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Timothy Smith, *France in Crisis: Welfare, Inequality and Globalization since 1980*. Cambridge and New York: Cambridge University Press, 2004. xi + 296 pp. Bibliographical references and index. \$23.99 (pb). ISBN: 0-521-84414-2.

Review by Jan Windebank, University of Sheffield.

This volume by Timothy Smith on the French welfare state is very engaging and interesting to read in that it overlays a detailed historical discussion of the development of French social policy in the post-war period with a strong critique of the present French welfare system. Smith's principal argument centers on the idea that the French welfare model does not live up to the claims that are made on its behalf. The French welfare state defended social equality and solidarity in the face of globalization and economic liberalism, which threaten to exacerbate problems of poverty and social exclusion. Smith, however, believes that France is wracked by problems of high unemployment and inequality, not because of the importation of the American liberal model but because of the structure of the French welfare state itself. He claims that problems are "the product of good intentions, bad policies and vested interests" (p. 1).

In chapter three, Smith produces a battery of economic indicators to show that France gains more from the globalization of the economy than it loses, citing the number of French multinational companies, as well as the country's trade and inward investment records. However, somewhat ironically, the fact that politicians place both the problem of unemployment and the need to reduce social spending at the door of globalization is itself a barrier to making the changes necessary to alleviate poverty and reduce unemployment. If the population at large feels that policies are being forced upon France by external influences, which are usually portrayed as malevolent, then it is no wonder that it finds them hard to accept. The continuous blaming of France's problems on foreigners (for the Left, the culprit is America, for the Far-Right, it is immigrants living in France), means that the country is psychologically unprepared for any necessary change. Smith is very forceful in his language on this issue, intellectuals of "treason" (p. 61), for example, by laying blame for France's problems at the feet of foreign influences "serious debate on important questions like international trade and pension reform, free from extreme ideological, self-righteous *prises de position*, has become difficult" (p. 61).

Smith ponders on why politicians and intellectuals should take this stand and comes up with the very convincing argument that the fear of globalization stems from the French educational system. This system instills such a reverence for the French cultural tradition in pupils that economic decisions are viewed by politicians, unionists and intellectuals alike through "cultural lenses." Policy options are erroneously assessed on the basis of the extent to which they are a part of tradition as opposed to imports from abroad. In Smith's view the question that should be posed is whether a particular policy would be an efficient means to tackle problems or not, whatever its origin.

As already stated, Smith argues that the problems of high unemployment and social inequality in France stem not from a reduction in state intervention necessitated by the downward pressure on social spending exerted by economic globalization, but from the structure of the social welfare and employment systems themselves. First, Smith takes issue with the assumption made generally in France that more social spending translates into more solidarity and a decrease in inequality. He provides evidence that France has had the poorest record of job creation and the most dramatic increase in unemployment during the last quarter of a century but the most impressive social-spending record, the

most impressive record of labor-law innovations and the second highest level of pension increases. Smith correctly identifies that in market or indeed social market economies, the principal way in which wealth is distributed is through wages, not through social transfer benefits. Those excluded from earning a salary thus always lag behind the employed in terms of standard of living. In this regard, Smith notes that only 59 per cent of French adults of working age are economically active in comparison with over 70 per cent of adults in countries such as the USA, Canada, Denmark and Norway, which are all very different in terms of their welfare provisions. Indeed, according to Smith, the high social spending and strict labor regulation characteristic of the French system improve the living standards and quality of life of the employed but make the employment of the lowly qualified and inexperienced too expensive. Very often these are young people and immigrants who then feel themselves “excluded” from mainstream society

In Smith’s view, therefore, the social welfare system in France is popular not because it produces equality but because it serves the vested interests of well-protected workers. For example, Smith criticizes the interpretation of the strikes of 1995-6 which brought France to a standstill and scuppered plans to reform social benefits as a stand against globalization and economic liberalism. In fact, these were an example of public sector workers defending their benefits. Smith argues that in France “street protests are almost always geared towards the maintenance of privileges funded via regressive taxation systems. They are not protest movements in favor of poverty reduction, redistribution, full employment, or equality in face of the tax system”(p. 45). Indeed, we should remind ourselves, as Smith does, that the redistributive model of social welfare never took root in France. From the beginning, vested interests ensured that the welfare model preserved the privileges of some. In models of welfare regimes such as those of Esping Andersen, France is always put in a middle group of “continental conservative corporate welfare states” where social services are provided in the main by intermediate bodies and in some way are related to occupational status or to a particular insurance fund. These systems tend to protect existing workers well at the expense of non-workers. Redistribution is not their guiding principle. It should not be forgotten, for example, that the radical socialist government of 1981 allowed a situation to persist in which those unemployed for more than a year were left without any means of support, spawning a group which were known as the *nouveaux pauvres*. The problem is not in a sense therefore that French social policy is not doing what it set out to do, that is, reduce inequality. The welfare system never purported to be redistributive. This logic attributed to the system post hoc in order to justify high public expenditure on it.

It might seem from the above summary of the position so forcefully argued by Smith that he is an apologist for unfettered free-market policies. He is not. It appears more that he is of the opinion that the black and white debate between “European social models” (typified by France), seen as good, versus the liberal free-market model (typified by the US), seen as bad, is simplistic and unhelpful. To recognize the shortcomings of the European social model is not the same as advocating the dismantling of the welfare state. This is a more pragmatic approach to the problem of unemployment and the welfare crisis and a very thought-provoking one at that.

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