

" Re-Negotiating the Continental European Welfare States: the Case of France in the 1990's"

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Due to historical choices made in 1945 which favored the development of social insurance institution, the French social protection system, mainly financed by work income through social contribution, is highly related to the realm of employment and to their representatives, the social partners. This means that any reform to be applied to the social protection system cannot be imposed to it, but must be negotiated with the social partners if governments want to avoid big social movements against their proposals. All reforms that passed in the recent years were negotiated on the basis of the distinction between what should belong to the realm of insurance (and be financed by social contribution) and what to the world of assistance (and should be financed by taxation). This distinction has progressively led to a dualisation of the social protection system, with a new distribution of power between the state and the social partners.

Argument : 1. Reforms have to be negotiated. For historic reason. Social insurance is given redistributive functions in 1945. Ambiguous blend. Social partners play a great role. 2. They are negotiated on the basis of the distinction between insurance and assistance. Divide the work between the State and social insurance. 3. Outcome: a dualized welfare system.

In the current literature on welfare state changes¹, the continental European (Bismarckian) welfare systems are said to be the slowest in reforming their social protection system, these having not gone very far in the retrenchment measures. I will argue that these delay and limitation in retrenchment can be partly explained by the role of the social partners within the system and its impact on the politics of reforms in these countries. Because of the participation of social partners within the process of reforms (at least as veto players – Tseleblis, 1995), governments are forced to elaborate strategies of reforms which can be acceptable by social partners. During the 1990's, any reform of an important part of the Bismarckian welfare states have been undertaken in the framework of 'forced concerted strategies'. For instance, a review of Pension reforms in Italy, France and Germany all show that the ones which did pass (The *Rententreform*, Pension Reform Act of 1992; the Balladur reform of 1993 and the Amato -1992- and Dini -1995- reforms in Italy) were concerted and obtained the consent of at least some social partners, whereas the project of reforms that certain governments (Juppé in 1995, Berlusconi in 1995, Kohl in 1997) tried to impose without a certain degree of social consensus failed to be implemented because they faced strong opposition notably by the Trade unions. One may argue that this is specific to Pension reforms, due to the complexity and time-frame of these reforms (Hinrichs, 2000). However, in

¹ See Esping-Andersen, (ed.) 1996 ; Ferrera, Rhodes, (eds.), 2000 ; Leibfried, (ed.), 2000 ; Scharpf, Schmidt, (eds.), 2000 ; Pierson, (ed.), 2001 ;

1986, Margaret Thatcher did impose her pension reform without negotiation. Rather, I would argue that this pattern of politics (forced concerted strategies) is to be understood with regard to the institutional configuration of the Continental welfare states as a whole, as it can be found in Pension, but also in other field such as Unemployment insurance or Health insurance. These kind of politics are contrasted both with the politics of the liberal welfare state reforms (which are not consensual and where the social partners, especially the Trade unions, are not supposed to have a say) and with the Social-democratic welfare state, where the political consensus on welfare reforms are negotiated mainly between political parties, and less with the social partners (Kuhnle, 2000, pp.218-224).

Since the mid-1970s European social protection systems have been exposed to new, but similar socio-economic challenges such as mass unemployment, changes in socio-demographic structures, population ageing, increasing competition between economies. P Pierson has convincingly shown that the politics of the welfare state in a period of such challenges and necessary adaptation (or even retrenchment) are different from the politics of the 'golden age' (Pierson, 1996). However, the reforms implemented by governments to respond to these challenges have not all been of the same cut. Different governments responded in different ways and at different times to similar and simultaneously occurring problems. The new politics of welfare reforms are not similar from one country to the other. In order to account for these differences, one has partly to refer to the general political institution of each country (Bonoli, 2001) as well as to the political orientation of the government (Levy, 1999 ; Ross, 2000). One has also to refer to the specificities of national welfare state institutions. These latter shape the politics of the reforms. They are framing the kind of interests and resources that actors can mobilise in favour or against welfare reforms. They also partly determine who is in and who is out of the political game around the reforms (Bonoli, Palier, 2000).

Focusing on the influence of welfare institution, I will argue that of crucial importance to understand the kind of politics associated with welfare state reforms is the way in which the system is managed and controlled. One big difference between the continental welfare states and the others (liberal or Nordic) is that the system is not run by the State itself but within the framework of social insurance Funds. The social partners (Employees and employers representatives) are taking part in the management of these Funds (sometimes without any intervention of the State) and therefore have a say in the decision-making process and have possibilities to block the reform processes. They usually prefer to avoid big changes and look for preserving, defending the(ir) system.

To illustrate my argument and analyse the details of such politics, I will focus on the French case. France can be seen as a crucial case for the argument. Indeed, France is usually recognised as a country where the State is particularly strong (characterised by dirigisme, statism... Levy, 2001) and trade unions particularly weak (with the lowest rate of unionism within the OECD countries, Labbé, 1996). France is not known for implementing neo-corporatist policy-making (Lehmbruch, Schmitter, 1979) nor for being a consensus democracy, since the French political system created in 1958 is aimed at giving the executives most of the power, drawing France near to a majoritarian political system (Lijphart, 1984). However, the analysis of the recent politics of welfare reforms in France show that, first, left and right-wing parties have very similar analyses and proposals for welfare reforms which are

opposed by most of the trade unions, and second that governments have to look for social partner's (at least partial) agreement to their reforms if they want to be able to implement them.

In order to understand these specific politics, I will first go back to the origins of the French welfare institutions, when it was decided to give the management of the system to the social partners in 1945, because of a shared distrust against the State. Second, I will follow the development of this management arrangement which lead to important resources for the social partners and limited capacities for the state: this arrangement implied for the State a weak control over the system and over the spending trends. Third, I will analyse the kind of new politics this institutional configuration implied in a time of pressure on welfare state, and the content of reform that could be passed. I will emphasise the fact that in order to be accepted by the social partner, all reforms should be aimed at distinguishing insurance benefits from assistance ones. Finally, I will analyse the consequence of both sectoral and structural reforms which have been implemented within the French system, in terms of dualisation of the French welfare system.

I. Mistrusting the State

In France, social insurance has first emerged and developed within the realm of employment. Firstly, the state, as an employer, provided social protection to its servants. In the late nineteenth century, some social insurance funds have been created by social catholic private employers, which were mainly delivering family allowances and “*sursalaire familial*”, some kind of trade unions or friendly societies (*mutuelles*) were delivering benefits in case of redundancy, sickness or old age. These funds were managed directly by the workers through the trade unions (*gestion ouvrière*), some were managed directly by the employers (*gestion patronales*), some other were under the rule of paritarism (both actors share the control of the funds) (Pollet, Renard, 1995, 1997).

In 1945, the French government had in mind to generalise social protection and to achieve universal and uniform coverage for the whole population. Nevertheless, given the strength of CGT (main workers’ union of this period, Communist influence) and the strong resistance coming from those groups who already had access to some form of social protection, it chose to remain within an employment-related social insurance framework instead of a universal state-run system.

In 1945, the political context gives an exceptional strength to the left and the workers unions, while the employers’ organisation are particularly weak, and parliamentary institutions temporary put into brackets by the provisional government who act through ordinances (Merrien, 1990). This specific climate favours the projects put forward by the trade union (mainly CGT) and those among high civil servants who share some corporatist views, such as Pierre Laroque, the so-called ‘founding father’ of the French *Sécurité sociale*.

In 1945, all the important actors concerned by the creation of the system agree that it should be neither given to the State (*étatisation*) nor to private insurance companies. They favour a corporatist management of the system, giving a major role to the employers and moreover the employees’ representatives. Beyond the mere defence of what existed before, the arguments for this solution are based on a distrust towards the state and a belief in the necessary role of intermediary institution. These views are quite ancient in France. Durkheim was one of its major advocates. He wrote in *Le suicide* :

« Actuellement, les sociétés européennes sont placées dans cette alternative ou de laisser irréglementée la vie professionnelle ou de la réglementer par l’intermédiaire de l’État... Mais l’État est trop loin de ces manifestations complexes pour trouver la forme spéciale qui convient à chacune d’elles. C’est une lourde machine qui n’est faite que pour des besoins générales et simples. Son action, toujours uniforme, ne peut pas se plier et s’ajuster à l’infinie diversité des circonstances particulières. Il en résulte qu’elle est forcément compressive et niveleuse... »

« Qu’il s’agisse de la durée du travail ou de l’hygiène, ou des salaires, ou des œuvres de prévoyance ou d’assistance... Dès qu’on essaie d’instituer quelques règles, elles se trouvent être inapplicables à l’expérience, parce qu’elles manquent de souplesse ; ou, du moins, elles ne s’appliquent à la matière pour laquelle elles sont faites qu’en lui faisant violence. »

« La seule manière de résoudre cette antinomie est de constituer en dehors de l’État, quoique soumis à son action, un faisceau de forces collectives dont l’influence régulatrice puisse s’exercer avec plus de variété... C’est donc à elles [les corporations reconstituées] qu’il appartient de présider à ces caisses d’assurance, »

d'assistance, de retraite dont tant de bons esprits sentent le besoin, mais que l'on hésite, non sans raison, à remettre entre les mains déjà si puissantes et si malhabiles de l'État. »

(Durkheim, *Le suicide*, édition de 1930, p.436-437)

In 1945, in spite of Beveridge's recommendation to give the management of social protection to the State, the French government rejected this idea: 'L'organisation nouvelle doit éviter le risque bureaucratique. Elle doit être faite d'institutions vivantes, se renouvelant par une création continue, par l'effort des intéressés eux-mêmes chargés par leurs représentants d'en assurer directement la gestion.'²

Two main arguments are given against the State. First, in France, the main intervention of the State in the social sphere has for long been assistance³. Like in other countries, assistance is not perceived in 1945 as a positive way to provide welfare: it is stigmatising and does not rely on the active part of individuals. As Laroque puts it in 1934⁴ :

« L'assistance avilit intellectuellement et moralement, en déshabituant l'assisté de l'effort, en le condamnant à croupir dans la misère, en lui interdisant tout espoir d'élévation dans l'échelle sociale... elle est dépourvue de tout effet intellectuel et moral, elle ne fournit au problème social que des solutions partielles et fort imparfaites. » (quoted by par Merrien, 1990, p.263-264.)

Second, one has to avoid the bureaucratic risk, and the subordination of social policy efficiency to purely financial consideration: « Faire appel au budget de l'État, c'est inévitablement subordonner l'efficacité de la politique sociale à des considérations purement financières qui risquent de paralyser les efforts accomplis. » (Laroque, 1946, p.19). In order to avoid the constraints linked to a State budget, the system should be financed through social contribution paid by employers and employees and not through taxes. And in order to avoid the domination of budgetary preoccupation over social purpose, it gives priority to the rights. Anybody having a social right (ie having contributed enough) must be paid or reimbursed, whatever the resources are. The social security budget is adapted afterwards through an adjustment of the level of social contribution.

Thus, in 1945, many arguments oppose the integration of the social protection system within the State: a general critique of parliamentary democracy (accused to be inefficient and to have been unable to avoid the defeat against Germany in 1939-40); the State bureaucratic habits to limit budgets (against social purposes and necessity), the State tradition of social assistance. But there are also positive reasons for organising the social protection outside of the State and giving it to the employees and the employers representatives.

² Exposé des motifs accompagnant la demande d'avis n°507 sur le projet d'organisation de la sécurité sociale, dépôt du 5 juillet 1945 à l'Assemblée constituante provisoire», *bulletin de liaison du comité d'histoire de la Sécurité sociale*, 14, p.59.

³ Loi du 24 juillet 1889 sur les enfants maltraités et moralement abandonnés ; loi du 15 juillet 1893 sur l'assistance médicale gratuite ; loi des 27 et 30 juin 1904 sur les enfants assistés ; loi du 14 juillet 1905 sur les vieillards, les infirmes et les incurables ; loi du 17 juin 1913 sur les femmes en couches ; loi du 14 juillet 1913 sur les familles nombreuses et nécessiteuses.

⁴ in « Politique sociale » *l'Homme nouveau*, n°1, January 1934.

The first 'positive' reason seems logical: those who pay (i.e. the ones who are paying social contribution) and those who are benefiting from the system (the salaried workers) should have a say in the orientation and the functioning of the system : the payer should be the decision-maker. There is a fairly strong normative and apparently logical perception according to which joint management of employers and employees is necessary if social expenditure are financed through employment-related contributions. Conversely, tax-financed schemes are seen as belonging to the responsibility of the government. We will see later that this point is essential to understand the politics of the reforms implemented in France (and in other Bismarckian countries).

Second, there is a shared view, notably among the high civil servants who did elaborate the social protection system, that a corporatist organisation is a good thing. In line with Durkheim's point of view on the role of intermediary institution, since the 1920's, the projects about the development of social insurance are aimed at contributing to "la paix sociale par la participation des ouvriers à la gestion nationale" (social peace through the participation of the workers in the national decision-making). The participation of the workers in the management of the social protection system is called "la démocratie sociale", which aims is to guarantee the social and political integration of the workers within the society as well as the collaboration between workers and employers. (Merrien, 1990, Castel, 1995).

For all these negative and positive reasons, the management of the system created in 1945, la Sécurité sociale is given the representatives of the employees and (in a less important way) the employers. The objective is to:

« donner aux bénéficiaires de la sécurité sociale le sentiment que celle-ci n'est pas une manne distribuée par une administration anonyme et impersonnelle, mais est le fait d'institutions gérées par leurs représentants et pour eux-mêmes, et le produit de leur propre effort dans le cadre d'une très large solidarité nationale. Dans la conception française, la sécurité sociale doit non seulement donner aux travailleurs un sentiment de sécurité, mais aussi leur faire prendre conscience que cette sécurité est leur propre fait, qu'ils en ont le mérite et la responsabilité. » (Laroque, 1948, p.645)

« Nous voulons que demain les travailleurs considèrent que les institutions de sécurité sociale sont des institutions à eux, gérées par eux et où ils sont chez eux. » (Laroque, 1946, p.13)

The French social protection system is based on social insurance, managed and financed outside the State. In the late 1940's, the issue was less the increase of the expenses than the development of social protection for all the salaried workers. It was assumed that all the population was about to become either a salaried worker or a parent of him (more than her). The hope was that, in the context of full-employment, the difference between an universalist and employment-based system would be negligible: all the population should progressively be covered by the social insurance system. To some extent, French social reformers tried to achieve Beveridge's aims of universality with Bismarck's instruments (social insurance). These historical origins had of course impact on both the institutions (fragmented) and the politics (corporatist) of the welfare state in France.

A fragmented corporatist system

Following the choice made in 1945, the French social welfare system has expanded from 1945 to the 1970s with the developments of specific set of non-state agencies called: *la Sécurité sociale*. The main component of French welfare system clearly reflects the Bismarckian tradition: in France, most benefits are earnings-related, entitlement is conditional upon a contribution record and financing is provided mainly by employers' and employees' contributions (*cotisations sociales salariales* and *cotisations sociales patronales*⁵).

The system is extremely fragmented. It is divided into a number of different sector covering different contingencies: health care, old age, family and unemployment insurance. The system is also fragmented into different schemes (*régimes*) covering different occupational groups⁶. Instead of having developed one single system covering the whole population (like in universalistic systems), the system has developed through the addition of specific, particularistic, autonomous schemes for different occupational groups (civil servants, minors, peasants, white collars...). During the expansion of the system, from the late 1940's to the 1960's, many professions defended their specificities and did not accept to be integrated within the most important scheme covering the salaried workers from trade and industry (*Régime général*). Finally, the fragmentation is also due to the will to decentralised as much as possible the delivery of the benefits. There is a set of compulsory basic schemes, to which anyone working must be affiliated, and a further set of complementary schemes (improving the coverage level), which may be compulsory or not. All the schemes are made up of different Funds (*Caisses*) organised at national, regional and local levels.

The system is organised beneath and not within the state. The Funds (*Caisses*) are non-governmental agencies, except for the national ones. Their staff is neither paid by the state, nor under its authority. Each is headed by a governing board (*Conseil d'Administration*) comprising representatives of employers and employees, with a Chairman elected from their ranks, and a director of the Fund, who is appointed by the governing board in liaison with the Ministry of Social Affairs. The *régimes* are intended to have some independence from the State, on the principle of management and control by the social partners. This means that the system should be managed by those who pay for it and have an interest in it, subject to only limited supervision by the State, and decentralised, with small, local offices, easily accessible to the public. The state is supposed to have only a supervisory role called *la tutelle* (Palier, 1998). The system can be said to be corporatist for at least two reasons: it reproduce occupational social division, it is managed by the representatives of professional groups.

⁵ Until 1995, 80% of the social expenditure was financed through social contribution)

⁶ For old age insurance, there are more than 600 different schemes: for employees in industry and trade, for self employed, for civil servants, for public firms' salaried workers, for farmers...

II Resources for the trade unions, Limited capacities for the state.

Due to both the ideological origins of this system and its institutional arrangements, the social partners have important resources within it and the state has limited capacities over it.

Resources for the social partners

Pierre Laroque wanted the social protection system to become the workers' thing. The trade unions rapidly considered it as their system. At the turn of the 1950's, several conflicts opposed the governments, who wanted to transform the financing mechanisms in order to get more control of its development and the trade unions who refused any ideas of "fiscalisation" of the system, since this movement would mean less legitimacy for them to participate in its management. In 1952, Pinay's government was dismissed because of this kind of attempt (Galant, 1955, p.184). Since then, any government knows that it is dangerous to try to attack trade unions' participation in the management of the system, either directly, or by changing the sources of finance (taxes instead of social contribution).

Trade unions defend their position within the social insurance system since it provides them with a lot of resources, both material and symbolic.

First, one of the most important resource that the system provides to the trade unions is the control of the staff working within the insurance funds. The legislation gives all responsibilities over employees' recruitment to the governing boards of the Funds. Therefore, belonging to the trade union which is chairing the Fund becomes a criteria to be hired. Also, the Funds (mainly the national ones) provide pseudo jobs and actual wages for people actually working for the trade unions (Catrice-Lorey, 1995 ; Duclos, Mériaux, 1997, various reports from Cour des Comptes, notably 1990 and 2000).

The second type of resources is more symbolic: the trade unions progressively appear to be the defenders of the system, of the "acquis sociaux" associated with them in the eyes of the French population. Historically, the French social insurance system is associated with the values of solidarity, collective efforts, social justice of the French resistance during the second world war, which decided a "*plan français de Sécurité sociale*". It is also associated with the strength of social movements (Communist party and trade union) in immediate post-war and presented as the result of social struggles (an *acquis social*). Since the mid 1970's, each member of the whole population is supposed to be covered by one social insurance Fund and is receiving quite generous benefits from it. Meanwhile, its fragmented corporatist organisation guarantees each social group that its specific interests are preserved. As a result of the combination of all these elements, the French social insurance system has created a large constituency among all the salaried workers, well known as "the attachment of the French to the *Sécurité sociale*". The French salaried workers' constituency is represented by the trade unions. In France (like in other Bismarckian countries), one of the most powerful pro-welfare coalition is headed and represented by the trade unions. Therefore, the Trade unions act as the representatives and the defender of the system. They defend both the interests of the salaried population, and their own interest within it.

The trade unions then share a common interest in defending the social insurance system. Meanwhile, the competition to chair social insurance Funds has increased the already existing competition between the trade unions in France, leading to important division and fragmentation of the labour movement. Since no trade union can have the majority in a governing board by itself, especially after 1967⁷, it needs to get an alliance with others, most often with the employers representative. Over the last 40 years, the employers have chosen their ally, playing one trade union against the others and therefore nurturing division among French trade unions. In 1945, the labour movement was split into two main unions: CGT (*Confédération Générale du Travail* - communist and socialist influence) and CFTC (*Confédération Française des Travailleurs Chrétiens* - catholic influence). In 1944, while they ask for a specific complementary system in pension, the white collars created a specific trade union (CFE-CGC – *Confédération Française de l'Encadrement, Confédération Générale des Cadres*) which run ever since the specific Funds (AGIRC) created for them in 1947. In 1947, the Communist party leaves the national union government, CGT split into two unions: CGT and CGT-FO (*CGT-Force Ouvrière* - anti-communist). In order to avoid to give any important responsibilities to CGT within the social protection system⁸, CNPF will ally either with CFTC or with CGT-FO to run the social insurance funds from the late 1940's to the 1980's. In 1964, CFTC split up into two trade unions: CFTC and CFDT (*Confédération Française et Démocratique du Travail*), which will first be oriented towards salaried self-management (*autogestion*), and changed its position by the late 1980's towards a more collaborative action with the employers representatives. During 50 years, all these different trade unions (except CGT) have had the presidency of the different social insurance funds, depending on their alliance strategies. CGT-FO has been the main employers' partner from the late 1960's to the late 1980's. Since then, CFDT has little by little replaced CGT-FO⁹.

Through this rapid historical and institutional analysis, one can see that it is very important to include the trade unions' role in the welfare system to understand the development of the labour movement in France. The political functioning of the system helps to understand the division and competition among trade unions in France, which is probably one of the main

⁷ From 1946 to 1967, the governing board are composed of 75% employees representatives, and 25 % employers. Strict parity is imposed in 1967, plus the presence of some « qualified » persons appointed by the government.

⁸ While the political parties were making alliances to avoid the participation of the Communist party in any government, although it received around 25% of the votes until the early 1970's.

⁹ En 1947, la CGT obtient près de 60% des voix du collège des salariés aux élections des administrateurs des caisses de Sécurité sociale et la CFTC près de 25% des voix. Mais la CFTC et la CGT-FO, alliés avec le CNPF, mettent la CGT en minorité dans la plupart des caisses d'assurances sociales et dans les organismes nationaux. La CGT se retire alors quasiment de la gestion de la Sécurité sociale après avoir eu pendant deux ans le monopole de représentation des salariés et contribué fortement à la bonne mise en place du système (Galant 1955). Ainsi, après 1947, la présidence de la Fédération Nationale des Organismes de Sécurité sociale (FNOSS) reviendra le plus souvent à la CGT-FO. La présidence de la FNOSS reviendra à la CGT de 1946 à 1949, puis à la CFTC de 1949 à 1950, puis à FO de 1950 à 1961, à la CGT de 1961 à 1963, et de nouveau à FO de 1963 à 1968. (Catrice-Lorey, 1982, p.61). Dès la création de l'AGIRC, la CGC prend la tête de son conseil d'administration pour ne plus la quitter. De 1967 à 1995, FO présidera la CNAMTS, avec un vice-président issu des rangs du CNPF. La CNAF sera confiée à l'UNAF ou à la CFTC. Le CNPF et la CGC présideront respectivement l'UCANSS et l'ACOSS. Au cours des années 1980, la CFDT va définitivement abandonner la stratégie d'unité d'action avec la CGT pour participer à la gestion des institutions de protection sociale. Ainsi, une présidence « tournante » sera organisée entre le CNPF et la CFDT à l'UNEDIC (tous les deux ans). Au début des années 1990, la CFDT héritera de la CNAVTS, et prendra la présidence de la CNAMTS en 1996, suite à un renversement d'alliance du CNPF.

obstacle for an explicit consensual strategy of national social pacts. However, their role within the system gives them resources which compensate for their weakness within firms and their very low rate of unionisation¹⁰: they can survive without membership fees thanks to the system, they have a certain legitimacy in the eyes of the public opinion since they represent and defend the Social insurance system. They also derive a strong mobilising capacities from this role within the system: they have been able to organise strikes and big demonstration against social protection reforms in 1952, 1967-1968, 1986, 1995, 2001 to mention the strongest ones, which ended up with at least the abandonment of the reform project, and at most with the dismiss of the government (1952) or its loss in the following election (1987, 1997). Therefore, governments have concluded that they cannot reform without at least the implicit consent of at least some of the trade unions. It is therefore very important to include the social partners to understand the politics of the welfare state in Bismarckian countries.

Limited state capacities within an ambiguous tripartism

Peter Flora has shown that we can differentiate social protection systems according to ‘the degree to which the (central) state has ‘penetrated’ the welfare institutions, i.e. the *stateness* of the welfare state which defines *Spielraum* (room for manoeuvre) for intermediary structures; the degree to which the welfare institutions reflect social differentiations, i.e. the *fragmentation* of the welfare state which defines the potential of conflicts and change ... the degree to which the instruments of government are differentiated from other organizations, centralized, autonomous, and formally coordinated with each other. State penetration in this sense corresponds negatively with the *Spielraum* offered for the development of the various non-state ‘intermediary structures’ ranging from e.g. highly organized churches to loosely knit social networks.’ (Flora, 1986, p.XVII). Paradoxically enough with regard to the reputation of the French State, the French social protection system can be characterised as having a weak degree of stateness since it is very fragmented, since its administration is not a public one and since other actors (mainly the social partners) play an important role in it.

I do not want to argue here that the state does not play any role. I simply argue that its capacities are limited, especially if one compares with the state capacities in the British or the Scandinavian welfare states concerning both the decision-making process and the implementation capacities.

First, the Unemployment insurance system (UNEDIC), created in 1958, is run, managed and controlled by the social partners only, as are the compulsory complementary pension schemes covering the salaried people working in the private sectors (AGIRC, ARRCO – 60% of the working population). Second, even within the basic health, family and pension legal schemes (Régime général de la Sécurité sociale) the responsibilities are shared between the state and the social partners. In the legal basic schemes, the distribution of competence has always been object of contention (Catrice-Lorey, 1982). Decision and management responsibilities have formally been given to the social partners in 1945, but the state kept important decision such as rules for eligibility, levels of contribution and benefits. Since 1967, the State has the possibility to nominate the directors of the Funds and can decide, discretionary, through administrative (and not legislative) decision

¹⁰ This rate went down from 30% in the late 1940’s to around 20% in the late 1950 and during the 1960’s and 1970’s. This rate went under 10% during the 1990’s (Labbé, 1996, p.132).

(*décrets*), the levels of contributions and of benefits. The social partners, through the administrative boards of the Funds chaired by one of them, are in charge with the management of the Funds: collecting contribution and delivering benefits. Therefore, some have claimed that the social partners had only a “*pouvoir de façade*” (Rosanvallon 1995, p.81). However, trade unions or employers (rarely at the same time) have proven their capacities to prevent the government from deciding a reform which could appear as endangering the system. Moreover, French high civil servants working in the Ministry of social Affairs have always complained about their incapacity to control what was going on within the Funds and to “master” the expenditure increases, because of weak administrative capacities (Laroque, 1990, p.44-45, Join-Lambert, 1997, p.613).

This blurred distribution of responsibilities over the social protection system, known as an “ambiguous tripartism” (IRES, 1997), lead to a lack of accountability within the system. During the 1960’s and 1970’s, it seemed to satisfy all actors. This changed in a period of pressure over the welfare system.

III. The Bismarckian politics of welfare reforms: negotiating the distinction between insurance and ‘national solidarity’

The first characteristic of the Bismarckian politics of welfare reforms is that both in the diagnosis of the problems and in the solution promoted, the main opposition is not between left-wing and right wing political parties, but between all parties with (in the past, the present or the future) governmental responsibilities and the trade unions. The second one is that all the reforms which have passed were aimed at separating what was strictly based on an insurance principle (horizontal redistribution), and what was based on an assistance (or national solidarity) principle (vertical redistribution).

The opposition between parties and unions

Like anywhere else, France has encountered important economic difficulties after 1973. The first consequence for the Social insurance system has been the appearance in 1974 and the development ever since of a ‘Social security deficit’ (or *trou de la Sécurité sociale*). As the social insurance system is not part of the State, its budget is presented apart from the State budget. Therefore, it is possible to isolate a specific deficit which is not treated as a public deficit but as a specific problem of *la Sécurité sociale*. After years of positive balance account, the deficit of the main social insurance scheme (*régime général*) budget was 2.8 per cent of its resources in 1974, 4 per cent in 1978, around 2 per cent from 1981 to 1987, between 0.9% and 1.8% from 1988 to 1992, and around 5% from 1993 to 1996. It has progressively diminished ever since to 0.3 per cent in 1999 (various reports of the *Commission des Comptes de la Sécurité Sociale*).

The increasing of the deficit has been understood in two quite different ways in France. From the governmental point of view (shared by both the left – Communist party apart - and the right), this deficit was understood as a consequence of both decreasing resources (less economic growth i.e. less wage increase, more inactive or unemployed people who do not pay social contribution) and increasing expenses (more unemployed people, more demands in health and old age). In that case, the solution would be to reduce the increase of the

expenditure as long as it is not possible to play on the factors which diminishes resources and as long as the government does not want to raise taxes.

However, the trade union did not share this point of view. For them, the Social security deficit was due to the fact that the social insurance system was paying for non-contributory benefits and thus supporting “undue charges” (*les charges indues*). During the 1960’s and even more the 1970’s, the governments have created new benefits to protect the people who are not contributing to the system (because they do or cannot work) : health reimbursement for the non insured people, means-tested non-contributory family benefits, social minimum incomes for the poor, the elderly, the invalids...), but these non-contributory benefits have often been financed by the social insurance funds, which are financed through social contribution. The discrepancy between the origin of the resources and its use would explain the deficit¹¹. Therefore, the solution to the deficit was not to reduce the level of expenditure but to ask the state to pay for the non-contributory benefits.

During the 1980’s, the compromise was that instead of increasing expenditures, governments have preferred to increase social contribution (which are different from state taxes, see Palier, 2000). While they were decreasing the level of direct income taxation, the French governments were raising up the level of social contribution paid by employees. Among taxation, the share of social contribution has increased dramatically (see table 2) as well as their proportion of GDP: in 1978, the volume of social contribution equalled less than 20% of French GDP, and almost 23% in 1985 (this rate is stabilised at this level ever since; source: *Comptes de la protection sociale*, SESI, various years).

Table 2: Transformation of the structure of taxation in France (per cent)

	Average 1970-1975	Average 1981-1985	Average 1988-1992	1992	1995
State taxation (VAT, income tax, tax on companies, assets, oil tax...)	59.2	53.4	51.4	50.1	51.5
Social contribution	39.0	44.8	46.1	47.4	46.2
European tax	1.8	1.8	2.5	2.5	2.3

Source : INSEE, *Tableaux de l'économie française 1996-1997*.

Until the early 1990’s, there has been no real incentives in France to retrench social expenditure since its growth was financed through an increase of social contribution. It is only when the social security deficit has become too important to be financed through another social contribution rise (after 1992) in a context of economic recession (especially in 1993) and when the economic constraints of the European Single market and single currency became stronger, that French government decided (felt obliged) to go for retrenchment in the social protection system. However, this has not been feasible without concession to the social partners.

¹¹ Jean-Claude Mallet (FO) says in a interview to *Libération* 6 May 1993 that : « pour la seule année 1992, l'État doit près de 30 milliards de francs de charges indues à la Sécurité sociale parce qu'il ne cesse de se désengager (...) il a une dette directe de plus de 6 milliards, notamment par la confiscation du produit de la taxe sur le tabac. »

Negotiating the distinction between insurance and national solidarity

On some occasion during the 1980's and more often in the mid 1990's, governments attempted to reduce the generosity of social benefits in order to reduce the social security deficit. If one looks carefully to the political bargaining which allowed these measures to be adopted, one sees that each time this attempt has been successful, it was when the government exchanged a reduction of some benefits against the shift of the financing of some non-contributory benefits from contribution to taxation.

In 1983 and 1984, when Pierre Bérégovoy was Minister of Social Affairs, some reduction of the level of health care re-imbursements have been adopted. However, these reforms have been accepted by the trade unions since the government has created a specific fund in charge with financing the increase in pension expenditure linked to the retirement age at 60, perceived as non-contributory (creation of the *Association pour la Structure Financière*). In 1984, there has also been an important reform of the Unemployment insurance system. The social partners decided to frozen the increase of the benefits against the commitment by the government to finance the benefits delivered to those which entitlement to the main unemployment insurance benefits run out (*Allocation de Solidarité Spécifique* and *Allocation d'Insertion*) (Daniel, Tuchsirer, 1999).

In 1993, the newly elected right-wing government manages to adopt a pension reform of the main basic pension scheme, covering private sector employees. This was made possible by a carefully designed reform package, which included both cuts and concessions to the trade unions with regard to their role in the management and control over pensions. It was only thanks to political exchange that the government was able to reform pensions (Bonoli 1997).

The changes adopted in 1993 fall under three categories. First a '*Fonds de solidarité vieillesse*' has been created, which has the task of funding non-contributory benefits. Second, the qualifying period for a full pension is extended from 37.5 to 40 years; the period over which the reference salary is calculated, is extended from the best 10 years to the best 25. These are being introduced gradually over a ten-year transition period. Finally the indexation of benefits is based on prices (as opposed to earnings) for a five-year period.

In 1995, the Juppé government attempted to extend these measures to pension schemes of public sector employees. This measure was kept secret with no negotiation with the trade unions. The result was a massive protest movement, led by a rail workers strike, which forced the government to abandon its plans (Bonoli and Palier 1996; Bonoli 1997).

In order to avoid the opposition of the Trade unions, the solution has long been to increase social contribution. After a while, governments achieved to implement retrenchments reforms if they accepted to pay for non-contributory benefits. The debate on the clarification between social insurance and state-financed universal provision is not confined to France, though it is certainly more topical there than elsewhere (Bonoli, George and Taylor-Gooby, 1996). For instance, in Germany, the trade unions are also calling for the restoration of the insurance principle in social insurance scheme (Clasen 1997). If one looks at the general trend of reforms in France during the 1990's, one can see that this process of distinction between insurance and 'national solidarity' has been applied to the whole system of social protection.

IV The dualisation of the French social protection system

Since the 'compulsory negotiation' has been perceived as an obstacle to important reforms, the French governments have been trying to weaken the role of the social partners within certain parts of the system: in health care, family policies and poverty alleviation policies. However, the government is also ready to reinforce the participation of social partners in other parts, mainly within the realm of industrial relations: their responsibilities may be increased in unemployment insurance and in pension, and, moreover, the supposedly "dirigist" laws "imposing" the 35 hours are in fact ways to vivid social dialogue, new organisation of work, within firms. The recent movement of renegotiations on the "social refondation" initiated by the employers representatives has also contributed to redistribute power within the system. As a whole, it seems that the French social protection system is now divided into two different world.

Empowering the state in health care, family policy and poverty alleviation policies

If some retrenchment reforms have been implemented in unemployment compensation and in pension, the development of health care expenditure has been much more difficult to control over the last 20 years. In this domain, we can find again a strong opposition between the political parties and the trade unions (Bonoli, Palier, 1996).

Health care is perhaps the area in which the conflict between the two conceptions of social policy is strongest. In the mid 1990's, the political parties seem particularly keen on transforming the current insurance-based scheme into a universal, state-managed and tax-financed one. There are two main reasons for this: first, the will to reduce contributions and, as a result, the cost of labour, is high on the government's priority list ; second, an expansion of tax-financing in health insurance, would justify a more substantial involvement of the government in the management of the health care system, which would make cost containment more feasible. The idea of empowering the state in the management of health care is strongly supported by the government. As an RPR (government party) MP puts it:

'In France, the parliament has very little power in the area of social protection, since the social protection budget is not voted in the *Assemblée Nationale* ... We still don't have a parliamentary vote on a ceiling for expenditure. I believe that if we could impose a ceiling, we would then be able to stop the rise in health expenditure (interview RPR 26 May 1994).

In contrast, *Force Ouvrière*, the Union which headed the main Health Insurance Fund till July 1996 takes the view that:

'The health insurance scheme for employees tends to be considered by the government as a universal scheme. As a result, the government imposes on the health insurance scheme the financial and political burden of covering that part of the population which is unemployed, lives in poverty, etc. what we would like to see is clarification of the obligations of the state and the obligations of the health insurance scheme (interview FO 25 May 1994).

The contrast between the unions and the government is striking. While the latter would like to move from an insurance scheme towards a government run, tax financed health care system, the unions have in mind exactly the opposite: to go back to the initial conception of pure social insurance for employees, and to transfer financial obligations concerning the non-employed onto the state budget. Such a move, it is argued, would offset the financial imbalance of the health insurance scheme, solving at least the most pressing problem related to health expenditure.

These differences of approach are clearly linked to a question of power. The shift towards more tax-financing is a response to socio-economic pressures, but it is also being used by the government as a way to get more control over the health care system. The devolution of the management of social insurance to the 'social partners' is now seen as problematic: the government is accusing the 'social partners' of having hijacked the Social security Funds, of abusing their position within the system at the expense of the general good. Some trade unions are suspected of using welfare institutions in a 'particularistic' manner. What was seen as a good thing in 1945 (*démocratie sociale*) is now perceived as a cause of the difficulties. The agenda has changed. The budgetary preoccupation has become a major issue, and as it was known already during the 1940's, giving the budget to the State would help to control expenditure.

If in 1995 Alain Juppé had to give up with his public pension reform, he could implement his reforms in health care system. This means an "empowerment of the state" within the health care system. New instruments have been invented to reinforce the autonomy and the capacity of the State. The health care system has been restructured through the creation of regional bodies in charge with the planning of health care provision and budgets. Half of the members of these *Agences Régionales de l'Hospitalisation* are representatives of the State. State representatives are also present in the new *Unions Régionales des Caisses d'Assurance Maladie*, in charge with co-ordinating and harmonising health care policies of the different social insurance funds. More generally, each social insurance fund is now supervised by a *Conseil de Surveillance*, composed essentially by MPs and state representatives, in charge with controlling the good implementation of the agreements on objectives and management decided each year between the state and the social partners. The composition of the governing board of each social insurance Fund has been changed, giving the same number of representatives to employers and to employees and involving more state representatives. The nomination of each director of each Fund is more controlled by the Ministry of Social Affairs. These changes do not mean that the system has gone from a corporatist to a statist one, but that the state has more disposable instruments for controlling the expenses evolution (Palier, 2000, 2002).

The most important reform is the vote of a constitutional amendment (in February 1996) obliging the Parliament to vote every year a social security budget. For the first time in France, the parliament is taking part in the debate on the *Sécurité sociale* budget, which before was seen as not being part of the State budget. Every year, the Parliament decides what should be the total amount of resources and of expenses of the *Sécurité sociale* in a *loi de financement de la Sécurité sociale*. The use of the new Parliamentary competence helps the government to control the social policy agenda. Instead of having always to negotiate their intervention with the social partners, with the institutionalisation of a parliamentary vote, they are now able to regularly plan adaptation measures, especially cost-containment ones. This

new instrument introduces also a new logic of intervention. Instead of trying to find resources to finance social expenditure which are driven by insured persons' demand, the vote of a *loi de financement* imply that a limited budget should be allocated for social expenditure. As most of the social benefits are still contributory, it is impossible to totally define *a priori* a limited budget, but governments are entering this new logic, and the parliament vote new instruments aimed at this purpose, such as limited global budgets for the hospitals and for ambulatory doctors, ceilings and rate of growth for social expenditure (Palier, 2000, 2002).

The national leadership of the main trade union federations were obviously quick to join and to encourage the protest movement against the Juppé plan. What they regarded as unacceptable, however, was not so much the presence of cuts, but the explicit intention of the government to increase its grip over social security, and by the same token to reduce the unions' influence over it. This motive was particularly strong in the case of the *Force Ouvrière* union, who was heading the Health care fund in 1995 and who lost it in 1996, after a change in alliance of the employers organisation. As its leader, Marc Blondel, puts it:

‘... [the Juppé Plan] is the biggest theft in the history of the French Republic. It is the end of the *Sécurité sociale*. By deciding that Parliament is going to direct social protection, it robs the 2,200 billion FF made up of contributions paid by employers and employees. We were told that we needed to act in order to save social security, but they are taking it away from us’ (*Le Monde* 17/11/95, p.12).

If FO and CGT did oppose this reform, other trade unions accepted it, CFDT, CFTC and CGC. All these Unions had new alliance with the employers. The fact that the reforms could be implemented has to be explained by the important change, since 1988, in the position of one of the main Trade Union: CFDT. As a result, this one gained all the important places in Social insurance Funds during the 1990's (UNEDIC in 1992, CNAVTS in 1993, CNAMTS in 1996)¹². However, the transformation of the health care system has also to be understood with the shift in financing the health care expenditure. After 1995, the contribution paid by the employees have been progressively replaced by a new tax, CSG¹³, created in 1990, which

¹² Au cours des années 1980, la CFDT semble avoir décidé d'adopter en matière de protection sociale un ensemble de positions « responsables », fondées sur les préoccupations de maîtrise des coûts et proches des orientations gouvernementales, ce qui lui vaudra d'acquiescer une place de plus en plus importante au sein des organismes de protection sociale au détriment de FO. En 1992, la CFDT remplace FO à la co-direction de l'UNEDIC avec le CNPF, suite à leur accord créant l'Allocation Unique Dégressive (qui ne sera signé ni par la CGT, ni par FO). En 1993, Jean-Marie Spaeth dirigeait la CNAVTS quand le gouvernement Balladur a lancé sa réforme des retraites. Si elle n'a pas officiellement soutenu cette réforme, la CFDT ne l'a pas non plus dénoncée, comme le firent la CGT ou FO. Enfin, Nicole Notat a clairement soutenu la partie du plan Juppé concernant l'assurance maladie. Moins d'un an après l'annonce de ce plan, Jean-Marie Spaeth se retrouve à la tête de la CNAMTS après avoir écarté FO qui présidait la CNAMTS depuis sa création en 1967. En juin 1996, Jean-Luc Cazette, un dirigeant de la CGC, a remplacé Jean-Marie Spaeth à la tête de la CNAVTS. Cela fait cependant suite à un accord général conclu par la CFDT, la CGC, la CFTC et le CNPF qui a permis à la CFDT de « prendre » la CNAMTS. Avec la CFTC (qui dirige la CNAF) et la CGC, « la CFDT a pris peu ou prou la tête d'un pôle cogestionnaire dans le paritarisme français. » (A. Beuve-Méry : « la CFDT s'installe en partenaire privilégié de l'État et du patronat » *Le Monde*, vendredi 14 juin 1996, p.7).

¹³ The CSG (Contribution Sociale Généralisée) is a new form of taxation introduced by the Socialist government in 1990. Unlike social insurance contributions, it is levied on all sorts of incomes (not only wages), including capital revenues and welfare benefits. Unlike income tax, it is proportional, it applies also to low incomes, and is ear-marked for non-contributory welfare programmes. Despite the use of the term

expanded in 1995 and 1997 so that it could finance most of the health care system instead of the social contribution paid by the employees¹⁴.

We know that if government money, collected through taxation, is to finance a substantial part of the social insurance system, it will become more difficult for the social partners to justify their managerial role. Therefore, some unions opposed 'the tendency towards shifting financing from contributions to taxation as it implies the transfer of decision-making power' (interview FO 25 May 1994). Conversely, according to a senior civil servant:

'The financing system based on contributions has created a system of discussion among people who *believe* that they are the representatives of employees and employers. Such a system has resulted in much abuse. The CSG can remove the legitimacy, or pseudo-legitimacy, of the trade unions, which have not done much for the welfare state, and will thus allow parliament to examine the social insurance budget.' (interview, Ministry of Social Affairs, 1994)

Today, through the expansion of the CSG, most of the social expenditure for health care, family benefits and poverty alleviation measures are financed through taxes. This part of the system is progressively going closer to the State, as the latter has re-inforced his capacities over these policies, and as the social partners are progressively losing their power within it. While Family benefits and health care were initially set up as insurance schemes, catering for employees only, their coverage has been expanded so as to cover the whole population. According to the government, universal coverage requires that these two schemes be moved from the realm of social insurance to that of state tax-financed provision. This is progressively done through a change in the financing as well as a change in the institutional structures of the system.

Since the 1970's, the family allowances have been considered as non-contributory flat rate universal benefits. However, they were still financed through social contribution paid by the employers only. In order to 'rationalise' their financing, these social contribution are progressively replaced by taxes since 1993, at least for the lowest wage (until 1,8 times the minimum wage). In this field, we now see more classical new politics of retrenchment. In 1995, Juppé planned to means test these universal allowances. In 1998, the Jospin government implemented this project but had to remove it the year after. However, the opponents were less the trade unions than the family associations which constitute in France a strong constituency defending family benefits. In exchange of the removal of this measure, the Jospin government did reduce the generosity of the fiscal family benefit (*quotient familial*).

'contribution', the CSG is viewed as a form of taxation (the French equivalent of 'contribution' is 'cotisation').

¹⁴ When it was introduced, the CSG was levied at 1.1 % of all incomes. In 1993, The Balladur government has increased the CSG to 2.4% of incomes. In 1995, the Juppé plan set it at 3.4% of all income, and since 1998, the rate is now at 7.5%, replacing most of the health care contribution paid by the employees. In 1999, CSG provided more than 20 % of all social protection resources and represented 35% of the health care system's resources.

The policies towards the poorest (the socially excluded in the French terminology) are from the beginning financed and controlled by the state. The evolution of the expenses on social minima are much closely controlled through the 'erosion strategy', as show the evolution of RMI, Allocation de solidarité spécifique or Allocation d'insertion for instance (Bonoli, palier, 2000). The only opposition encountered by the government in this field are organised by quite weak social movements trying to represent the excluded and the long term unemployed.

Increased state control over these parts of the system is thus likely to render them more vulnerable to reform. Radical changes, in the context of a health insurance scheme managed by the social partners, are relatively difficult to implement. If not their agreement, at least their acquiescence is needed in order to apply new rules in the day-to-day management of health insurance. In addition, the social insurance principle, which links the amount paid into the system to the right to benefits, is an obstacle to radical reforms such as targeting. These could be more easily implemented in the context of a tax-financed scheme. Contrary to social insurance contributions, taxes are payments that do not open the right to benefits. Finally, the introduction of spending limits decided by Parliament might provide a powerful institutional support for reform.

If the governments are slowly changing the nature of social protection in health, family and poverty alleviation policies, the politics of pension unemployment insurance are still marked by the participation of the social partners in the reforms.

Negotiating the adaptation in pension, unemployment and employment policies

The main reform of the unemployment insurance system was adopted in 1992 through an agreement between employers and some employees representatives (CFDT). The reform meant the replacement of all the different unemployment insurance benefits by only one 'digressive' benefit (which decreases with time) known as the *Allocation Unique Dégressive* (AUD). The new unemployment insurance benefit is payable only for a limited period of time, which depends on the contribution record. The amount of the benefit depends on the level of contribution and decreases with time. For instance, a person who had worked at least 14 months of the last 24 would receive full benefit for 9 months, then loses 17 per cent of the benefit at 6-monthly intervals (the intervals were 4 months between 1992 and 1996).

In pension, we have seen that the only important reform, adopted in 1993, necessitated the (passive) consent of the trade unions. The Jospin government did not dare to try to implement any important pension reform since the feeling was that no agreement could be reach yet with the social partner. This may have recently changed with the work done by a specific council (*conseil d'orientation des retraites*) gathering experts, and representative of the social partners in order to discuss the possible reforms. Jospin is now committing himself to a pension reform for the months after the next elections. He is proposing to the social partners a package where the level of pension would be guaranteed in the future, in exchange of the extension of the contribution period necessary to obtain the right to a full pension. In order to obtain the acceptance of the reforms by some trade union, he will also propose the development of voluntary "pension saving" funds, organised within firms or industry, where the unions would have a say in the kind of investments done by these funds.

In these field, the social partners remain important (veto) players that the government has to take into account. Since both unemployment compensation schemes and pension schemes are perceived as social insurance, they should still involved the representatives of the realm of employment, both unions and employers. The governments initiatives have then contributed to a new repartition of power and roles within the French social protection system, with more statist health care, family policy and poverty alleviation, and still social insurance in pension and unemployment. The reaction of social partners to these trends have confirm such a distribution of power.

In 1999, in order to counter the attempt of the state to legislate without the social partners, the employers organisation has recently initiated a movement of negotiation on the “social constitution” (*refondation sociale*)¹⁵. These medium term negotiation put on the agenda a revision of the collective agreements on Unemployment insurance, complementary pension schemes, labour market organisation, the role of the social partners within the social protection system. Since Trade Unions were not satisfied with the Juppé plan and the increase of the role of the state in the social protection system, at their expense, they agreed to participate in the negotiation on *refondation sociale*. This negotiation lasted two years (fall 1990-fall 2001). It was organised around the employers agenda and was supposed to counterbalance the empowerment of the State. The content of the measures proposed by the employers seemed quite neo-liberal: they proposed for instance the extension of private pension funds, a new private employment contract, five-years long, to replace the current indeterminate duration contract (*contrat à durée indéterminée*).

Within this framework, after hard negotiation, MEDEF, CFDT, CGC and CFTC have signed several agreements, on the reform of the Unemployment insurance system, on complementary pension, on industrial injury, on health at work, on collective agreements. All these agreements are less liberal than proposed by the employers, but still remain in this new framework (activation in unemployment, reduction of social contribution in unemployment and in pension, etc.)¹⁶ The revealing fact here is that no negotiation has been undertaken in the field where the State has increased its role: no negotiation on health care, on family policy, on exclusion policies, on basic pension. The fields covered by the compulsory system of *Sécurité sociale* has been left to the State. What was initially presented as an attempt to counterbalance the power of the state appeared to be an acceptance of the new repartition of power within the social protection system.

Moreover, it seems that the government is even trying to reinforce the participation of social partners in some aspect of social protection and labour organisation. The supposedly “dirigist”

¹⁵ « Le MEDEF considère que la confusion actuelle entre ce qui relève des partenaires sociaux et ce qui relève de l'Etat, tant dans le domaine de la protection sociale que des relations du travail, n'est ni souhaitable, ni durable. Elle entraîne une désresponsabilisation des acteurs sociaux, une dévitalisation du dialogue social et une désaffection généralisée tant des salariés que des entrepreneurs... L'intervention de l'Etat, proliférante, incessante et déstabilisante, a atteint un niveau qui menace l'existence même d'une sphère sociale autonome... »

Face au choix de l'étatisation à laquelle conduit tout droit la politique des pouvoirs publics, c'est à dire, la recherche constante de la domination des partenaires sociaux par l'Etat et par la loi, le MEDEF propose le choix de la refondation du système social français à l'initiative des partenaires sociaux, reposant sur le dialogue social et les accords librement négociés... *Refondation ou étatisation, l'heure des choix est venue.* » MEDEF, <http://www.medef.fr/refondation>.

¹⁶ On the content of all these agreements, see Palier, 2002.

laws “imposing” the 35 hours are in fact ways to vivid social dialogue within firms. The main compulsion imposed by the two laws on the 35 hours (adopted in 1998 and 2000) were to ‘oblige’ the social partners to negotiate the application of the 35 hours in re-organising work within firms. While the head of the employers organisation (renamed MEDEF) was protesting against this ‘dirigist’ laws, many agreements have been (and are) signed by the employers at the branch and at the firm levels. They saw an opportunity to freeze wage increase for a while (against a working time reduction which could be compensate by job creation but although by the growth of productivity obtained through new organisation of work), to re-negotiate social advantages included in former social agreements (parental leaves, days off...) as well as to implement the annualisation of working hour, an objective that they wanted but could not achieve before the implementation of the 35 hours. If there has been no national social pact in France, the 35 hours seem to be playing an equivalent role since the content of the collective agreements include what could be found in the national pact in other European countries (Rhodes, 2001).

Beyond State interventionism and repeated social conflicts, new social partnership is also developing in France in the sphere of industrial relation and social insurance, once part of the social protection system has been recuperated by the state. What appeared to be a clue for reforming the Bismarckian welfare state (distinction between insurance and national solidarity) has become the major principle for transforming the social protection system. It becomes gradually dualised into two spheres, one emphasising the role of the state in the financing as well as in the decision-making and the management (for the social protection based on means-tested or universal entitlements, delivering services, flat rate or means-tested benefits), the other part giving more autonomy and responsibilities to the social partners, where social insurance is still relevant (work-related entitlements, contributory benefits). This new division also implies new conception of solidarity and social insurance.

I have argued that in 1945, in France, a specific compromise has been founded between Beveridge principles (a universal coverage of the French population) and the Bismarckian methods (social insurance). At this time, it was conceived that social insurance should be the major (if not the only one) means for providing social protection to the French population, involving income maintenance, poverty alleviation and redistribution. With the distinction between the fields of social insurance and the fields of solidarity, this compromise has starting to fall apart. Social insurance, “relieved” from their solidarity tasks, are becoming less and less collective, social, redistributive and appear more and more individualised, oriented by a principle of equity (somebody should receive a benefit comparable with the amount of money s/he has contributed for) than get social insurance closer and closer to the actuarial principle of private insurance; ON the other side, health care, family policy and moreover poverty alleviation policies (social minima) are more and more run by means test, activation principles as well as budgetary principle. If no one could claim that the French welfare state has been entirely liberalised, one can conclude that through the reforms, and mainly through institutional reforms, the liberal logic has penetrated a system originally alien to these developments.

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