38	11	100	26	66	8	100
No children	51	37	12	100	47	38	15	100
Youngest child 0–2 years	62	31	7	100	43	40	17	100
Youngest child 3–5 years	63	31	6	100	38	46	16	100
Youngest child 6–9 years	62	32	6	100	39	42	19	100
Youngest child 10–14 years	63	30	7	100	45	39	16	100

Source: Fagan (2001:48)

In table 2.6 the variables used earlier from the WVS 1999/2000 are analysed further by sex and stage of life. This table relates to Europe, the Netherlands and the US. The family phases are defined as follows: single persons with no children; couples living together without children; and people with children (living at home or otherwise). Unfortunately, it is not possible on the basis of the American data to make a more detailed life stage division (information on the age and housing situation of any children is missing). The appendix to this chapter contains a table which applies a sharper division into life stages¹. The results from that table (B2.2) are only discussed in the text here².

¹ Single; living with a partner but without children living at home aged 0–17 years; adult in a family with children where the youngest child is aged 0–5 years; and adult in a family with children living at home where the youngest child is aged 5–17 years. This variable provides more clarity regarding the age and living situation of the children and thus regarding the associated care obligations.

² It should be borne in mind here that the number of observations for the Netherlands is considerably smaller than that for the US and, in particular, for Europe as a whole. In this further subdivision by family phase and sex, the numbers in the cells for the Netherlands are sometimes very small. The results should therefore be interpreted with some caution.

Table 2.6: Preferences by sex and stage of life

	% work very important – % leisure time very important	% who feel a good salary is important	% who feel not having too much pressure is important	% who feel that a large number of holidays is important	% who feel it is important to achieve something at work	% who have a strong work ethic	% who think that work should always have priority over leisure time
<i>Netherlands (Men)</i>							
single	- 1	81	30	27	53	9	17
with partner	8	96	27	35	50	15	15
Children	6	74	27	24	38	13	31
<i>Netherlands (women)</i>							
single	- 14	78	29	32	45	6	6
with partner	- 19	75	38	25	33	4	20
Children	- 13	62	41	28	32	10	27
<i>Europe (Men)</i>							
single	8	82	39	35	61	21	33
with partner	20	81	35	31	60	29	41
Children	31	82	32	29	56	40	52
<i>Europe (women)</i>							
single	11	77	37	29	60	22	32
with partner	14	80	41	36	62	27	36
Children	21	76	34	28	54	31	45
<i>US (Men)</i>							
single	18	96	41	41	77	17	31
with partner	1	95	30	37	90	19	48
Children	18	86	32	34	82	24	43
<i>US (women)</i>							
single	3	91	35	41	86	15	23
with partner	0	88	48	47	86	30	36
Children	8	87	41	35	86	17	33

Source: SCP (WVS 1999/200)

It is striking that in both Europe and the US people with children attach the greatest importance to work compared with people living with a partner and single people without children. This can probably be explained by the greater economic necessity of work for people who have to support a family. If we look at the more detailed life stage analysis for Europe (see table B2.2 in appendix), we find that among both men and women most importance is attached to work by cohabiting couples without children, closely followed by people with children living at home. In general, the importance of work is high among cohabiting couples and people with family responsibilities. Within all country clusters, single people attach relatively low(er) importance to work¹.

Childless people in Europe, the Netherlands and the US regard a good salary as slightly more important than their compatriots with children. However, if we look at the more detailed life stage analysis, we find that among both European men and women, people with children living at home aged between 0 and 17 years regard a good salary as the most important. This pattern is repeated in (almost) all country clusters. This probably has to do with economic necessity: a good salary is more important for people who have to support a family. The differences between men and women with and without children (living at home) are greatest in Scandinavia; they are smallest in Southern and Central Europe.

Among men in Europe, the Netherlands and the US, single persons without children consider it most important that there is not too much pressure in their work. Among women this opinion is held most often by cohabiters and, in the Netherlands, women with children. If we look at the more

¹ Probably because (young) single persons have fewer financial obligations and can therefore afford a more 'relaxed' attitude to their income.

detailed life stage analysis, we see that it is often women with children who attach relatively high importance to low pressure of work. The same pattern is found for the amount of holidays.

In Europe single men consider it more important to achieve something in their work than men living with a partner and men with children. In the US, men living with a partner without children score highest on this statement. For American women, no difference is found between the different stages of life. In Europe, women living with a partner most often state that they consider it important to achieve something at work. In the Netherlands it is striking that both men and women with children do not consider it very important to achieve something in their work. If we look at the more detailed life stage analysis, we see that European men and women with children consider it very important to achieve something in their work, generally more so than their compatriots without children. Women (with or without children) express this view just as often as men.

The work ethic is especially strong in both Europe and the US among men with children compared with men without children. The same applies for European and Dutch women. However, if we look at the more detailed life stage analysis, we find that the work ethic is strongest in Europe among men and women living together without children, compared with people in other stages of life. Evidently the work ethic is especially high among people who do not (any longer) have children living at home. This pattern is found in all country clusters. During the busiest stage of life, work competes with care tasks, so that in most cases the relative importance of work – and thus the work ethic – will be lower than among people without additional care tasks.

Men and women without children in Europe and the Netherlands achieve the highest score compared with people without children on the statement that work should always be given priority over leisure time. In the US men and women living together without children score highest on this aspect. The more detailed life stage analysis, however, reveals that European men and women without children living at home also score higher on this statement than people with children living at home (just as with the question on work ethic).

2.5 Preferences and actual time use

The data presented so far show clearly that men and women differ somewhat in their preferences as regards work and income, and that there are also differences in the preferences between people in Europe and people in the US. However, these preferences are not always completely unambiguous. On the one hand men with children more often state that they would like to work fewer hours than men without children, but on the other hand attach more importance to work and to a good salary than men without children. The figures on actual time use also show that men's working hours show virtually no variation depending on their home situation. Apparently preferences are easier to achieve than reality, which sometimes provides food for thought concerning the significance of expressed preferences (see also section 2.1).

Analysis of data from the Eurobarometer survey shows that the length of the working week does not correlate with general satisfaction with life, work, health or finances, but does correlate with a number of more specific time-related issues. The more hours people work, the higher the proportion

who express dissatisfaction with the time that is left over for other things and with the stress of work in general (table 2.7). This applies slightly more for women than for men.

Table 2.7: Satisfaction with and opinion on various issues, by family situation and working hours, working population, EU-15, 2003

	Satisfaction (% satisfied)					Opinion (% agree)				
	Working hours	Amount of time spent on voluntary work	Amount of time spent on training/education	Amount of time spent on household/care tasks	Amount of time with family and friends	Leisure time	Sharing of tasks with partner	Help from family and friends in looking after children	Work causes too much stress	I work too much with tight deadlines
Men										
Works 0–23 hours	81	86	76	76	82	83	92	95	36	41
Works 24–35 hours	81	84	75	83	79	80	92	87	38	49
Works 36–43 hours	81	71	70	81	82	77	89	87	47	54
Works more than 44 hours	61	70	58	80	69	60	87	88	63	64
Women										
Works 0–23 hours	87	90	73	70	85	69	73	84	29	34
Works 24–35 hours	83	69	72	65	76	64	69	81	39	44
Works 36–43 hours	75	66	66	70	74	63	71	82	50	47
Works more than 44 hours	58	62	61	59	60	47	68	70	68	58

Source: Breedveld & De Groot 2004

Preferences with regard to working hours also show clear correlations with the actual working situation. The more hours men and women work, the less they state a preference to work and earn even more (with the occasional exception of the group who already work long hours; table 2.8)¹.

Table 2.8: Preference for working longer hours and earning more, by sex and number of hours worked per week, in percentages

	<20 hours	21–30 hours	31–35 hours	36–40 hours	>40 hours
Men					
Netherlands	35	29	9	18	17
Scandinavia	12	42	19	12	13
Anglo-Saxon	23	.	19	22	30
Rhineland	23	53	15	26	19
Southern Europe	55	49	42	34	33
Central Europe	69	63	25	48	51
Europe	40	48	22	29	30
USA	50	48	43	39	34
Women					
Netherlands	22	17	13	13	7
Scandinavia	36	20	14	10	11
Anglo-Saxon	22	18	27	13	15
Rhineland	27	27	20	13	10
Southern Europe	42	25	20	28	29
Central Europe	67	58	50	42	48
Europe	29	27	22	20	28
USA	35	21	22	22	39

Source: ISSP 1997, weighted results

¹ A similar conclusion can be drawn on the basis of the data from the Eurobarometer survey, as well as the WVS. The latter survey reveals that full-time workers are more pro-work and income than part-time workers (figures not in table).

As stated in section 2.1, however, preferences expressed do not necessarily mean that people act in accordance with them. Competing preferences or practical objections can be pressing reasons for not translating preferences into practice. Data from the Eurobarometer 60.3 provide some indication of the dilemmas with which European workers sometimes wrestle. Although, as stated, a considerable proportion of European workers state that they would like to work fewer hours (see section 2.2), the vast majority state that they would not be able to manage on less money (table 2.9). Two-thirds state that they would like to reduce their working hours, but cannot afford to miss the money. Half of those in work think that reducing their working hours would harm their career, that a reduction in working hours simply means that they would have to do more work in less time, or that reducing the hours worked is not possible in their job. Men are more pessimistic on the opportunities for reducing their working hours than women.

Table 2.9: Attitude to reduced working hours, % of working population, EU-15, 2003

	Total	Men	Women
My work is an important part of my life	89	90	89
I could easily manage with less money	19	18	19
I would carry on working even if I didn't need the money	55	52	58
I would like to work less but I can't afford to miss the money	69	72	65
I would like to work less even if that means that I earn less	18	17	20
I would like to work more hours if that meant I would earn more	47	51	43
Cutting your working hours means being less involved in your work	26	30	21
Cutting your working hours is bad for your career prospects	51	54	46
Cutting your working hours means having to do more in less time	51	50	52
Cutting your working hours means you are given less interesting work	39	42	35
A reduction in working hours is not possible in my job	47	37	60

Source: De Groot & Breedveld 2004

In short, there are sufficient reasons to assume that not every expressed desire to change working hours will actually lead to such a change in practice. On the other hand, the differences found in numbers of hours worked between men and women on the one hand and between Europe and the US on the other show a clear correlation with the preferences expressed. Evidently the influence of preferences should neither be underestimated nor overestimated.

B₃ INSTITUTIONAL ARRANGEMENTS

This chapter looks at the role of the government in the choices made by families in their time use. The government exerts a direct influence on these choices, among other things through childcare subsidies and (subsidised) leave arrangements, and also influences them indirectly through the tax and social security system. Arguments from economic theory suggest that the government plays a very important role in these choices. That role is not limited to the level of families – i.e. the distribution of wealth between, say, men and women or between rich and poor families – but can also have far-reaching consequences for the welfare of society as a whole. Subsidies for childcare, for example, can lead to an increase in social welfare because the scarce production factor ‘labour’ (especially of women) is then utilised more efficiently.

Section 3.1 first looks on the basis of the economic theory at a number of efficiency and equity reasons which could prompt the government to intervene in the choices made by citizens with regard to (combining) work and care. Section 3.2 then discusses a number of studies into the effects of a number of those interventions on the distribution of available time, looking in turnout leave arrangements, childcare and the tax system. Section 3.3, finally, provides a summary of these institutions in different countries, arranged by welfare state type. At the end of this section there is a broad review of the relationship between these types of welfare state and labour market participation.

3.1 Usefulness of and need for government intervention: the theory

What reasons does the government have for intervening in the choices made by families between work and care? The first cluster of reasons has to do with *efficiency*: can government policy improve the choice between work and care in such a way that families gain without society having to bear too high a cost? A second cluster of reasons for government policy falls under the umbrella of *equity*.

Taxes affect the choices made by families when deciding on the number of hours worked. They make formal employment less financially rewarding, so that informal (untaxed) work becomes relatively more attractive. In addition, taxing income from work drives up prices in labour-intensive sectors, making formal childcare, for example, more expensive. In the remainder of this section we regard the present tax burden on employment as a given, though we do examine the effects of a shift in the tax burden, for example via childcare subsidies, subsidised leave arrangements or targeted tax relief.

What policy can encourage people to make choices in their time use which serve the social interest better? First, the government can try to mitigate the distorting effect of taxation through targeted subsidies. Secondly, the government can make it easier to borrow or save through the course of a person’s life. Thirdly, choices by families are often largely influenced in practice by restrictions such as inflexible working, school and opening hours. Removing these restrictions and increasing freedom of choice enables families to make better choices.

Finally, in addition to efficiency, redistribution can also be a reason for government policy. Examples include the equal distribution of work and care tasks between men and women and between the poorer and better educated. In discussing the effects of certain forms of policy, therefore, we

look not only at the consequences in terms of efficiency, but also at the distribution of work and care between different groups.

3.1.1 Mitigating the distortionary effect of taxes

The choice made by families between work, providing care and leisure time is distorted by taxation. By 'work' we mean formal work, while 'care' is understood as informal (untaxed) work such as care for one's own children, family and other close relatives. The taxes on work mean that families generally perform less formal work; lower taxes lead to more formal work. On the other hand, more formal work does not automatically mean less time spent caring for children, family and other close relatives: the additional income from formal work may be used to purchase this care.

Taxation has a negative impact on the extent of formal work in two ways. First, the net reward from formal work is reduced; this makes formal work relatively unattractive compared with informal employment, because the latter is not taxed. A second negative effect of taxation on employment arises because production in labour-intensive sectors becomes more expensive. As care provision is highly labour-intensive, this therefore drives up the price of care as a 'product'. This in turn makes it relatively more attractive for people to perform less formal work and provide more care themselves than to purchase care, so that there is again downward pressure on the number of hours of formal work performed.

What does the distortionary effect of taxes mean for formal care categories such as childcare and home care? The demand for officially approved childcare facilities appears to be relatively sensitive to price (see below). If the price-sensitivity is the result of a high degree of substitution between approved (official) and non-approved (informal) childcare facilities, taxation leads to an increase in the price of officially approved childcare facilities. This in turn will lead to a shift between the two types of childcare facilities. The effect on the labour supply of families may be slight, and the result can be the loss of formal work in the childcare sector and an increase in 'informal' childcare provision.

If the forms of childcare cannot easily be substituted, taxation leads to a fall in the total quantity of childcare services and parents are more inclined to look after their own children. Similar effects are found for home care and informal care provided to family and close relatives, though less is known about the price-sensitivity of home care services. If demand for home care should turn out to be price-sensitive like the demand for officially approved childcare facilities, then taxation would lead to a reduction in the amount of home care provided. As substitution with non-approved (informal) care will possibly be difficult, the amount of formal employment performed will reduce so as to make more time free for people to care for their own families and close relatives.

How can the negative effects of taxation be mitigated? According to the theory of optimal taxation (see e.g. Corlett & Hague, 1953), a subsidy or tax reduction can be applied to services which are a good substitute for the untaxed activities. Subsidies and tax breaks for childcare, home care and other labour-intensive services can and does lead to a better social allocation. Families then perform more formal work and greater demand is created for official care services. A key condition for an overall favourable effect is that the labour supply responds adequately to the price stimulus, and that the subsidies and tax relief actually lead to a substantial increase in

the amount of formal work performed. One favourable condition for this latter development is that untaxed care activities are in practice often performed by women, and this is precisely the group with a relatively elastic labour supply (Evers et al., 2005). The subsidies and tax relief will then have to be financed by other providers of labour. Men are relatively insensitive to their net pay, or in other words their labour supply is relatively inelastic. Based on the theory of optimal taxation, a subsidy or tax relief is therefore an efficient means of boosting demand for formal care services.

One qualification that needs to be made concerning the negative effects of taxation is that informal care can also generate positive external effects: informal care may have benefits for society as a whole rather than for the person providing the informal care. That person would not include those benefits in their decision-making process. That means that without taxation, too little informal care might be provided, and taxation can cancel out this effect. A possible example of this is the informal care provided by parents to their own children, something which in the longer term can have positive effects for society as a whole. Despite the great interest of educational theorists and economists in such effects, however, there is as yet little hard evidence to support them.¹

3.1.2 Capital market imperfections and life course policy

Families with children are often faced with considerable financial expenditure at a time when the family income can be relatively low. The Dutch Family Council (*Nederlandse Gezinsraad* – 2001, pp. 66–67) even reports that the Netherlands leads the field in Europe in terms of the difference in purchasing power between families with and without children. This ‘family dip’ can be mitigated by targeted subsidies and tax relief as described in the previous section. Yet it is by no means certain whether such subsidies are always as targeted as they appear: from the perspective of redistribution a subsidy paid to families with a high life income does not make much sense. The temporarily low purchasing power of such families could also be resolved through saving and borrowing on a well-functioning capital market.

Life course policy is aimed at making it easier for households to spread their financial resources from employment over the whole of their lives. From a theoretical standpoint, it is easy to see the sense of such a policy: banks can be conservative in granting loans to young families because they have no assets (on which to secure the loan) and because ‘moral hazard’ can make repayment uncertain. A life course policy could ensure that young people begin saving before they start a family and could enable families in a life course scheme to borrow from the government. Such a policy could thus eliminate capital market imperfections, as the government can generally borrow at a more favourable rate than families. It must be borne in mind here, however, that by offering loans, for example, the government is exposing itself to the same dangers that may have persuaded the private market not to offer loans (e.g. failure to repay loans).

The elimination of capital market imperfections could give young families more scope to realise their preferences in terms of time use. Instead of performing formal work and buying in care services, families with young children could then decide to defer their labour supply until later in life in order to pay off their loans then. They would then have more time to devote to looking after their own children. However, life course policy is still very

¹ See e.g. the overview article by Blau (2000).

much virgin territory: its effectiveness and side-effects will have to be studied further in the future.

3.1.3 More freedom of choice

Inflexible working, school and opening hours limit the choice when seeking to combine work and care tasks. Increasing the scope for combining work and care tasks also leads to greater choice between competing time uses. The resultant improved division of people's time leads to improved welfare.

As regards working hours, the Netherlands is probably one of the most flexible countries in the world. Part-time working has been reasonably well accepted by employers for several decades and in the 1990s a number of laws were passed which further support part-time employment, culminating (for the time being) in the Adjustment of Working Hours Act (WAA), passed in 2000. These laws go well beyond the European directive which was adopted in 1997 to prevent discrimination against part-time work (EC, 1997). As well as the possibility of working part-time, it has also been made easier to work for a few hours on a temporary basis, for example through parental leave and short-term care leave. A study by the OECD (2001a) states that the ability to work part-time is an important reason for the relatively wide scope for combining work and care tasks in the Netherlands. Strikingly enough, whilst already accounting for a high proportion of employment, part-time working in the Netherlands is still growing fairly strongly (Euwals et al., 2005). However, it is an open question whether this growth is so strong because the Dutch simply enjoy working part-time, or whether other forms of inflexibility such as school hours, the opening hours of childcare facilities and the number of childcare places mean they have no other choice. If the latter is the case, the government can play a coordinating role in, for example, harmonising working, school and opening hours.

3.1.4 Redistribution

In addition to the quest for efficiency, the desire for a 'fair' distribution of work and care can also play a role. For example, society may prefer a more equal distribution between men and women, for example in order to foster the financial independence of women. Society may also have a preference for a more equal distribution of formal and informal care among the better and more poorly educated, for example. The government can seek to promote this redistribution through childcare subsidies, but also through compulsory or subsidised leave arrangements.

Childcare subsidies can improve the efficiency of the choices made by families (section 3.1.1), but can also have desirable redistribution effects because these subsidies promote the participation of women in formal employment. In practice this could mean that many women are formally paid for work that they were performing informally in the old situation without subsidies, but the accompanying financial independence can also generate added value (see e.g. Rosen (1996, 1997) on Sweden).

Compulsory or subsidised leave arrangements can promote efficiency, but probably have less marked redistribution effects compared with childcare subsidies. There are three reasons for this. Firstly, paid leave arrangements can increase the participation of women in the employment process in terms of numbers of individuals, but take-up of leave can cause an overall decline in the labour supply measured in hours. Secondly, the redistribution between the better and more poorly educated may be less effective because it

is mainly the better educated who make use of subsidised leave arrangements (Jongen et al., 2002). This is good for the redistribution between the better and worse educated of care provided by parents for their own children, but the fact that these subsidies are also paid to the better educated can skew the income redistribution in their favour. Thirdly, the leave arrangements will have to be collectively organised and this can lead to a level of take-up which is higher than is socially desirable. In the case of compulsory or subsidised leave arrangements, therefore, a judgment has to be made between efficiency and fairness.

3.2 Empirical effects of institutional arrangements on time use

It is apparent from the foregoing that there are good theoretical arguments for government intervention in people's decisions on working hours. Via all manner of institutional arrangements, such as leave arrangements, the government has put these theoretical arguments into practice. In this section we consider what direct and indirect effects this government policy has had on the distribution of the time people have available. In doing so we discuss a large number of empirical studies of these effects.

In the discussion we distinguish between micro-studies and macro-studies. Microeconomic studies are carried out on the basis of data for individual actors (individuals or households), and look at the effects of policy measures (such as taxes, childcare, etc.) in terms of whether or not individuals participate in the labour market and in terms of the number of hours' labour they offer. These studies frequently make use of the variation over time of the explanatory variables and are often limited to the study of the situation in a particular country. By contrast, macroeconomic studies examine differences in aggregated measures of economic performance for large groups of countries and seek to explain the differences between countries (and possibly differences emerging over time) on the basis of differences in the institutional and other contexts.

Both approaches have their advantages and disadvantages. The great advantage of microeconomic studies is that they are relatively good at controlling for a large number of potentially relevant factors which can explain differences in behaviour. Moreover, they are often based on a large number of observations, making them attractive for carrying out econometric research. On the other hand, unlike macroeconomic studies, micro-studies are almost by definition partial in nature in the sense that they look at effects for individuals and households and take no account of general equilibrium effects. Moreover, there is a danger with microeconomic studies that the population studied may produce distortion in the results, for example due to the method of selection (selection bias). Both approaches are thus valuable in their own way and can complement each other.

3.2.1 Leave arrangements

Micro-studies

The number of studies on the impact that (paid) leave arrangements have on the activity rate is very limited. One of the sporadic studies (Del Boca et al., 2003) finds that longer optional maternity leave reduces participation in employment. However, the parameter value is very small and the significance of the deviation from zero is only borderline (with a significance level of 10%). Klerman & Leibowitz (1999), in a study in the US, find no

substantial effect of the introduction of paid maternity leave on the labour market participation rate of women.

The majority of micro-studies into leave arrangements are limited to take-up of paid leave. CBS & SCP (2002) and Research voor Beleid (2000) provide information on the relation between take-up of parental leave and the level of payment. In 2001 24% of those with an entitlement took advantage of paid leave. Take-up in the government sector was higher, at 49%, than in the private sector (12%). The difference in remuneration probably plays an important role here: from 0–30% in the private sector to 70–75% in the government sector. A survey carried out by Research voor Beleid (2000) suggests the same relation between the level of remuneration and participation in parental leave, so that it would appear that the higher take-up of leave arrangements in the public sector can be attributed only partially to inherent differences in workers in the public and private sectors. A study by SCP (2001) further suggests that on the introduction of extended care leave of six weeks, roughly 60% of those with an entitlement (approximately one million persons in the scheme analysed by SCP (2001)) will take advantage of the scheme. According to this study, the level of remuneration plays no role according to this study, although it is questionable whether this is really the case: more recent research by Van Luijn & Keuzenkamp (2004, p. 93) suggests that the majority of those taking up leave in order to care for a close relative with a lengthy illness took paid leave (generally holidays or special leave).

Macro-studies

There have been only a few macro-studies of the effects of leave arrangements. Among the more refined studies are those by Ruhm & Teague (1997), Ruhm (1998) and Jaumotte (2003). These studies seek to assess the impact of leave arrangements on the employment (and wage rates) of women based on panel data at country level. The studies by Ruhm and Teague suggest that these effects are positive. Ruhm (1998), for example, finds in the preferred specification that the employment rate among women rises by between 3 and 4% because of leave arrangements (and that the rate of pay falls by 2–3%). This is a remarkably large effect for what is after all a fairly modest measure. Jaumotte (2003) finds that paid leave for less than 20 weeks leads to an increase in the activity rate of women measured in persons, while paid leave lasting for more than 20 weeks leads to a reduction in the participation rate of women. In her study, paid leave is the sum of paid maternity leave, parental leave and other leave for looking after children.

The sporadic empirical studies of the relationship between paid leave and participation in employment do not produce a uniform picture. It may be that this can be explained by residual limitations of the analyses. For example, all leave is considered as the same; men are sometimes used as a ‘control group’ but may well be influenced by the leave (directly or indirectly, for example through the financing of the leave); and it remains unclear in which direction the causal connection operates (do leave arrangements cause more participation in employment or vice versa?). Moreover, the studies look only at the effect on employment measured in persons, not in hours. Even if the participation rate of women increases because of paid leave in terms of the number of individuals, it is by no means clear whether the participation measured in hours also increases, because women who are already working also make use of these arrangements. In order to determine the effect on the activity rate measured both in persons and in hours, Jongen et al. (2002) develop a simulation model. This model takes account of the

main macroeconomic effects and is calibrated for Dutch data. The simulations with (better) paid parental leave suggest that increasing the payment during the period of parental leave leads to a higher rate of participation in employment by the target group measured in persons. However, the participation rate measured in hours falls, both for the labour force as a whole and for the target group. Jongen et al. (2002) also find that the introduction of paid extended care leave (a maximum of six weeks per year) leads to a fall in the activity rate measured in hours and has virtually no effect on the activity rate measured in persons.

3.2.2 Childcare

Micro-studies

A large number of empirical studies have been carried out on the relationship between the price of childcare and the behaviour of women in particular in offering their services on the labour market. James Heckman, who went on to win the Nobel Prize for economics in 2000, pointed out as long ago as 1974 that high costs of childcare lead to lower participation in employment by women, measured both in persons and in hours. Comparative international research shows that countries with inadequate public childcare provisions also have the lowest female activity rates (Gornick et al., 1997). However, this does not in itself provide evidence of causality, and many studies therefore use micro data to establish the precise relationship between these two variables. Unfortunately, most of the studies concentrate on the participation effect measured in persons, not in hours, so that the effect on the number of hours worked by women already in work is not measured. In addition, these are mostly foreign studies which rarely make any assessment of the effect on the participation rate of men.

The correlation between childcare and labour market participation is generally characterised by the participation elasticity, which indicates the percentage by which the participation rate declines as a result of an increase in the price of childcare of 1%. In practice, it is almost always the net participation rate that is taken as a basis. Empirically estimated elasticities are needed in the (quantitative) evaluation of policy, but they have their limitations. Blau (2000) points out that the identification of empirical elasticities often depends on the data used and on specific model assumptions and that the estimated elasticities rarely fit exactly with the policy to be evaluated. They should therefore be interpreted and applied with the necessary caution.

In an overview of the empirical literature for the US, Blau (2000) concludes that subsidies that reduce the effective price of childcare have a positive impact on labour market participation, although the effect is not particularly large. He finds a range of estimates of the participation elasticity of between -1.26 and $+0.06$, i.e. at one extreme a reduction in the costs of childcare of 1% leads to an increase in the labour market participation rate of women of 1.26%, and at the other extreme there is (virtually) no effect. However, the author concludes that the most reliable studies find an elasticity between -0.2 and -0.1 . These are the studies by Ribar (1995) and Blau & Hagy (1998). The reason Blau considers these studies the most reliable is that, unlike the other studies, they take account of informal care. In theory, ignoring informal care could lead to distorted estimates, because this kind of care is a substitute for formal childcare provision. Like Blau, Choné et al. (2003) also summarise earlier studies and conclude that most of the estimated elasticities lie between -0.4 and -0.2 . Kimmel (1998) finds that

married women are more sensitive to the price of childcare than single mothers.

In the American literature the effect of childcare subsidies on the labour market participation of women is frequently estimated. These are income-dependent subsidies that are related to the activity rate of the parent(s). Berger & Black (1992) found that a subsidy of USD 46 per week led to an increase in the participation rate of unmarried mothers of between 8.4% and 25.3%. Based on model simulations, Meyers et al. (2002) also find strong effects of childcare subsidies on the activity rate of mothers: their model predicts an increase from a participation rate of 21% for no subsidies to 73% when half the mothers receive childcare subsidy. This latter study has however been criticised because it does not use a control group. Gelbach (2002) estimates the effect of free childcare for five year-old children and finds an increase in the participation rate of women of 4–5%. He also finds a positive effect on the number of hours worked. Blau & Tekin (2003) estimate the effect of childcare subsidies on the participation rate of single mothers in the US, but find themselves confronted with the problem that the decision to apply for subsidy cannot be seen independently of the decision to participate in the labour market. The causal effect can therefore not be identified by means of a simple linear regression. The authors circumvent this problem by using variation in childcare subsidies in different counties of the US, and ultimately find that the American childcare subsidy leads to a higher participation rate of 32%. The general conclusion based on this literature is that childcare subsidies have quite a large effect on the labour market participation rate of mothers.

For European countries in general and the Netherlands in particular there is relatively little empirical evidence on the sensitivity of women to the price of childcare in deciding whether or not to join the labour market. Recently a few studies have been carried out for Italy, France and Germany. Del Boca (2002) suggests that the increase in the participation rate of women as a result of childcare subsidies (or more generally, public childcare provisions) relates mainly to part-time work. In countries where part-time work is not unusual, the effect of childcare subsidies will be greater than in countries where part-time working is unusual. The author finds an elasticity for Italian mothers of -0.3 . Choné et al. (2003) find only a small effect of the price of childcare on the participation decision by mothers in France. Wrohlich (2004) also finds a small effect for Germany, although the result is significantly less than 0: Wrohlich estimates the elasticity at -0.03 . Her explanation for this relatively low elasticity is that Germany already offers high reimbursement for childcare, so that a 1% increase in the price of childcare does no longer have much effect.

Bearing in mind the limitations described above, the studies generally suggest that an increase in childcare subsidies leads to greater labour market participation by women. On the other hand, one of the few studies carried out for the Netherlands, by Groot & Maassen van den Brink (1992), suggests that there is no effect on the participation rate of women. However, this can to some extent be explained by rationing of subsidised childcare places at the time of the study.

Table 3.1 Effect of formal childcare costs on the labour supply of married women and demand for formal childcare^h

Netherlands		International	
Hours worked^a			
Groot & Maassen van den Brink (1992)	+/- 0 ^c	Berger & Black (1992)	+/- 0
Tijdens et al. (1994) GPD data	0.9 ^d	Blau & Robbins (1988)	- 0.38 ^d
Tijdens et al. (1994) A&Z data	+/-0 ^d	Connely (1992)	- 0.20 ^d
		Ribar (1992)	- 0.74 ^d
		Michalopoulos et al. (1992)	0.00 ^e
		Ribar (1995)	- 0.09 ^f
		Powell (1997)	- 0.32
		Anderson & Levine (2000)	- 0.2 ^g
		Blau (2000)	<0 ^h
Demand for formal childcare^b			
Groot & Maassen van den Brink (1992)	- 0.33	Blau & Robbins (1988)	- 0.34
		Gustaffson & Stafford (1992)	- 1.88
		Ribar (1992)	- 1.86
		Ribar (1995)	- 0.32

^a The effect of childcare costs on the number of hours worked shows the percentage change in the number of hours worked as a result of an increase of 1% in the cost of childcare.

^b The demand effect of childcare costs shows the percentage change in the demand for formal childcare as a result of an increase of 1% in the cost of childcare.

^c On the basis of their study, Groot & Maassen van den Brink (1992, p. 733) conclude that 'the labour supply shows little or no response to changes in the price of childcare.'

^d This is the effect on the number of working persons, not the number of hours worked. It is a simulation.

^e This is the elasticity in the number of hours worked by married working women who are already using formal childcare facilities.

^f This is the 'uncompensated' effect on hours worked; the simulated income elasticity is - 0.11.

^g The authors cite a range of between - 0.06 and - 0.36 and also find that low-skilled women have a lower elasticity than highly skilled women.

^h The author provides a summary of the empirical literature and concludes that childcare subsidies (i.e. lower costs of childcare) have a significant positive effect on the labour market participation of women.

Macro-studies

In addition to the micro-studies, there are a few studies which look at the effects of childcare on labour market participation on the basis of macroeconomic data from different countries. Jaumotte (2003) analyses the correlation between the participation rate of women and childcare subsidies and paid leave (see below) at country level. She finds that an increase of 10% in childcare subsidy leads to an increase in the number of working women of around 0.5%. However, the parameter which measures the effect of childcare subsidies is not always significant.

Graafland et al. (2001, Chapter 13) present an extensive simulation analysis of the macroeconomic consequences of increasing childcare subsidies in the Netherlands. In their simulations, higher childcare subsidies lead to an increase in the participation rate of women, measured in both persons and in hours worked, at both micro-level and macro-level. As the subsidies largely go to a group which is relatively sensitive to the wage received per hour worked (women), and as a portion of the subsidy is paid by non-workers, the measure largely recoups its costs through higher tax revenues and lower benefits. Little in the way of compensatory taxation therefore has to be levied and any negative side-effects on the participation rate are largely cancelled out. The study by Graafland et al. (2001) is however somewhat dated. A meta-analysis by Evers et al. (2005) suggests that the labour supply elasticity of women may well have fallen significantly in the recent past. A sensitivity analysis in Graafland et al. (2001) suggests that a halving of the labour market elasticity of women (in line with the recent insights of Evers et al., 2005) causes a fall of approximately a third in the total labour supply effect of childcare subsidies.

3.2.3 Tax system

Micro-studies

The list of micro-studies on the effects of taxes and social security contributions on the labour supply is long and contains studies for many countries. A recent overview is given by Blundell & MaCurdy (1999). The Netherlands also has a fairly extensive literature on the determinants of labour supply.

Tax and social security contributions reduce the net income from labour and therefore tend to depress the labour supply because the substitution effect dominates the income effect. However, the empirical literature on micro-studies shows that the male labour supply in all countries is fairly insensitive to the net income from employment. Men work full-time and changes in the marginal remuneration cause little change in the number of hours worked. Only men with a low expected wage may be confronted by the poverty trap and therefore decide not to work at all.

The majority of micro-studies conclude that the female labour supply is relatively sensitive to the net income from employment. This applies particularly for the decision on whether or not to work, and many studies also find that the decision on the number of hours to be worked is a more sensitive issue for women than for men (Evers et al., 2005). An important aspect here is the extent to which the tax system is individualised: in countries where taxes are levied on the basis of family income, women are discouraged from entering the labour market (Jaumotte, 2003). Van Soest & Das (2001) show that the introduction of a more individualised tax system in the Netherlands has indeed promoted the participation rate among women with a partner.

Several countries try to stimulate employment by means of tax credits and schemes such as the 'Earned Income Tax Credit' and 'Working Family Tax Credit'. Several evaluations show that programmes such as these encourage both single persons and families where no-one is in work to participate in the labour market. If the income test is based on family income, however, these programmes can discourage the second earner in the household from working (OECD, 2003a).

Macro-studies

Nickell (2003a) gives an interesting summary of studies that look at the relationship between taxes and labour market participation on the basis of macroeconomic data. Nickell concludes from this that an increase in marginal tax rates of 10 percentage points leads to a reduction in the participation rate of between 1 and 3%. Recent examples of studies of the influence of taxes are those by Davis & Henrekson (2004) and Alesina et al. (2005). Davis & Henrekson (2004) find that an increase in the marginal tax rate of 13% leads to fall in the ratio of working people to the population as a whole of five percentage points. Alesina et al. (2005) find that an increase in the marginal tax rate of 10% leads to a fall in the number of hours worked of between 1.8% (Nickell Nunziata Market Institutions Database) and 7.2% (OECD data). When control variables – such as the union density – are added in, however, the coefficient of the tax variable is smaller and not significant.

Disney (2000) presents an overview of macroeconomic studies of the effects of the replacement rate on labour market participation rates. The study looks primarily at the impact on the unemployment rate. Scarpetta (1996), for

example, finds that an increase of 1% in the replacement rate relative to pay causes the unemployment rate to rise by 0.23%. Nickell & Layard (1999) find broadly the same effect of an increase in the replacement rate.¹

3.3 Welfare state types

The last section made clear that institutional arrangements can have a major influence on the participation rate and the number of hours worked. This section looks at the design of provisions for leave, (formal) childcare and the role of income tax in the various countries. The description of the provisions in the different countries follows the welfare state typology as developed in principle by Esping-Andersen (1990) and later adapted in response to criticism from feminist researchers (Esping-Andersen, 1999).

Esping-Andersen distinguishes three types of welfare state, with the relationship between the labour market and the right of citizens (or in practice often of households) to income as one of the most important indicators. A first type is the *liberal welfare state* (UK and Ireland). Collective provisions are limited in these welfare state types, and where they exist they are targeted exclusively at those who are unable to meet their basic needs in any other way. People have to insure their own risks (in particular the risk of loss of income) via private arrangements or via their employer. A second type is the *social-democratic welfare state*, with Sweden, Denmark and Finland as the most characteristic examples. These countries have collective provisions for all manner of risks, and most of them are accessible to all residents of the country. Promoting high employment receives a good deal of policy attention. The provisions for combining work and care tasks, but also for combining work and training, for example, are fairly generous. Not surprisingly, therefore, the labour market participation rate of women is high in these countries. Finally, the third type is the *corporatist welfare state* (which includes Germany, Austria and France). Social security provisions in these countries are linked to participation in employment (present or past). The pressure to (continue to) perform paid work is less strongly developed as a policy focus and the breadwinner principle often still forms the basis for the design of arrangements. The Netherlands is often seen as a hybrid form; it shares with the social-democratic welfare states the fact that there is a basic pension provision, for example, but on the other hand the leave arrangements are limited compared with these countries and the female participation rate is low. The Netherlands receives separate treatment in this European Outlook, as does the US, which it is classified by Esping-Andersen as a liberal welfare state. In this Outlook, however, the US occupies a separate position as a reference country.

The Mediterranean countries and the new member states do not occur in Esping-Andersen's typology (with the exception of Italy, which he characterises as corporatist). In this European Outlook these countries are placed in two clusters (see also CPB/SCP, 2003). In the *Mediterranean countries*, the social security safety net is often absent or limited (although the pension provisions are generous). The *new member states* (with Poland, Hungary, the Czech Republic and Slovakia as important representatives of this group) were characterised in the past by a commitment to full employment and equality. In view of the high costs, however, in many cases the existing generous provisions have been greatly reduced.

¹ For a detailed overview of the macroeconomic effects of all kinds of generic and specific taxes and benefits in the Netherlands see Graafland et al. (2001) and De Mooij et al. (2005).

It is important to note that the typology as presented here is by no means uncontroversial (see e.g. Sainsbury, 1996; Daly, 2000 and Knijn, 2003). For example, if greater account is taken of the way in which care provisions for

family members are structured, a different classification is likely to result. The fact that Esping-Andersen's typology is nonetheless followed in this European Outlook is based on the fact that it is more embedded in policy discussions, that it can be empirically substantiated (Wildeboer Schut et al., 2000) and that for the time being there is no generally accepted alternative. As will become apparent below, however, with the exception of the social-democratic group there is considerable variation within the welfare state types in the arrangements discussed.

Attention for leave, childcare and taxes

The description of the situation in the various countries focuses on leave arrangements, childcare provisions and the tax system. It is however impossible to present a complete picture within the scope of this report; the situation in the different countries is too diverse for this. The following choices have therefore been made.

The description of *leave arrangements* focuses exclusively on arrangements organised by central government. This means that variation within a country, for example because these arrangements are (also) organised at regional level, is largely left out of consideration. Arrangements negotiated through collective bargaining or at individual company level are also ignored. Moreover, we describe only arrangements for the most common situations. This means that specific provisions for things such as adoption and multiple births are left out of consideration, as are specific arrangements for the self-employed.

Presenting an overview of provisions for *childcare* is if anything even more complex (see also Plantenga & Siegel, 2004). This report considers only childcare facilities which receive some form of government support. In several countries, including the Netherlands, informal childcare in fact plays a bigger role in practice in facilitating the combination of work and care tasks. In order to be able to investigate the effect of the availability of childcare facilities on participation in employment in a particular country, it would really be necessary to include all types of provision in the analysis; lack of data, especially on informal care, makes this impossible. Another important issue is that in some countries part of the care is actually provided in preschool facilities. For working parents it makes no difference in principle where their child is placed during working hours, and this type of provision should therefore also be taken into account. Finally, opening hours play an important role in the degree to which childcare provisions support the combining of work and care tasks. There are many differences here, not least the fact that the opening hours of preschool facilities often do not correspond with working hours. Although important, these differences will of necessity be left out of consideration in this overview.

The description of childcare is limited to a number of general outlines relating to childcare facilities for children of school age (based mainly on Plantenga & Siegel, 2004, and the accompanying country reports). To give a rough indication of the relative extent of the (formal) childcare provisions, percentages will also be presented on the coverage of care facilities for 0–3 year-olds and for children aged between 3 and compulsory school age (in most cases this is age 6 or 7). The percentages for the care provisions for older children in particular should be treated with some caution, since these are often preschool facilities with limited opening hours.[†]

[†] In principle, the information used is always taken from the most recent source available at the time: Keuzenkamp (2004); Klammer (2004); Plantenga & Siegel (2004); Background Document for the Joint Employment Report 2004–2005 (EC, 2005b); OECD (2002, 2003b, 2004b).

The *tax system* is a complex entity which cannot be expressed in one single figure. The average effective tax rate is of particular importance in people's

decision on whether or not to work. We present this here on the basis of realisations, by dividing the sum of direct and indirect taxes on income from employment and the social security contributions of employers and employees by the total gross pay in a given year (macro-data). The data are drawn from a Eurostat publication (2004b).

When it comes to deciding on the number of hours to work, it is not so much the average tax rate as the marginal tax rate, i.e. the tax on each additional hour worked, that is decisive. Once again the percentage depends on many factors. Below we present the marginal tax rates when working hours are increased from a half-time to a full-time job for different types of household. The tax data used refer to the year 2002 and are taken from the OECD (2004).

As well as tax rates, the structure of the tax system is also important. It makes a great deal of difference for the division of work and care within a household whether the income can be spread between the partners or whether the tax system is individualised. Since the early 1970s, fiscal policy in the OECD countries has been increasingly individualised, and almost all countries now levy taxes on each individual separately, although in many cases it would be more accurate to speak of a hybrid system. In our discussion we draw on data from the OECD as reported in Jaumotte (2003).

3.3.1 The Netherlands

In the literature on the different types of welfare state, the Netherlands is generally grouped with the social-democratic countries. In this report, however, it has been decided to discuss the Netherlands separately.

Leave arrangements

Women who become mothers in the Netherlands are entitled to 16 weeks' maternity leave. During this time they receive benefit that is equivalent to the income from employment up to a certain maximum (100% of the standardised daily rate of sickness benefit). Fathers are entitled to two days' paid leave during a period of four weeks after the birth. This entitlement also applies to female employees whose partner has a child.

In addition, there has been a statutory right to parental leave in the Netherlands since 1 January 1991, though the details of this entitlement have been amended slightly on three occasions (with regard among other things to flexibility of take-up of the leave, minimum length of working hours and age of the children for which leave can be taken). At present both parents have a right to a total of 13 times their weekly working hours for each child aged under eight years. This leave is unpaid in principle, though in a number of sectors (including the government sector) it is partially paid.

There are also several forms of short and extended leave. The shortest is 'emergency leave'. In an emergency (e.g. sudden illness of a child or partner, burglary, death of a close family member) an employee may take a few hours' or a few days' paid leave. In principle, payment of salary continues. In addition, the introduction of the Work and Care Act on 1 December 2001 created a right to short-term care leave (up to 10 days per year) to look after a sick child, partner or parent. During this period the employee receives 70% of their salary. All employees have this right (unless it would harm the interests of the organisation).

Very recently (1 June 2005), an entitlement to long-term care leave was introduced. Employees can take leave to care for a partner, child or parent with a life-threatening illness. For a period of 12 weeks the employee may temporarily reduce their working hours by 50%. However, this leave can also be spread out over a longer period (18 weeks). Long-term care leave may be taken a maximum of six times the weekly working hours each year (i.e. six weeks). The leave is unpaid, though use can be made of a facility to unlock funds in a savings salary scheme and the fiscal leave savings scheme.

Childcare

The introduction of a number of temporary incentive measures in the 1990s provided a major boost for the supply of formal childcare facilities in the Netherlands. In 1990 the capacity was still very small: three places per 100 children aged under three. In 2002 the number of places per 100 children had risen to 12.5. The comparable figures for children aged 4–12 years are 0.2 and 3.3. Around six out of every hundred children aged 0–3 years initially made use of formal childcare facilities; in 2002 this had risen to over 22. Out-of-school care provision was used by only 0.3% of 4–12 year-olds in 1990; in 2002 this had risen to more than 5%.

The childcare system was changed this year from a supply-funded welfare sector to a demand-driven market sector. Government subsidies for childcare no longer go to the institutions providing the service, but go directly to parents. The intention is that employers (of both parents) should bear a third of the costs, with the parents bearing part of the costs (income-dependent) and the government the rest. Henceforth parents will have to sign a contract with a childcare centre or host parent institution and pay the bills themselves. They will then be able to reclaim part of the costs via government and employer's contributions.

Tax system

The average implicit tax rate on employment in the Netherlands is relatively low at 32%, over four percentage points below the European average. As a result, its distorting effect on the decision to participate in employment is low, though still notably higher than in the Anglo-Saxon countries. By contrast, Dutch marginal tax rates are high, making it relatively unattractive to increase the number of hours worked. A Dutch person working half days who wishes to work full-time will lose half the additional gross salary in taxes. There are only a few EU member states where the marginal rate is higher.

Since the introduction of the new Dutch tax system in 2001 it can be characterised as an individualised system, in common with most other OECD countries. Despite this, several forms of income and deductible items can be divided between the partners. This applies for example to deductible costs related to the home, expenditure on childcare and assets and debts entered in 'box 3' of the tax return (income from investments and assets).

3.3.2 Social-democratic countries

The social-democratic countries have the most extensive leave and childcare provisions of the different welfare state types. The government plays a key role here, but employers' and employees' representatives often supplement the statutory arrangements in their collective bargaining agreements. This section looks at the situation in Denmark, Sweden and Finland.

Leave arrangements

Maternity leave is always paid in these countries and lasts for 18 weeks (in Finland 17.5 weeks). Sweden has no separate leave arrangements for maternity leave, which forms part of parental leave. Swedish mothers can take leave up to 60 days before the birth (80% paid).

Sweden has the most generous parental leave arrangements. Parents can take partially paid leave (depending on the level of their income) for a total of 480 days. On top of this every parent can take unpaid leave until the child reaches the age of 18 months. The leave may also be taken part-time. Danish parents have a right to 32 weeks' paid leave per family (at a minimum of EUR 86 per day) until the child is 48 weeks old. Finland operates a system of partly paid parental leave of 26 weeks per family, after which parents may take unpaid leave until the child reaches the age of three. If no use is made of childcare provisions during this period, however, parents are entitled to benefit (in 2001 approximately EUR 252 per month).

Another particular feature of the Scandinavian countries is that fathers are encouraged to take leave to look after their child. This may involve setting aside part of the parental leave for the father (as in Sweden), or may be special paternity leave; in Finland, for example, there is an entitlement to three weeks' paternity leave (paid at 80% of salary up to a maximum).

The Scandinavian countries – with the exception of Denmark – operate care leave arrangements, at least for children (Finland) and sometimes also for other close relatives (Sweden). Once again, the arrangements in Sweden are the most generous, with each family being entitled to 60 days' partially paid leave per child is supported by a doctor's certificate. In addition employees have a right to unpaid leave in pressing family circumstances. Finnish parents have a right to four days' paid leave per year for a sick child aged under 10 years; in addition they may take unpaid leave if a family member becomes suddenly ill.

Table 3.2 Leave entitlements^a and coverage of childcare in Sweden, Denmark and Finland

	maternity leave		parental leave		care leave		childcare	
	duration	payment	duration	payment	duration	payment	0–3 year-olds	3–school age
Sweden	60 days	80%	420 days	80% ^b	60 days per child per year	80%	74% ^c	96%
Denmark	18 weeks	100% ^d	32 weeks	100% ^d	–		68%	94%
Finland	17.5 weeks	80% ^e	26 weeks	80% ^e	4 days per year	(100%) ^f	29%	62%

^a Paternity leave has been left out of consideration here and care leave includes only care for sick children.

^b Compensation of 80% for 390 days up to certain maximum.

^c These are 1–3 year-olds.

^d With a maximum.

^e Amount depends on income.

^f No compulsory continuation of salary, but often agreed in collective bargaining.

Source: EC (2005a, 2005b); Klammer (2004); Keuzenkamp (2004).

Childcare

Childcare provisions in the Scandinavian countries are fairly generous. In reality childcare is genuinely a basic provision here.

In Denmark the intention is to make childcare facilities available for all children from the age of six months. The capacity is not adequate

everywhere, however, for example in Copenhagen (OECD, 2002). Parents pay approximately 20% of the costs, with the rest coming from the public purse. Like Denmark, Sweden aims to provide full coverage with formal childcare facilities, though here it starts from the age of one year. Before that age children are cared for by their parents via the system of leave arrangements. The public funding of childcare varies between 75% and 84%. In Finland all children under the age of six are entitled to childcare. The parental contribution is income-dependent and on average covers 15% of the costs.

As can be seen from table 3.2, the take-up of formal childcare is especially high for children aged over three years. In Sweden and Denmark, however, the youngest children also make use of the provision; in Finland at this applies for a third.

Tax system

Taxes are relatively high in the social-democratic countries, with both average and marginal rates being at the upper end of the European spectrum. In fact the average tax rate in Sweden is the highest in the EU. By contrast, the Swedish marginal tax rate occupies a middle position in the EU and is thus substantially lower than in Finland and Denmark. The tax system is individualised in all Scandinavian countries.

Table 3.3 Average and marginal tax on employment in Sweden, Denmark and Finland

	Average implicit tax rate on employment (%) ^a	Marginal effective tax rate (%) for part-time workers when increasing working hours from half-time to full-time			
		No children		Two children (aged 4 and 6 years)	
		Single	Married double-earners	Single parent	Married double-earners
Sweden	46.6	35	35	55	35
Denmark	39.9	48	48	57	48
Finland	43.9	50	42	64	42

^a The average tax rate is calculated retrospectively on the basis of realised tax revenues in relation to total gross pay. Source: Eurostat (2004b), p. 89.

^b No allowance is made for childcare reimbursements. For married couples it has been assumed that there is a full-time breadwinner and a part-time working partner who when working fully earns 67% of the average gross wage in that country. Source: OECD(2004c), p. 112.

3.3.3 Liberal countries

As a general rule, among the member states of the EU only the UK and Ireland are included in this cluster. Compared with the countries in the social-democratic group, the provisions in the liberal countries are meagre. Leave arrangements are short-lived, with the exception of maternity leave, and are usually unpaid. Employers' and employees' representatives play a minor role in the improvement of provisions for combining work and care tasks, though the arrangements in the public sector are sometimes more generous (both in terms of duration and payment) and in some, mainly large companies.

Leave arrangements

Mothers in the UK are entitled to 52 weeks' maternity leave, but the financial compensation is only substantial during the first six weeks (90% of salary); after this they have a right to 20 weeks' at GBP 100 per week, while the remaining 26 weeks' leave is unpaid. In Ireland, mothers are entitled to 26 weeks' leave. For 18 of these weeks they receive around 70% of their salary,

up to a maximum of EUR 232.40 per week; after this, the leave is unpaid. The UK also has a provision for paternity leave, a total of two weeks paid at GBP 100 per week.

Parental leave was introduced in the UK only at the end of 1999 (under pressure from an EU directive dating from 1996). The length of this leave is as prescribed by the directive. Every parent has a right to 13 weeks' leave per child (until the child reaches the age of five years); the leave is unpaid. A parent may take a maximum of four weeks' leave in any calendar year. Since April 2003 parents have the right to submit a request to reduce their working hours or adopt flexible working hours. Employers must consider such requests seriously.

The leave arrangements in Ireland are similar to those in the UK: every parent is entitled to 14 weeks' unpaid leave until the child reaches the age of five years. More flexibility is however possible in taking the leave; this is arranged with the employer.

Leave entitlements for a sick child, dependent next of kin and emergencies are limited, in terms of both duration and payment. In the UK there is a right to a 'reasonable amount' of unpaid leave for emergencies. The arrangements in Ireland are rather clearer and better; workers here have a right to three days' paid leave per year to care for dependent close relatives (with a maximum of five days in three years). In addition workers may take up to 65 weeks' unpaid leave to look after a dependent close relative.

Table 3.4 Leave entitlements^a and coverage of childcare arrangements in the UK and Ireland

	maternity leave		parental leave		care leave		Childcare	
	duration	Payment	Duration	payment	Duration	Payment	0-3 year-olds	3-compulsory school age
United Kingdom	52 weeks	6 weeks 90%; 20 weeks GBP 100; then unpaid	13 weeks	–	reasonable amount	–	?	?
Ireland	26 weeks	18 weeks 70% ^b ; then unpaid	14 weeks	–	3 days	100% [?]	12%	74%

^a Paternity leave has been left out of consideration here and care leave includes only care for sick children

^b Up to a maximum

Source: Klammer (2004); Keuzenkamp (2004), EC (2005a), OECD (2003b).

Childcare

Compared with the social-democratic group of countries, the UK and Ireland have a much smaller formal childcare system. The position in the UK is somewhat diverse, however, because England, Scotland, Wales and Northern Ireland all have different systems. In this discussion we will limit ourselves to the situation in England. There are five different forms of childcare here, which are regulated by the Office for Standards in Education. Childcare is paid for in full by the parents, with financial support being offered to those on low and middle incomes via the tax system. It is not known how many children are registered in the formal childcare system.

In Ireland, too, the costs of childcare are largely borne by the parents, though in the 1990s the Irish government took various initiatives – first in the context of social cohesion and later to accommodate shortages on the jobs market – to develop childcare (OECD, 2003b). Childcare for young children is offered mainly by private, commercial organisations. The take-up

of these services is limited. Older children receive care significantly more often, often in preschool facilities. The costs of this care are met from public funds.

Tax system

Taxes in the liberal countries are generally the lowest in Europe. The average tax rate of around 25% in the UK and Ireland is comparable with the American tax rate and substantially lower than in other EU member states. Marginal tax rates are also low, although Greece, for example, has much lower marginal rates. One striking exception is the high marginal rate for single parents, for whom it makes virtually no financial sense to work more hours. As in most countries, the tax system in the UK is individualised; the tax allowance for married couples was abolished in 2000. According to Jaumotte (2003) the Irish system can best be characterised as an 'optional joint' system. In this sense, the Irish tax system resembles the American system more closely than any other European country.

Table 3.5 Average and marginal tax rates on employment in the UK and Ireland

	Average implicit tax rate on employment (%) ^a	Marginal effective tax rate (%) for part-time workers when increasing working hours from half-time to full-time basis ^b			
		No children		Two children (4 and 6 years)	
		Single	Married double-earners	Single parent	Married double-earners
United Kingdom	24.6	37	32	87	32
Ireland	25.9	30	30	75	30

^a The average tax rate is calculated retrospectively on the basis of realised tax revenues in relation to total gross pay. Source: Eurostat (2004b), p. 89.

^b No allowance is made for childcare reimbursements. For married couples it has been assumed that there is a full-time breadwinner and a part-time working partner who when working fully earns 67% of the average gross wage in that country. Source: OECD(2004c), p. 112.

3.3.4 Corporatist countries

Included in this group are Germany, France, Belgium, Austria and Luxembourg. The extent and quality of the provisions generally lies between that of the social-democratic countries (in particular Scandinavia) and the liberal countries. Employers', employees' and government representatives (the 'social partners') are generally more active on this front than in the liberal countries, but less so than in Scandinavia.

Leave arrangements

The duration of maternity leave is virtually the same in the corporatist countries as in the liberal countries, or occasionally one or two weeks longer. However, the remuneration is significantly better (often 100%). Some of these countries have limited paternity leave arrangements of two weeks (France and Belgium) or two days (Luxembourg).

Germany and Austria, in particular, have extensive provisions to give parents (in practice usually mothers) an opportunity to reduce their working hours for an extended period in order to look after their children. In Germany, there is an entitlement to a maximum of three years' leave the family, possibly on a part-time basis. By way of compensation, income-dependent childcare benefit can be claimed up to a maximum of EUR 300 per month. If the leave is of shorter duration the benefit is higher (up to EUR 450 per month). It is not necessary to have an employment relationship in order to receive this *Erziehungsgeld*; everyone who works no more than 30 hours a

week can apply for it. Austria has a fairly similar provision allowing parents to take leave to look after their young children. Neither country has a statutory right to paternity leave.

The situation in France closely resembles that in Germany and Austria, though in principle the leave is shorter (one year, with the possibility of extending it by a further two years). Depending on the level of household income, parents may receive a supplementary benefit (*Allocation Parentale d'Education*); in 2004 this amounted to a maximum of EUR 502 per month. In Luxembourg every parent has a right to six months' leave to raise a child aged up to five years. Full-time leave is paid at the rate of EUR 1,693 per month.

All corporatist countries have a right to care leave, at least for children and sometimes (Belgium and Austria) for other close relatives needing help. In Austria there is an entitlement to paid leave of two weeks to look after a sick child and one week for another close relative. In Germany there is an entitlement to partly paid leave of ten days per child, and in Belgium to ten days' unpaid leave for urgent cases (such as a sick child). The care leave for a sick child is shortest in France and Luxembourg: three days' unpaid leave in France and two days' paid leave in Luxembourg.

In addition, with the exception of Luxembourg, these countries make provision for long-term leave to provide care, to study or for other purposes. However, the arrangements are rather diverse. In Germany there is a statutory right to apply for such leave and employers must give such requests serious consideration. In practice this is often linked to leave that people have saved up via a 'working time account'. The situation is similar in France, where there is also an entitlement to long-term leave (full-time or part-time) in the event of serious illness or disability of children or a terminal illness of a parent. Belgian workers have a right to between one and three months' care leave for a seriously ill family member, with the possibility to extend this period. Leave can also be taken to provide palliative care in Belgium; this is linked to a 'time credit scheme' (*Tijdskredietregeling*), under which people can apply for 'interruption benefit' of up to EUR 535 per month. The maximum period for which this benefit can be applied for is five years during a person's entire career. In Austria workers may take a maximum of six months' unpaid palliative care leave. Moreover, if the employer agrees, they may take 6–12 months' unpaid leave for personal reasons (family or education).

Table 3.6 Leave entitlements^a and coverage of childcare arrangements in Germany, France, Belgium, Austria and Luxembourg

	maternity leave		parental leave		care leave		Childcare	
	duration	Payment	duration	Payment	duration	payment	0–3 year-olds	3-compulsory school age
Germany	14 weeks	100%	3 years	1 year EUR 450 or 2 years EUR 300, then unpaid 10 days per child	70% 3 days per year, for serious illness for months' leave or part-time work	9%	90%	
France	16 weeks	100% ^b 1st month 82%, then 75%	3 years	–	1–3 months care leave, extension possible	– EUR 535 per month	43%	100%
Belgium	15 weeks	100%	13 weeks	EUR 548 per month	2 weeks	100%	30%	100%
Austria	16 weeks	100%	2 years	EUR 436 per month	2 days per year	100%?	11%85%	
Luxembourg	16 weeks	100%	6 months	EUR 1693 per month			11%	7%

^a Paternity leave has been left out of consideration here and care leave includes only care for sick children.

^b And with a maximum of approx. EUR 2500 per month

Source: EC (2005a, 2005b); Klammer (2004); Keuzenkamp (2004); Plantenga & Siegel (2004).

Childcare

There is considerable variation between the corporate welfare states as regards childcare arrangements. France and Belgium have the most formal childcare, Luxembourg the least. There are considerable regional differences in Germany and Belgium; broadly, formal childcare is more common in the former East Germany than in the West, and in Belgium occurs more in the Dutch-speaking Flanders than in French-speaking Wallonia.

Germany, Austria and Luxembourg have virtually no formal childcare provision for children aged up to three years; young children are looked after within the family or via informal arrangements. Parents pay an income-dependent contribution towards formal childcare. After their third year children generally go to preschool facilities. The low percentage of children older than three years who receive such care in Luxembourg is striking. This may have to do with the fact that the compulsory school age in Luxembourg is four years (compared with six years in other countries in this group) and that they do not enter childcare facilities before this.

In France, almost all children are placed in preschool facilities from the age of three, with a high proportion (in 2001 approximately 35%) being placed in these facilities at the age of two. Childcare is partly subsidised by the government, and parents can also receive tax relief on it.

Tax system

There are also important differences between the individual corporatist countries as regards their tax systems. On the one hand there are Belgium and Germany, where marginal tax rates are the highest in the EU; someone wishing to increase his working hours in these countries ultimately retains less than half his gross income. The average tax rate is also high in these countries. The latter also applies for France and Austria, but the marginal rate there is significantly lower and closer to the EU average. Luxembourg is a separate case in this cluster: both average and marginal tax rates are low,

so that the distortion caused by the tax system has relatively little influence on the decision to work (more).

Partner's income is taxed jointly in Germany, France and Luxembourg. In this respect they differ from the individualised systems used in most EU member states.

Table 3.7 Average and marginal tax rates on employment in Germany, France, Belgium, Austria and Luxembourg

	Average implicit tax rate on employment (%) ^a	Marginal effective tax rate (%) for part-time workers when increasing working hours from half-time to full-time basis ^b			
		No children		Two children (4 and 6 years)	
		Single	Married double-earners	Single parent	Married double-earners
Germany	39.9	54	51	66	52
France	41.8	36	37	62	30
Belgium	43.5	57	57	57	57
Austria	39.2	40	40	39	40
Luxembourg	28	30	26	34	16

^a The average tax rate is calculated retrospectively on the basis of realised tax revenues in relation to total gross pay. Source: Eurostat (2004b), p. 89.

^b No allowance is made for childcare reimbursements. For married couples it has been assumed that there is a full-time breadwinner and a part-time working partner who when working fully earns 67% of the average gross wage in that country. Source: OECD(2004c), p. 112.

3.3.5 Mediterranean countries

In the literature on the different types of welfare state, Spain, Portugal, Greece and Italy are grouped together in the 'Mediterranean countries' cluster.

Leave arrangements

Maternity leave in the Mediterranean countries lasts for between 16 and 17 weeks (Spain, Portugal and Greece) and 20 weeks (Italy). Payment is highest in Portugal (100% of salary), followed by Spain (100% up to a maximum of EUR 2,731 per month) and Italy (80% of salary). Greece offers mothers the lowest financial compensation during this leave. The benefit is income-related, with a maximum that is based on the number of dependent family members (EUR 33–44 per day). One special feature of the Mediterranean countries (in this instance with the exception of Greece) is that maternity leave can be partially transferred to the father (Spain) or may be taken by the father if the mother is seriously ill or dies following the birth of the child. Only Portugal has specific paternity leave of any meaningful duration: 20 days; five days of this are compulsory and the salary is paid in full. Spanish and Greek fathers may take two days' fully paid leave.

Parental leave is unpaid in the Mediterranean countries, with the exception of Italy, where both mothers and fathers are entitled to six months' leave (though the total must not exceed 10 months). If the leave is taken before the child reaches the age of three, parents are entitled to payment of 30% of their salary. The duration of the leave is shortest in Greece (13 weeks); this may be taken until the child reaches the age of 2.5 years. Spain has the longest leave: a parent may take a year's leave, with the possibility of extending this to three years following the birth of the child. However, after one year return to the parent's old job is no longer guaranteed. Portuguese parents have a right to three months' leave until the child reaches the age of six. Portugal and Italy also have statutory schemes giving parents the right to

one or two hours' leave per day, fully paid. In Portugal this applies during the first year after the birth, in Italy until the child reaches the age of 12.

One special – albeit modest in scope – provision for parents in a few of the Mediterranean countries is the right to take leave in order to visit their children's school a few times a year. This leave is fully paid and exists in Portugal and Greece.

As regards short-term care leave, only Spain and Portugal have paid arrangements, though these are very diverse in terms of duration. Parents in Spain have a right to two days' paid leave for a seriously ill child or in the case of serious illness or death of a family member to the second degree. In Portugal parents have a joint entitlement to 30 days' care leave for a sick child aged under 10 (paid at the rate of 65% of the minimum wage). Both countries also offer the possibility of unpaid leave: up to one year in Spain (full-time or part-time) for a family member to the second degree, and 15 days in Portugal to care for an older child, partner, parent or other older relative living in the same home. Entitlements to care leave in Greece and Italy are limited. In Greece the number of days depends on the number of children (six for one child, eight for two and ten for three or more). Parents in Italy may take five days' unpaid care leave for a child aged under three.

Table 3.8 Leave arrangements^a and coverage of childcare arrangements in Spain, Portugal, Greece and Italy

	maternity leave		parental leave		care leave		Childcare	
	duration	Payment	duration	Payment	Duration	Payment	0–3 year-olds	3-compulsory school age
Spain	16 weeks	100% ^b	3 years after birth	–	2 days 1 year	100%? Unpaid	12%	98–100%
Portugal	17 weeks	100%	3 months	–	30 days per family 15 days	65% of minimum wage unpaid	22%	71–90% ^d
Greece	17 weeks	Depends on salary and a number of family members ^c	13 weeks	–	6–10 days	–	7%	60%
Italy	20 weeks	80%	6 months	30%	5 days	–	7%	98%

^a Paternity leave has been left out of consideration here and care leave includes only care for sick children.

^b Up to a maximum of EUR 2731 per month.

^c Up to a maximum of EUR 33–46 per day.

^d For 3–4 year-olds and five year-olds, respectively.

Source: EC (2005a, 2005b); Klammer (2004); Keuzenkamp (2004); Plantenga & Siegel (2004).

Childcare

Few young children receive formal childcare in the Mediterranean countries. Among older children, by contrast, the percentage receiving such care (including in preschool facilities) is fairly high, as in most other countries. The parental contribution to the costs of childcare depends in all cases on the level of income, and sometimes on the number of children.

Tax system

Taxes in most Mediterranean countries are low, both as regards the average and marginal rates. Particularly striking is the extremely low marginal rate of 20% in Greece, which is even considerably lower than in the US. The exception among the Southern countries is Italy; here rates are somewhat higher than the EU average and are comparable with Austria, for example.

As regards the tax rate, therefore, Italy fits in better with the corporatist welfare state type. The Portuguese tax system is the exception in this cluster in that it is the only Mediterranean country where partners are taxed jointly.

Table 3.9 Average and marginal tax rates on employment in Spain, Portugal, Greece and Italy

	Average implicit tax rate on employment (%) ^a	Marginal effective tax rate (%) for part-time workers when increasing working hours from half-time to full-time basis ^b			
		No children		Two children (4 and 6 years)	
		single	Married double-earners	Single parent	Married double-earners
Spain	30	29	29	25	28
Portugal	33.7	22	23	49	19
Greece	37.8	20	20	16	16
Italy	41.1	38	38	33	44

^a The average tax rate is calculated retrospectively on the basis of realised tax revenues in relation to total gross pay. Source: Eurostat (2004b), p. 89.

^b No allowance is made for childcare reimbursements. For married couples it has been assumed that there is a full-time breadwinner and a part-time working partner who when working fully earns 67% of the average gross wage in that country. Source: OECD(2004c), p. 112.

3.3.6 New member states

The description of the arrangements in the new member states is limited to the following countries: Poland, Hungary, Slovenia, Czech Republic and Slovakia.

Leave arrangements

Slovenia has the shortest entitlement to maternity leave (15 weeks), followed by Poland (16 weeks for the first child and 18 weeks for each subsequent child). This leave is fully paid in both countries. Hungary, the Czech Republic and Slovakia have longer leave arrangements (24–28 weeks), but this is not fully paid (between 55% and 70%).

Only Slovenia has specific paternity leave. Fathers have a right to 90 days' leave, 15 of which must be taken during the mother's maternity leave. This leave is fully paid. The remaining days have to be taken before the child reaches the age of eight, and are unpaid, though the state does play the social security contributions (based on the minimum wage).

In Poland, a portion (the last two weeks) of maternity leave can be transferred to the father, and in Slovakia fathers can take paid leave if the mother is long-term sick (up to 22 weeks). This leave is paid at 90% of the salary, up to a certain maximum.

Slovakia is the only country without an entitlement to parental leave (situation as at May 2004), though a parent who is looking after at least one child aged under three on a full-time basis receives a supplementary benefit provided that child is not in a childcare facility of EUR 94 per month (or EUR 30 per month if the parent has an income).

In the other countries studied the length of the leave entitlement ranges from 260 days (Slovenia) to 180 weeks (Czech Republic); this leave is always paid, though usually only partially; Slovenia is the only country where parental leave is fully paid. The entitlement to leave in these countries applies per household. Hungary is the only country where one of the two

existing schemes for parental leave (GYED, a scheme for insured parents) is specifically aimed at mothers and single fathers.

There is no right to short or long-term care leave in the Czech Republic, though someone caring for a long-term sick relative on a full-time basis receives supplementary benefit. All other countries have some kind of provision for short-term care leave. Workers in Poland with at least one child aged under 14 are entitled to two days' paid leave per year as well as 60 days paid at 80% of salary, to look after a sick child. For older children and other family members there is also a right to 14 days' leave per year, again paid at the rate of 80% of salary.

In Slovakia there is an entitlement to a maximum of seven days' leave per illness per child aged under 10. During the first three days of the leave, 70% of salary is paid, rising thereafter to 90% (up to a maximum of approximately EUR 8.70 per day).

Slovenian workers are allowed to take 15 days' leave to look after a sick child or other family member (paid at 80% of salary). They are also entitled to at least one extra day per year for every child aged under 15.

The longest care leave arrangements of the countries studied are found in Hungary. This is a household entitlement which depends on the age of the child. If a child is younger than one year the duration is unlimited; from 1–3 years it amounts to a maximum of 42 days per year; from 6–12 years a maximum of 14 days (paid at 70% of salary). There is also an entitlement to two years' leave to look after a sick or disabled relative, with financial compensation of approximately EUR 70 per month. There is also a provision for large families; parents with three or more children may take leave if the youngest child is aged between three and eight years (compensation approximately EUR 90 per month).

Table 3.10 Leave arrangements^a and coverage of childcare arrangements in Poland, Hungary, Slovenia, Czech Republic and Slovakia

	Maternity leave		parental leave		care leave		childcare	
	duration	payment	duration	payment	Duration	Payment	0–3 year-olds	3-compulsory school age
Poland	16–18 weeks ^b	100%	36 months	Income-dependent ^c	2 days ^d 60 days ^d	100%? 80%	?	51%
Hungary	24 weeks	70%	2 years ^e supplementary year	70% ^e EUR 90 per month	Unlimited until the first year, then declining from 84–14 days per year	70%	10%	88%
Slovenia	15 weeks	100%	37 weeks	100%	15 days ^f	80%	?	?
Czech Republic	28 weeks	69%	180 weeks	EUR 113 per month	–	^f	8%	85%
Slovakia	28 weeks	55% ^g	–	–	7 days per illness per child	3 days 70%, then 90% ^h	19% ⁱ	45%

^a Paternity leave has been left out of consideration here and care leave includes only care for sick children.

^b For the first and each subsequent child, respectively.

^c Maximum of PLN 318 per month (approx. EUR 66).

^d Applies for children under 14; for older children, write to 14 days' per year at 80% of salary.

^e Relates to the arrangements for working parents. The benefit is subject to a maximum of EUR 330 per month.

^f There is however a supplementary benefit for someone looking after a long-term seriously ill relative full-time.

^g Up to a maximum of approx. EUR 335 per month.

^h Up to a maximum of approx. EUR 8.70 per day.

ⁱ But this is deducted from the holiday allowance.

^j This applies for 2 year-olds.

Source: EC (2005a, 2005b); Klammer (2004); Keuzenkamp (2004); Plantenga & Siegel (2004).

Childcare

The information on childcare provisions in the new member states is limited, especially for children aged under three. Where something is known (Hungary, Czech Republic and Slovakia), the take-up is low in this age group. Older children more often visit a form of childcare/preschool facility, which are reasonably widely available in Hungary and the Czech Republic. In Hungary it is compulsory for children aged five years to attend a preschool facility (the actual compulsory school age is six). Childcare is heavily subsidised here: parents paid approximately 20% of the costs of formal childcare in 2000. In Poland parents pay 30–40% of the costs. No information was found on the situation in the other countries.

Tax system

Unfortunately, there is a lack of information on the average tax rates in the new member states. Where data are known, the effective rates in the new member states are generally somewhat lower than the average in the EU, especially in Slovakia. The tax systems are individualised, except in Poland, where people can choose; they will generally be better off if they opt for joint taxation.

Table 3.11 Average and marginal tax rates on employment in Poland, Hungary, Czech Republic and Slovakia

	Average implicit tax rate on employment (%) ^a	Marginal effective tax rate (%) for part-time workers when increasing working hours from half-time to full-time basis ^b			
		No children		Two children (4 and 6 years)	
		Single	Married double-earners	Single parent	Married double-earners
Czech Republic	n.a.	27	27	40	31
Hungary	n.a.	41	39	31	39
Poland	n.a.	34	34	57	34
Slovakia	n.a.	26	22	37	29

^a The average tax rate is calculated retrospectively on the basis of realised tax revenues in relation to total gross pay. Source: Eurostat (2004b), p. 89.

^b No allowance is made for childcare reimbursements. For married couples it has been assumed that there is a full-time breadwinner and a part-time working partner who when working fully earns 67% of the average gross wage in that country. Source: OECD(2004c), p. 112.

3.3.7 United States

Leave arrangements

The US has virtually no statutory arrangements to support the combination of paid work with care or other tasks. As far as we have been able to ascertain there is only the federal Family and Medical Leave Act (FMLA), which provides for 12 weeks' leave per year for various purposes. These include giving birth to or looking after a baby up to the age of 12 months and caring for a seriously ill child, partner or parent. However, this leave is unpaid. Some states (California, Hawaii, New Jersey, New York and Rhode Island) have programmes offering partial financial compensation. California has the best supplementary provisions in this regard.

Childcare

As in many European countries, many children in the US are placed in childcare or preschool facilities. The former are usually offered on the private market, the second often via government-funded schemes. Estimates by the National Research Council and Institute of Medicine from 2003 (cited in Blau & Currie 2004) suggest that one third of the costs of childcare for children under six are paid for from government subsidies.

Little information is available on the take-up of childcare provisions. Blau & Currie (2004) present an overview based on data from 1996. This reveals that 25% of children aged 0–4 of working mothers are cared for in a childcare facility (29% are cared for by a relative, 21% by a non-relative and 25% by the parent). 12% of young children of non-working mothers visit some kind of childcare facility (68% do not attend any facility at all). Clearly, there are wide differences in the use of formal childcare facilities across the country, between ethnic groups and by income level. It would be going too far to examine this in detail here, but in view of the importance of the costs of childcare it is worth making a single comment on the relationship with income: it transpires that it is mainly poor and wealthy families that make use of formal childcare facilities; the middle incomes do so relatively little.

Tax system

Compared with Europe, taxes in the US are very low. The average effective tax rate is less than 24% and the marginal rate is below 30% in most cases. Within Europe, Ireland comes closest to these percentages, though on all fronts they are several percentage points higher. The way in which partners are taxed also shows the greatest correspondence between these two countries, and is characterised by Jaumotte (2003) as an ‘optional joint’ system.

3.3.8 Welfare states and hours worked

In this section we attempt to link the arrangements and the data on participation and hours worked in the various welfare state types. We do this with something of a squint, however, and ignore differences between countries within the various types.

In the social-democratic countries the labour market participation rate is high throughout people’s entire career (i.e. limited from age 15–65), among both men and women. This activity rate is reasonably comparable with that in the US, but the number of hours worked per worker is lower. Although part-time work is fairly common in Sweden and Denmark, on average the part-time jobs in these two countries occupy more hours than in other countries. This high participation rate is supported by generous provisions for childcare and leave. The average tax rate is high. The marginal rate in Sweden is roughly on a par with the average for Europe, but lower than in Finland and Denmark.

The participation rate in the Netherlands is also high, but the number of hours worked is substantially lower than in the Scandinavian countries or the US. It could be said that the Netherlands sits in between the Scandinavian countries and the US in terms of the availability of provisions for leave and childcare. This also applies for the average tax rate (lowest in the US), but when it comes to marginal tax rates the Netherlands scores highest.

The participation rate is high among men in the liberal welfare states, but among women it is significantly lower than in Sweden or Denmark. In the UK, women are more frequently employed part-time than in other EU member states. These are often 'small' part-time jobs. The provisions for childcare and leave are limited. The tax rate is the lowest in Europe, and marginal rates are also low.

The participation rate in corporatist welfare states is lower than in the social-democratic countries and the UK, particularly among women. Long and financially relatively attractive leave arrangements, combined with limited availability of formal childcare facilities, undoubtedly contribute to the fact that many women withdraw from the labour market for a considerable time. The social security system and the non-individualised income tax system in Germany makes it relatively attractive for married women to withdraw from the labour market. Marginal tax rates in Germany and Belgium are the highest in the EU. Average tax rates are also high in the corporatist countries.

The participation rate in the Mediterranean countries is low, mainly because women relatively often perform no paid work. The difference in the participation rate between men and women is the greatest here of all welfare state types. Facilities for formal childcare of young children and publicly funded leave provisions are limited. Average tax rates are low, as are marginal rates.

Compared with the social-democratic welfare states, the participation rate in the new member states (Poland, Slovenia, Slovakia and the Czech Republic) is low, but the number of hours worked is high. The same also applies compared with the US. The leave entitlements are often relatively good. As far as is known, there are few formal childcare facilities for young children. Marginal tax rates are generally somewhat lower than the EU average.

B4 TRENDS AND EXPLANATIONS

At the end of the 1960s, European workers worked roughly the same number of hours as their American counterparts. Thereafter, the number of hours worked per year fell steadily in many European countries as a result of shorter working weeks and longer holidays. This reduction in hours worked was much less marked in the US. The widening gap in the number of hours worked has contributed substantially to the persistence of the gap in terms of GDP per capita with the US. This substantial shortfall compared to the US forms the basis for the targets agreed in Lisbon designed to transform Europe into the most competitive economy in the world by 2010. This will require drastic reforms. The by now generally accepted view is that lack of competition on the commodity, labour and capital markets as a result of over-regulation reduces the incentive to work. The changed view on the desired policy for Europe was neatly expressed by Nobel Prize winner Gary Becker (2002): 'Until recent years, most continental European politicians and intellectuals dismissed what they derisively called the British and American 'Anglo-Saxon' model of competition and price flexibility. Yet a quiet but enormous change may be taking place in European attitudes toward competition in labour and other markets.' At the same time, this change in policy can also have consequences for social cohesion. The same institutions that are regarded as inefficient and rigid are after all the same institutions that have resulted in a highly equitable distribution of income (see also European Outlook 1, 2003, on Social Europe).

Our aim in this chapter is to create a better understanding of the driving forces behind the differences in the evolution of the number of hours worked over time. The importance of labour market institutions such as taxation and benefits receive special attention here. We adopt a broad perspective by looking not only at the number of hours worked, but also at participation decisions and part-time work. As in the previous chapter, we try to explain the two trends primarily on the basis of differences in preferences and institutional developments. In doing so we look both at differences over time and differences between countries. The period covered by our analysis is 1960–2002.

The availability of reliable information is a limiting factor in the analysis of such a long period. Good, internationally comparable information covering a sufficiently long period is available for the time spent on paid work, but not for leisure time and household work. Data on the arrangements for combining work and care discussed in the previous chapter, such as childcare and leave arrangements, are also not available for a long period. These two limitations imply that the findings in this chapter will have to be viewed alongside the findings of the previous chapters rather than substituting them.

The outline of this chapter is as follows. Section 4.1 illustrates the importance of variation in participation and the number of hours worked as an explanation of differences in per capita income (as a rough approximation of material wealth). We look here both at trends over time and at differences between countries. The focus in section 4.2 then shifts to the trend in the number of hours worked over time. Using a decomposition analysis we identify the determinants of this trend in the various countries. The elements we focus on here are the consequences of individual participation decisions (in the broadest sense of the term) for the macroeconomic utilisation of a country's labour potential. Section 4.3 relates the differences in the number of hours worked between countries

and over time to differences in preferences and institutional design. The analysis is based on the one hand on a discussion of the economic literature on this topic and on the other on an attempt to provide a number of additional insights using our own empirical analysis. Attention focuses mainly on the role of labour market institutions, such as the tax and social security system, in determining the number of hours worked.

4.1 The importance of hours worked: a macroeconomic perspective

Chapter B1 has already described in some detail the wide variation in the number of hours worked between Europe and the US. To give an idea of the importance of these differences, table 4.1 shows the relationship with per capita income as a (rough) measure of material wealth. The table decomposes the differences compared with the US in per capita GDP for the various EU member states into the differences in productivity per hour worked, differences in participation (defined here as number of employees per inhabitant) and the differences in hours worked per employee. The figures presented are for 2003.

Per capita income in the 15 old member states of the EU is more than 25% lower than in the US. The table shows that the productivity per hour worked is, however, not much lower and in a number of member states, including the Netherlands, is actually higher. The difference in the participation rate is rather larger, but even here several European member states, again including the Netherlands, surpass the participation rate in the US.¹ The largest difference lies in the intensity of work: the number of hours worked per employee in the EU-15 is around 15% lower than in the US, and in the Netherlands the difference is no less than a quarter. Further analysis of this wide difference is therefore desirable in order to be able to evaluate the need to increase working hours.

The picture for the new member states is radically different: here, almost without exception, employees work more hours than in the US. By contrast, across the board their participation rate is relatively low. This means that the total labour utilisation in some countries is relatively high, such as Latvia, but in half the new member states remains below that of the US. However, the largest part of the income differential is determined by the lower labour productivity, which in Poland, for example, is only a third of that in the US.

¹ Ederveen et al. (2005) look in more depth at the differences in labour productivity and participation rates between European countries, and in comparison with the US.

Table 4.1 Decomposition of per capita GDP compared with the US (2003)

Country	Per capita GDP	GDP per hour worked	Hours worked per worker	Participation rate
All figures relative to the US (%)				
EU-15	73.1	93.3	85.4	91.7
EU-25	66.8	83.9	88.5	90.0
Netherlands	79.7	103.8	73.7	104.3
Denmark	81.3	95.5	81.5	104.4
Finland	76.6	91.6	87.4	95.7
Sweden	77.0	88.0	86.0	101.8
Ireland	91.3	107.9	88.7	95.3
United Kingdom	78.6	89.6	89.1	98.5
Austria	79.7	99.3	82.5	97.3
Belgium	78.0	111.0	86.1	81.6
France	76.5	116.6	76.9	85.3
Germany	72.0	99.0	79.6	91.3
Luxembourg	141.7	121.4	85.8	136.0
Greece	55.3	63.5	106.9	81.4
Italy	71.4	92.1	87.5	88.5
Portugal	50.8	52.5	93.5	103.6
Spain	64.5	74.6	99.0	87.3
Czech Republic	43.5	42.8	104.9	96.9
Estonia	29.1	29.0	112.0	89.7
Cyprus	51.9	51.5	116.9	86.2
Latvia	27.6	23.9	117.3	98.4
Lithuania	29.5	29.5	118.4	84.6
Hungary	40.4	50.7	97.8	81.5
Malta	48.5	62.3	107.3	72.5
Poland	31.1	38.8	107.6	74.5
Slovenia	53.0	57.8	107.3	85.5
Slovakia	35.1	41.7	99.8	84.4
US	100.0	100.0	100.0	100.0

Source: GGDC Database

In the remainder of this section we will look at the dynamics of the trend in per capita income and its determinants as discussed above. Before looking in more detail at the relative trend in European countries compared with the US, it is useful to outline the long-term trend in the US. This trend can be reduced to a number of more or less familiar ‘stylized facts’.¹ Over a long period (1960–2002), growth in per capita income in the US was fairly stable at 2.2%. To a large extent this growth is the result of an increase in GDP per hour worked (as a measure of technological development); this rose by 1.8% over the same period. A second key factor in the US is an increase in the number of people with a paid job; this increase arose particularly in the 1970s and 80s and amounted to 0.6% over the period 1960–2002. To some extent this increase in the number of persons is accompanied by a decrease in the number of hours worked per employee, especially in the 1970s. All in all, the increase in per capita income of 0.4 percentage points can be attributed to a greater utilisation of the labour potential. In the next section we will look in more detail at this trend in the number of hours worked per employee.

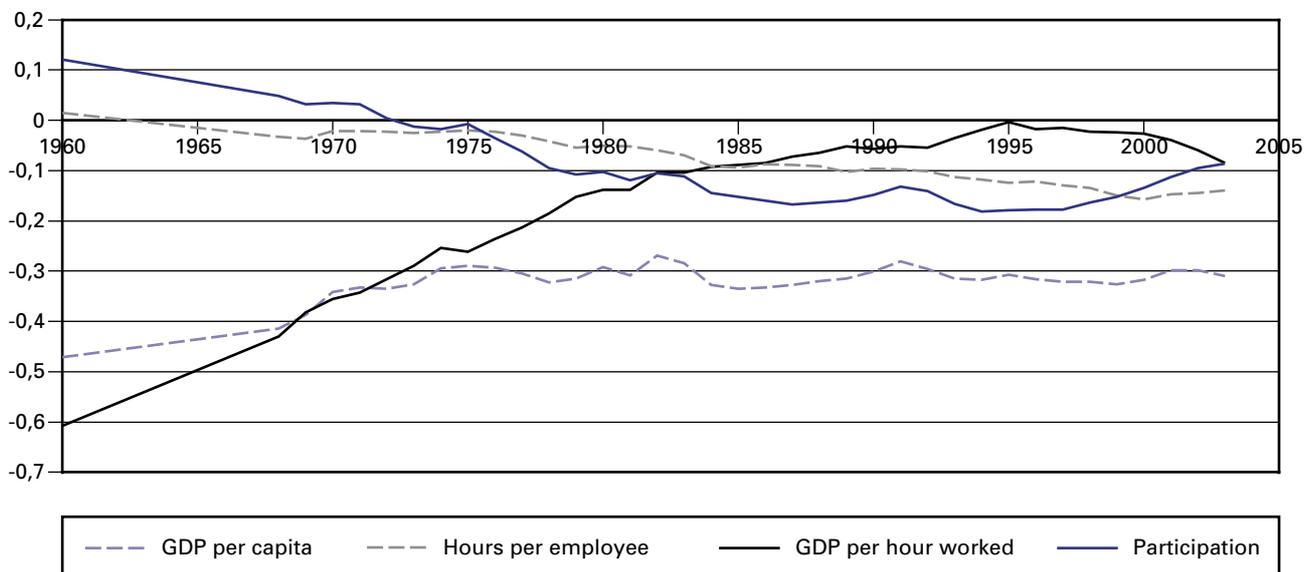
¹ The information presented here is based on our own calculations on the basis of the GGDC database. See the appendix to this chapter for detailed information on the data sources used.

² The EU-14 is the EU-15 minus Germany on account of the limited consistency of information over a longer period for that country due to reunification. The omission of Germany – for the period 1989–2002 – has no substantial effect on the results presented here. Details are available on request.

Figure 4.1 shows the trend over time in GDP per capita and its constituent factors for the EU-14² compared with the US. The first striking feature is that the gap in GDP per capita between the EU as a whole and the US has remained virtually unchanged since the middle of the 1970s. From that moment onwards the post-war ‘catching-up growth’ has more or less stagnated, and over the entire period 1975–2003 the European shortfall stood at around 30%. The reasons for this gap have, however, changed

drastically over time. In 1960 it was attributable primarily to the difference in GDP per hour worked. The labour intensity at that time was higher than in the US (in terms of both number of persons working and number of hours worked). The catching-up further reduced the gap in the 1960s. At the same time, the participation rate fell sharply compared with the US. In 1970 the gap was solely due to the difference in productivity per hour worked. Both the participation rate and the number of hours worked were at that time comparable on the two sides of the Atlantic. The period of catching-up was extended into the 1970s. At the same time, however, the participation rate in EU member states fell sharply, so that per capita GDP rose only slightly in relative terms.¹ In addition to the reduction in the number of workers, from the end of the 1970s the number of hours worked per employee also fell steadily. Where the fall in the participation rate at the end of the 1980s was brought to a halt, and European labour productivity approached the American level by around 1995 before falling again substantially, the number of hours worked per employee continued to fall. From 2000 onwards this difference is accordingly the biggest quantitative cause of the income shortfall compared with the US (see also table 4.1).²

Figure 4.1 Trend in hours worked and GDP in the EU compared with the US



Source: GGDC. Aggregate for the EU-14 (EU-15 minus Germany), shown as deviation (logarithmic) relative to the US.

¹ There may be some causal relation between the lower participation rate and the higher productivity if it is the less productive employees who no longer participate. In that case there would be a compositional effect. This is considered in more detail in chapter B5.

² De Groot et al. (2004) and OECD (2004a) confirm the observation that differences in the intensity of work are the most important factor in explaining differences in per capita income. This factor outweighs the importance of differences in labour productivity.

Since 2000 the European policy agenda has been determined to a large extent by the Lisbon strategy, which contains the ambition of making Europe the most competitive economy in the world by 2010. It also sets explicit targets to employ more people. Figure 4.1 underlines the importance of employment: in particular the relatively low number of hours worked, and to a lesser extent the lower labour market participation rate, explain the lion's share of the income shortfall compared to the US. In the next section we therefore look in rather more depth for a number of member states at the trends underlying the development of the average number of hours worked per inhabitant.

4.2 Trend in hours worked and its components

It was made clear in the previous section that differences in the number of hours worked per inhabitant are crucial in explaining differences in per capita income. In other words, the differences in per capita income can today largely be ascribed to differences in the degree to which countries succeed in mobilising the labour potential of their economy.

We start with a description of the trend in the main components of – in this case – the number of hours worked per inhabitant for the US (table 4.2). The period considered is again 1960–2002.

Table 4.2 Hours and employment in the US

Year	Hours per inhabitant per year	Hours per employee per year	Unemployment (%)	Participation (%)	Demography (%)
1960	741	2 033	5.5	64	60
1970	764	1 991	4.9	65	62
1980	809	1 853	7.1	71	66
1990	875	1 840	5.6	77	66
2000	911	1 878	4.0	77	66
2002	872	1 835	5.8	76	66
Growth rates (in %)					
1960–1970	0.3	– 0.2		0.2	0.3
1970–1980	0.6	– 0.7		0.8	0.7
1980–1990	0.8	– 0.1		0.8	– 0.1
1990–2000	0.4	0.2		0.0	0.0
1960–2002	0.4	– 0.2		0.4	0.2

Source: Own calculations based on GGDC and OECD. The definition of participation is the labour force as a fraction of the working-age population (the population aged between 15 and 65), and demography is defined as the working-age population as a fraction of the total population.

In the US the increase in the number of hours worked per inhabitant of 0.4% (roughly 3.1 hours per inhabitant per year) in the period 1960–2002 was the result of a fall in the number of hours worked per employee (4.7 hours per employee per year) on the one hand and an increase in the number of people in work on the other. This latter increase was partly the result of an increased participation rate from 64% to 76% (the number of persons in the labour force as a fraction of the population aged between 15 and 65) and on the other hand an increase in the number of persons aged between 15 and 65 (the baby-boom generation who are still of working age), from 60% to 66% of the population.

We will now analyse the data on the number of hours worked in more detail, primarily in order to obtain a clear picture of differences in trends between the US and Europe. As already emphasised in chapter B1, differences in intensity of working can be broken down into a number of components. These decompositions can be carried out in several ways. In the first section of chapter B1 we looked in more detail at international differences in amount of holidays, in the length of the full-time working week and in the number of part-time workers. Here we will concentrate on the macroeconomic aspects of differences in hours worked. In doing so we will also consider the trend during the last two decades.

One key observation from the previous chapter is that many arrangements influence both the decision to go to work and the choice of how many hours

to work. In our decomposition analysis of the trends over time for a number of countries we therefore seek to present a picture of both (i) the differences in the number of people with a job and (ii) the differences in the intensity with which those people work. The previous section has already shown that major changes have taken place in the EU in recent decades both in terms of the participation rate and as regards the number of hours worked per employee.

In the following analysis the difference in number of hours worked per inhabitant compared with the US is broken down into the following four factors¹:

- Hours worked per employee.
- Number of employees (persons with a paid job) as a fraction of the labour force. The labour force is defined here as the number of persons working or wishing to work. This fraction is equal to 1 minus the unemployment rate.
- Labour force as a fraction of the working-age labour force (i.e. the participation rate). The working-age population is defined here as the population aged between 15 and 65.
- Working-age population as a fraction of the total population. This is therefore a pure demographic variable which will not form an explicit part of the analysis in the next section. We will speak here simply of 'demography'.

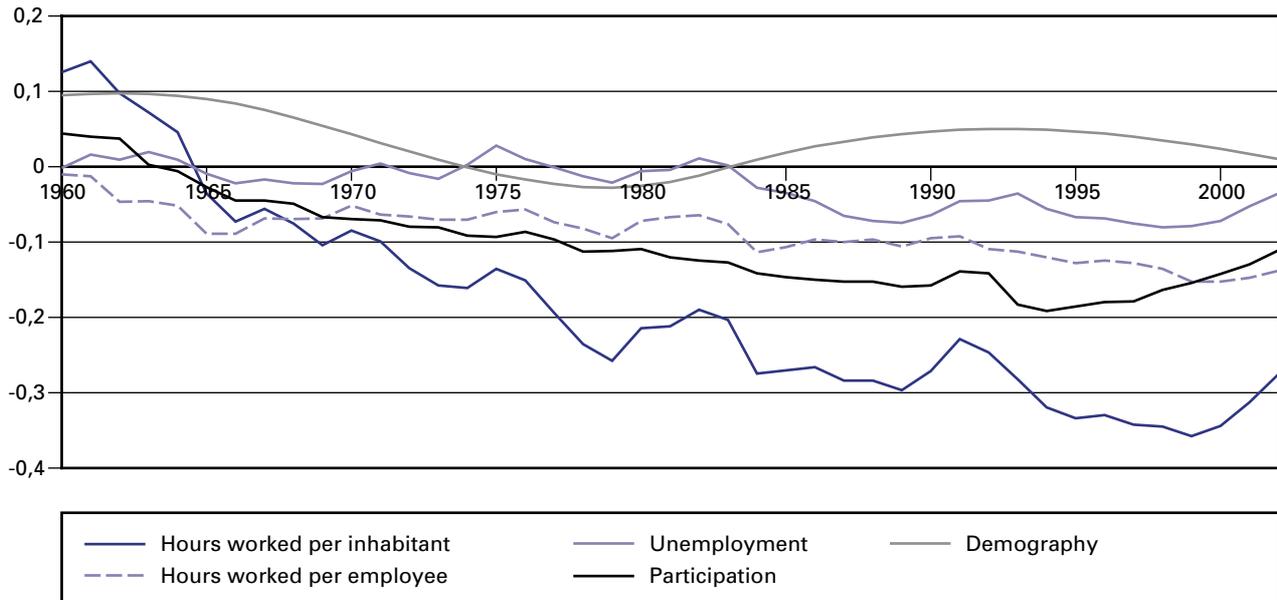
In the following figures the difference in the number of hours worked per employee and its constituent factors between a country and the US is presented. We have made a selection of countries, which to some degree can be regarded as representative of trends in the EU as a whole.²

In most countries the number of hours worked per inhabitant has fallen substantially relative to the US over the last four decades. The trend in the number of hours worked per inhabitant of Italy is probably the most representative for the EU as a whole. In 1960 the number of hours worked per inhabitant was around 10% higher than in the US, driven primarily by a larger working-age population. In the mid-1960s a sea-change took place, and by the early 1970s the number of hours worked per inhabitant in Italy was already around 10% lower than in the US, primarily due to a sharp decline in the participation rate. Since the early 1970s this gap has widened further, and around the turn of the century exceeded 30%. This trend can be explained mainly by a reduction in the hours worked by Italian workers. Although the number of hours worked per inhabitant was also strongly influenced by the cycles in the participation rate and, to a lesser extent, the unemployment rate, the downward trend is primarily caused by the trend in the number of hours worked per employee. Finally, there is also a fairly small demographic effect.

¹ Mathematically, our decomposition is based on the following definition equation: $H/P = (H/W) * (W/F) * (F/PA) * (PA/P)$, where H is the total number of hours worked in a country, P is the size of the population (in numbers of persons), W is the number of people with a job, F is the size of the labour force (people with a job plus people actively looking for work and registered as unemployed), and PA is the number of people aged between 15 and 65. By taking natural logarithms on the LHS and RHS of this equation and then determining differences compared with the US, we end up with an equation which expresses the percentage difference in the number of hours worked per inhabitant as the percentage difference compared with the US in terms of the four constituent factors.

² Information for other countries is available on request.

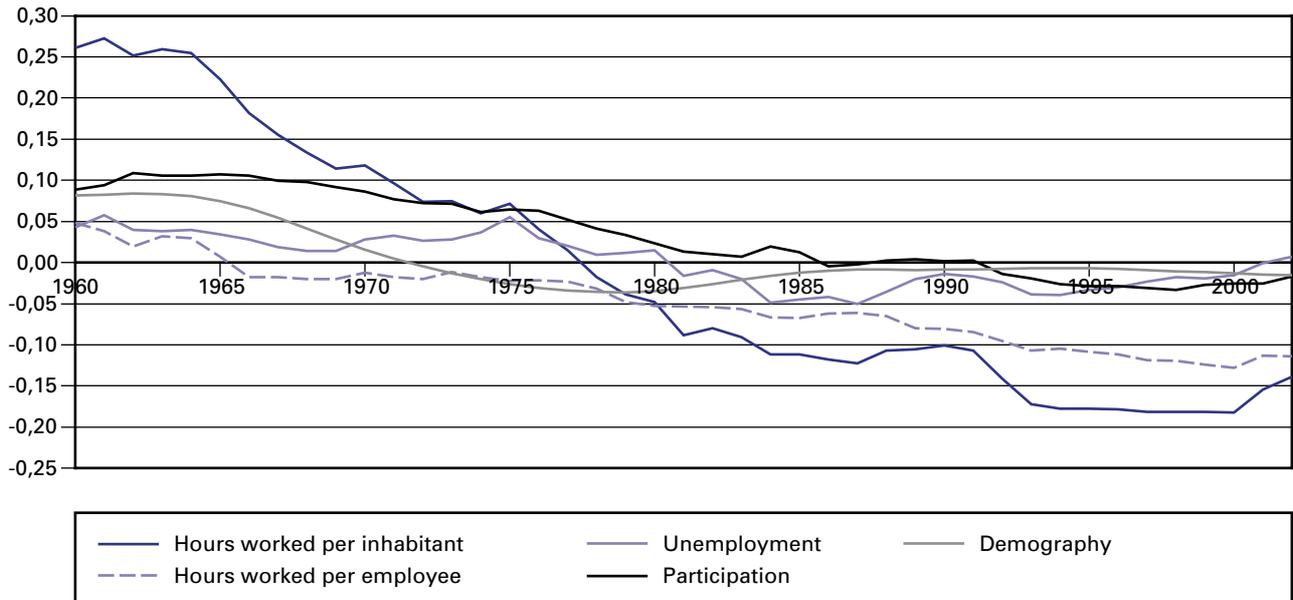
Figure 4.2a Trend (relative to the US) in hours worked and the constituent components: Italy



The decomposition analysis for Italy is representative of the trend in a number of other countries. In most corporatist countries, too, the disadvantage relative to the US has increased in recent years as a result of a persistent shortfall in the participation rate and a growing shortfall in the number of hours worked per employee. In France this trend has actually turned a lead of 10% in 1960 into a shortfall of over 40%. The shortfall has also increased markedly in Belgium, Germany and Austria due to a fall in the number of hours worked per employee combined with a relatively low participation rate. This trend is also dominant in the EU as a whole.

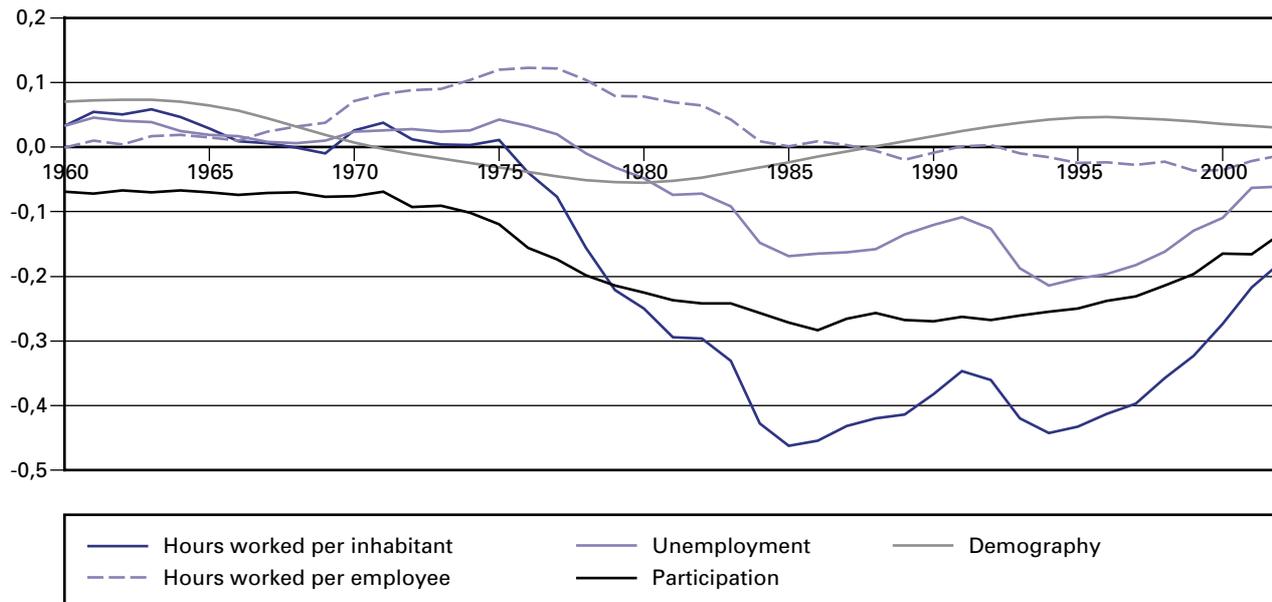
In a second group of EU member states the number of hours worked per employee is also the most important component underlying the relative trend in the number of hours worked per inhabitant, but the participation and unemployment rates are currently comparable with those in the US. This is the case for the United Kingdom, for example, where the gap in the number of hours worked relative to the US has shrunk slightly over the last 20 years. It is interesting to see that in 1960 the United Kingdom still had a substantial lead over the US in this regard, which melted away like snow in summer in the 1960s and the second half of the 1970s in particular. Here again, the declining participation rate and lower number of hours worked per employee provides the key to explaining the observed trends. Denmark, where the participation rate has always been relatively high, can also be included in this group.

Figure 4.2b Trend (relative to the US) in hours worked and the constituent components: United Kingdom



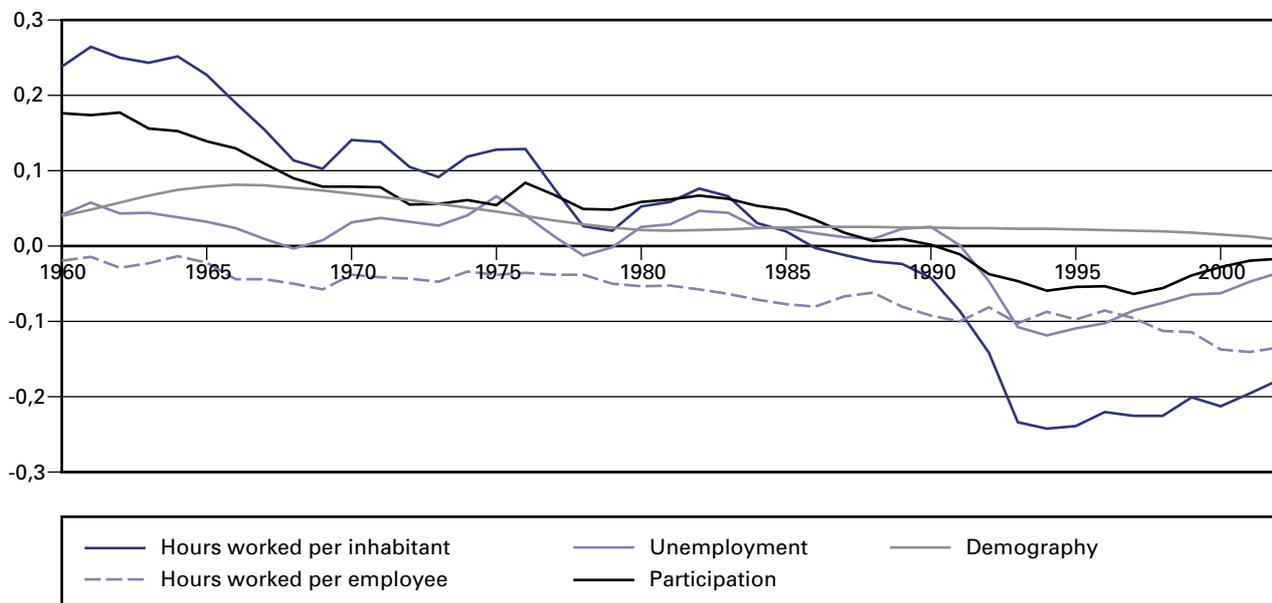
In many respects the situation in the Netherlands resembles that in the United Kingdom: the unemployment and participation rates are comparable with the US, so that the shortfall in the number of hours worked per head of population can be ascribed entirely to the number of hours worked. And yet the Netherlands sets itself apart in a positive sense in that the large gap in the participation rate which existed in the 1980s has been completely eliminated over the last 20 years. This puts the Netherlands in a select group of EU member states in which the relatively strong increase in the participation rate has mitigated the reduction in hours worked per inhabitant. The same also applies for Ireland, for example, where an initial deterioration of the position relative to the US has reversed into substantial catching-up, driven mainly by declining unemployment and a growing participation rate. In Luxembourg the increased labour supply has actually helped the country to pass the US. But the best example in this group is Spain, where the rising labour market participation rate has more than halved the gap relative to the US over the last ten years (see figure 4.2c).

Figure 4.2c Trend (relative to the US) in hours worked and the constituent components: Spain



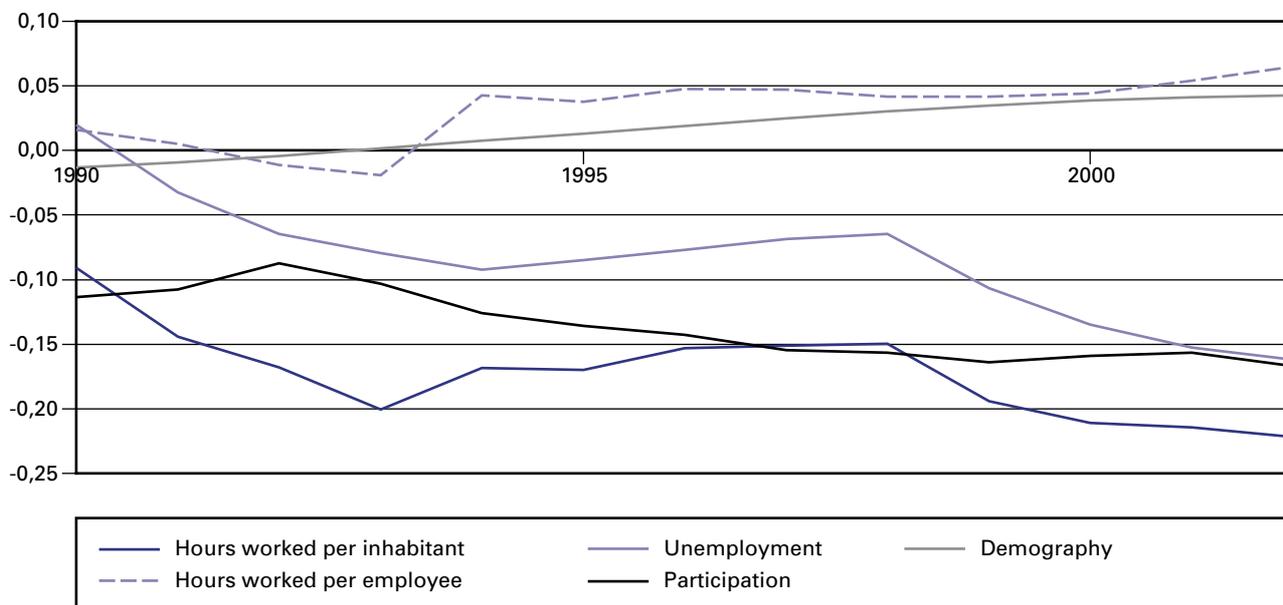
The influence of unemployment is particularly visible in the two social-democratic countries Finland and Sweden. In Finland in particular (see figure), rising unemployment, together with a shrinking labour force and a fall in the number of hours worked per employee has had dramatic consequences, turning an initial 'lead' over the US into a 'shortfall' of more than 20% in terms of hours worked. In Sweden, too, rising unemployment explains the relative fall in the number of hours worked per inhabitant, though this trend is less pronounced than in Finland.

Figure 4.2d Trend (relative to the US) in hours worked and the constituent components: Finland



This leaves the group of new member states. In so far as data are available for these countries, the shortfall in number of hours worked can be explained primarily by the high unemployment and low participation rates. The figure for Poland (reliable data available from 1990 onwards) illustrates this clearly. Despite the high and still rising number of hours that Polish employees work each year compared with their American counterparts, the shortfall per head of the population relative to the US has increased steadily.

Figure 4.2e Trend (relative to the US) in hours worked and the constituent components: Poland



4.3 Determinants of the number of hours worked

In this section we try to obtain a clear insight into the determinants of the variation described above in the number of hours worked over time and between countries. Our focus will be mainly on preferences and institutions as possibly relevant explanatory factors. Before describing our own empirical analysis in section 4.3.2, we will first present an overview of the relevant empirical literature in section 4.3.1.

4.3.1 Review of the literature

Several authors have recently tried to explain the wide differences in hours worked between the US and the European states. Freeman & Schettkat (2005) stress the difference between formal and informal employment. In the US a great deal of household production is outsourced, such as cooking, childcare and cleaning; see section B1.3. As a result, these activities appear as formal employment in the statistics. In the EU these activities are much more often carried out within households, so that they do not show up in the employment statistics. This distinction in the proportion of household production which is outsourced via the labour market mainly explains the wide differences in the hours worked by women. In order to change this situation the authors therefore suggest a policy aimed at making it easier for women to make the transition from household production to paid jobs. According to Olovsson (2004), too, household production makes an important contribution to observed differences in hours worked. The

difference in hours worked between the US and Sweden falls according to his calculations from 10% to 1% if household output is included.

Higher taxes, especially on income from employment, can be an important cause of the difference in household production. Olovsson studies this with the help of a general equilibrium model. His results suggest that taxation can indeed be an important factor. For the period between 1960 and 1975, however, the number of hours worked as simulated by the model is substantially higher than the actual number of hours worked. This suggests that other factors are also important. In a paper which attracted a good deal of attention, Prescott (2004) also uses a theoretical model for the choice between work and leisure in order to explain the differences in labour supply. Based on a number of (crucial) assumptions concerning the parameters in the model – resulting in a high labour supply elasticity – he is able to predict the actual number of hours worked relatively accurately. His conclusion is therefore that the low labour supply in Western European countries can be blamed on the high tax rates.

Prescott's conclusion is, however, not undisputed. Freeman & Schettkat, for example, also look at the influence of taxation, but in contrast to Prescott find virtually no indication that it is such an important factor. Blanchard (2004) and Alesina et al. (2005) criticise the parameters chosen in Prescott's model, arguing that the labour supply elasticity that ensues from the assumptions is larger than virtually all known empirical estimates. With a value for the labour market elasticity that is more in line with the values found in the literature, the explanatory power of taxation is considerably reduced.

Blanchard then concludes that the differences in number of hours worked mainly reflects a difference in preferences, with Europeans having a strong preference for a shorter working week and more holidays. The key question, however, is whether differences in preferences can explain why the number of hours worked started to diverge from the 1970s onwards. Culture and preferences alone cannot easily explain this turnaround.

Alesina et al. (2005) point to the importance of labour market institutions such as benefits, labour market regulation and trade unions as an alternative explanation. It must be borne in mind here that the two explanations may be related in the sense that the institutional design in all probability partly reflects the preferences of the population. Alesina et al. point out that many labour market institutions show a correlation with tax rates. This applies for the level of benefits, for example. If potentially important institutional variables of this kind are not included in the regression analysis, the influence of taxation can be overestimated. In order to investigate the importance of these factors, it is not sufficient to analyse cross-sectional differences; the variation over time is also of great importance. In a panel regression analysis, Alesina et al. show that the marked effect of taxation disappears after controlling for union density and labour market regulations. The fact that statutory holidays provide an important statistical explanation for the difference in hours worked is seen by Alesina et al. as further support for the importance of institutions on the labour market.

In the next section we build further on the work of Alesina et al. (2005). We examine the influence of taxation and a number of labour market institutions, such as union density and union coordination, parental leave arrangements and social provisions, on the trend in the number of hours worked. Replacement rates, which Alesina et al. did not include in their

analysis, are also included in our regression analyses. The trade-off between formal and informal work, as referred to by Freeman & Schettkat (2005), cannot be included in our analyses, though we do place the trend in hours worked in a broader perspective by also considering the determinants of employment, unemployment and part-time work.

4.3.2 Empirical explanation of differences in hours worked

In this section we present an empirical analysis of the trend in the number of hours worked. This analysis reveals that the number of hours worked is strongly influenced by the institutional design in a given country. In line with the findings of research discussed earlier, high taxes are found to have a negative influence on the number of hours worked. However, in our analysis we do not find this factor to be as important as suggested by Prescott (2004): taxes explain some but by no means all differences between the US and the countries of Europe. The importance of trade unions, as advocated powerfully by Alesina et al. (2005), is not confirmed by our analysis: trade unions do not play a key role in the reduction of working hours. A new element in our analysis is the linkage of hours worked to social provisions. Our analysis suggests that the number of hours worked per employee is low in countries with generous benefits and good parental leave arrangements. Finally, a substantial proportion of the differences remains unexplained. These may be due to differences in preferences, but also to things such as differences in arrangements which we were unable to include in our analysis due to a lack of quantitative information, such as childcare.

In the remainder of this section we look in more depth at the explanation of differences in hours worked between countries and at the changes in those differences over time. In addition to the institutional explanations cited above, we also examine whether the reduction in the number of hours worked correlates with an increase in per capita income (which can lead to an increased demand for leisure time where that leisure time can be regarded as a luxury commodity).

Characteristic for our analysis is that we explore not only the number of hours worked, but also the influence of institutions on employment and unemployment. In addition we are interested specifically in the proportion of part-time workers in an economy. We define part-time workers as any worker working for less than 30 hours a week. Data limitations mean we are unable to focus on other determinants, such as statutory provisions on working hours for full-time employees or the number of weeks' holiday a year.

Method: panel regression

Our analysis is macroeconomic in nature. However, it differs from previous macroeconomic analyses in its simultaneous analysis of different indicators of utilisation of the labour potential, such as hours worked per employee, unemployment and participation rate. The analysis makes use of variation over time as well as variation between countries and covers a long period (1960–2000) and a relatively large number of countries (18).

We investigate the relationship between the hours worked and their determinants using panel regression analyses. The basic question that we address is whether an increase in the explanatory variable, such as taxes, leads on average to an increase or a decrease in the dependent variable, such as the number of hours worked and the participation rate. The advantage of

panel regressions is that they can incorporate both the variation between countries and the trend over time. As regards the variation over time, however, we restrict ourselves to the more structural changes in an economy. In order to avoid year-on-year fluctuations we have therefore aggregated the data to five-year averages.

Data

We focus on the average number of hours worked per employee per year in the period 1960–2000. The sample for which sufficient data are available comprises 18 OECD countries, including 11 European member states. For a detailed description of the sources of our data, we refer to the appendix to this chapter. During this period the number of hours worked per employee ranges from 1,369 in the Netherlands (1995–1999) to 2,298 in Ireland (1960–1964). With the exception of New Zealand, the number of hours worked has fallen in all 18 OECD countries studied.

In addition to the number of hours worked per employee, the participation rate (number of employees as a fraction of the population aged 15–65), part-time work (fraction of employees working less than 30 hours per week) and the unemployment rate are important indicators of the utilisation of the labour potential in a country. The mutual correlation between part-time work, hours worked per employee, unemployment and participation rate is further explored with the help of table 4.3. This correlation table shows a positive correlation between the fraction of part-time workers among men and women, but this correlation is not strong. Higher unemployment and a lower employment rate go together; on the one hand this has a statistical cause, while on the other it may point to a ‘discouraged worker effect’.¹ The correlation between the number of hours worked per employee and the fraction of part-time workers is negative but notably weak. One possible reason is that the differences in hours worked are largely determined by the number of hours worked per year – even more so than the number of hours worked per week. Another possible reason is that in many countries there is already a relatively high proportion of part-time workers, so that adding more part-time workers does not necessarily reduce the number of hours worked.

Table 4.3 Correlation between explanatory variables

	Hours per employee	Part-time	Part-time, men	Part-time, women	Employment rate
Part-time	- 0.29				
Part-time, men	0.06	0.72			
Part-time, women	- 0.38	0.94	0.50		
Employment rate	- 0.25	0.40	0.36	0.22	
Unemployment rate	0.35	- 0.37	- 0.23	- 0.31	- 0.78

The relationships are measured by a correlation coefficient, where + 1 indicates a perfect positive correlation and 0 indicates no statistical relationship between the two variables. A negative correlation indicates that a relatively high value for one of the variables (in a given country and year) tends to be associated with a relatively low value for the other variable (in that country and year).

In the analysis presented below we look at two types of economic and institutional causes. We summarise the economic factors under per capita GDP, applying a correction for price differences between countries and over time. The institutional variables included in our analysis are as follows (see appendix to this chapter for details):

- Tax wedge

¹ A ‘discouraged worker effect’ occurs when people decide as a result of high unemployment rates not to look for work because the chance of finding a job is too small.

- Replacement rate and benefit duration
- Employment protection
- Union density and union coordination
- Effective parental leave (weighted by level of payment)

In order to give an impression of these institutional variables, their mutual correlations are presented in table 4.4 (see also the discussion of the work of Alesina et al. (2005) in section 4.3.1 for the importance of such correlations for the interpretation of statistical analyses). The data show that the correlation between taxation and benefit levels is positive but not very strong. A logical explanation for this positive correlation is that an increase in and extension of benefits has to be financed by levying higher taxes. The strong correlation between replacement rates and benefit duration is striking; countries with generous social provisions generally offer both high and long-lasting benefits. The correlation between employment protection and taxation is also strong: countries with high tax rates generally have a high degree of employment protection. Finally, a reference can be made to the positive – though not terribly strong – correlation between trade union coordination and the degree of protection enjoyed by workers on the labour market.

Table 4.4 Correlation between explanatory variables

	Per capita GDP	Tax burden	Replacement rate	Benefit duration	Employment protection
Tax wedge	0.43				
Replacement rate	0.30	0.29			
Benefit duration	0.07	- 0.13	0.60		
Employment protection	- 0.12	0.62	0.02	- 0.17	
Trade union coordination	- 0.11	0.03	0.03	0.01	0.38

See notes to table 4.3.

Empirical analysis: first exploration

How do these institutional variables, together with per capita GDP, influence people's decisions on the number of hours worked and on their participation in the labour market? To obtain a first, more qualitative impression, we looked at each variable separately in a series of regression analyses. An overview of the results is presented in table 4.5. In this first exploratory analysis, therefore, no account is taken of the possible mutual correlations between the variables. On the other hand, the advantage is that a wider set of institutional variables can be included.

Table 4.5 The partial effect of institutions and income: a qualitative impression

	Hours	Employment	Unemployment	Part-time	Ditto, men	Ditto, women
Taxation (% GDP)	–	o	+	+	o	+
Replacement rate	–	o	+	o	o	o
Benefit duration	–	o	+	o	+	o
Employment protection	+	o	o	–	–	–
Ditto, temporary employment	–	–	o	o	–	o
Union coordination	o	–	o	o	o	+
Union density	o	–	o	–	–	–
Parental leave ¹	–	+	–	–	–	–
GDP (real, per capita)	–	o	+	+	+	+

The table provides a qualitative description of the results of uni-variate panel regression analyses of the type: $\log(x_{it}) = c_{it} + ay_{it}$, where the employment variables x are described in the top row of the table. The institutional variables and (the logarithm of) per capita income are described in the first column of the table. The latter variables are included one by one as an explanatory variable y in the panel regression analyses referred to, for each employment variable. In this table a + (–) indicates a significant positive (negative) coefficient for a , while a o suggests an insignificant effect (tested at a 10% significance level).

¹ We have only one observation of parental leave and employment protection for temporary employment for each country. Consequently, the country-specific constant cannot be incorporated in these regression analyses.

This first analysis shows that a higher tax rate and higher replacement rates lead to fewer hours worked, more unemployment and a larger group of part-time workers. This is in line with the analysis in the previous chapter, which discussed how taxes can affect the decision on both participation and number of hours worked.

The influence of employment protection is not clear in advance. Strong employment protection gives workers job security, but also makes employers somewhat wary of taking on new workers. The regression analyses show that the number of hours worked is influenced positively and the number of part-time workers negatively by greater employment protection in a general sense. If the employment protection focuses more specifically on part-time workers, however, the effect on the number of hours worked is negative in the regression results; evidently it offers part-time workers the guarantees they need to enable them to reduce the number of hours they work without danger of losing their jobs.

The influence of trade unions on hours worked is not statistically significant in this exploratory analysis. However, total employment is negatively influenced by the degree of union coordination.

The estimation results suggest that better parental leave arrangements encourage more people to go to work. These people mainly work part-time, so that the average number of hours worked per employee declines. One problem with this estimate is that we have data for the effective duration of parental leave for only one period (of five years). As a result, the estimate relates only to differences between countries, and cannot explain an increase (or decrease) in the number of hours within a country as a result of changes to the leave arrangements.

Finally, this initial analysis shows that per capita GDP has a negative influence on the number of hours worked and a positive influence on the number of part-time workers. The most obvious explanation for this is that leisure time is to some extent a luxury commodity, which people take more advantage of as they become better off.

Empirical analysis: hours worked, participation and unemployment

How large is the explanatory power of institutions in the trend in the number of hours worked in recent decades? In order to answer this question we must take into account the mutual correlation between the institutional variables. To this end a number of institutional variables, together with the real per capita GDP, are included in the panel regressions in table 4.6. Some variables, such as employment protection and benefit duration, are found not to offer any added explanatory power, and are therefore not shown in table 4.6.

Three regressions are shown for each labour market variable, each with its own advantages and limitations. Parental leave is not included in the first regression, because this variable is only available for recent years. Leaving out this variable enables country-specific constants to be included, which correct for heterogeneity between countries that cannot be explained by the variables analysed. It is, for example, possible that differences in hours worked between countries are caused by cultural diversity or differences in labour market institutions which were not included in the analysis. Parental leave is included in the second regression, but this takes place at the expense of the country-specific constant. The third column, finally, shows whether including per capita GDP has a strong influence on the explanatory power of the institutional variables. The reason for this sensitivity analysis is that it is quite possible that per capita GDP is endogenous: higher income can make work more or less attractive, but conversely a higher labour utilisation will lead to a higher GDP.

Table 4.6 Regression results: the influence of institutional variables and GDP on various employment variables

	Hours per employee			Employment rate			Unemployment rate		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Tax wedge	-0.32	-0.17	-0.46	-0.34	-0.65	-0.40	5.19	1.99	3.47
Replacement rate	-0.21	-0.18	-0.28	0.16	0.03 ⁱ	0.12	2.53	-0.50 ⁱ	0.25 ⁱ
Union density	0.17	0.03 ⁱ	0.04 ⁱ	-0.04 ⁱ	0.01 ⁱ	-0.02 ⁱ	1.74	1.10	1.31
Parental leave		-0.06	-0.05 ⁱ		0.23	0.21		-1.20	1.41
Per capita GDP	-0.13	-0.18		0.03 ⁱ	0.15		0.26 ⁱ	0.75	
Countries	17	12	12	18	12	12	18	12	12
Observations	130	90	90	136	94	94	136	94	94
Country-specific constant	yes	no	no	yes	no	no	Yes	no	no

Results based on panel regressions: $\log(x_{it}) = \alpha + \log(\text{GDP}_{it}) + \sum_j \beta_j y_{jit}$, where the employment variables x are shown in the columns of the table and the institutional variables y in the rows. The sample comprises a maximum of 18 OECD countries in the period 1960–2000. Three regressions are included for each variable: (1) without parental leave, but with country-specific constant; (2) with parental leave; (3) without per capita GDP.

All coefficients included with the exception of those marked with a (i) are significant at a level of 10%. A more detailed description of the regression results is available on request.

The main conclusion from this table is that both institutional variables and per capita income influence the number of hours worked per employee. Once again we find that per capita GDP has a negative effect on the number of hours worked. We also once again find that employees work fewer hours in countries with a relatively generous social system (as evidenced by a high tax rate, high benefits and generous parental leave arrangements). The conclusion can also be drawn that increasing the expansion of social provisions has acted as a break on the number of hours worked.

The average tax rate is an important explanatory factor for variation in labour market performance; see also chapter B3. Higher tax rates not only mean

that fewer people work, but also that people who do work do so for fewer hours. High tax rates discourage both entry to the labour market by the unemployed or non-working partners, for example, and extension of working hours by those currently in work. This is because an extra hour worked produces relatively little net return.¹ The effect of high taxes on unemployment is known from the literature and is confirmed in the analysis in table 4.6, which shows that higher taxes are accompanied by higher unemployment.

The negative effect of generous benefits on labour utilisation per employee is strikingly uniform: evidently high benefits make working hours reductions or part-time work attractive. On the other hand, generous benefits do encourage participation in the labour market. One possible explanation for these two observations is based on the influence exerted by high benefits on partners being drawn into the labour supply. However, this extra work has to be combined with household and care tasks, leading to an increase in part-time work. The fact that generous benefits offer a good income guarantee can also play a role in the increased participation accompanied by a decrease in the average number of hours worked per employee. This income guarantee can make part-time work relatively attractive. It can serve as a sort of insurance against the potential negative side-effects of part-time work, such as poorer career prospects and a larger risk of being laid off. As a third explanation we can point to the negative correlation between benefits and unemployment. High unemployment can give rise to a redistribution of labour; the reorganisations which took place in the Netherlands in the 1980s are a good example of this.

One striking finding is that the correlation between union coverage and the employment rate in a given country is limited, but that there is a positive correlation with the number of hours worked. However, this result is only found in the first regression equation, in which country-specific constants are included, so that a relatively high weight is attributed to the trend over time (within a country), while the differences between countries weigh less heavily. The findings therefore indicate that the decline in the number of hours worked has been accompanied by a decline in trade union power, but that no cross-country correlation can be demonstrated between hours worked and the influence of trade unions.

The choice between work and other tasks in a household becomes visible when looking at the effects of parental leave on participation in employment and hours worked. It may be that a statistical correlation is being measured here, namely that parents who make use of leave arrangements remain registered as employees but do not work because of their leave. It is, however, also possible that leave arrangements facilitate the combination of work and care tasks. Parents who make use of these arrangements continue to work part-time and at the same time look after their children. Parents who are unable to make use of the arrangements will withdraw from the labour market more quickly (see also chapter B3).

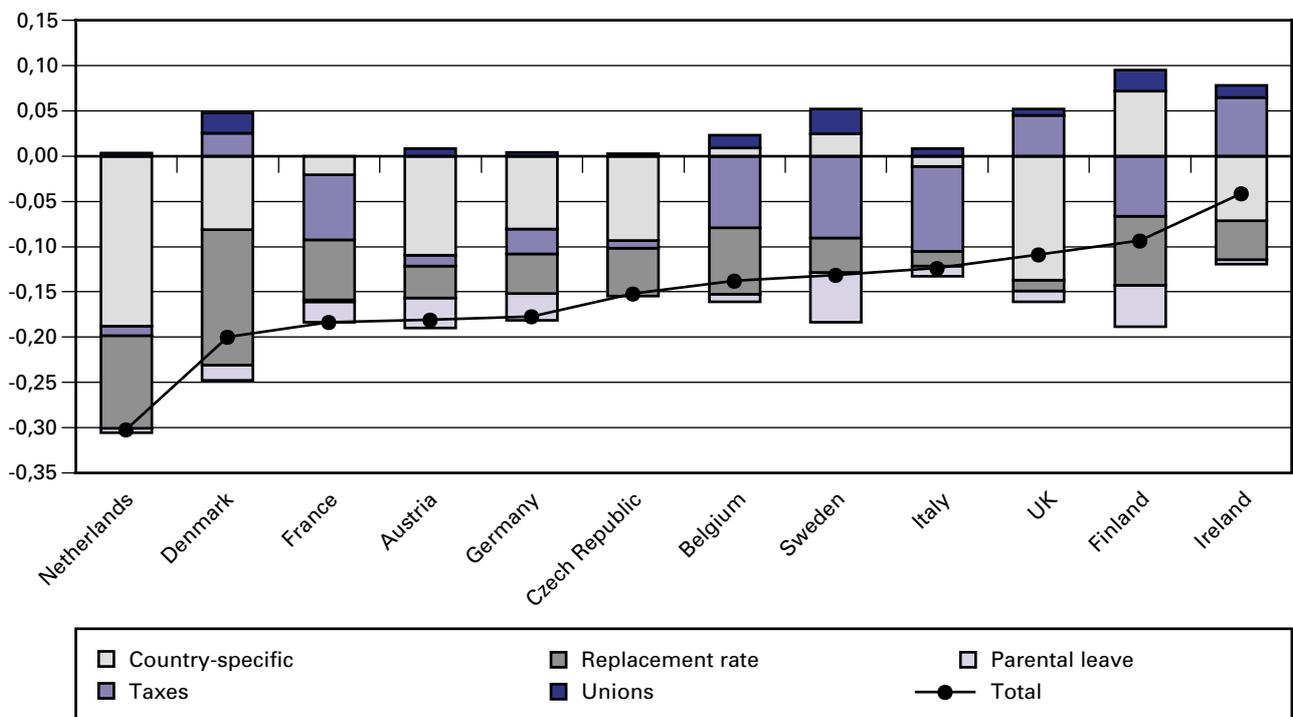
Where incomes are high, measured by per capita GDP, the number of hours worked is low. The explanation for this is that employees with a high income choose extra leisure time over more consumption. The main exception to this rule is the US, where both income and labour utilisation per employee are relatively high. Between the European countries, however, the number of hours worked is lower in countries with higher incomes.

¹ Ideally we would use the marginal tax rates here. The difficulty, however, is that the marginal rate strongly depends on the situation of a given individual, such as his or her own income, the income of a partner, etc.

The relationship between hours worked per employee and GDP per capita could in theory work the other way around, so that an increase in the number of hours worked leads to an increase in production. This possible positive correlation between hours worked and GDP is not supported by the regression analyses in table 4.6. The possible endogenous nature of GDP can also influence the coefficients on the institutional variables. Column (3) in table 4.6 shows however that including GDP has no effect on the qualitative influence of the institutional variables, though the size of the effect does change in a number of cases. For example, the influence of both taxes and benefits on the number of hours worked is stronger in the third column, where GDP is not measured, while the importance of parental leave is less.

We began this section with the question of how important institutions are in explaining the cross-country variation as well as trends in hours worked per employee. Table 4.6 shows which variables have contributed. How large is that contribution? Figure 4.3 shows the contribution of the individual institutional variables based on the third column in table 4.6. The line with dots in this figure shows the relative difference in hours worked in a number of member states compared with the US, as an average over the period 1995–2000. An average employee in the Netherlands worked 30% less, and Irish employees worked 5% less than their counterparts in the US.

Figure 4.3 Contribution of institutions to the difference in hours worked compared with the US (1995–2000)



Results based on third column of Table 4.6.

The columns in figure 4.3 show the contribution of each of the institutional variables in explaining this difference. In many countries, such as Denmark, Finland and the Netherlands, the higher replacement rates are an important factor in explaining the lower number of hours worked: in Denmark this variable actually explains more than half of the difference. The higher tax

rates constitute the most important factor underlying the difference in hours worked in countries such as France, Belgium, Sweden and Italy. In addition, in social-democratic welfare states in particular the generous parental leave arrangements contribute to the difference in hours worked compared with the US. In contrast to Alesina et al. (2005), we find no major role for trade unions in explaining the reduction in working hours. Finally, this figure shows clearly that a large part of the differences cannot be explained by the above factors. This applies in particular for the United Kingdom, the Netherlands, Austria and the Czech Republic. In the light of chapter B2, this raises the question of whether differences in preferences are perhaps the missing link. Simple correlations indicate a positive relationship between the country-specific constants in the first regression and the differing percentage of respondents in each country stating that they would like to work more hours. The same positive correlation was found with the percentage stating that they consider work very important compared with the percentage who consider leisure time very important. These correlations offer tentative indications that preferences may play a part in explaining the differences in working hours between countries.

Figure 4.3 shows that the choice made by Europeans for shorter working hours is strongly influenced by labour market institutions: high taxes, generous benefits and better parental leave arrangements demonstrably lead to a reduction in the number of hours worked per employee. Cutting taxes will therefore lead to an increase in the labour utilisation per employee, and also raise the participation rate (see table 4.6). Lower benefits and better leave arrangements boost the number of hours worked per employee, but do so at the expense of the number of persons in work. Labour market institutions can, however, not explain all differences in the hours worked per employee: a high income and a relatively strong preference for leisure time also reduce the amount of time each employee spends working.

B5 HOURS WORKED IN PERSPECTIVE

As noted in previous chapters, the number of hours worked per employee is clearly connected with leave arrangements, taxation and benefits. European governments do not therefore lack the ability to influence the amount people work. But is that also desirable? In order to answer this question we need to look not just at the direct financial consequences of an extension of working time (more pay for the employee and higher tax revenues for the government) but also at the full range of consequences for social welfare. A detailed analysis of these aspects would be beyond the scope of this Outlook, although we are able to indicate which elements are potentially relevant in deciding whether or not to introduce policies to increase working time. In the next section we provide a brief overview of the consequences of policies to promote the number of hours worked per employee.

If all the effects are weighed and the conclusion is reached that policy in this area is justified, the question arises as to whether this should take place at national or European level. The desirability of a common European policy in this area is examined in more depth in the final section.

5.1 Other influences of the number of hours worked

Alternative time use

It was seen in chapter B1 that an increase in working time does not leave other forms of time use unaffected. For individual employees it means for example that they are left with less free time, set aside fewer hours for recovery (sleeping, eating and personal care) and also have less time for social contacts. In the case of organisations that depend heavily on volunteers (e.g. schools and associations) this can make it more difficult to find people to run their activities.

Health

Longer working time can be at the expense of people's health, for example because the time left for recovery is cut down (see above). Beswick and White (2003) present an extensive literature survey about the consequences of long working weeks.¹ This reveals a clear relationship between long working hours and fatigue and stress. There are also indications that long working weeks can result in cardiovascular disease. This need not however apply to all employees to the same extent. Josten (2004), for example, describes how a nine-hour instead of an eight-hour working day among nurses and carers leads to greater fatigue, health disorders and a decline in performance, whereas among office workers it only leads to greater fatigue and somewhat lower performance, and not to poorer health.

Working longer hours is, however, rarely the only or most important factor leading to psychological fatigue or burn-out (WRR, 2000). Personal predisposition (a perfectionist personality, tendency to depression), difficult private circumstances (especially unwelcome family situations, such as divorce or involuntary childlessness) and other factors at work (disputes, lack of support, lack of autonomy) play at least as big a role.

Employment

An important aim in increasing the average working week is to raise production by increasing the total input of labour in a country. This does however depend on there being no sharp accompanying fall in the number

¹ The various studies considered in this survey all have their own definitions of long working weeks. In most cases they are working weeks of more than 48 hours.

of employees. Is an extension of working time at the expense of the number of people employed?

Although the analysis in the previous chapter examined the effects of labour market institutions on both hours and employment, this European Outlook is primarily concerned with the number of hours worked per employee. A change in the number of hours per employee could, however, also plausibly affect the level of employment. An initial indication to this effect may be found in table 4.2, in which the correlation between the rate of employment and the number of hours worked per employee is negative, although not very high (-0.25). This correlation indicates that the number of employees is relatively low in countries where the number of hours they work is relatively high. In addition table 4.5 indicates that a number of instruments, such as a reduction in benefits and limitations on parental leave, can have a positive effect on the number of hours per employee, but will be at the expense of employment in persons. As against this a reduction in taxation makes work in both forms more attractive, so that both the number of hours and the number of employees will increase if taxes are cut.

On the basis of a model simulation, a recent CPB memorandum (2004a) on the macro-economic effects of an extension of working hours throws light on the connection between working hours and participation. In the short term businesses will use the extension in working time in order to save costs, by having the same work performed by fewer people. The result is a rise in unemployment and a fall in the number of people employed. In the model simulations this effect nullifies approximately one third of the extension of working time. In the long term, however, longer hours and high employment can go hand in hand if the additional tax revenues following from a higher labour input are used in order to reduce the tax burden. Without this recycling of taxes an increase in working time leads to a reduction in the number of employees offering their services in the labour market, with a consequent decline in the level of employment.

Productivity

Does an increase in the number of hours worked produce an equivalent increase in production or is a longer working week at the expense of productivity, measured as output per hour worked? There are various ways of looking at the relationship between the number of hours worked and productivity. First of all it may be viewed from the perspective of the individual employee. If we assume diminishing returns from additional hours worked productivity per hour will decline if employees work longer hours. This effect is plausible if full-time workers extend their hours and fatigue affects their performance. Diminishing returns do not, however, constitute an iron law, especially in the case of part-timers. If employment is associated with fixed costs such as attending meetings, building up a good network or keeping up with professional literature, an extension of working time can lead to the better utilisation of those investments. This idea finds empirical support in a recent survey conducted by the OSA (2005). According to this study the working week should be no less than 24 hours: otherwise too much time is lost in coordination and consultation. In addition, however, there is a decline in productivity per hour: part-timers are more productive per hour worked than full-timers.

For the economy as a whole, however, it is difficult to establish a causal link between an extension of working hours and productivity. An extension of working time can affect the average level of productivity in a country via a change in the composition of the labour force, for example if it means that

lower-productivity employees, in particular, begin working longer hours. In the Macro Economic Survey for 2005 the CPB (2004b) indicates however that this effect has not been pronounced in the Netherlands in the past. The empirical analysis by Belorgey et al. (2004) reveals that in the short term there is a trade-off between growth in employment in hours and output per hour: a 1% increase in working time results in a 0.35% fall in productivity per hour. On the basis of this study Cette (2004) argues that the structural level of productivity in all EU member states would be lower than that in the US if Europeans were to work equally as long and much as their American colleagues. This however bases conclusions for the long term on a study that has only demonstrated the short-term relationship. The fact that productivity and employment can also affect one another positively is shown by Nordhaus (2005) in a recent study for the US. Nordhaus points to a possible positive relation between employment and productivity, tracing the higher productivity to greater demand for labour in high-productivity sectors.

Education

It has already been seen in chapter B1 that men who work more devote less time to education. In the case of women this relationship is less strong; the extra working time is largely at the expense of household activities and care. On average the Dutch devote more time to education than Americans. This may be because of the greater amount of time available due to the shorter working week.

Nevertheless the number of hours worked can also have a positive effect on the incentives to invest in training. The choice in favour of a particular level of training is determined on the one hand by the capacities of the student and, on the other, by the expected return on the extra training. If one can expect to benefit for some time from the extra wage brought by the higher level of knowledge, this will provide a stronger incentive to build up those skills. Training therefore becomes more attractive the greater the number of hours one expects to work per year. In this way the number of hours worked indirectly affects investments in knowledge and hence the economic performance of the member states.

For the same reason an extension of working hours makes on-the-job learning more attractive. Employees have an incentive to invest in their own skills, while employers will also benefit more from training employees who work longer hours.

Competitiveness

A frequently cited argument is that an extension of working hours is good or even necessary for competitiveness. An implicit assumption in such arguments is that longer hours are not rewarded by extra pay. In fact this is therefore a disguised pay cut.

A recent CESifo report (2005) on the European economy examines the effects of an extension of working hours in more detail. An essential aspect of the analysis involves a division into the short-term and long-term effects. In the short term the extension of working hours can have positive employment effects as it means a cut in wage costs for employers. Both in Germany, at a number of large industrial concerns, and in the Netherlands, at a number of fashion chains and elsewhere, this has led employees to agree to extend their hours at the same pay. The long-term effects depend on the adjustment of wages and the effect on labour productivity. A structural improvement in competitiveness will be achieved if unit wage costs are

permanently lowered by the proposed extension of working hours. This can be achieved by permanently lower wages or a structural improvement in labour productivity. A structural improvement in competitiveness can, however, best be achieved by means of targeted policies, such as competition policies, rather than by an extension of working hours (see Broer and Huizinga, 2004).

Social provision

Boosting employment contributes towards the sustainability of social provision; see Ederveen et al. (2005). This does not however apply in equal measure to an increase in labour force participation and the number of hours worked per employee. Both components of an increase in labour-input have the effect of widening the tax and social security base, thereby enabling an increase in tax rates to be avoided. An additional advantage of an increase in the labour force participation rate is the associated reduction in the non-participating element of the population: in many cases those moving into employment will be unemployed, partially incapacitated for work or drawing benefits. An extension of the hours worked by part-timers or a longer working week for full-time employees does not offer this additional advantage. Given the ageing process, however, the increase in participation will largely come to a halt and an increase in the number of hours worked per employee will become an increasingly important instrument in maintaining the level of social provision.

Ecology

Finally we may note the potentially relevant relationship between hours worked and material prosperity on the one hand and ecology and sustainability on the other. We will not, however, be dealing with this in depth in this report as the relationship between hours worked and the environment is primarily an indirect one (operating through the agency of material prosperity). A number of analyses has shown that increasing prosperity is associated with a rise in environmentally harmful behaviour (see Aarts 2001, Harms 2003), unless part of the additional prosperity is invested in cleaner technologies and economic activity shifts more towards less environmentally harmful activities (for example from manufacturing to services). A discussion of the literature on the so-called Green Kuznets Curve describing this complex relationship between economic development, material prosperity and impact on the environment is provided by De Groot and Veenendaal (2004). Although there are still many problems surrounding the empirical research in this area, the most important insights appear to indicate that economic development adversely affects environmental quality.

5.2 Role for Europe?

As indicated in chapters B3 and B4, the government has the capacity to influence the number of hours worked by means of selective policies. It was seen in the previous section that a large number of factors come into play when considering the desirability of such policies. If it is concluded that government intervention is desirable, for example by encouraging longer working hours, the question then arises as to whether Europe should be involved. Many EU member states, especially from the old EU-15, are grappling with a relatively low number of hours worked per year. A common European policy might potentially provide a boost for the Growth and Jobs Strategy introduced by the European Commission under the presidency of José Manuel Barroso in order to breathe new life into the Lisbon agenda.

In answering the question concerning the appropriate role for Europe we may draw a distinction between direct and indirect influences on working time. An example of direct influence would be capping the maximum number of hours that employees are permitted to work per day or per week. Indirect influence can be exerted via institutions and arrangements, for example by altering the subsidies paid for childcare or reducing the tax burden.

Subsidiarity and the working hours act

One means of directly influencing working time is to maximise the number of working hours per day or per week. Many countries have their own working time legislation. The Dutch Working Hours Act, for example, lays down rules for night shifts and Sunday working, establishes how much rest and how many breaks there should be and contains provisions on the number of hours that may be worked per day, week, and every four weeks.¹ Instead of 25 separate sets of regulations it might also be possible to have a single European regulation.

Steps have indeed been taken in this direction. Thus there is a European Working Hours Directive 1993, under which upper and lower limits provide a framework for the national working time legislation of the member states (EC, 1993). Recently a tightening of this directive has been proposed, under which an opt-out from the maximum working week of 48 hours would become subject to stricter conditions (EC, 2005c). In the Treaty the Community is called upon to encourage the member states to promote the health and safety of employees. It was noted in the previous section that there are indeed indications to suggest that long working weeks have an adverse effect on health, and the European Commission motivates its involvement on these grounds. The recently proposed tightening of the Directive refers to the Lisbon agenda (greater participation) and the need to strike a better balance between family and work. Finally this directive also helped meet the fears in certain member states that other EU member states were beginning to compete in terms of working conditions, i.e. that countries could obtain a competitive advantage by allowing a longer working week.

Box The principle of subsidiarity

The Maastricht Treaty laid down in 1992 that the division of powers between the member states in the EU should be determined by the subsidiarity principle. This states that powers should in principle lie with the member states and should only be transferred to the EU under certain conditions. Article 3b of the Maastricht Treaty states: 'In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore by reason of the scale or effects of the proposed action, be better achieved by the Community.'

Although the subsidiarity principle is often interpreted as an argument in favour of national policy, in its purest form it is an objective test for determining how the greatest efficiency can be achieved. The basic principle is that it is best for powers to be devolved to the lowest possible level. An important reason for doing so is that the centralised governments are more familiar with local circumstances and citizens' specific preferences and peculiarities, and are consequently better placed to gear their policies accordingly. Generally speaking democratic control over national policy is also generally better than that in the case of Community decision-making.

¹ The Social and Economic Council (SER) (2005) recently drew up proposals for simplifying the Working Hours Act.

Nevertheless there are also important potential advantages of a common policy. These may be grouped into two broad categories: economies of scale and cross-border external effects. In the case of economies of scale the joint implementation of policy is cheaper and more effective than separate implementation by the individual member states. Cross-border external effects arise if the national policy of a member state also has consequences for other countries without any right of redress on that country. This applies for example to environmental legislation. Undemanding environmental pollution standards can have undesired negative effects for neighbouring countries that were not consulted in the national policy deliberations. In this way national policy can ultimately have a counterproductive effect on the common objectives. When it can be plausibly demonstrated that this is the case, the subsidiarity principle provides grounds for elevating the policy to European level.

Testing whether this role for European policy is justified is based on the subsidiarity principle (see Box). Does working time legislation involve economies of scale or cross-border external effects? Economies of scale arise if the policy can be more efficiently implemented jointly rather than separately. This would not appear to apply in the case of working time legislation. External effects arise if the policy of a member state also has consequences for other member states. This could be the case if competitive advantages can be obtained by means of long working weeks. In order to attract businesses, this might make it attractive for the government to permit a longer working week, thereby setting in motion a process of social dumping. Harmonisation of legislation provides a way of breaking out of this vicious circle.

This line of argument is only relevant if a long working week does in practice generate competitive advantages. The indications to this effect are not, however, strong. Working longer hours generally only generates a competitive advantage if employees are not remunerated for their additional labour. This provides businesses with a temporary reduction in wage costs, but does not bring about any structural improvement in competitiveness. The latter requires a structural improvement in productivity. Labour productivity is, however, if anything held back rather than encouraged by an extension of working time.

In many cases it is not so much the number of hours worked but the requirements for rest periods that can in specific cases generate competitive advantages. This is for example a factor in the transport industry. A joint regulation can prevent overtired drivers from taking to the roads. This consideration forms a justification for the social legislation concerning road transport as agreed at European level as early as 1988 (EC, 1988)¹. In all cases the legislation concerning working time is however of subordinate importance in the competitive battle: wage costs are much more important.

The final indication to suggest that external effects do not play a major role in the reduction of working time is the observation in chapter B4 that in recent decades the average number of hours worked in the EU member states has not risen but has steadily fallen. Companies do not bid against each other by demanding extremely long working hours on the part of their employees but, instead, generally agree to part-time work or short working weeks for full-timers. In practice therefore policy competition in respect of working time legislation would not appear particularly important.

¹ Proposals have been made recently to improve enforcement in this area (EC, 2003).

There are therefore few if any indications of economies of scale or external effects to justify the harmonisation of working time legislation at European level. A common European policy does, however, always come at a price: it deprives the member states of the ability to develop policies specifically geared to the preferences of their own population. This can be an important objection towards common working time legislation. Not only do the number of hours worked vary markedly between the member states of the EU, certainly when comparing the 10 new with the 15 old member states but, as seen in chapter B2, working hour preferences also vary widely within the EU. It therefore comes as no surprise that there are major differences between the member states with regard to legislation on working time and rest periods (see SER, 2005). This wide diversity is also reflected in the preferences of European citizens for a common policy in the field of health and social policy. Appendix table A1.2 to chapter A reveals that in 2004 on average just 37% of EU inhabitants saw merit in European coordination in this field. Support for a common European policy in this field is weakest in the Scandinavian countries, but in the Netherlands too it is supported by just 22% of the population.

Subsidiarity and indirect influence on the number of hours worked

Chapters B3 and B4 dealt in detail with the effects of labour market institutions and arrangements for combining work and care on the number of hours worked. Although these arrangements do not impose any explicit restrictions on achieving the desired working hours, they do make such regulation more – or in some cases less – attractive and thus directly influence the decision reached on working time. As shown in chapter B3 there may be good reasons for such government intervention.

Are there also good reasons for an EU-wide policy in respect of these arrangements? As outlined above, economies of scale and external effects can provide a legitimation in this area. The first European Outlook (CPB/SCP, 2003) dealt in detail with the question as to whether a social Europe would produce economies of scale or be coupled with external effects. No economies of scale could be identified. Social policy can, however, have external effects. A reduction in social standards can improve corporate competitiveness, which will be at the expense of other countries. By way of analogy to the above line of reasoning, this can give rise to a process of social dumping. Common policies can help prevent this and hence promote prosperity in all countries. There is however little if any empirical evidence for such a process of social dumping in the EU: social expenditure has not fallen in recent decades but risen. This applies in both absolute terms and as a percentage of GDP (see CPB/SCP, 2003).

External effects cannot therefore readily be advanced as a decisive argument in favour of European coordination. As against this the organisation of the labour market differs markedly in the 25 European member states. The different institutions in the labour market need to be viewed as a coordinated whole. The level of an unemployment benefit can, for example, not be viewed in isolation from its duration. The requirements the benefit must satisfy in turn determine the organisation of job placement policy. It is not therefore really possible to single out any one element and make this the object of European agreements. The harmonisation of the entire social security system is virtually impossible. Similar arguments apply to institutional arrangements in the field of care, such as child-minding. Chapter B3 provided convincing evidence for the fact that differences in this area are often pronounced just within the one type of welfare state, let alone within the EU-25.

The major differences between the member states and lack of demonstrable benefits from European coordination call for separate policies in each country towards working time. In practice European policy has, accordingly, been to stay in the background. This does not mean that policy in this area has been the sole preserve of national governments: in practice a middle way has been found between fully national and Community policy. Under the Open Method of Coordination (OMC) the EU has obtained some influence over social policy. The Open Method of Coordination is a European form of governance that has been used since 1997 in European employment strategy but was only given its name when the Lisbon agenda was introduced. The aim of this method is to coordinate policy by the formulation of common goals, with national sovereignty providing the starting point for the framing of policy. The potential of OMC for social policy stems primarily from the possibility for countries to learn from one another's policies. There are no hard sanctions. With the introduction of National Action Plans in the new Growth and Jobs Strategy the sanctions have however become more substantial and the intention is for the effectiveness of the OMC to be enhanced. The need for more sanctions in the case of social policy is not however clear and it is therefore questionable whether it will have the desired effect. Ederveen et al. (2005) look more closely at the ways in which the OMC can and cannot make the Growth and Jobs Strategy more effective.

Instead of single European legislation, the EU does exercise influence over national policy under a number of directives setting upper and lower limits for national policy. One example noted above is the Working Hours Directive. Another example of a minimum standard in the social field is the directive adopted in 1996 on parental leave (EEC, 1996), under which employees are given a right to at least three months parental leave.

Although these limits are probably more of a confirmation of the existing situation in the various member states than an active constraint, they can be used to send important political signals. A European working time directive or a European directive on parental leave can act as a signal that the EU attaches particular importance to social standards. This can also be a signal for potential new members of the EU. These political effects have not been taken into account in the discussion above but could provide a political justification for European co-operation in respect of policy aimed at influencing the number of hours worked.

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Appendix to chapter B1

Appendix table B1.1: Time devoted to commitments, by household situation, working population, in hours per week, 1998–2003

	Single		Couple		Family, c/a 0–6		Family, c/a 7–17	
	Women	Men	Women	Men	Women	Men	Women	Men
Finland								
Paid work/education	30.5	36.6	31.7	38.7	26.4	41.1	30.7	39.2
Household/family care	15.4	11.1	21.4	12.5	35.9	18.9	26.1	15.1
Total	45.9	47.7	53.1	51.2	62.3	60.0	56.8	54.3
Sweden								
Paid work/education	32.7	36.4	29.4	37.3	20.0	36.9	30.7	38.1
Household/family care	15.7	13.2	21.5	14.5	37.4	23.2	27.6	17.8
Total	48.4	49.6	50.8	51.8	57.4	60.1	58.3	55.9
Norway								
Paid work/education	29.6	37.2	27.9	32.1	19.1	35.5	27.9	34.9
Household/family care	14.6	9.1	21.2	14.7	37.5	22.2	25.1	17.2
Total	44.2	46.3	49.1	46.8	56.6	57.6	53.0	52.0
Germany								
Paid work/education	31.7	36.4	26.8	34.0	16.8	35.1	23.4	37.4
Household/family care	14.3	8.7	22.3	13.8	36.7	20.0	29.0	14.1
Total	46.0	45.1	49.2	47.8	53.4	55.1	52.4	51.5
United Kingdom								
Paid work/education	31.9	39.2	29.4	39.0	23.4	41.8	27.8	40.6
Household/family care	14.0	8.8	23.8	13.5	37.4	18.2	28.2	15.2
Total	45.9	48.0	53.1	52.6	60.8	60.0	56.0	55.8
Belgium								
Paid work/education	31.6	35.0	29.1	35.1	24.9	35.9	22.8	35.8
Household/family care	19.2	13.1	24.0	14.2	34.2	20.3	31.5	16.2
Total	50.8	48.1	53.2	49.3	59.0	56.2	54.2	52.0
France								
Paid work/education	36.4	40.6	32.6	40.8	26.6	38.5	29.5	40.4
Household/family care	16.5	10.3	25.3	12.1	33.6	16.6	29.5	14.2
Total	52.9	50.9	57.9	53.0	60.2	55.1	59.0	54.6
Hungary								
Paid work/education	35.6	38.9	33.2	35.9	26.2	38.2	32.1	39.7
Household/family care	17.7	10.3	28.7	15.9	39.1	20.4	33.6	16.7
Total	53.3	49.2	61.9	51.8	65.3	58.6	65.7	56.4
Estonia								
Paid work/education	27.9	35.0	30.1	31.4	29.2	34.8	30.1	38.0
Household/family care	23.9	13.5	29.0	18.6	37.2	18.6	31.0	16.2
Total	51.8	48.5	59.2	50.0	66.4	53.4	61.1	54.3
Slovenia								
Paid work/education	34.2	38.7	27.0	33.0	25.8	40.6	35.0	38.5
Household/family care	18.7	12.3	34.7	18.3	41.8	20.2	29.8	15.9
Total	52.9	51.0	61.6	51.3	67.6	60.8	64.8	54.4
Netherlands								
Paid work/education	28.8	37.7	26.0	35.7	17.7	40.7	27.8	40.7
Household/family care	15.3	11.7	19.4	11.0	38.2	17.1	22.9	9.2
Total	44.1	49.5	45.4	46.7	55.9	57.8	50.7	49.9
United States								
Paid work/education	38.3	42.0	33.6	42.1	29.9	43.6	31.3	42.7
Household/family care	15.0	9.4	19.7	12.2	34.2	19.2	26.6	14.7
Total	53.3	51.4	53.3	54.3	64.1	62.8	57.9	57.4

Source: Eurostat 2004, SCP treatment; TUS 2000, ATUS 2003

Appendix to chapter B2

Appendix table B2.1: preferences for all member states

	Men	Women	Men	Women	Men	Women	Men	Women
	% more hours working ^a		% work highly important – % leisure time highly important ^b		% considering a good salary highly important ^c		% considering not too much pressure important ^c	
Netherlands	20	18	3	-13	78	67	28	37
Scandinavia	14	16	2	2	63	54	26	30
Anglo-Saxon	28	18	-5	-12	86	78	31	27
Rhineland	24	18	25	18	76	69	20	19
Southern Europe	36	29	29	28	85	84	48	50
Central Europe	50	47	45	41	90	88	50	53
Finland			8	17	69	61	31	31
Sweden	15	19	0	0	37	46	32	38
Denmark	11	12	-1	-9	60	48	12	16
Norway	13	10						
United Kingdom	28	18	-10	-15	85	77	30	26
Ireland			18	2	89	89	42	45
France	25	19	30	34	70	67	13	10
Germany	25	18	20	7	80	70	21	23
Belgium			26	19	77	69	31	33
Luxembourg			11	18	67	64	38	34
Austria			26	26	71	62	21	15
Switzerland	14	14						
Italy	37	26	35	29	86	84	58	62
Greece			14	19	88	91	53	54
Spain	32	26	22	26	86	83	40	39
Portugal	45	46	38	38	81	79	23	26
Estonia			35	30	90	87	21	26
Latvia			53	53	76	75	11	6
Lithuania			41	35	93	92	33	35
Poland	56	57	57	50	94	92	61	66
Czech Republic	43	31	33	32	76	71	35	36
Slovakia			30	28	92	90	20	17
Hungary	42	30	22	29	92	88	57	57
Slovenia	38	34	28	31	89	85	70	73
Malta			28	24	91	88	65	70
Cyprus	29	22						
Europe	30	24	23	19	82	76	35	35
US	38	28	17	6	90	88	35	41

^a 'Think of the number of hours you work, and the money you earn in your main job, including any regular overtime. If you had only one of these three choices, which of the following would you prefer?

- Work longer hours and earn more money
- Work the same number of hours and earn the same money
- Work fewer hours and earn less money
- Can't choose'

The cells show the % of respondents who have selected the option 'work longer and earn more money' (ISSP 1997, weighted results)

^b 'For each of the following, indicate how important 'work' and 'leisure time' are in your life: . 4 response categories possible: highly important, really important, not so important and very unimportant. The cells show the % of respondents who consider work highly important minus the % of respondents who consider leisure time very important. (WVS 1999/2000, weighted results)

^c Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?

- Good pay (mentioned/not mentioned)
- Not too much pressure (mentioned/not mentioned)
- Generous holidays (mentioned/not mentioned)
- A job in which you feel you can achieve something (mentioned/not mentioned)

The cells show the % of respondents who have mentioned the aspect (various categories do not exclude one another, so that the total does not add up to 100%) (WVS 1999/2000, weighted results)

Empty cell = no data available

continuation of Appendix table B2.1 : Time use preferences in percentages

	Men	Women	Men	Women	Men	Women	Men	Women
	% who consider a generous number of holidays to be highly important ^c		% who consider it important to achieve something in their work ^c		% who have a high work ethic ^d		% who consider that work should always come before spare time ^e	
Netherlands	26	29	44	36	12	9	25	21
Scandinavia	21	17	62	64	23	18	40	34
Anglo-Saxon	42	37	59	59	17	11	28	26
Rhineland	24	22	53	50	33	25	45	38
Southern Europe	37	34	63	62	40	35	50	46
Central Europe	32	29	62	58	49	47	63	61
Finland	26	16	56	56	22	24	37	40
Sweden	19	20	72	72	17	9	34	23
Denmark	18	14	51	58	35	29	53	44
Norway								
United Kingdom	42	37	58	58	17	11	27	26
Ireland	45	43	71	71	31	15	37	32
France	22	18	51	50	36	28	38	31
Germany	23	22	53	48	32	24	51	43
Belgium	34	34	49	44	24	22	33	33
Luxembourg	39	35	56	54	41	34	44	35
Austria	22	19	59	55				
Switzerland								
Italy	35	34	74	76	50	42	52	45
Greece	38	29	63	58	30	28	40	36
Spain	40	35	50	47	29	27	48	49
Portugal	38	37	48	48	43	39	46	45
Estonia	19	22	45	44	35	36	45	45
Latvia	10	9	30	34	40	40	48	49
Lithuania	29	30	41	43	29	34	53	50
Poland	33	28	69	64	55	47	65	57
Czech Republic	18	15	42	35	35	42	54	56
Slovakia	19	18	37	35	45	51	57	62
Hungary	55	53	79	76	52	55	74	78
Slovenia	45	47	89	91	44	49	56	55
Malta	34	37	73	66	39	27	50	40
Cyprus								
Europe	31	29	58	56	34	29	46	42
US	36	37	81	86	21	17	40	32

^d Work ethic scale on the basis of the following items:

- To fully develop your talents, you need to have a job
- It is humiliating to receive money without having to work for it
- People who don't work turn lazy
- Work is a duty towards society
- Work should always come first, even if it means less spare time (WVS 1999/2000)

The cells show the % of respondents with a score of max. 10 points (scores lie between 5 and 25, with a low score indicating a higher work ethic) (WVS 1999/2000, weighted results)

^e Work should always come first, even if it means less spare time (5 response categories varying from agree strongly to disagree strongly)

The cells show the % of respondents who 'agree' or 'strongly agree' with this statement (WVS 1999/2000, weighted results)

Empty cell = no data available

Appendix table B2.2: Preferences according to life-cycle stage

	% work highly important – % leisure time highly important	% who consider a good salary important	% who consider not too much pressure are important	% who consider a generous number of holidays important	% who consider it important to achieve something in their work	% with a high work ethic	% who think that work should always come before leisure time
Netherlands (men)							
Single	0	79	32	28	47	11	17
Couple	5	76	25	28	39	20	39
Family, c/a < 5 yrs	8	78	34	21	43	9	26
Family, c/a 5–17 yrs	5	79	21	23	48	4	20
Netherlands (women)							
Single	– 11	67	33	32	39	9	17
Couple	– 28	56	39	27	29	11	38
Family, c/a < 5 yrs	– 13	75	44	24	35	6	13
Family, c/a 5–17 yrs	1	72	39	30	36	4	15
Scandinavia (men)							
Single	3	62	28	20	62	23	39
Couple	5	57	23	22	62	30	51
Family, c/a < 5 yrs	– 12	74	24	20	64	16	26
Family, c/a 5–17 yrs	4	70	29	20	62	18	34
Scandinavia (women)							
Single	1	52	28	16	64	26	40
Couple	2	51	30	20	63	18	38
Family, c/a < 5 yrs	– 1	65	30	20	60	10	22
Family, c/a 5–17 yrs	7	57	32	14	67	13	25
Anglo-Saxon (men)							
Single	– 11	82	36	41	65	13	27
Couple	– 7	85	31	42	61	25	36
Family, c/a < 5 yrs	– 1	87	19	42	54	13	32
Family, c/a 5–17 yrs	2	91	31	42	52	17	15
Anglo-Saxon (women)							
Single	– 2	71	27	36	59	14	36
Couple	– 24	72	17	28	57	15	30
Family, c/a < 5 yrs	– 1	87	33	42	60	6	20
Family, c/a 5–17 yrs	– 21	86	36	41	62	9	16
Rhineland (men)							
Single	15	75	24	27	56	29	39
Couple	29	72	16	21	48	43	56
Family, c/a < 5 yrs	22	76	18	24	59	24	36
Family, c/a 5–17 yrs	34	84	19	24	54	28	40
Rhineland (women)							
Single	17	70	19	20	48	29	38
Couple	22	65	19	19	46	29	45
Family, c/a < 5 yrs	18	68	19	26	53	20	33
Family, c/a 5–17 yrs	16	72	19	26	52	22	36
Southern Europe (men)							
Single	18	87	53	39	69	29	38
Couple	46	84	46	33	63	57	65
Family, c/a < 5 yrs	41	89	56	35	66	46	46
Family, c/a 5–17 yrs	34	85	50	36	62	43	53
Southern Europe (women)							
Single	24	84	53	35	64	32	41
Couple	39	82	53	34	65	44	53
Family, c/a < 5 yrs	14	85	52	34	67	29	39
Family, c/a 5–17 yrs	30	86	51	31	68	38	48
Central Europe (men)							
Single	28	91	52	37	62	35	55
Couple	51	85	50	30	61	57	72
Family, c/a < 5 yrs	58	95	53	37	67	50	62
Family, c/a 5–17 yrs	43	92	48	29	59	50	62
Central Europe (women)							
Single	41	84	50	23	54	50	60
Couple	37	85	54	34	58	58	74
Family, c/a < 5 yrs	47	92	56	34	63	32	51
Family, c/a 5–17 yrs	41	91	53	30	60	44	57

	% work highly important – % leisure time highly important	% who consider a good salary important	% who consider not too much pressure are important	% who consider a generous number of holidays important	% who consider it important to achieve something in their work	% with a high work ethic	% who think that work should always come before leisure time
Europe (men)							
Single	12	81	38	34	61	26	37
Couple	30	78	31	28	56	44	57
Family, c/a < 5 yrs	29	85	35	32	61	32	43
Family, c/a 5–17 yrs	29	86	35	30	57	33	44
Europe (women)							
Single	18	74	35	27	55	30	41
Couple	21	73	35	27	55	35	49
Family, c/a < 5 yrs	18	79	35	31	58	20	34
Family, c/a 5–17 yrs	18	80	36	29	58	27	39

Source: WVS 1999/2000, weighted results

Appendix to chapter B4: Description of data sources

This appendix describes the data sources used in this chapter.

Real GDP (per hour worked, per employee and per capita)

This information has been drawn from the GGDC Total Economy Database 2003 (University of Groningen and Conference Board; <http://www.eco.rug.nl/ggdc>). The information provides the basis for the figures presented on the number of hours worked per employee and the number of employees as a fraction of the total population (i.e. the participation rate). Information is in principle available for 74 countries since 1950.

Unemployment

This concerns total unemployment as a percentage of the labour force, as drawn from the OECD Labour Force Survey.

Working-age population

This is the population aged between 15 and 65. The information is taken from the United Nations.

Part-time work

Own calculation on the basis of the OECD Labour Market Statistics. In the regression analysis presented in section 4.3.2 of chapter B4 we have also used a number of institutional indicators. We have used data for the period 1960–2000, making use of five-year averages. The countries covered by the analysis are Australia, Austria, Belgium, Canada, Denmark, Germany, Finland, France, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the US.

Tax burden

We use figures on the gap between gross and net wages (i.e. tax and social security deductions). For 1960–1979 we have used the series constructed by Belot and Van Ours (2001). They calculate the tax rate as the sum of the employment tax rate and the direct tax rate. More detailed information may be found in the appendix to their publication. From 1979 onwards we have used the tax wedge as published by the OECD. These data relates to an average production worker and may be found in table 3/6 of the appendix to the OECD publication ‘Taxing Wages 2000–2001’ (OECD, 2001b). The total tax wedge is defined here as ‘Employees’ and employers’ social security contributions and personal income tax less transfer payments as percentage of gross labour costs’.

Employment protection legislation

We use the index constructed by Belot and Van Ours (2001). These series relate to employment protection for open-ended contracts of employment, fixed-term employment contracts and temporary work agencies. See Belot and Van Ours (2001) for more details.

Parental leave (effective duration)

The series for parental leave that we use in the regressions is a measure for effective parental leave (weighted for the extent of continued payment) and has been taken from table 6 in Plantenga and Siegel (2004).

Level and duration of benefit

The OECD publishes data on unemployment benefits broken down into three different household types (single, with non-working wife and with

working wife) and for three different time periods (first year, years 2 and 3, and years 4 and 5) from 1961 to 2003 (for every other year). We have used these data to construct a composite measure for the replacement rate in the first year simply by taking the average for the three household types. We have calculated the benefit period in the same way as Nickell (2003). Using the OECD data described above we calculate the ratio of the later replacement rate in relation to the replacement rate in the first year. The precise formula is as follows: $[0.6 (\text{replacement rate 2nd and 3rd year}) + 0.4 (\text{replacement rate 4th and 5th year})] : (\text{replacement rate 1st year})$.

Trade unions (union density and coordination)

Union density: Series obtained from Ederveen and Thissen (2004). The original source is the OECD Labour Market Statistics.

Coordination: Index (1–3) characterising the degree of coordination of the wage bargaining process, where 1 stands for little coordination (company level) and 3 for much coordination (national). Source: Ederveen and Thissen (2004).

Publications by CPB and SCP

The list below contains a selection of recent publications by the Netherlands Bureau for Economic Policy Analysis (CPB) and the Social and Cultural Planning Office of the Netherlands (SCP) relating to Europe and the subject of this European Outlook. A complete list and PDF versions of these publications may be found on the websites of the CPB (www.cpb.nl) and the SCP (www.scp.nl).

CPB publications

CPB, 2004, *Vier vergezichten op Nederland: productie, arbeid en sectorstructuur in vier scenario's tot 2040*, CPB & Koninklijke De Swart, The Hague. (ISBN 90-5833-197-0)

CPB, 2005, *Naar een toekomstbestendig stelsel voor arbeidsmarkt en sociale zekerheid*, CPB Notitie, 28 February 2005.

Ederveen S., A. van der Horst & P. Tang, 2005, *Is the European economy a patient, and the Union its doctor?*, CPB Document 80, March 2005. (ISBN 90-5833-210-1)

Euwals, R. & M. Hogerbrugge, 2004, *Explaining the Growth of Part-time Employment: Factors of Supply and Demand*, CBP Discussion Paper 31, April 2004. (ISBN: 90-5833-170-9)

De Groot, H., R. Nahuis & P. Tang, 2004, *Is the American model Miss World? Choosing between the Anglo-Saxon model and a European-style alternative*, CPB Discussion Paper 40, October 2004. (ISBN: 90-5833-196-2)

Kox, H., A. Lejour & R. Montizaan, 2004, *The free movement of services within the EU*, CPB Document 69, October 2004. (ISBN 90-5833-195-4)

SCP publications

Broek, A. van den, & K. Breedveld (eds.; 2004). *Trends in Time. The Use and Organisation of Time in the Netherlands* (SCP publication 2004/12; ISBN 90-377-0196-5).

Gesthuizen, M. & J. Dagevos (2005). *Arbeidsmobiliteit in goede banen* (SCP publication 2005/12; ISBN 90-377-0203-1).

Luijn, H. van, & S. Keuzenkamp (2004). *Werkt verlof? Het gebruik van regelingen voor verlof en aanpassing van de arbeidsduur* (Research report 2004/3; ISBN 90-377-0144-2).

Portegijs, W., A. Boelens & L. Olsthoorn (2004). *Emancipatiemonitor 2004* (SCP publication 2004/19; ISBN 90-377-0190-6).

SCP (2004). *In het zicht van de toekomst. Sociaal en Cultureel Rapport 2004* (ISBN 90-377-0159-0).

SCP (2005). *De sociale staat van Nederland 2005* (SCP publication 2005/14; ISBN 90-377-0202-3).