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EDITORIAL

No, the French social protection system has not collapsed; it has indeed resisted the forces of managerial neo-liberalism. Yes, it has modernised itself, succeeded in preserving its unity and reaffirmed the originality of its hybrid trajectory. Such is the thesis defended here by Jean-Claude Barbier and Bruno Théret. Combining theoretical analysis and an empirical historical investigation, they contest the universalism of functionalist comparisons developed by specialists of the 'Welfare State' (a concept which the authors would replace by that of the national social protection system) and the superficial criticism of liberalism. Their argument imposes a reconsideration of the prevailing discourses on the French system. But their method should also encourage a close look at the analysis of other national systems, as well as the dynamics (real or potential) introduced by European integration.

THEORETICAL NOTE

France's new social protection system

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France is clearly not in the Golden Age of social protection. But we are hardly witnessing the 'neo-liberal' debacle which some repeatedly predict, any more than a blanket convergence towards privatisation, the targeting of the poor, workfare and so on. Our analysis of trends in France does not show any significant realisation of such 'Anglo-American style' developments (other than a rhetorical one). The French social protection system has certainly undergone so many spectacular adaptations over the past thirty years that it would seem to be 'new'. But these changes in no way amount to a break-up of the system. New principles have been introduced (e.g., activation policies, individual incentives) but while certain might correspond to liberal political forms, they are far from being the only ones and in France, they are given a particular content.

Resistance to the neo-liberal agenda

The French system has shown a high capacity for resistance to doctrines inspired by 'neo-liberalism' and managerial neo-liberalism in particular. Certain changes, such as those affecting the areas of healthcare or dependency, even reflect a strengthening of the State's role and influence within the system, to the detriment of the role of private actors, both individual and collective. There is also no reason to accept the argument of those, on Left and Right alike, who maintain that France is incapable of reform. In fact, the French system has demonstrated an amazing internal capacity for adaptation and institutional innovation, as demonstrated by the plethora of new acronyms tied to significant changes: CSG (generalised social-security contribution), RMI (minimum income benefit), CMU (universal health coverage), CCSS (social security audit board), LFSS (social security funding law), ONDAM (national health insurance spending target),

RMO (regulatory medical practice guidelines), AUD (mainstream unemployment insurance benefit), ASS (special solidarity allowance for the unemployed), CES (employment-solidarity contract), PARE (assistance plan for return to employment), APA (allocation for loss of autonomy for the elderly), and so on.

We would maintain that there has even been a revolution in power relations, for the State's political takeover of the social security system, as represented by the Social Security Funding Law introduced by the 1995 Juppé plan (named after then-Prime Minister Alain Juppé), profoundly modified relations between the system's actors, along with the forms of its legitimacy. But like every revolution, this one is likely to end in a restoration, given the slight regulatory efficiency and shaky legitimacy of the new institutions created. The balance of power has hardly been stabilised and the conflict between the two alternative modes of governing social protection – Beveridge's republican approach and Bismarck's corporatist approach involving the social partners along with the State – has exacerbated the situation rather than resolving it, as demonstrated in recent years by the misadventures of the individual plan for return to employment and the resignations of the heads of the national healthcare fund (CNAM). The spending targets, the employment policies, the reforms concerning pensions seem to have achieved little stability at institutional level and remain vulnerable to electoral changes, the evolution of the EU's political integration and labour conflicts. On the other hand, innovations such as the minimum income benefit, the generalised social security contribution, the personal autonomy allowance or universal health coverage may be taken as elements of the possible emergence of a new system where the Beveridgean dimensions would assume greater importance than was

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previously the case.

It might be added that the reforms observed obey multiple logics and intertwine in ways which are specific to each sector. Some are intended to address social problems – unemployment, changing forms of employment, growing inequalities, exclusion – created by the neo-liberal policies accompanying the reorientation of economic dynamics towards an extraverted growth subject to the orders of market finance. Others may be considered responses to problems resulting from the very success of the social policies and institutions of the 'Ancien Régime' of social protection – longer life expectancy, greater gender equality, changes in the forms of the family, reduction of working hours, differentiation between the market and civil society, aspirations for a greater democratisation of private and public life. These successes have in fact imposed the renegotiation of three major dimensions of the social contract: inter-generational and inter-gender relations, as well as those between representatives and represented. Still other reforms are more purely tied to strategies of power insofar as social policies are also political resources: who should govern the social security system and how?

Welfare State or national social protection system?

To understand the complexity of these factors of change and the specifically French dimensions of the resulting developments, it is necessary to enter into the mysteries of the organisation of the *social protection system* itself. This system cannot be reduced to a 'Welfare State' as is generally the case.¹ Confining ourselves to the 'Welfare State' amounts to ignoring the social protection provided by institutions related to the companies or the spheres of the family and collective organisations (such as the mutual insurance companies); conversely, it also leads to assimilating certain organisations and institutions to the State when they are in fact independent of it (and certain recent reforms have been aimed precisely at bringing them under State control). The *social security system* which, paradoxically for a country which is otherwise held to be extremely State controlled, constitutes the core of the French social protection system is one example of such institutions.² Even if it is the central pillar of the social protection system, however, the social security system is in no way identical with it. The French *sécurité sociale* – unlike social security in the UK (assistance benefits) and in the US (social insurance pensions) – corresponds to a whole system of social insurance funds covering health, industrial accidents, maternity and pensions. This system is funded by payroll contributions and managed by the social partners under State supervision. (Unemployment insurance is not part of French social security for the historical reason that it was only instituted as a special fund in 1958).

Relative to the notions of 'Welfare State' and 'social security', that of *social protection system* thus allows us to emphasise the complex articulation of social

relations underlying it. First of all, the social protection system does not only protect individuals against the negative effects of the social division of labour (loss or absence of job-related resources, work injury and health problems); it also protects them against those of the division between those who govern and those who are governed (by constituting legitimate rights to the State's fiscal resources which must be honoured by those in power) and those of the gender division of domestic tasks (by guaranteeing specific social rights for women confined to the domestic sphere). In this way, it contributes to the legitimisation of the State as well as the transformation of the forms of family life. At the same time, social protection draws on three major methods of allocating economic resources – personal insurance, redistribution through taxes and family solidarity – which it articulates or combines in mixed forms. In this way, social protection helps to construct the social bond at national level: it brings together individual and collective strategies which would otherwise be mutually exclusive. Beyond the differentiation of the forms of protection (the variable proportions of social insurance, social assistance and mutual aid from one country or historical period to another), social protection thus unifies the society by constituting a system.

In France, although the social protection system is fragmented over a base which is mainly occupational and is, as a result, often held to be 'blocked' by numerous 'corporatisms', it includes mechanisms which ensure its unification. One example of this is the fact that the social security funds, rather than adhering strictly to the principle of social insurance, also participate in national solidarity by handling services related to social assistance. The same is true of the mutual insurance companies. But the basic mechanism involves a whole group of financial transfers between its different components: the majority of them receive over 13 percent of their resources in this way. Through these transfers, two levels of solidarity going beyond "occupational solidarity" are established: *inter-occupational* solidarity within the social insurance schemes and *national* solidarity when the transfers occur between social insurance schemes and public schemes. This crossed funding stabilises the system over the long term, not only for reasons of financial equilibrium but also because it symbolically generates an overall coherence. Ultimately, the transfers impose national solidarity, which is based on a political logic of the universal coverage of social risks.

The national social protection systems are not simply disparate groupings of institutions or social policies ensuring in a more or less public way the coverage of social needs in various domains (pensions, healthcare, income support in case of unemployment, handicap, work accidents, illness, maternity or exclusion). They are also macro-systems which have a relative coherence and participate as such in the reproduction of wage societies (as in 'wage citizenship'). The logics of their formation and development go back to overall economic, political and ethical determinants: the type of macro-economic policies, the form of the public authority's legitimacy, the state of family structures and population dynamics, the conception of social justice.

International classifications and the French idiosyncrasy

In order to deal with this complexity at international level, the comparatists, notably following G. Esping-Andersen (1990), have come to reduce it through a classification of social protection systems: the liberal family including the Anglo-American countries, but also

¹ See Théret (1997) and Barbier (2002).

² France is thus the country where the share of social contributions relative to taxes in the funding of the social protection system is among the highest in the world; this remains true even today, in spite of the growing recourse to the generalised social security contribution (CSG), whose purely fiscal nature remains controversial, moreover.

Japan and Switzerland; the social-democrat family composed of the Scandinavian countries; the 'corporatist-conservative' family of continental Europe (within which a Latin model – Southern Europe – is sometimes set apart). By default, France is generally included in this last category. Such an extremely reductive classification almost always leads to a deterministic vision of historical changes.

To be sure, a number of the French system's formal features – among others, its organisation into multiple funds – seemingly justify its classification within the 'continental' family, the classic example of which is 'Bismarckian' Germany. However, there are numerous reasons, notably related to the hold of the centralising republican State model (which contrasts with the German federal model and is more in tune with the 'Beveridgean' model prevailing in the other two families) for applying this classification with great caution in the case of France. The issue of the family and the role of women on the labour market also contribute to this reluctance. Prior to the Second World War, the French system historically incorporated a clearly paternalist dimension which was subsequently pro-natalist. But this familism, discredited by its association with the Vichy government in particular, was transformed in the post-war era with the setting up of a more composite social security system which, unlike Germany or Italy, was compatible with a high rate of female labour-market participation. From this point of view, France is closer to Sweden.

In other respects as well, France shows similarities with the social-democrat model; this is notably the case for policies aimed at increasing employment and countering exclusion, even if a similar orientation in France yields results which are quantitatively less convincing than, for example, in Denmark. Indeed, the invention of the notion of *insertion* – a particular approach to social integration which has no exact equivalent elsewhere – in the late 1970s attests to this proximity. Last of all, far-reaching reforms have profoundly transformed the 1970s system by accentuating its Beveridgean features and thus its composite nature.

When all is said and done, an international comparison prompts us to pay less attention to the similarities between France and Germany than to a historical feature which is proper to the French system: the fact that its 'heritage' is composed of an original mixture of the marks of the various families, combined and ordered differently depending on the areas of risk and the historical context. Thus, we maintain that it is preferable, especially in the context of analysing its changes, to view social protection *à la française* as a hybrid system. And this feature makes it likely that its future development will vary from one domain to another.

Will the EU's increased power in the social domain lead to convergence?

In order to evaluate this development, it is also necessary to take into account the European Union's role in social protection, a role which, while it is not decisive today, remains a factor of change which cannot be considered exogenous in the same way as transformations of international relations. Indeed, Europe is being constructed by the European States themselves and within each one, social policies and European integration policies necessarily interact with one another. Today, and especially since the introduction of a coordination of employment policies (the 1997 Luxembourg summit) and the social and economic orientations decided upon at the Lisbon summit in 2000, the EU is asserting its reforming mission in the area of social issues, even if the latter remain under national

jurisdiction.

Such is the case with the promotion of gender equality, the analysis of the effects of population ageing on the future of pension systems, social exclusion, the role of lifelong learning and so on. This situation offers a striking contrast with the 1970s, when the 'European agenda' touched on a minority of 'social problems'.

We cannot really speak of convergence, however, or even of institutional harmonisation at European scale. The common problems which the national systems are called upon to resolve (demography, increasing labour-market flexibility, financial globalisation, etc.) cannot be considered to result in identical adjustments. It seems more apt to think that if contemporary societies have handled social risks differently so far, things should not be any different in the future. General procedures or overriding principles may seem to converge but specific institutions, political systems, actors, conceptions of justice and performances are stamped with the national seals and corresponding habitus (in Bourdieu's sense of the term).

The French system, like those of its neighbours, is transformed in relation to international political and economic developments, but these changes are not independent of local economic policies and the system also reacts to domestic changes which, for one thing, do not correspond exactly to those taking place elsewhere and, for another, are not conceived in the same way. Social protection involves the collective imagination, the implementation of meaningful categories which are first defined within historically constituted political communities where a certain conception of social justice prevails, even if diverse foreign influences are also absorbed.

Differing pressures and issues from one sector or period to another

The French social protection system includes two sub-sectors which have neither the same weight nor the same dynamics: on the one hand, retirement pensions and healthcare, on the other, unemployment, the family and poverty.³ The actors concerned are not all the same and are not uniformly subject to the same internal and/or external pressures. In the area of pensions and healthcare, the social protection system faces pressures from financial interests (insurance companies, banks, etc.) and above all from financial globalisation strategies. Here, it represents a potential market tied to population ageing and a growing demand for healthcare. The stakes of the reforms for the dominant actors are less the reduction of spending than its privatisation. On the other hand, market finance is not eager to take charge of the other areas (employment, family, housing and anti-poverty programmes). Rather, these domains are confronted by the large companies' strategies for greater flexibility

³ Pensions and healthcare are not only the two social-protection sectors which have the greatest quantitative importance (80 % of total spending). They are also the ones which have shown the largest growth since 1975, as in the other EU countries: 3.5 and 2.1 % of the GDP, respectively. With 2.2 % of the GDP in 2002, unemployment protection has also increased in importance (it even attained 2.6 and 2.7 % during the recessions of 1983 and 1993, respectively). Family benefits and housing allowances, meanwhile, are limited to less than 4 % of the GDP. Finally, spending in the name of the poverty and 'social exclusion' risk hardly merits the media attention it generates: it represented only 0.4 % of the GDP and 1.4 % of total spending in 2002.

and the financial austerity promoted by government elites.

In addition, the reforms, like the crisis, also – and primarily – result from national-level economic policies and an interaction of players which is itself marked by the national form of the political system. For thirty years the reforms have thus been paced by the reappearance and recurrence of a business cycle alternating recovery and recession, as well as a succession of different economic policies associated with it: the stagflation of the 1974-1983 period, the competitive disinflation of the 1984-1993 period, economic policy governed by the Maastricht criteria from 1994 to the absorption of the shock created by the changeover to the euro in 2002 and at present, the prevailing dissociation of the geographic levels of monetary policy and fiscal policy.

Each cycle can in fact be associated with one main type of adjustment or reform: the pursuit of social advances along Keynesian lines during the stagflationist management, parametrical reforms centred on a reduction of social spending with unchanged institutions during the period of competitive disinflation, more structural reforms once the EU's single market came into being. Thus, significant reforms in the area of health and pensions, the sectors which are by far the most costly for public finances, were above all introduced in the third economic cycle, from 1993 on. But internally, this was also a period where the resistance of the weakest collective actors took a more active form.

These adjustments in economic policy over the past thirty years and the distinct reactions they have entailed among the social forces concerned have given rise to forward-looking reforms followed by setbacks or abrupt halts, transformations which were conceivable at a given time but which, held back by resistances, seemed less appropriate in the following period, to political learning processes involving trial and error, to idiosyncratic institutional innovations combining the new and the old.

These internal political variables are not totally autonomous relative to the external ones but the national political choices have primed. Thus, the fact that the social reforms of the past thirty years have mainly been governed by financial considerations may be linked, more or less directly, to the introduction of the single market and the single currency in the European Union, via the interplay of policies inspired by neo-liberalism. But as we have already emphasised, the single market and single currency have not been pulled out of a magician's hat; they are political and social constructions reflecting internal political choices. The future of the national social protection systems in Europe also depends on such choices and the way they will shape the evolution of European integration.

French social protection and Europe: two interlocked destinies

Marked by a new welfare mix in which Beveridgism has undeniably assumed greater weight, the emerging system, which is still undefined, will probably be shaped by the impact of three factors: the orientation of European economic policies; the strictly political, and notably constitutional forms which the EU will take and the role of social policies within it; and last of all, the ability of the main organised social forces to propose and negotiate the forms of social protection they would like to see at the different geographic levels (European, national, regional or even local).

Since the Maastricht Treaty and the institution of the Economic and Monetary Union (EMU), it has become

clear that the social dimension harbours essential resources for the legitimisation of the new European political order. The demand for a Community jurisdiction in the area of employment led in 1997 to the implementation of a co-ordination procedure which has come to be known as the OMC (open method of co-ordination).

The Commission's positions are often described as uniformly 'neo-liberal'. But far from being unanimous, these are marked by the split between DGs dealing with economic and financial affairs and those dealing with social affairs. And they are also subject to fluctuations over time, as demonstrated by the European social agenda appended to the Treaty of Nice, where the issues of 'return to full employment' and 'reduction of inequalities' which were taboo in the liberal Community discourse of the 1990s have reappeared.

In our view, such fluctuations express a contradiction between the neo-liberal agenda which has been privileged until now and the need to correct social and regional inequalities in order to ensure social and territorial cohesion within the EU, in a context where the question of the federal form of European political integration is raised more and more openly. The future evolutions of the French social protection system will certainly remain consistent with the inheritance of the past, but the integration of the national systems into the larger EU is now a highly open process capable of giving rise to multiple scenarios⁴

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⁴. See Barbier and Théret (2004) and Théret (2002 and 2003).

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(Translated from the French by Miriam Rosen)

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Guillet, R. *Pour plus de solidarité entre le capital et le travail*. Paris: L'Harmattan, 158 pp., 2004.

Koleva, P. *Système productif et système financier en Bulgarie 1990-2003*. Paris: L'Harmattan, 325 pp., 2004.

Morley, J., T. Ward and A. Watt. *The State of Working Europe 2004*. Brussels: European Trade Union Institute, 2004, 171 pp.

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