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The Welfare Argument for Free Time Protection

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ABSTRACT *Demands for free time protections are often justified with appeal to a concern for individuals' welfare. The idea is that people would enjoy greater levels of welfare if they had more access to free time. This article shows that the currently most sophisticated version of the welfare argument is inconclusive. It then shows how this argument can be modified and extended to become conclusive. The main claim is that policymakers have a decisive welfare-based reason to implement free time protections that go even further than those already in place in countries that are known for their good work–life balance.*

1. Introduction

Economic growth has greatly improved human welfare. For example, the average UK citizen has seen a 29-fold increase in prosperity since the Industrial Revolution.[1] This wealth gain has led to a dramatic increase in welfare.[2] However, there is growing scepticism regarding the value of perpetual economic growth.[3] One source of such scepticism has to do with the fact that economic growth has dramatically increased the availability of consumer products, but it has not led to comparable expansions of individuals' free time.[4] The 29-fold increase in prosperity in the UK was accompanied by an *increase* in working time during the Industrial Revolution and now working time is roughly at the same level as before the Industrial Revolution.[5] Some sectors of the economy have even seen a re-emergence of jobs with very long hours.[6] Firms often use novel technology to produce more goods and services, rather than using it to expand their employees' access to free time. This occurs not only in industrialised countries like the UK, but also in countries of the Global South. One might say that many contemporary economies are *output-biased*.[7]

The degree to which an economy is output-biased depends on regulations, incentives, and subsidies that protect access to free time. For example, it is much easier for workers in the Netherlands to access quality part-time work than it is for workers in Greece.[8] Consequently, average working time in the Netherlands is relatively low, at 1417 hours worked per worker per year, and relatively high in Greece, where workers work 1872 hours on average.[9]

Despite these significant differences between countries, proponents of working time reduction maintain that we should go even further than countries like the Netherlands in expanding opportunities for free time.[10] Various policies have been proposed to achieve further reductions in average working time. One particularly prominent example is the right to a four-day work week. Protecting the right to a four-day work week would likely reduce average working time because there are currently many workers who would prefer to work less but are unable to do so because their employers refuse to offer this option.[11]

Apart from the right to a four-day work week, there are various other policies that can reduce average working time. These include subsidies for part-time work, a right to sabbatical leave, childcare subsidies, strengthening labour unions, introducing a universal basic income, and maximum work hours laws. I shall not try to establish the superiority of any of these policies over its alternatives. Instead, I will show that the general goal of reducing average working time is morally desirable, even in countries like the Netherlands that have already made significant progress on this front.

Advocates of working time reduction frequently appeal to the idea that people would enjoy greater welfare if it were less costly for them to access free time.[12] We can refer to this as the *welfare argument* for reduced work hours. Thus far, academics and activists have mostly taken the validity of this argument to be self-evident. However, the welfare argument faces an important challenge, whose force has not been appreciated. In this article, I explain what this challenge is and show how the welfare argument can escape it.

The article is structured as follows. Section 2 lays out a sophisticated version of the welfare argument and explains that it is incomplete because it relies on two controversial and undefended premises. Section 3 defends the first of these premises. Section 4 defends the second premise.

Before I begin, two clarifications are in order. First, it is important to stress that my task in this article is not to review the empirical literature on the relation between work hours and welfare. The question I am asking is not whether those who work little enjoy more welfare than those who work long hours. Rather, I am asking the normative question of whether policies whose aim it is to expand access to free time can in principle be justified with appeal to a concern for individuals' welfare. Second, my focus is narrowly on the welfare argument for free time. This means that I set to one side arguments that defend greater access to free time on other grounds, such as for example that free time is necessary to enjoy basic liberties.[13]

2. The Welfare Argument

Various scholars claim that the effects of free time on individuals' welfare can justify policies that provide greater opportunities for free time.[14] However, it often remains unclear how exactly a concern for welfare justifies greater access to free time. The plausibility of the welfare argument is often taken for granted, rather than argued for. We can begin to better understand the welfare argument by analysing a sophisticated version of it that can be found in the works of Juliet Schor, G.A. Cohen, and David Schweickart, among others.[15] According to Cohen:

> The productive technology of advanced capitalism begets an unparalleled opportunity to lift the curse of Adam and liberating men from toil but the production relations of capitalist economic organization prevent the opportunity from being seized. The economic form most able to relieve toil is least disposed to do so … Because capitalism always favours expanding output, it will, for that reason and to that extent, be a detrimental economic system under certain conditions. … American capitalism now functions detrimentally to human welfare in the stated respect.[16]

The ideas implicit in this quotation can be formalised as follows:

Premise 1: Contemporary economies are highly productive and therefore create a potential for reduced working time.[17]

Premise 2: The dynamics of capitalist production prevent that potential from being realised.

Premise 3: Humans would enjoy more welfare under alternative economic systems, where everyone can work less.

Premise 4: A society where humans enjoy more welfare is preferable (other things equal) to one with less welfare.

Conclusion: Contemporary economic systems are objectionable because they promote human welfare to a lesser extent than feasible alternative systems.

This version of the welfare argument has very wide appeal, but it is incomplete. One reason why it is incomplete is that its advocates have failed to offer convincing reasons to establish the truth of the second and the third premise. Consider again Cohen, who claims that the second premise is plausible because:

> advances in productivity enable gains in either direction [more output or more leisure], typically at the expense of gains in the other direction. Now capitalism inherently tends to promote just one of the options, output expansion, since the other, toil reduction, threatens a sacrifice of the profit associated with increased output and sales and hence a loss of competitive strength.[18]

The idea is that firms that use productivity gains to increase output are more competitive than firms that use productivity gains to reduce working time. However, no further argument is offered to sustain this claim. This is true not only for Cohen, but also for other proponents of the welfare argument.[19] It is often assumed that structural forces related to capitalism make it the case that firms must expand production to remain competitive. But why exactly are firms that increase output more competitive than firms that reduce working time? After all, working time reductions can reduce labour costs so that this might at least sometimes be profitable. Advocates of the welfare argument do not explain convincingly why capitalist economies normally favour expansions of output over expansions of free time. The output bias is often sweepingly attributed to capitalism as such, without further attention to detail.

The second premise also fails to acknowledge that *some* capitalist firms cater to workers' preferences for reduced work hours. Clearly, it is possible for some firms to offer attractive part-time employment. This provides another reason to think that part-time employment might be rare simply because there is little demand for this kind of employment. The premise overlooks not only differences among firms regarding how much opportunity for free time they offer but also differences between economic sectors and between countries. The claim that *all* capitalist economies structurally preclude significant expansions of free time is too sweeping and too simplistic.

The third premise of the welfare argument states that humans would enjoy more welfare in a society where everyone works less, even if consumer items were more expensive in this society. One rationale that is often invoked to support this premise runs as follows. Workers can be expected to benefit both from expansions of output and from expansions of leisure. Different workers prefer different work–leisure balances. Almost no one prefers to always expand output and never expand leisure. Even those who think of material wealth as more important than free time would perhaps agree that material wealth is not important enough to justify this extreme discrepancy. Output-biased economic systems do not cater to the interests of a large majority of workers who would like to see a more even mix between output-expansion and leisure-expansion. At least some of the time, workers would like to use productivity gains to reduce working time. Therefore, the kind of work–leisure mix that we would find in a society without output bias promotes human welfare to a greater extent than contemporary economic systems.

The third premise faces an important challenge: why exactly is there so much material production and consumption under capitalism? The most natural explanation for why people work as much as they work and consume as much as they consume is that this is what they prefer to do. After all, if there was demand for shorter work hours, we would expect capitalists to set up firms that cater to this demand by offering part-time employment. If the assumption that workers would prefer to enjoy more free time is true, then why are there so few workers who choose to work part-time? Advocates of the welfare argument have thus far failed to provide a convincing answer to this challenge.

However, it would be premature to abandon the welfare argument because – as I now proceed to do – the gaps in it can be filled out so that it becomes conclusive. The next section shows how the welfare argument can be amended so that its second premise survives the challenge I just laid out. The subsequent section defends the third premise.

3. The Output Bias

Recall that the second premise holds that contemporary economies are output-biased, in the sense that they structurally preclude significant expansions of workers' free time. Put in such general terms, the premise has little purchase. A narrower version of the premise, in contrast, is plausible. In the absence of regulation, many economic sectors provide strong incentives for firms to expand output, rather than reduce working time. Before I explain what these incentives are, it is important to stress that I do not claim that they are the *sole* cause of long work hours. There are various explanations for the persistence of long work hours.[20] Incentives for expanded production are but one of them.

To illustrate the claim that the output bias is caused by a collective action problem, consider the following example.

Microchips: A new type of semiconductor enables a firm to produce microchips twice as effectively as before. The new semiconductor is also available to other firms that compete in the same market. The firms can now choose between:

(a)*Increased output*: producing twice as many microchips, while keeping constant average working time per worker.

(b)*Reduced working time*: halving each employee's working time, while keeping production constant.

(c)*Mix*: a combination of reduced working time and increased output.

Let's begin by noting that (a) is often an attractive choice because there are two ways in which increasing output can enhance competitiveness. First, economies of scale can reduce unit costs of production and thus enable firms to sell their product at a cheaper price. Second, an increase in production can enhance firms' competitiveness by increasing their market power and thereby their ability to influence prices. It is for these two reasons that many industries undergo a process of corporate consolidation.[21] The outcome of consolidation processes is markets that are dominated by a small number of big players.[22] An example of this is the beer brewing industry, where Anheuser-Busch InBev controls around 60% of the world market profit.[23] Their dominant position is the result of a series of acquisitions and mergers that are partly motivated by the competitive advantage that results from economies of scale and partly by the prospect of gaining market power. In extreme cases, so-called winner-takes-all markets offer a very high premium on becoming the biggest player.[24]

Processes of corporate consolidation have been criticised for their potential to stifle innovation and efficiency, as well as for their potential to undermine democratic governance.[25] Here, I want to draw attention to another worrying implication of incentives for corporate consolidation: their potential to generate an output bias that precludes significant expansions of free time.

To be sure, the fact that firms have *some* reason to expand output is not enough to establish that these reasons normally outweigh reasons to adopt the alternative strategy of expanding workers' free time. After all, working time reductions can be a way of reducing labour costs that go into the process of production. Sometimes, the expected benefit of using new technology as a means of saving labour costs can be higher than the expected benefit of using technology as a means of expanding output. Especially when production is very labour-intensive and when labour costs are high, firms have incentives to reduce production costs through working time reduction. In cases where the gains from reduced labour costs supersede the gains from increased output, firms will opt for working time reductions. Imagine, for example, a traditional vegetable farm where most sowing, cultivating, and harvesting is done by humans. If a tractor became available to this farm, it might be rational for the farm-owner to use the tractor to reduce labour costs, rather than using it to produce more vegetables.

One reason why we nevertheless observe so much increase in production and so little reduction of working time might be that cases where working time reductions are more profitable than expansions of output are very rare. Perhaps the gains associated with expansions of output are so significant that they usually outweigh the benefits associated with reduced working time. In sectors of the economy that offer big premiums on firm size and market share, this explanation has considerable force.

But there is another explanation for why many industries have not seen significant working time reductions over time. This explanation has to do with the fact that firms can reduce the amount of labour that goes into the production process in two ways. They can either reduce each employee's working time or they can fire some employees while leaving constant the working time of those who remain employed. For privately-owned firms, the latter option of dismissing a part of the workforce is often more attractive. This is because dismissing some workers is normally cheaper than maintaining a larger number of part-time workers because each individual worker creates certain fixed costs, such as social security expenses, office equipment, etc.[26] What's more, firms cannot pass all these costs onto employees because regulations such as minimum wage laws often make this impossible. The fact that a significant portion of workers in industrialised countries are overemployed (i.e. they would like to work fewer hours but cannot find jobs that offer these conditions) suggests that firms find it very costly or very difficult to offer one and the same job with different working time arrangements.[27] This means that in cases where firms want to reduce the costs of labour, they will often find dismissals more attractive than working time reductions. The upshot of this is that firms have incentives to prefer dismissals and expansions of output over expansions of workers' free time because this generates a competitive advantage vis-à-vis those firms that decide to expand workers' free time.

Note that firms can have reasons to prefer increased output over greater free time independently of whether or not there is a conflict of interest between the employees and the owners of a firm. One might think that the reason why firms often decide to increase output, rather than reduce working time, is that firm owners are primarily concerned with their firm's profitability and are indifferent to employees' welfare. This would suggest that the output bias arises only in contexts where firms are owned privately and where workers can't bring their work–leisure preferences to bear on the firm's decision-making. From this perspective, the root of the problem is an ownership structure that prevents workers from expressing their preferences.

In order to assess whether that is true, it is helpful to imagine a world where all firms are worker-owned cooperatives. Imagine that some cooperatives in this world use new technology to expand workers' free time and other cooperatives use new technology to expand output. Economies of scale and market power will often make it the case that those cooperatives that expand output gain a competitive advantage vis-à-vis those cooperatives that expand free time. In the long run, the output-oriented cooperatives will drive the free-time-oriented cooperatives to extinction because they are able to offer their product at a cheaper price. Just like in a world of privately-owned firms, it is individually rational for each cooperative to expand output, because expanding leisure bears the risk of losing out in competition.[28] The upshot of this is that the output bias is likely to occur not only when firms are owned privately but also under market socialism, where firms are owned collectively.

To be sure, private ownership of firms can *exacerbate* the output bias when it prevents workers from realising their preferences, even in cases where expansions of output only lead to marginal increases in profitability. Capitalists whose aim it is to maximise profit will prefer increased output when it leads to a small increase in profitability, even if increasing free time would greatly improve workers' welfare. Private ownership also makes it more likely that firms that want to reduce labour costs choose dismissals over working time reductions. As I explained previously, dismissals normally reduce labour costs more than working time reductions, so that profit-maximising capitalists prefer the former over the latter. The output bias might thus be less extreme under market socialism than it is under capitalism but it would nevertheless exist.

Summing up, I have thus far shown how the second premise of the welfare argument can be defended against an important challenge. I have shown that a narrower version of this premise is plausible because incentives that exist in many economic sectors make it rational for firms to use productivity gains to increase output, rather than expand workers' access to free time.

To complete the welfare argument, we must now turn to its third premise. Recall that the third premise of the welfare argument holds that people would enjoy greater levels of welfare in a society where everyone works less. This premise is controversial because it is not obvious that people would generally prefer to live in a society where people work less on average. When people work less, fewer goods and services are being produced, so that there is less material wealth. It might be that people's welfare is generally best promoted by additional material wealth, so that the output bias generates an outcome that people have reasons to endorse. From this perspective, it does not matter whether increases in material wealth are caused by a demand for additional wealth or by a structural output bias – so long as the outcome is one that best promotes people's welfare. The next section shows that the third premise survives this challenge.

4. Prudent Choice

How can we know that people would enjoy greater welfare under a system without output bias? One seemingly straightforward way to answer this question is to consult empirical findings on preferences for free time and on the relation between free time and welfare. For example, some studies suggest that people whose working time is moderate enjoy greater welfare than those who work long hours.[29] At the same time, there are individuals who would prefer to work more than they currently do.[30] This phenomenon is called underemployment.

However, observing such data is not helpful for deciding whether the third premise is true or false. This is for two reasons. First, unjustly low wages make it unavoidable for many that they must work long hours. In the absence of poverty and other background injustices, these individuals might decide to access much more free time than they currently do.[31] In other words, some people report preferences for long work hours because they must work a lot to make ends meet. These individuals might endorse greater access to free time if their income were not unjustly small. Second, we can speculate that there are many who would decide to enjoy more free time if there were not such powerful incentives to consume more. Currently observable time-use statistics only reveal information about what people prefer under the given institutional setup. But if my argument is correct, many people would choose to swap the current regulatory framework for an alternative framework that protects more free time, if this option to swap frameworks were available. The information we can derive from existing empirical studies is thus not sufficient to judge the plausibility of the third premise.

To decide whether the third premise is plausible, we must use a different approach that asks whether individuals would decide to protect greater access to free time if they were ideally situated. This approach asks what outcome would emerge from a hypothetical decision situation, where prudent individuals behind a partial veil of ignorance choose policies that regulate opportunities for income and free time.

Political theorists have developed different versions of this approach to address questions of social justice, such as what kinds of fundamental rights individuals should enjoy or what a just distribution of wealth would look like. My aim is not to elaborate and defend the theoretical details of any one version of this approach but to provide a general outline of it and to show that it is a promising way of identifying a just regime for distributing opportunities for free time and consumption.[32]

Before I begin to develop this approach, a clarification is in order. Defenders of the welfare argument do not have to show that expanding workers' access to free time *always* promotes welfare to a greater extent than increased material output. Rather, the challenge is to show that people would generally prefer an even-handed approach, whereby productivity gains are sometimes used to expand access to free time and sometimes to expand output. In other words, the challenge is to show that people would prefer to eliminate the output bias because this would allow them to enjoy a more even mix of leisure and consumption.

With this in mind, we can begin to specify an instructive approach that asks how ideally situated choosers would weigh their interest in consumption against their interest in free time. My first assumption is that choosers are prudent. This means that they attempt to make their life as a whole as good as possible. To illustrate, prudent choosers would not decide to implement a two-day work week, if the consequence of this is that it erodes the pension system's resources, so that they will foreseeably suffer hardship when they are old. The goal of prudent choosers is to identify a regulatory regime that provides them with the amount of money and free time that maximises their expected lifetime welfare.

Next, we must devise an adequate 'veil of ignorance'. Prudent choosers must not have complete knowledge about themselves and their circumstances. The reason why choosers shouldn't have complete information about themselves is that this could distort their decision-making in morally objectionable ways.

The first knowledge constraint is that prudent choosers don't know their income-earning capacity. This is important because if choosers know, for example, that they will earn a very high wage, then they might devise free time protections that are beneficial only for high-income earners, who can meet their basic needs with fewer hours of work than the less skilled (who instead must work long hours in order to make ends meet). Moreover, prudent choosers must not know whether they have sources of income other than paid labour. For example, they do not know whether they are born into a wealthy family or into a poor family and thus do not know whether they will inherit wealth at some point in their life. Hiding this information is essential because those from rich families would otherwise have incentives to choose a regulatory framework that offers access to free time only to those who can afford to live comfortably without selling their labour power.

Prudent choosers must not know how much income and wealth they as individuals have but they *should* know how wealthy the society they live in is *on average*. In other words, they should know whether they live in a rich industrialised country, in a country with an emerging economy, or in a poor country. They should have this information because the extent to which consumers benefit from either more money or more leisure depends on the level of wealth of a given society. For a poor society, an increase in material wealth leads to a significant increase in citizens' welfare. For a society that is already quite rich, the same increase in economic output tends to lead to a smaller increase in welfare.[33]

This is not to say that citizens of poorer countries would not also benefit from expansions of free time. It is estimated, for example, that collectively women around the world spend a total of 40 billion hours collecting water each year, which is 'equivalent to all the hours worked in a year by the entire workforce in France'.[34] For women who spend several hours each day collecting water, additional free time might be more valuable than cheaper consumer products. But it is at least conceivable that the welfare gain associated with cheaper consumer items often outweighs the welfare gain associated with expansions of free time in poor countries. This would be true in cases where someone cannot meet her basic needs because she cannot afford to purchase essential products like food or clothes unless the prices of these products go down.

Next, we assume that prudent choosers do not know their gender. This assumption is important because women's opportunities for leisure and consumption are different from men's opportunities for these goods. On average, women carry out a larger share of unpaid work, such as caring for dependants, raising children, or performing household tasks.[35] This is mainly because of patriarchal norms, patriarchal institutions, and discrimination, which make it more costly for women than for men to avoid unpaid work. If prudent choosers knew their gender, they would have an incentive to devise a regulatory regime that is unfairly beneficial to them. Importantly, men would have an incentive to maintain patriarchal norms and institutions that allow them greater access to free time by freeriding on women's unpaid contributions.

Finally, we can assume that our hypothetical choosers know their preferences and life goals, as well as what types of activities and projects they can typically undertake during their lives. We can allow them to have this information because they cannot infer from it whether they will have privileged or disadvantaged access to free time. To understand why this is the case, imagine an individual who loves writing novels and who knows that they will want to dedicate much time to this activity. The availability of this information is unproblematic, as long as the would-be writer does not know how well their books will sell. In other words, the writer does not know whether their hobby will also be their job. In the absence of information about their income-earning capacity, choosers cannot use information about preferences and life plans to unfairly skew free time protections to their advantage. It bears mentioning that even if choosers knew how much income they can derive from their preferred activities, they would still have to be alive to the possibility that their preferences and life plans could change over the course of their lives, which means that it would be imprudent for them to choose free time protections that are too closely tailored to their preferred activities.

Having observed these ideal choice conditions, we can now ask how prudent individuals would design a regulatory framework that protects their interests in consumption and in access to free time.

We can roughly distinguish between three kinds of strategies that prudent choosers might employ. The first of these strategies is to adopt a regulatory framework whose main goal it is to increase the chooser's financial income. Let's refer to this as the *income strategy*. The second strategy is to adopt a regulatory framework that contains a mix of general free time protections and opportunities for consumption. We can refer to this as the *mixed strategy* because it aims at turning some of the gains of productivity into material wealth and some into greater access to free time. The third strategy, to which we can refer as the *free time strategy*, introduces policies and regulations that aim at maximising individuals' opportunities for free time. I will discuss each of these strategies in turn, beginning with the income strategy.[36]

4.1. *The Income Strategy*

The income strategy recommends institutions and policies that work to convert productivity gains into opportunities for consumption. This is not to say that the income strategy recommends no free time protections at all. Proponents of the income strategy can endorse the idea that everyone should enjoy certain minimally necessary free time protections, such as the right to work no more than 48 hours per week on average. The idea is not to abolish all free time protections but to ensure that future productivity gains are mainly used to improve people's material wealth.

The income strategy is attractive because it empowers individuals to decide for themselves whether they want to use money to buy free time or whether they want to spend money on other goods that are important to them. The idea is that if the output bias is in place, then more material wealth is created than would be created if regulation to mitigate the output bias was in place. This would enable individuals who mainly care about consumption to purchase cheaper products. Those who prefer more leisure can use the wealth generated by the output bias to buy free time. An example of buying free time is ordering food from a restaurant, which helps free up time that would otherwise be spent on cooking. Another example is paying a babysitter to look after one's children, so that one can spend additional time on activities other than childcare. The institutional design recommended by the income strategy resembles that of many contemporary societies, where technological progress continually increases the availability of consumer items, while average working time remains largely constant.

The income strategy is appealing because if successful, it offers more flexibility than general free time protections that apply equally to everyone. It empowers individuals to decide for themselves whether they prefer more money or more free time in their lives. It avoids imposing general free time protections whose costs are borne by everyone but benefit only those who prefer to have more free time. To illustrate this, consider the introduction of a four-day work week. Instituting a four-day work week doesn't mean that individuals are prohibited from working more than four days a week. Those who want to can still work long hours. However, the choice to work long hours is costlier in a society that adopts the four-day work week as a general standard than in a society that organises its life around the standard of a five-day work week. This is because of institutions and norms that make it attractive to comply with the society-wide standard. For example, it is costlier for the parents of a child to work five days a week when childcare institutions are closed on Fridays because it is assumed that most parents do not pursue paid jobs on this day.

The upshot of this is that it might be preferable to not impose general free time protections that are beneficial only to those who would prefer to enjoy more free time. Instead, individuals can be provided with financial income that allows them to buy either consumer items or free time. This is more respectful of individuals' autonomy to decide for themselves what kind of work–life balance to have. Prudent choosers would count this as an important reason to favour the income strategy.

One challenge for the income strategy is that it is not always possible to convert money into free time.[37] Consider the example of an employee whose lack of marketable skills forces him to work 60 hours per week. This employee certainly has an interest in choosing policies that boost his income. But imagine furthermore that his job is only available on a 'take it or leave it' basis, so that he cannot adjust his working time to, say, 40 hours per week. This gives him reason to also care about policies that protect access to free time.

However, I will assume that this challenge can be met. It is true that money and free time are not *perfectly* convertible. However, they might be *largely* convertible. This means that individuals can use money to buy a lot of free time, though perhaps somewhat less than they would ideally like to buy. Under the assumption that money and free time are largely convertible, the income strategy remains attractive.

The income strategy is attractive not only because it promises greater flexibility than general free time protections. It also receives support from another consideration. As I explained earlier, prudent choosers aim at making their lives as a whole as good as possible. This means that they care about opportunities for consumption and free time over the course of their entire lifetime, including when they are old. One factor that threatens people's opportunities for consumption during old age is demographic change. The populations of many countries become older, so that a growing number of old people, who no longer participate in the productive process, must be provided with the necessities of life by a relatively smaller young generation. This suggests that further expansions of economic output might be needed to countervail the pressure generated by demographic change. If states issue legislation to eliminate the output bias, there will be fewer goods and services available for redistribution to the elderly than would otherwise be available. Prudent choosers must take this into account as a reason that counts in favour of the income strategy and thus in favour of retaining the output bias.[38]

4.2. The Mixed Strategy

I now turn to discussing the mixed strategy. This strategy aims at turning some productivity gains into cheaper consumption and some into general free time protections. The idea is that as a society becomes more productive, it should continually expand people's opportunities for both consumption and leisure. A society that adopts this strategy may not stop expanding opportunities for free time after having achieved certain minimally sufficient protections. Rather, it must continue to use some of the gains of productivity to enable people to have more leisurely lifestyles.

There are three considerations that speak in favour of the mixed strategy. Each of these considerations has to do with harmful externalities that reduce individuals' welfare when the output bias is not regulated.

The first harmful externality generated by the output bias is overwork. The output bias encourages excessive work hours, and the stress related to these excessive work hours impacts workers' health and poses a significant burden to the economy.[39] In Germany, for example, job strain is estimated to create an economic cost of 28 billion euros each year.[40] The main reason why many employers nevertheless demand excessive work hours from their employees is that the costs associated with treating burnout and other stress-related diseases can be 'externalised' in the sense that these costs are covered by taxpayer-funded healthcare systems. The possibility of externalising the costs of overwork, in combination with the possibility of hiring fresh staff from the 'reserve army of the unemployed', can make it rational for employers to treat employees as disposable capital that can be replaced when it has worn out. Prudent choosers have a reason to regulate the output bias because this protects them from harmful overwork.

The second harmful externality generated by the output bias is planned obsolescence. In order to be able to expand output, many firms limit the durability of their products, so that consumers must soon dispose of them and replace them with new ones. Planned obsolescence occurs in almost all sectors of the economy.[41] Products as different as smartphones, cars, and furniture are often designed to have a deliberately limited lifetime, after which consumers must dispose of them. Demand for these products is often rather inelastic, so that consumers replace them as soon as they break. According to studies by the European Parliament and the European Commission, planned obsolescence severely reduces the welfare of citizens of all European countries.[42] This provides prudent choosers with a second reason to avoid the output bias.

Finally, prudent choosers have reason to design a system without output bias because this helps avoid environmental destruction. Humans currently deplete natural resources much faster than they can be regenerated by ecosystems. To a large extent, these resources are extracted for the purpose of increasing the supply of consumer items. Something similar is true for current levels of greenhouse gas emissions. Much emission of greenhouse gases occurs during the process of producing consumer items. Unless they are dramatically reduced, these emissions will cause catastrophic climate change. These environmental externalities count against the output bias and thus against the income strategy because economic systems that are not output-biased are ones where everyone works less and where everyone – as a result of working less – produces and consumes less, so that less resource-depletion and greenhouse gas emission occurs. Recent studies lend some support to this, suggesting that countries where people work less emit less greenhouse gases.[43] According to one study, if European workers worked as long as workers in the United States, they would consume between 15% and 30% more energy.[44]

What I have established so far is that prudent choosers have weighty reasons to rein in incentives that give rise to the output bias because this helps avoid harmful externalities.[45] Prudent individuals would thus not maintain an economic system that turns most of the gains of productivity into opportunities for cheaper consumption because they would expect to be better off under a system that sacrifices some opportunities for consumption to avoid overwork, wasteful production, and environmental destruction.

4.3. The Free Time Strategy

At this point, it is natural to ask whether choosers might prefer to go beyond the mixed strategy, to adopt a regulatory framework that aims at turning all gains of productivity into greater access to free time. Policies and institutions guided by this strategy would aim at retaining a given level of material welfare, while continuously expanding individuals' opportunities for free time. The goal of this strategy is to bring about a 'post-work society' in which humans gain ever greater freedom from work-related obligations.[46]

The *prima facie* appeal of this strategy depends to a large extent on the level of wealth of the society within which prudent choosers are situated. Prudent choosers will only consider a free time strategy if they know that they will live in a relatively affluent society, where any interest in cheaper consumer goods can at least in principle be outweighed by other considerations. As I explained above, this may not be the case in most countries of the Global South, which means that the context within which the free time strategy is appealing is significantly limited.

One reason why choosers in an affluent society might opt for a free time strategy has to do with the claim that the returns of economic growth on welfare diminish over time. Another way of putting this is that the more materially affluent a society becomes, the less welfare can be gained by its members through further gains in material output. To understand the relevance of this claim in the context of prudent choice, we must observe that economists often think of welfare in a relatively narrow sense that equates welfare with happiness, wellbeing, or life satisfaction. However, prudent choosers must understand welfare in a wider sense to include other factors that have the potential to improve their lives. Prudent choosers must allow for the possibility that goods such as moral integrity, friendship, or success can contribute to the overall value of their lives even if they do not increase their subjective wellbeing.[47]

Once we understand welfare in this broader sense, it is no longer clear whether there is a natural limit to the extent to which money can contribute to individuals' welfare. For example, individuals can use money to further their political goals, to help those who are in need, to travel to remote places, or to buy gifts for friends. For each of these goals, it is true that more money advances them to a greater extent than less money. This means that there are no diminishing returns on welfare, when we adopt a plausible definition of welfare that is not limited to subjective wellbeing.

The upshot of this is that prudent choosers would expect to benefit more from a mixed strategy that uses the gains of productivity to expand both material welfare and access to free time. This insight is significant because it concludes my defence of the third premise of the welfare argument. Recall that the third premise of the welfare argument holds that humans would enjoy more welfare in a society where everyone works less. Recall also that most contemporary societies resemble more closely the regulatory design recommended by the income strategy, than the regulatory design recommended by the mixed strategy. Policymakers thus have a conclusive welfare-based reason to implement regulations that enable workers to access more free time than they can currently access.

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Conflict of Interests

No conflict of interest is declared.

NOTES

1 Roser, "Economic Growth."
2 Deaton, *Great Escape*; Easterlin, "Worldwide Standard."
3 Mishan, *Costs*; Rose, "On the Value"; Easterlin *et al.*, "Happiness-Income Paradox"; Arnold, "Contesting."
4 Keynes, *Essays in Persuasion*, chap. 5.
5 Huberman and Minns, "Times," 538–67; Giattino *et al.*, "Working Hours."
6 Rakoff, *Time*, 76.
7 I subsequently use the term 'output bias' to refer to economic institutions, regulations, and incentives that make it likely that firms use increases in productivity to expand material output, rather than using it to expand workers' access to free time.
8 de Groot, "Making."
9 A country's average working time is of course determined by various factors other than free time protections. For example, wealthy countries can generally afford lower average working times than poor countries. I merely claim that free time protections are one of the factors that determine a country's average working time. OECD Labour Force Statistics, "Average Annual Hours."
10 Coote *et al.*, *Case*; Gomes, *Friday*.
11 Golden and Gebreselassie, "Overemployment Mismatches."
12 Coote *et al.*, *Case*, chap. 2; Giurge *et al.*, "Why Time Poverty Matters"; Frayne, *Work Cure*.
13 Rose, *Free Time*, chap. 6.
14 Coote *et al.*, *Case*, chap. 2; Frayne, *Refusal of Work*; Susskind, *World without Work*; Diener and Seligman, "Beyond Money"; Schor, *Plenitude*.
15 Schweickart, *After Capitalism*, 106–11; Cohen, *Karl Marx's Theory*, 302–13; Schor, *Overworked American*, chaps. 5–6.
16 Cohen, *Karl Marx's Theory*, 306, 310.
17 For a particularly prominent version of this idea, see Keynes, "Economic Possibilities."
18 Cohen, *Karl Marx's Theory*, 304.
19 The idea that structural forces related to capitalism make it hard to expand access to free time is implicit in most versions of the welfare argument. According to David Schweickart (*After Capitalism*, p. 100), 'Capitalist

firms make a profit only from selling things. If profit rates are to remain high, then goods and services must be consumed in ever increasing quantities. Any kind of cultural shift that emphasises leisure overconsumption bodes ill for business'. Other scholars who endorse this idea include Schor, *Overworked American*, chap. 3; Horgan, *Lost in Work*, chap. 1.

20 Messenger *et al.*, *Working Time*.
21 Deans *et al.*, "Consolidation Curve."
22 Grullon *et al.*, "Disappearance"; Autor *et al.*, "Fall."
23 Spross, "What Beer Reveals."
24 Noe and Parker, "Winner Take All."
25 Eggertsson *et al.*, "Kaldor and Piketty's Facts"; Tepper and Hearn, *Myth*.
26 Aaronson and French, "Effect"; Golden, "Part-Time Workers."
27 Golden and Gebreselassie, "Overemployment Mismatches."
28 We can assume the prospect of bankruptcy to be much worse for workers than a deviation from their preferred work–leisure balance.
29 Lepinteur, "Shorter Workweek"; Pouwels *et al.*, "Income"; Kasser and Sheldon, "Time Affluence."
30 Churchill and Khan, "Youth Underemployment."
31 Stanczyk, "Free Time."
32 Approaches that use hypothetical prudential choice to solve problems of justice face a number of well-known objections, such as the charge that substantive normative convictions can be smuggled into the theory under the guise of purportedly neutral considerations of prudence. I do not have enough space to address these objections here. For replies to some of these objections, see Dworkin, "Sovereign Virtue Revisited."
33 Easterlin *et al.*, "Happiness-Income Paradox."
34 Whittington *et al.*, "Calculating"; UNICEF, "Collecting Water."
35 Chancel *et al.*, *World Inequality Report*, chap. 5; Ortiz-Ospina and Roser, "Economic Inequality."
36 For a related discussion of the goods associated with free time and work, see Gheaus, "Intrinsic Goods."
37 Rose, "Money."
38 The welfare of retirees is not only set back by reductions in the amount of goods and services that are available to them but also by reductions in the amount of time that workers can spend with their elderly relatives and friends. This is significant because loneliness and social isolation are among the most significant threats to the welfare of elderly persons. One straightforward way of addressing the so-called 'loneliness epidemic' among the elderly is to expand workers' free time, so that they are able to provide more company to their elderly relatives and friends. Contemplating this helps us appreciate that demographic change counts less forcefully in favour of the income strategy than it might appear at first sight. However, demographic change still provides prudent choosers with *some* reason to opt for the income strategy.
39 European Agency for Safety and Health at Work *et al.*, *Calculating*.
40 Bödecker and Friedrichs, *Kosten*, 83.
41 Pope, *Understanding Planned Obsolescence*.
42 Montalvo *et al.*, *Longer Lifetime*; European Commission, *Attitudes*.
43 Hayden and Shandra, "Hours"; Nässén and Larsson, "Shorter Work Time"; ILO and UNEP, "Green Jobs."
44 Rosnick and Weisbrot, "Shorter Work Hours."
45 For further discussion of market biases and externalities related to long work hours, see Hsieh, "Survey Article"; Jauch, "Rat Race."
46 Stronge and Hester, *Post Work*; Bastani, *Fully Automated*; Brynjolfsson and McAfee, *Second Machine Age*.
47 Wenar, "Value of Unity."

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