

# The reform of France's unemployment benefits scheme

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The recent agreement sanctioned by the French government concerning the reform of the *Unedic* system of unemployment insurance, administered jointly by the employers and the unions, heralds a deterioration in the conditions of the jobless not seen since the late 1950s. Moreover, it constitutes an attack on workers in general. On October 19, the *Medef* employers' association and the three trade unions CFTD, CFTC and CGC endorsed the agreement. The CGT and FO trade unions refused to sign. The accord will operate from January 1 next year to the end of 2003.

The right to financial support for the unemployed will no longer be guaranteed in future. Instead, the agreement makes such assistance conditional upon fulfilment of an individual contract, the so-called PAP (*Project d'action personnalisé*—personal action project). The whole plan is entitled PARE (*Plan d'aide au retour à l'emploi*—Programme for Assisting a Return to Employment) and is being justified with the demagogic argument that work must be promoted rather than supporting passive unemployment.

In future, every jobless person who applies for unemployment benefits will have to sign an agreement affirming his readiness to undergo the testing of his personal work skills, to participate in any further training and work experience programmes offered by the state employment agency and under the unemployment insurance scheme. Moreover, an unemployed person must accept practically any form of job offered, even if this means working for wages far less than were received in their previous employment. If they refuse to fulfil this agreement, sanctions will come into force and unemployment benefits will be withheld or revoked altogether. After a year at the latest they must accept any sort of job.

Even today, only 42 percent of all France's unemployed draw benefits from the *Unedic* programme. The reason for this is that *Unedic* does not provide compensation for people who formerly held only short-term or poorly paid jobs, the long-term unemployed or those who have never been employed. It is the long-term unemployed, school-leavers and other young people, as well as poor workers who are particularly hard hit. The new regulations will further raise the numbers of those deprived of benefits—currently 185,000 a year—and force more people into relying on basic welfare.

By the year 2003, contributions into the unemployment insurance scheme are to be reduced by 43 billion francs (\$5.7bn)—a much-welcomed step for employers towards reducing their ancillary labour costs in France. Originally, the employers' association had vaunted its wish for an even greater cutback in unemployment contributions, amounting to 71 billion francs (\$9.5bn).

In future, most of the money in the unemployment scheme is to be poured into retraining and reintegration projects, in line with the requirements of French firms. This would be particularly beneficial to the small and medium-sized companies that often have problems finding workers despite the prevailing high rate of unemployment.

For more than a year, the *Medef* employers' association has been preparing and lobbying for changes to *Unedic*. Statistics and surveys were presented to prove that the welfare system was far too expensive compared to others in Europe and internationally, making France an unattractive proposition for global investors. Marina Pineschi-Gapenne, the *Unedic* spokesperson on European and international matters, explained that the

project put forward by *Medef* was a combination of working, and low pay.

most effective measures already being practised in Great Britain, the Netherlands, Germany and Canada. Ms Pineschi-Gapenne pointed out that the new French model had already been met with great interest from her colleagues abroad, putting Prime Minister Lionel Jospin's perspective of the "European social agenda"—with which France is supposed to serve as a model for the whole of the European Union—in an entirely new light.

At the present there are officially 2.3 million unemployed in France. At his party's convention in Grenoble, Jospin boasted that unemployment had declined from 12 percent in 1997 to a current figure of "only" 9.5 percent. However, the truth is that it is the number of jobless entitled to unemployment benefit which has declined, while many job seekers—particularly young people—have had to take up jobs that are badly paid, or involve limited and short-term contracts.

According to a report from a Catholic charity organisation, the unemployment rate has indeed declined since 1997, but the number of those economically and socially marginalised has increased. This social layer includes in particular single mothers and the so-called "working poor"—people who do have a job but whose income is under the poverty level of 4,140 francs (\$575) a month. In 1999, the number of people relying on welfare benefits was four percent higher than the figure for 1994.

The national statistical institute *Insee* announced in October that whilst more young people have found jobs—the number of young people in work rose from 58 in 1997 to 71 percent in 2000—the number of so-called "precarious" jobs (i.e. poorly paid, low skilled, short-term) has also risen. Today 12 percent of young people have to make do with such jobs, while in 1991 it was seven percent. Accidents at work also increased by 27,000 last year.

The Jospin government's campaign against youth unemployment and the peculiar way the 35-hour-week has been instituted have also contributed to the situation. Despite promises made in 1997, neither of these measures has resulted in full wage compensation; nor have they offered youth a way forward by stimulating the creation of new jobs. Instead, they have merely encouraged more stress at work, "flexible"

The recent decisions concerning the *Unedic* unemployment insurance scheme constitute just the first step taken by French employers towards transforming the entire post-war welfare system to correspond to the interests of the market. In adopting this course, the bourgeoisie has seen fit to launch its attack first and foremost against the weakest sections of the working class. Further steps—the reorganisation of the whole system of vocational and further education, pension provisions and the health insurance scheme—have already been planned.

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