

SOCIETY

Despite steady gains in productivity, over a decade the American worker has ceded a full week of vacation to employers



SAVE OUR VACATION

What we must do to revive a cherished American institution By Jack Dickey

THE PERKS OF RETAIL WORK CAN SEEM few and far between. Just ask 23-year-old Chris Arce, one of the 4.6 million Americans employed in the industry, where pay can be short and the odds of achieving seniority long.

Understandably, Arce says, "I didn't see it as a career." Until, that is, a year ago when he landed at a Manhattan outpost of H&M, the Sweden-based retailer known for its stylish and affordable "fast fashion." Arce had worked in the industry since 2008, but the world he stepped into at H&M, he says, was nearly unrecognizable: His pay climbed, his responsibilities increased, and his benefits reached a level he never expected.

On May 14, billboards went up around Houston and Philadelphia, with H&M advertising careers like Arce's and extolling one benefit in particular. FIVE WEEKS VACATION IS POSSIBLE, the signs read. H&M depends on its Scandinavian DNA, says Daniel Kulle, the retailer's North American president. Americans are known to accuse Europeans of taking too much vacation. "But the productivity is what counts. If you feel like you are happy and rested, you'll do better work," Kulle says. A year after starting, Arce is a department manager and has access to four weeks of paid vacation and seven paid holidays.

H&M's recruiting campaign says a lot about anxieties in the American workforce. The retailer is trying to crack an unexpectedly hard nut: getting American workers to take more time off.

As a concept, vacation enjoys the sky-high Q scores reserved only for child stars and charismatic dictators. Ninety-six percent of American workers recognize the importance of taking vacation, according to a recent study sponsored by the U.S. Travel Association. (Not surprisingly, many of the people with the deepest research on this are those with a financial stake in leisure industries.) Elementary research suggests that it's restorative and good for heart health. But over the past 30 years, the U.S. has become a no-vacation nation, as the liberal Center for Economic and Policy Research once called it, underserving both stressed employees and employers who endure greater turnover and lower productivity when their workers get little time off.

Many roads led to this undesirable destination: the rise of a service economy full of unskilled and interchangeable workers, the decline of organized labor, the fact that vacations are expensive when wages

are flat. All of that has been worsened by a handful of recessions, each of which left workers feeling less secure in their spots. Take a week off? Maybe your job won't be there when you come back.

It's not just you: in 2013 the average American worker with access to vacation took 16 days' worth, excluding holidays, according to a survey by Gfk and Oxford Economics. Call it three weeks, based on a five-day workweek. Compare that with the U.S. Travel Association's analysis of Bureau of Labor Statistics data from 1976 to 2000, which show an average of 20.3 days taken per year over that period. Despite steady gains in productivity, the American worker has, in little more than a decade, ceded a full week of vacation to their employer, with no wage growth to show for it.

The quality of vacation time has eroded along with the quantity. Technology now perpetually tethers workers to the office; the smartphone never takes time off. Most people—61%, according to a 2013 survey—say they typically keep working, even if they are not at work. For families, any kind of true escape from routine has become harder to plan as the average school year has gotten longer and school sports start earlier. And if two working spouses can manage to find a shared free week, it's a minor miracle. Gone are the days when dad can simply declare a road trip to Myrtle Beach.

Big Business and small government bought us the weapon and gave us the instructions, but we did the deed ourselves, choosing fatigue over leisure out of con-

venience and brainwashing ourselves about America's past. Fortunately, a few influential voices are beginning to preach the same reasonable idea: Happy, healthy employees make for happy, healthy companies. Some solutions are working, while others, like Silicon Valley's unlimited vacation plans, are likely not. So what would it actually take, in 2015 America, to restore the right to restore ourselves?

Birth of a No-Vacation Nation

THE U.S. IS THE ONLY ADVANCED ECONOMY that does not require employers to offer paid holidays or time off. This bears repeating: it's the only developed economy that promises no paid vacation. *Zilch*. The U.S.'s few companions in time-off stinginess include Kiribati, the Federated States of Mi-

ronesia and the Kingdom of Tonga. Not even a single U.S. state has a paid-vacation law on the books. What little legislative momentum that does exist for paid time off concerns sick days and maternity leave, both worthy causes but hardly beachheads in the push for protected vacation.

So what? you may say. This isn't Europe, where, including holidays, Luxembourg guarantees workers 35 paid days off, Norway guarantees 29 days and Switzerland 28, according to the Organisation for Economic Co-operation and Development. What dilettantes! But those three nations are no random sample; they happen to be the three OECD economies that finished ahead of the U.S. in 2013 in gross domestic product per capita, the favored metric for workforce productivity.

To find the way forward, it may help to look back. While vacation has existed from ancient civilization onward as a perquisite of the upper class, it didn't gain a foothold among the American middle class until the decades following the Civil War. It was then that Americans began to argue in favor of vacation for the health benefits it could provide. At the same time, the public had begun to question the Puritan presumption that idle hands were the devil's workshop.

A New York *Times* editorial from 1855 suggested that the city's businessmen were overworked for no good reason: "The very bad results are palpable to every one. Continually we hear of some model business man who never leaves his counting-house but for his meals ... suddenly and mysteriously attacked with bleeding at the lungs, or a complaint of the heart, or a trouble in the head." The line between selfless civic virtue and mindless workaholicism was drawn. In 1910, a figure of no less republican virtue than President William Howard Taft suggested that the average American should take two to three months of vacation "after the hard and nervous strain to which one is subjected during the Autumn and Spring."

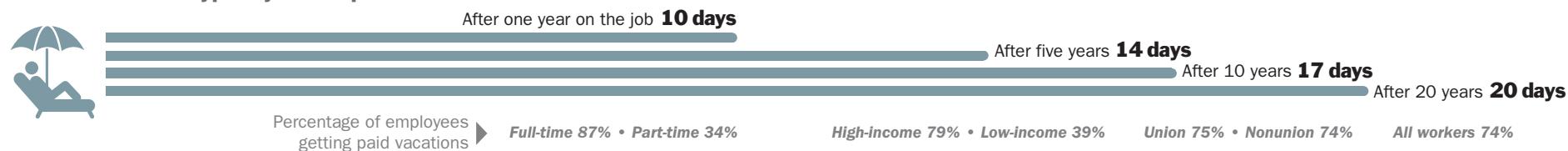
If temperance defined pre-20th century vacationing attitudes, the 20th century would be shaped by American bounty. The highways sprung forth and with them motels. Factory output per worker jumped more than 40% from 1919 to 1925, and even the Great Depression would be only a blip in the broader trend. World War II's wage-controlled labor market compelled employers to offer better benefits to recruit workers. By 1961, a *FORTUNE* story heralded "The Expanding Vacation"; the piece suggested that organized labor had become sufficiently content with wages to a point where union leaders instead sought ways for workers to enjoy those wages. The United Auto Workers even founded a program whereby it would charter flights to Europe, Hawaii and Mexico for workers. A 1968 law moved several date-fixed federal holidays to Mondays, creating the modern three-day weekend.

But by the 1970s, the steady decline in the average length of the American workweek reversed itself. The decade brought a rise in consumerism that coincided with a slowdown in economic growth, forcing Americans to work more hours just to maintain an ill-considered standard of living, argued sociologist Juliet Schor in her 1992 book *The Overworked*

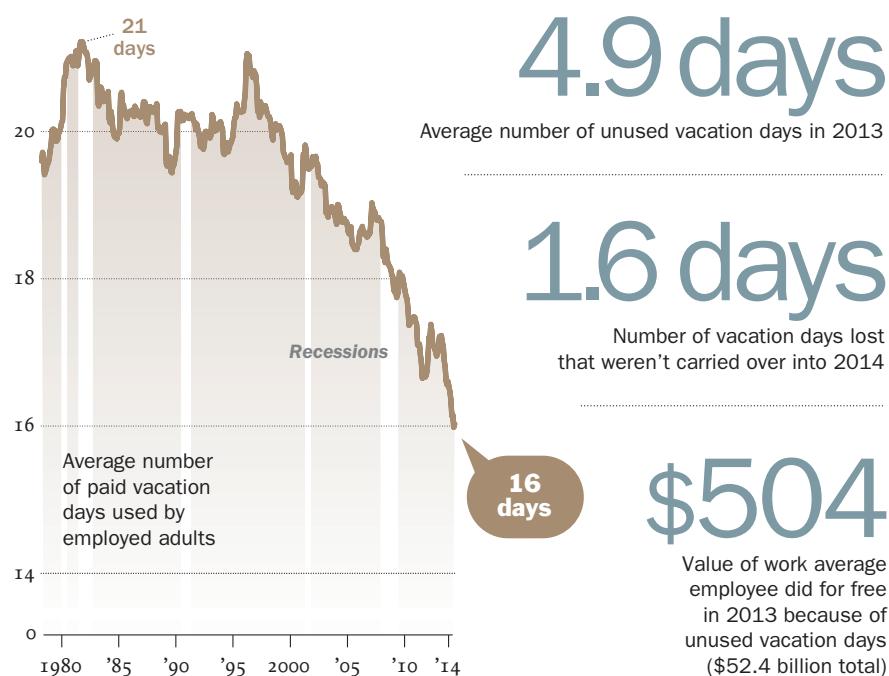
OFF THE CLOCK

Overwork has made American vacation time rarer and more easily interrupted

American workers typically accrue paid vacation



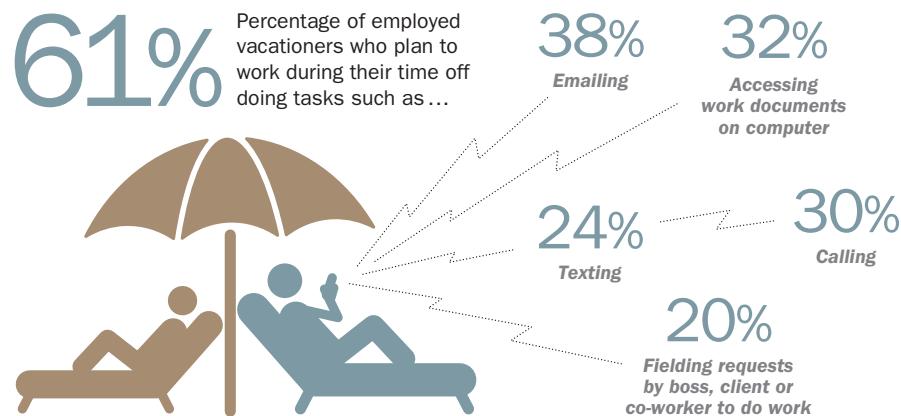
But Americans are using less of it



Being overworked is the main reason Americans say they skip vacation



And Americans say work is hard to shake even while vacationing



American. We had volunteered to exhaust ourselves.

By 2001, a third of Americans said they were chronically overworked, according to a Families and Work Institute study. Exhausting days lead to lethargic, stress-filled (and accordingly sleepless) nights. The body and mind take big hits; studies link overwork to depression and cardiovascular problems.

It's a far cry from what the economist John Maynard Keynes predicted in 1930, that by the 21st century there would be barely any work to go around. Americans might work 15 hours a week, he wrote, simply to satisfy "the old Adam in most of us." The machines did indeed remake the labor force. But the predicted expansion of the leisure class never did get around to happening.

How to Get Away

WE REPRESENT A SURPRISINGLY POTENT threat to our own leisure time. Even the U.S. Travel Association has a vacation problem. In 2013 the company, which exists to persuade other Americans to leave work, saw just 19% of its employees use all their time off. They joined the millions of American workers with access to paid time off who left 429 million vacation days on the table (an average of 3.2 days per worker), according to a study from the Project: Time Off initiative funded by the travel association. While some employers allow workers to bank their time off from year to year, or to receive payouts for unused time off upon termination, a whopping 169 million vacation days came from "use it or lose it" policies and vanished into the ether. Americans essentially did \$52.4 billion worth of work that year for free, the study reasoned.

We have good excuses. Money is one. In tight times, leisure can be the first thing to go—hence the "staycation" or three-day weekend where once a full week's trip would have been. A mix of fear and dedication is another excuse. Project: Time Off studies say "too much work to do" was the most popular explanation for not taking all allotted vacation days, cited by 40% of respondents. Some people claim not to want a break: nearly 20% said they just didn't need the days, and almost as many workers suggested simply, "I enjoy my job." But some workers were understandably wary of their managers: 17% of surveyed managers suggested that the employees who took all their earned days were less dedicated, and 13% considered

those employees less likely to get promoted in the future.

And the nature of work has changed since the Great Recession. Of the 8.8 million people who were thrown out of jobs from the beginning of 2008 to 2010, many have set about cobbling together a living in the so-called gig economy. You can be your own boss, by way of Uber, Airbnb or any sort of solo proprietorship. But when time off equals time unpaid, it's not so easy to be your own benefits manager. Seven million Americans, by the Bureau of Labor Statistics' most recent accounting, work multiple jobs, making time off nearly impossible for them even though they may need it the most.

What about telecommuting and flex-time? Although case studies conducted by Leslie Perlow at Harvard Business School suggest that employees work best when they have planned time off (like disconnected nights and weekends), the average white collar employee tends to remain plugged in to the office by way of technology. Naturally, time spent on the beach sending email back to headquarters yields little of vacation's expected restorative effect.

That's where someone like Bart Lorang comes in. Lorang is the 35-year-old CEO of FullContact, a five-year-old Denver software startup with 57 employees. Lorang likes to vacation (he's been to 70 different countries), and he says he's been successful enough in business that he's long been able to afford nice ones. But he says he feels guilty about average employees who overspend and eventually fight about money in the one place where they're supposed to be free from such things. Lorang had a second problem with his vacationing too. He says the story is best told by a picture from 2010, which hangs framed on an office wall. Lorang and his fiancée are on the backs of camels, with pyramids

IN 1910, PRESIDENT TAFT SAID AMERICANS SHOULD TAKE AT LEAST TWO MONTHS' VACATION A YEAR

visible in the distance. Lorang's head is looking down toward his iPhone. Later, seeing that picture, he knew he had to do something.

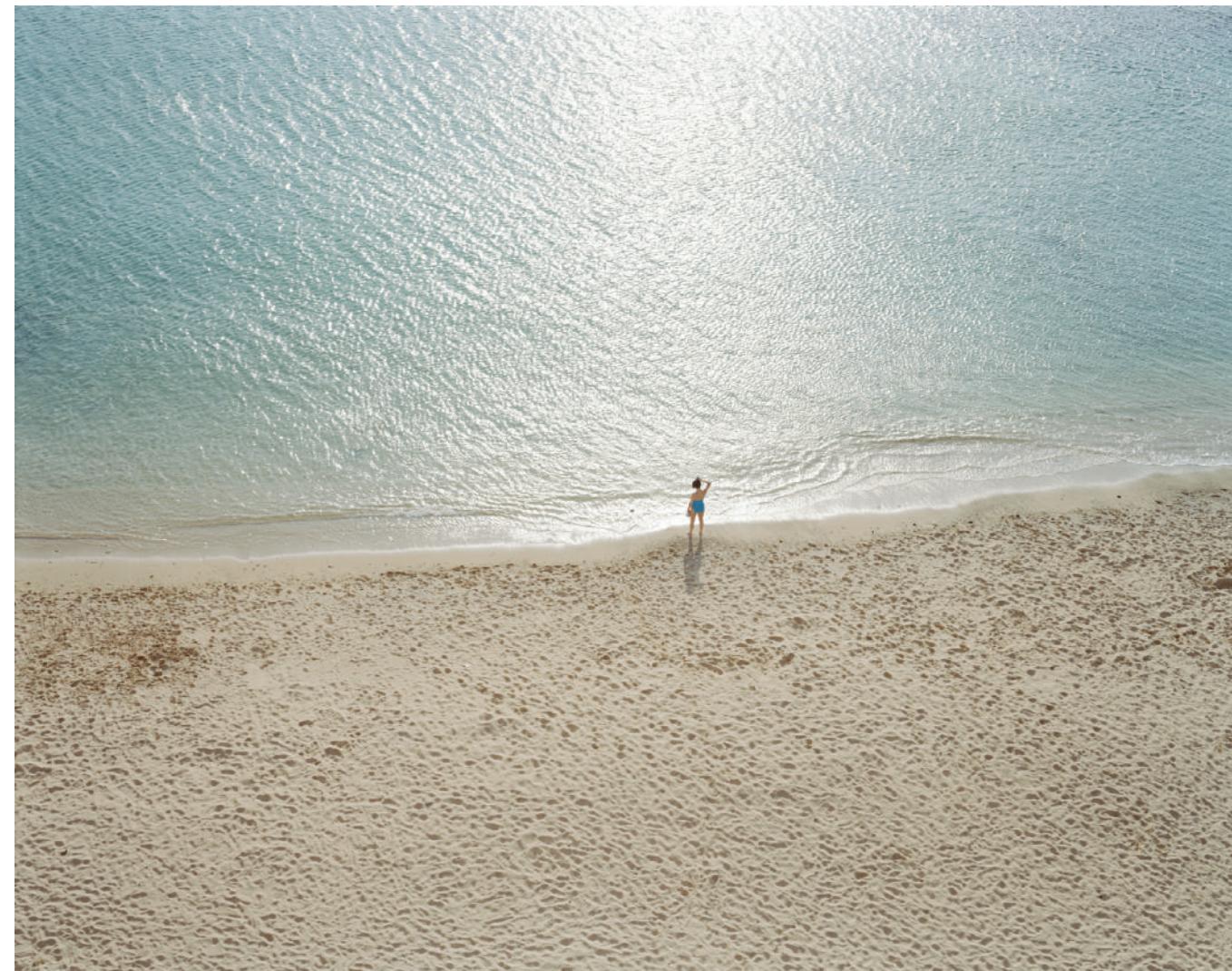
Lorang dubbed his idea "paid paid vacation." FullContact employees can put in for time off and receive a \$7,500 bonus beforehand, meant to pay for the trip. But the bonus comes with a catch: the employee must disconnect entirely from the office. No email, no phone calls.

"It's this awakening when you go off the grid," Lorang says. "You'll see honeymooners with both of their faces in their iPhones. Families texting and not talking to each other." In contrast, Lorang took a disconnected honeymoon trip to Bora Bora as one of his "paid paid," and suffice it to say he was very happy with his own policy.

FullContact is not alone. The Motley Fool, an investment-services company with more than 300 employees, selects workers at random each month and offers them two-week paid vacations with a \$1,000 stipend, under the condition that they take a vacation within a month and disconnect during it. (The U.S. Travel Association also used a bonus to fix its vacation problem. It announced \$500 extra for each employee who used every allotted vacation day. In 2014, 91% of its workers took all their days.)

TED, the conference business, closes its offices for two weeks each summer—since all its employees are on vacation at once, there's no pile of interoffice email awaiting vacationers upon their return. At the nonprofit Rand Corp., a think tank with about 1,700 full-time employees, salaries tend to be only a little better than what the public sector pays, says Jeffrey Hiday, a spokesman. So one way the company competes for talent is by offering what it calls sabbatic pay to the majority of its staff. Employees with sabbatic pay earn a little bit more than time and a half for the days they spend on vacation. In other words, Rand pays overtime when you're not working. Most employees earn four weeks a year, but at 10 weeks they stop banking time—which functions as a useful inducement for employees to actually take time off.

The highest-profile new-school approach to vacation, though, is untracked or unlimited vacation, which is in place at a buzzy but small (less than 1%) fraction of employers, Netflix and gamemaker Zynga among them. Employees are encouraged to take whatever amount of time they



need in consultation with their managers. More-traditional companies have resisted the change, where employees with seniority suspect they would be duped. It took only two weeks for Tribune Publishing, the media company founded in 1847, to reverse its decision to offer unlimited discretionary time after workers balked last fall. Once you factor in Americans' penchant for overwork and employers' tendency to understaff their businesses, unlimited vacation appears as nothing more than faux autonomy, like a dog constrained by an invisible fence.

Commonsense Remedy

I ASKED MY EDITOR IF HE WOULD SEND ME on a week's vacation—you know, for research. (I already had plenty of experience with overwork.) No dice, he said. Interviews, though, we could swing. Which is how I found myself at Walt Disney World on a recent Sunday morning, standing under Epcot's iconic Spaceship Earth on the lookout for Alan Grayson, the 57-year-old Democratic Congressman and possible Senate candidate whose district, Florida's

Some employers are giving workers extra benefits in an attempt to encourage them to take time off

Ninth, includes Orlando and Kissimmee, America's vacation paradise.

Grayson had turned up here for two reasons. The first was that beginning in 2009, he has attempted to pass legislation in Congress that would mandate paid vacation for the bulk of American workers. The Paid Vacation Act would amend the 1938 Fair Labor Standards Act to require companies with more than 100 employees to offer any employee with at least one year of service, both full- and part-time, a week of paid vacation. And while Grayson has a nakedly political reason to champion the legislation—Disney World is not only the largest employer of his constituents but one of the most visited vacation destinations and would surely benefit from such a plan—the man also just loves vacation. He says he's been to every country in the world; Iceland is his favorite to visit. The second reason

is that Grayson simply adores Epcot. He visited the park the year it opened, one of many summer vacations he took with his schoolteacher parents.

"What's the most successful advertising campaign of the last 50 years?" Grayson asks as we sit beside the aquarium at Epcot's Coral Reef Restaurant. "It's McDonald's 'You Deserve a Break Today.' Because who doesn't deserve a break?" He asks our server if she's in a union. (Twenty-five thousand of Disney's full-timers are.) She says yes, and Grayson's glad. The latest contract with Disney says workers can earn a third paid week off in their fifth year of service. It's not quite H&M's Swedish-style offering, but it's better than most, and no small part of the reason Disney employees stay smiling.

My trip to Orlando was no vacation. It was a weekend spent working, as my body would soon tell me. When I returned home on Monday, I felt lousy. I called my doctor (who happens to be my mother), and she had a prescription. "You really need to take better care of yourself," she told me. "Isn't it time you took a vacation?" ■