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Introduction: the Politics of Social Change in France

Peter A. Hall

This book is animated by a problem and a puzzle. The problem is how to understand the dramatic changes that have transformed France over the past 25 years. Accounts of contemporary France often emphasize continuities rooted in the historical features of Jacobinism, Gaullism, *dirigisme* or the social relations of *la société bloquée* (cf. Crozier 1964; Jeanneney 1995). But the economy, society and politics of France have changed so profoundly during the past 25 years that even the most discerning accounts about previous eras, from Hoffmann's (1963) diagnosis of the stalemate society to Wright's (1983) analysis of the Gaullist state, no longer capture crucial dimensions of French life today. Our objective is to chart the most important recent changes in social, economic and political relations in France.

To this task, we bring a perspective that is implicitly comparative. Many descriptions of French politics or society emphasize the nation's uniqueness. Like Dorothy in *The Wizard of Oz*, any observer of a French school, firm or political meeting would immediately recognize that she is not in Kansas anymore. But the problems facing France have unsettled traditional political formulae in other countries as well, and we believe France can be understood best by moving beyond the traditional stress on French exceptionalism.

In that respect, this is a book about political change in Europe. Contemporary Europe has an underlying dynamism that belies persistent images of it as a continent dominated by inefficient markets, interventionist states and sclerotic civil societies. We are interested in characterizing the new patterns of behavior replacing previous ones in politics, society and the economy and in understanding the processes whereby such patterns shift. How do changes in these three spheres intersect with one another to condition the quality of a country's democracy and collective life?

The puzzle behind the book is characteristically but not exclusively French: namely, how to explain why the nation is permeated by widespread feelings of malaise. In economic terms, a majority of French citizens has been pessimistic about the economy and their own prospects within it for most of the past 20 years (OFCE 2003: 12). Their views reflect high rates of unemployment and rates of economic growth well below those of the *trente glorieuses*. But France is now three decades beyond the 'glorious' three decades that followed the last world war. Why have expectations not adjusted? What accounts for such persistent discontent?

The political malaise afflicting France is even more striking. Popular trust in politicians has fallen steadily since 1985. The French are now less willing to trust their government and political parties than the citizens of any other European nation (Duhamel 2001; Turner 2004: 10). In the first round of the 2002 presidential elections, 19 percent of the electorate voted for radical right-wing parties hostile to immigration and the European Union (EU), while another 10 percent voted for anti-system parties on the radical left. In May 2005, a majority of the French electorate repudiated the new constitution for the EU drafted under the aegis of a former French president.

From a neo-liberal perspective, such discontent is paradoxical.[1] France has moved faster than most of her neighbors to open markets, expand services and intensify competition in response to the challenges of a global economy. Since 1980, her gross domestic product (GDP) per hour worked has increased at rates well above those of her principal trading partners. In terms of adjusting to market competition, France is a success story. However, more open markets do not necessarily increase satisfaction. Economic adjustment can have distributional effects from which many emerge as losers. Ten percent of the French workforce is now unemployed.

Dissatisfaction in France has many contradictory dimensions. Among the spate of works on French bookstands decrying the state of the nation, some claim that France has changed too much, bemoaning the loss of a 'disappearing France' (cf. Rouart 2003). Others charge that it has changed too little: 'France has chosen to ignore the great transformation of the 21st century and cultivate a culture of status quo and rigidity' (Baverez 2003).[2] Such laments reflect confusion, as well as debate, about what is happening amidst a complex politics of social change.

The chapters in this volume consider that politics, examining the most important developments in France's economy, society and polity over the past 25 years. In this introductory essay, I summarize their findings and attempt to describe the dynamics of change.

1. Two sets of structural challenges

Although the features of any economy, society and polity are constructed out of a complex layering of responses to successive challenges, for the last 25 years, two sets of structural developments have played an overarching role in western Europe, defining the distinctive problems of the epoch.

The economic climacteric

The first of these developments was the shift from the rapid rates of economic growth and low levels of unemployment experienced during the 1950s and 1960s to markedly lower rates of growth and higher levels of unemployment in the 1980s and 1990s. After doubling between 1958 and 1978, average real net earnings in France grew by less than 10 percent in the subsequent 20 years and the rate of unemployment rose to between 8 and 12 percent (INSEE 2003: 93, 79). The roots of this shift are complex. They lie in declining rates of growth of total factor productivity that followed the exhaustion of Fordist models of production and the productivity gains initially secured by the movement of labor from agriculture to industry (Blanchard and Wolfers 2000; Boyer and Mistral 1981). Most European nations had such an experience.

Four significant effects followed this economic climacteric. Lower rates of growth disappointed many who had hoped to experience continuous improvements in their standard of living. The younger generations no longer have the opportunities their parents enjoyed. Lower rates of growth sharpened the trade-off between public expenditure and personal disposable income, ending an era in which government spending could rise continually without biting into earnings, thereby intensifying conflict about the value of government spending. Across Europe, poor economic performance inspired public disenchantment with the governments seen as responsible for it.

As it began to approach 10 percent of the labor force, unemployment took on new meaning as a public problem. A phenomenon once seen as a temporary side-effect of economic fluctuations affecting a few individuals for brief periods of time was redefined as a structural problem linked to fundamental defects in the economy or its regulatory regimes. By 2003, 43 percent of the unemployed in France had been without work for more than a year. Once an issue of economic management, unemployment became a problem of social cohesion. Many of the young were unable to find routes into stable employment, and joblessness provided the impetus for many shifts in public policy.

Demographic challenges

A second set of developments, broadly demographic in character but with cultural origins and implications, reinforced these problems. Although French women have long been encouraged to take paid employment, the proportion of women in the French labor force increased from 35 percent in 1968 to 60 percent in 1994. This trend has complex roots but double-sided effects on the unemployment problem. On the one hand, in the absence of jobs, women seeking employment swell the ranks of the unemployed. On the other hand, the impact of unemployment has shifted. Now that many households contain more than one breadwinner, the effect on the household of one family member becoming unemployed, while still severe, has declined.

At the same time, in France as in many European nations, the birth rate has been falling and longevity increasing. The ratio of those over the age of 60 to the working-age population is expected to rise from 37 percent today to 63 percent by 2030 (Arthus 2002: 13). This development puts severe fiscal pressure on old age pensions and health care for the elderly, which already consume 70 percent of the public budget for social spending in France, because smaller cohorts in work must bear the cost of programs for the larger cohorts who are retired. The problem is especially acute in France, because French pensions have become more generous over the post-war years, disproportionately benefit those in well-paid jobs, and must be paid from current revenues, since few pension obligations are already funded.[3] The effect has been to increase pressure on French governments to reduce social benefits and increase contributions, tasks that inspire intense political resistance and resentment against the governments that undertake them.

In recent decades, the ethnic and religious composition of the French population has also been shifting. France has welcomed immigrants for many years, but the pace of immigration increased sharply during the 1960s and 1970s. With decolonization, many workers migrated from southeastern Europe and North Africa to meet the manpower demands of an expanding economy. Although expected to return to their country of origin, many of these workers remained in France and were joined by their families. As a result, the number of foreign-born residents of France increased by 70 percent between 1954 and 1975 to reach 9 percent of the population. The proportion of foreigners of African or Arab background climbed from 13 percent in 1954 to about 43 percent by 1994 (Kuisel 1995: 35). As a result, France now has the largest Muslim community in Europe.

As Guiraudon indicates, the significance of these developments is multifaceted.[4] If they find employment, immigrants increase aggregate demand and the labor force available to support an aging population. But, partly because of ethnic discrimination, more than a quarter of immigrants from North Africa were unemployed in 2002 and many are concentrated in urban ghettos whose ethnic character breeds popular resentment (INSEE 2003: 87). Religious diversity poses serious challenges to the traditional republican model of France, which associates social integration with assimilation to the dominant culture and demands a strict separation between religion and the public sphere. The intense controversy surrounding efforts to force Muslim women to remove their headscarves in schools or places of employment is emblematic of the strains that a multiethnic society puts on long-established modes of thought and public action in France. Since 1983, one by-product has been the growth of radical right-wing parties with racist overtones, such as the National Front, whose opposition to immigration and further European integration has attracted between 15 and 20 percent of the electorate since the early 1980s.

2. The trajectory of changes in policy

Traditional portraits of France based on the 1960s and 1970s describe a *dirigiste* state that used national economic planning, its control over flows of funds in the banking system and the close connections between officials and leading businessmen forged during their education in the *grands écoles* to mount an activist industrial policy that modernized the economy (Zysman 1983; Hall 1986). Power was concentrated in the hands of Parisian technocrats and the prefects, their delegates to the provinces (Gourevitch 1980; Grémion 1986). Inside firms, relations were hierarchical and rule bound, and wages were often tied to the minimum wage (SMIC [*salaire minimum interprofessionel de croissance*]) or set by branch-level agreements ratified by the state (Maurice et al. 1986). Social benefits were provided in Bismarckian fashion by a multiplicity of contributory schemes, each covering specific types of workers, financed mainly from social charges on employers or employees and administered by the trade unions and employers federations (Palier 2002). The result was a highly regulated economy in which public officials played an active role, a centralized polity that concentrated power in Paris, and a society accustomed to looking to the state to resolve its problems. Over the past 25 years, each of these features of France has changed significantly.

If socioeconomic developments constitute the structural backdrop for change, the actual process of change was highly political and driven initially by important shifts in policy. Although most accounts of the process begin in the 1980s, the politics of the 1970s set the stage for much of what was to follow. When commodity price increases plunged France into recession in 1974, ushering in an era of stagnant growth, French policy-makers were unaware that this was not a temporary recession; they responded as if it were, increasing industrial subsidies to firms and social benefits to individuals to cushion them against the downturn (Berger 1981). Because the economy failed to expand again as rapidly as in the past, however, the result was a remarkable increase in the share of GDP devoted to public expenditure, which rose from 39 percent in 1974 to 52 percent in 1984. The nation took on an expensive set of new social programs just when it could least afford them, a legacy that would bedevil policy-makers for several decades.

At the same time, an electorate accustomed to prosperity turned against those who were presiding over stagnation in 1981, electing a Socialist president and Socialist-Communist coalition government for the first time during the Fifth Republic. For almost three years, that government responded to continuing economic stagnation in *dirigiste* fashion, raising the SMIC by 15 percent to spur demand, nationalizing 49 major enterprises, and pouring funds into industry on the premise that public investment could be a substitute for lagging capital spending in the private sector (cf. Hall 1986: ch. 8). When the expected upturn in the world economy failed to materialize, the result was not only mediocre economic performance but also intense downward pressure on the exchange rate of the French franc, then pegged to other currencies in the European monetary system (EMS).

Although disillusionment with *dirigiste* policies was widespread among French officials by this time, the exchange rate crises of 1982 and 1983 forced President François Mitterrand to confront their failure. To continue expansionary policies would require leaving the EMS, a symbolic repudiation of European integration. Announcing budget cuts to bolster the exchange rate in March 1983, Mitterrand opted for European integration. This decision and its subsequent affirmation when France supported the Single European Act of 1986 set the stage for much of what was to follow. The government embraced the opening of French markets to more intense European competition and further political integration into what was to become the European Union.

These steps were not only a commitment to Europe but a repudiation of *dirigisme* in favor of economic strategies oriented to market competition. Mitterrand opted for European integration in 1983, not only because he had long supported it, but because he was persuaded that alternative policies would not succeed. Facing what was then termed 'Eurosclerosis', policymakers became convinced that French firms would prosper in an increasingly global economy only if they became accustomed to more intense competition. The Socialists had found the fiscal resources of the state an inadequate substitute for private investment and concluded that corporate profits would have to increase if private investment was to rise.[5] In this respect, the conversion experience of the French Socialist government was much like that of the British Labour Party. The decision to create a 'single European market' and intensify the competition facing French firms was the international reflection of a domestic 'move to the market' with which some, such as Raymond Barre, had flirted since the 1970s, but which was to be implemented fully only during the 1980s.

The chapters in this volume document many of the developments associated with this initiative. As Goyer notes, most controls on corporate borrowing were lifted and measures taken to make the French stock market attractive to domestic and foreign investors. As a proportion of GDP, the value of its shares increased from 8 percent of GDP in 1980 to 112 percent in 2000 (O'Sullivan 2002). Under the conservative governments of Prime Ministers Jacques Chirac (1986–88) and Édouard Balladur (1993–95), the nationalized industries were privatized on terms attractive to investors, restrictions on mergers and acquisitions lifted, and the hard core of controlling shareholdings in the newly privatized firms gradually dispersed. The Auroux laws of 1982 mandating firm-level consultation between employers and employees strengthened firm-level bargaining, lending impetus to what Lallement describes as the 'contractualization' of French industrial relations. Restrictions on lay-offs were gradually lifted. These steps and persistently high levels of unemployment weakened the capacity of trade unions to resist employer initiatives. In the context of EU restrictions on industrial subsidies, French governments phased out their activist industrial policies in favor of active labor market policies that subsidized training or jobs for workers who had been unemployed (cf. Levy 1999). At the same time, the government's commitment to European monetary union (EMU) and to a high exchange rate during the transition to it put intense pressure on French firms to rationalize their operations. In order to compete in a more open European market at a high exchange rate, many had to secure new efficiencies and concentrate on high value-added production. In this respect, the policies of the 1980s can be seen as an effort at market-led modernization, different from but as consequential as the state-led modernization of the 1950s and 1960s.

The effect of these steps was to increase the competitiveness of French markets for goods, capital and labor. French consumers benefited, as the prices of some commodities fell, but many workers lost their jobs in the course of restructuring, and others began to feel increasingly insecure. The rate of unemployment hit 12 percent in 1997 and levels close to twice that for those at the margins of the labor market such as the young.[6] Older employees were less likely to find another job if they lost the one they had, and many came under increasing pressure to retire early.

In this context, the social benefits of the French welfare state assumed more importance and the orientation of social policy-making began to change. In order to counter rising rates of unemployment, substantial new resources were devoted to active labor market policy, and its orientation shifted. In the early 1980s, the government responded to unemployment with a set of policies designed to reduce the numbers seeking work. By 1984, Mitterrand had tripled the number of employees offered early retirement (to 700,000) and reduced the retirement age to 60 (Levy 2005). The distributive effect was to take many older workers out of the labor force: although 51 percent of French men over the age of 50 were employed in 1975, only 36 percent had jobs by 1990.[7]

Since this approach intensified the fiscal crisis of the pension system, however, by the end of the 1980s the emphasis had shifted to policies designed to create jobs and retrain the labor force by subsidizing employers' social charges when they hired the young or unemployed. Throughout the 1990s, France spent about 3.6 percent of GDP a year on such policies; by 2001, it was subsidizing more than 2 million jobs (INSEE 2003: 81, 85). The 1997–2002 Socialist government under Lionel Jospin also legislated a 35-hour week, in the hope that firms would hire further employees, and it increased public employment, which grew by 10 percent between 1990 and 2001.

From a comparative perspective, the French trajectory is remarkable. On the one hand, the steps taken by the government to liberalize the economy were the most substantial of any nation in continental Europe. On the other hand, after some restraint in the second half of the 1980s, successive governments devoted vast sums to social spending to cushion key groups from the negative effects of market competition, defying the liberal view that economic deregulation should be accompanied by fiscal restraint. Several features of France help to explain this pattern. One is the longstanding structure of the taxation system. France raises more revenue from social charges on employers and employees and less from income taxes than most developed nations. Since social charges impede job creation by raising the cost of labor, but substituting higher income taxes for them is politically costly, French governments have subsidized social charges instead, in order to reduce unemployment. They were encouraged to do so by the republican concept of *solidarité sociale* that holds the government responsible for the welfare of the least affluent. As a result, at 53 percent of GDP, France's public expenditure has reached Scandinavian levels, although the redistributive impact of its tax and transfer systems is more meager (INSEE 2002: 243; Smith 2004: ch. 5).

The government also began to adjust the structure of social benefits. The French welfare state has long had a Bismarckian structure, which provides highly particularistic benefits to specific groups, usually funded by contributions based on their employment status, in schemes supervised by trade unions and employer organizations. However, this system is not well suited to the problem of providing social protection in contexts of high unemployment and market insecurity, because its benefits are rarely targeted on those who most need them, such as people who have never held a stable job, and cost control is difficult. In response to these problems, successive governments began to target more benefits on the most needy, finance more of those benefits from a tax on income (the CSG [*contribution sociale généralisée*]), trim the health and pension benefits to which existing groups were entitled, and transfer more control over benefit systems from producer groups to the state. A minimum annual income (the RMI [*revenu minimum d'insertion*]) established in 1988, covered more than one million people by 2003, and the CSG crept up from 1.1 percent of income in 1990 to 7.5 percent in 1998. Despite social protests, major reforms to health care and pensions were legislated in 1993, 1995 and 2003. French social policy is gradually moving away from a system that privileges insiders with secure jobs toward policies aimed at those without them.

3. The societal dynamics of change

The precondition for many of the most important changes France has experienced was often a governmental decision, whether to embrace the single European market, to shift regulations in an economic sphere, or to take new policy initiatives. But the state has rarely been able to dictate the pace or outcomes of social change. In that respect, what France has been experiencing is not *dirigisme* in disguise but something quite different. Many shifts in policy were largely permissive: what came of them depended on the response of other actors. As Lallement notes, for instance, although the Auroux laws of 1982 mandated closer consultation between firms and their employees and the Aubry laws of the late 1990s required them to negotiate a 35-hour workweek, what came of those negotiations turned heavily on the strategies and resources mobilized by each side (cf. Howell 1992). As Goyer and Culpepper observe, the liberalization of financial markets gave firms new room for maneuver but did not dictate the strategies each would pursue.

The fate of such initiatives often depended on the organization of the relevant social actors. Culpepper (2003) shows that the efforts of the government to encourage collaborative training schemes often failed because regional employer organizations were not robust enough to induce firms to take advantage of the opportunities offered. Le Galès reminds us that the success of local initiatives often turned on the ability of local organizations to coordinate their endeavors (cf. Levy 1999; Smyrl 1997).

In these respects, French society has never been well endowed. Interconfederational rivalries limit the ability of French unions to devise a coordinated response to employer initiatives and, as Lallement notes, their organizational links to the rank-and-file are tenuous. French employer associations have been prone to conflict between large and small firms (Berger 1985). Although there are notable exceptions, visible in the influence the FNSEA (*Fédération nationale des syndicats d'exploitants agricoles*) wields over agriculture, French producer groups generally lack the organizational cohesion necessary to administer neo-corporatist policies of the sort pursued in northern Europe (Keeler 1987; Suleiman 1987). Partly for this reason, although some flirted with the idea of moving France closer to the German model, tentative efforts to do so during the 1980s failed (Albert 1991).

Levy (1999) attributes many of the limitations of French society to the effects of 30 years of *dirigiste* policy. Although French planners encouraged the development of business associations in order to secure interlocutors for the modernization process, they were less willing to promote strong trade unions. Although the unions secured some resources by virtue of their role in the administration of social security, the government's practice of extending contracts signed by one trade union to an entire sector left the unions with few incentives to organize at the grassroots. Many governmental initiatives of the 1980s authorized coordination among social actors without providing them with the resources to secure it.

If unwilling to create powerful interlocutors, however, recent French governments have encouraged the growth of secondary associations dedicated to activities ranging from sports clubs to cultural associations. The past two decades have seen an efflorescence of 'associational life' at the local level, where neighborhood associations have become a popular novelty. By 1990, more than 60,000 new secondary associations were being registered in

France each year (Worms 2002). Moreover, if France does not have neo-corporatist systems of interest intermediation beyond the spheres of social security, agriculture and a few other domains, consultation with outside experts and representatives of those likely to be affected by policy has become a standard feature of French policy-making (Hall 1990; Laurence 2003).

As Le Galès notes, the devolution of power to the regional level has encouraged this type of consultation and 'contractualization' as a mode of policy-making. In a growing number of domains, the provision of public resources is now contingent on the signing of formal contracts between the relevant ministry in Paris and regional actors, including para-public agencies as well as regional authorities. The object is to specify a set of expectations against which the outcomes of policy can be measured and to ensure coordination among the actors who are to implement it. Although the approach often works better in theory than practice, it has encouraged cooperation among a growing number of actors, especially at the regional level. French policy is no longer made by a few officials in Paris but by a host of public authorities and quasi-public organizations. The principal danger is no longer that policies unsuitable to local conditions will be promulgated from Paris, but that, amidst the welter of participating bodies each of whose interests must be satisfied, the efficacy of an initiative may be lost.

Among the actors on whose decisions the recent trajectory of France has turned, business enterprises loom large. In any capitalist economy, the response of firms to shifting market conditions aggregates into overall economic performance. Entry into a single European market and monetary union put intense competitive pressure on French firms, just as the liberalization of capital markets and a weakening of the trade unions gave them new opportunities. The response of French business affected the life situation of many people.

As Hancké (2002) notes, large firms took the lead. Many took advantage of state-sponsored early-retirment programs to reduce their workforce. Between 1980 and 1990, Renault shed half its manual assembly workforce, lowering the average age of its employees and increasing their skill levels. Many firms made equally dramatic changes to production regimes. To increase productivity, they intensified work regimes, hired more skilled employees, moved away from standardized task systems, and eliminated layers of supervisory personnel. An increasing number tied compensation to performance, and branch level wage-setting gave way to firm-level negotiation about wages and working conditions. Some firms used the Auroux laws of 1982 and the 35-hour workweek mandated as pretexts for introducing more flexible working practices. In many cases, large companies not only rationalized their operations but developed new supplier networks that encouraged smaller firms to reorganize production (Casper and Hancké 1999).

As a result, French business is now substantially more efficient than it was 20 years ago. Since 1982, its unit labor costs have increased by only 1.6 percent a year, compared to an OECD average of 4 percent.[8] But the well-being of many workers has been affected. As Lallement observes, many jobs have become more demanding. Those forced into early retirement or unemployment bore the main costs of economic adjustment, but the fate of many workers is now tied more closely to market conditions. Unemployment is an issue of concern to most people. Moreover, the institutions within which the well-being of millions of workers is decided have also changed. Branch-level bargaining has given way to firm-level negotiations in which the unions are often less influential.

In this context, popular mobilization in the political arena has assumed renewed importance. France has a tradition of popular protest, to which its governments have long been sensitive. In this arena, the trade unions act as tribunes for the people, using mass demonstrations or strikes to call upon the state to redress grievances, whether generated by public policy or market forces. In recent years, they have been joined by new groups speaking for causes that do not secure such representation in other societies, such as the unemployed, opponents of globalization, and critics of racial discrimination. Although their tangible victories are rare relative to the number of demonstrations mounted, such groups have kept issues of social solidarity high on the political agenda and forced the government to abandon several projects in the spheres of social and educational reform.

The trade unions also remain influential in the realm of social security. To bolster their reputation for pragmatism, the CFDT (*Confédération française démocratique du travail*) and FO (*Force ouvrière*) agreed with the employer's confederation (MEDEF [*Mouvement des enterprises de France*]) to make benefit systems less costly and more uniform, in return for the state taking on more fiscal responsibility for social programs. MEDEF itself has practiced a politics of brinksmanship, alternately proposing radical changes to social benefits and threatening to withdraw from their administration. The result has been a messy politics but one in which the voices of employer and worker representatives have remained forceful.

Notably absent from these debates have been organized voices for the young. As Chauvel notes, because white-collar positions are expanding more slowly than they did after the war, the prospects for many of the young in France look far worse today than they did for their parents. For those under the age of 30, the rate of unemployment hovers around 15 percent. For those born in 1970, the rate of downward social mobility is twice as high as for those born between 1920 and 1950; and the gap between the average starting salary of 20–5 years olds and the average national salary virtually doubled between 1970 and 2000 (Smith 2004: ch. 8; Chauvel 1998). However, intergenerational issues have rarely been a focus for political mobilization. High-school and college students have agitated for higher spending on education and more steps to counter unemployment. But discrepancies in intergenerational well-being have been largely organized out of politics by the structure of existing interest groups. The trade unions have mounted a defense of pensions much more forceful than their expressions of concern for the young.

The position of immigrants and ethnic or religious minorities in France is more ambiguous. On the one hand, issues pertinent to them have been prominent in French political debate for more than 20 years. On the other hand, the impetus for that debate has come from the radical right, whose partisans oppose immigration, the provision of social or political rights to immigrants, and measures to address racial discrimination. Arrayed against the radical right is an ad hoc set of coalitions drawn largely from the political left, dedicated to improving the living conditions of immigrant communities. However, the measures the government has been willing to entertain are limited by the widespread influence of a republican discourse that sees France, not as a multicultural society, but as a nation to whose culture all residents should assimilate. One manifestation was a refusal until recently even to collect official statistics on racial discrimination (Bleich 2003). This republican vision made governments reluctant to use affirmative action to address the problems of minority communities. But, as Guiraudon notes, the government has begun to approach such problems by treating them as territorial issues, providing funds or special facilities to the poorer localities in which many immigrants reside. Moreover, although they get a chilly reception in the political arena, the claims of immigrants have been treated more sympathetically by French courts and social administrators, who call on an equally republican concept of equality before the law (cf. Guiraudon 2000).

4. Governance in contemporary France

How should the contemporary French system of governance be characterized? By governance, I refer not only to the formal institutions of the political system but to the broader modalities whereby resources are allocated in France. The distribution of well-being is determined by a matrix of institutions in which many interests are represented more or less powerfully. Successive French governments have accorded more influence over the allocation of resources to market mechanisms, but the retreat of the French state is far from complete. It continues to intervene heavily in the distribution of employment, by means of active labor market policies on which some three million households depend. Although the redistributive impact of the tax system is minimal, the state influences the distribution of income via social benefits. More than 10 percent of the populace receives a minimum income set by the state, and millions of others are pensioners. Even where the government has encouraged the development of competitive markets, its role remains substantial. Trumbull (2004) found more than 1,200 kinds of public aid available to start-up firms in France and a public agency certifying the firms eligible for private as well as public funds. However, industrial policy is more diffuse and less directive than it was 30 years ago. Although French officials still encourage one firm to take over another, in most cases, they concede that markets will determine the outcome.

Moreover, the state is now quite different from the one France had three decades ago. As Le Galès notes, substantial levels of authority have been devolved onto the regional governments created by the Defferre laws of 1982. The prefect is now only one among multiple actors with influence over provincial affairs. It is not uncommon for the implementation of policy to be contingent on the agreement of multiple bodies at the regional level, and agreement is often secured only after consultation with groups in the private as well as public sector. As a result, France has a more pluralist and negotiated polity.

There is also a more pronounced market logic to the processes whereby public resources are distributed. Regional governments often find themselves in competition with each other to attract industry, and they respond by providing subsidies and regulatory conditions more appealing to potential investors. As public utilities such as France Télécom were privatized, they moved away from the public service logic on which they once operated, toward market logics that put more emphasis on the profitability of their operations. The subcontracting of public services, such as municipal garbage collection, has proceeded apace, intensifying cost competition among those who commission and provide them. In many cases, the result is more efficient service, but the implications of such steps are far reaching. They reduce the weight given to the concept of 'public service' in debates about public goods. Those with market power are now better placed to demand services, and outlying regions or poorer communities less likely to receive the level of services they might once have enjoyed.

The devolution of authority over policy has also intensified what Le Galès terms the 'territorialization' of public policy-making in France. Key regions have always been in a good position to demand resources from the state by virtue of the *cumul des mandats* that allows mayors and other local officials to accumulate national offices, and the regional policies of the 1960s and 1970s leveled many economic inequalities across regions. But the appearance of influential regional governments, with a grassroots electoral constituency has enhanced the importance given territorial considerations in the distribution of benefits. The regions have emerged as significant centers of decision-making in their own right with jurisdiction over an increasing range of issues. Departments, localities and regions now distribute about 8 percent of GDP, half raised via local taxes and half via grants from Paris, and they have a voice in the implementation of many policies. Local authorities have become actors that interest groups cultivate and national governments cannot ignore.

Equally important for the operation of the French state is its membership in a European Union that became substantially more integrated following the adoption of qualified majority voting in 1986 and the extension of EU jurisdiction in 1992. As Smith points out, it would be a mistake to see European integration as a process that passes jurisdiction over a few matters to the EU level. The EU has had far-reaching effects on all domains of French policy-making. Because France is now imbricated in a European system of governance, the modalities of policy-making have changed even in fields where the EU has no direct jurisdiction. Many policies must be designed to conform to the *acquis communautaire* or to secure approval at a European level, and others are influenced by Europe-wide discussions taking place in many fields. As a consequence, the very terms in which policies are discussed and the criteria by which they are judged have changed (cf. Muller et al. 1996; Fouilleux 2003). To borrow the evocative term of Jobert and Muller (1986), the *réferentiel* has shifted, to privilege European, rather than specifically French, lines of argument; and the locus of influence has moved away from traditional issue networks toward the ministries best connected at the European level and the ministerial *cabinets* charged with shepherding a policy through the EU.

Thus, as Smith notes, the way in which policy is formulated in response to emerging issues has changed. More emphasis is now put on the problem of coordinating among ministries a response that will constitute the French position at the EU level, and less emphasis on forging a compromise among the affected interests in France. This inter-ministerial dialogue is often conducted in quasi-diplomatic terms that privilege the problem of forging coalitions across issue-areas at the EU level rather than the substantive concerns expressed by segments of French society. In this respect, European political integration has set in motion a dynamic at odds with the movement toward more extensive consultation with domestic groups. It has inspired a tendency to justify policy by reference to the exigencies of the EU, at the cost of alienating domestic groups who feel their concerns have not been given due weight.

Although the organizational coherence of the French state even during the heyday of Gaullism should not be exaggerated (cf. McArthur and Scott 1969; Cohen 1989), the days when one could identify two or three officials in Paris with preponderant influence over a particular sphere of policy seem to be gone. Industrial policy is now more likely to be permissive than directive, and the onus to implement a policy left up to regional officials or private sector actors. European terms of discourse loom larger, and even French interest groups have moved to Brussels to press their case.

While laudable in some respects, this system of governance is confusing for those who seek to hold a specific set of officials accountable for the quality of policy. France no longer has a 'state above society' but one in which power is so diffusely divided among local, regional, national and European organs of governance that it can be difficult to establish who is responsible for a specific line of policy, much as it was under the Third Republic for entirely different reasons (cf. Hoffmann 1963). In this context, it is not surprising to find critics on both the left and right calling for a more assertive French state (Séguin 1993). Paradoxically, the same critics rail against French technocracy. But this too makes some sense. Europeanization has tended to depoliticize policy-making in France. The European system of governance privileges technical argumentation and a mastery of the modalities of power within European networks that is the preserve of the higher civil service (cf. Joerges and Neyer 1997).

5. Political representation and malaise

In this context, it is not altogether surprising that the French are dissatisfied with how they are governed. In 2001, barely 30 percent of them expressed trust in the government and just 12 percent said they trusted political parties. Only 50 percent said they were satisfied with the state of democracy in France (SOFRES/*Le Monde* 2001; Turner 2004: 10; Rimac and Stuhlhofer 2004: 316). The result has been frequent alternations of government. In the six sets of legislative elections held since 1980, the incumbent party has never been returned. How are we to understand this level of political discontent?

Some of its roots are material. A move to the market sends shock waves through the lives of ordinary people. To make their operations more efficient, French firms shed labor, but the economy did not create enough jobs to absorb those seeking work. More than 1.2 million people in France today have been without work for over a year, and several million more have left the labor force, often to early retirement, whether they wanted to or not. Others now work part-time, more or less willingly. French firms have become more competitive by holding down labor costs and inducing employees to work harder. As Lallement notes, many jobs have become more difficult and insecure. Real disposable income for the average worker has increased by only 1.2 percent a year since 1980, as companies hold down wages and governments raise taxes to support the unemployed and retired. Although political leaders blame poor economic performance on market conditions, influenced by the Keynesian view that governments should be able to ensure full employment and a republican view of the state as the guarantor of social cohesion, many have turned their ire on the government.

The response they found there has deepened political disillusionment. Although one government after another has been voted out of office since 1980, the main thrust of policy has not changed. Governments of both the left and right have pursued liberal policies, mixed at the margins with support for the poor, the retired and the unemployed. As a result, elections have lost some of their meaningfulness, and the absence of sustained debate between the principal political parties about the basic thrust toward market liberalization has lent credibility to those on the extreme right and left who seem to offer 'a choice rather than an echo'. Many see liberalization as a process taking place over their heads. The result is a gulf between the *pays légal* and the *pays réel* reminiscent of the Third Republic.[9]

Central to this phenomenon, of course, has been the conversion of the French Socialist party to the market. Liberalization was initiated by a Socialist-led government in 1983 and reinforced by another in 1988–93. To be sure, the Socialists also took steps to mitigate the social impact of market competition, but this veneer of social solidarity was pasted onto a platform of market-led modernization. For the past 20 years, the Socialist party has looked more like its conservative rivals than it ever did before. Of course, this phenomenon is not unique to France. Facing the disillusionment with state intervention that followed the failed economic experiments of the late 1970s and forced to restrain social spending in an era of slow growth, socialist parties across Europe have abandoned the interventionism once used to build the welfare state and mixed economy. They have lost the heroic narrative that once sustained them and no longer wear so easily the mantle of tribunes for the working class, presenting themselves instead as more humane managers of a market economy. This is a development that has disorganized electoral politics across Europe.

It has also undercut some of the representational achievements of the Fifth Republic. As Grunberg notes, the French system of political representation has some strengths. Two coherent political blocs have formed, centering on the Socialist party and the UMP (*Union pour la majorité présidentielle*), the succesor to the Gaullists, providing stable majorities in the Assembly, while two rounds of voting have allowed parties speaking for a diverse range of interests to emerge. But, while the party system has become more structured, the political thinking of the electorate has been losing its structure. Political left and right are still recognizable in the National Assembly, but they are increasingly confused in the minds of the electorate. By 2002, 40 percent of French voters were unwilling to say they belonged to a social class, and almost two-thirds considered the concepts of left and right irrelevant to politics – compared to one-third in 1981 (Marcel and Witkowski 2003; TNS-Sofres 2002). The politics of the nation that invented the political left and right is no longer firmly anchored in this distinction. The result is considerable flux in the alignments of French politics. Many workers who once supported the political left now vote for the radical right. Jean-Marie Le Pen secured a majority of the votes of ordinary workers (*ouvriers*) in the first round of the 2002 presidential elections.

Political dealignment is a global phenomenon, rooted in the declining political salience of class in the face of post-war prosperity and the rise of the service sector. But some features of French politics have intensified it. Prominent among these is the experience of cohabitation. France has a semi-presidential regime that apportions a share of power to an elected president and to a prime minister appointed to command a majority in the National Assembly (Skach 2006). For 9 of the last 20 years, the French presidency has been held by one political bloc while the cabinet and legislature were dominated by the other. As Grunberg observes, securing workable governance under such circumstances can be counted as a success. But it is not surprising that the electorate has difficulty distinguishing the policies of the left from those of the right. Like grand coalitions, cohabitation tends to advantage parties at the extremes of the political spectrum, as voters turn to them to express dissatisfaction with existing policy.

The mixed feelings about market liberalization that many express may also have roots in the discursive strategies governments have deployed to defend them (Schmidt 1997). France's political elites have yet to find a persuasive formula to justify the policy regimes they superintend. In the early 1980s, Mitterrand mounted a vigorous defense of the move to the market, associating it with a brave European project designed to revive the economy, famously declaring '*La France est notre patrie, l'Europe est notre avenir*'.[10] But, when mixed results ensued, the governing parties became more reluctant to defend the European market model, even as they let it guide their policies. An effort by the Chirac government of 1986–88 to deploy an assertive defense of economic liberalism, spearheaded by Alain Madelin, was short lived, and subsequent governments have walked a tightrope, facilitating market competition without wanting to be seen as full supporters of the market. Most adopted a rhetoric of modernization, with its favorable Gaullist overtones of advancing France's place in the world, joined to an emphasis on republican values, redefined as support for 'social solidarity' in the face of global markets. Lionel Jospin struck precisely these themes in his inaugural address. As a result, in France, the case for a liberal market economy has not been made with the forcefulness mounted in Britain by Margaret Thatcher and Tony Blair. Instead, liberal measures are often presented as a necessary, if slightly distasteful, response to the imperatives of the global economy – hardly a posture likely to inspire electoral enthusiasm for them.

The character of the EU as a discursive object in the French universe of political discourse has shifted in tandem with these developments. Once presented by de Gaulle as a vehicle for French ambitions in the world and by Mitterrand or Delors as an engine for economic dynamism, in recent years the EU has often been portrayed by the government as a constraint on French policy-making or a terrain on which it battles (cf. Ross 1995). Although French leaders approved all the major steps taken toward European integration, they have developed a tendency to describe painful policies as ones forced on them by membership in the EU (Cohen 1996).

To some extent, of course, these shifting descriptions mirror a changing reality. France endorsed the intensification of European integration in the

1980s and again in the early 1990s, confident that it could continue to dominate the new European Union, only to find that Union as constraining as enabling. The need to assemble shifting coalitions among a growing number of partners leaves France in a position that is far from dominant. Agreements made at the EU level now cut a broader swath across French society, and the organs of the EU have become powers in their own right. At the same time, the European Commission has become fixated on market liberalization, leaving its member states with the task of social protection (Majone 1996; Streeck 1995). The effect has been to blunt the popular appeal of the 'European project' in France. A diffuse cleavage is opening up, loosely along class lines. French business is now deeply invested in Europe and many individuals who have acquired the skills to operate on a European terrain have become more 'European'. But those who lack commensurate market power have begun to associate the EU with an erosion in their quality of life (cf. Duhamel 2001; Stone 1993).

Thus, it is not surprising that some of the political discontent in France takes the form of apprehension about the European Union. Barely 51 percent of French voters approved the Maastricht Treaty in September 1992, after a vigorous campaign in which senior figures from the established right joined radical parties on the right and left to oppose it. Popular support for European integration reached a low ebb in 2003, when only 44 percent of the French thought membership in the EU desirable, a troubling figure for a founding state of the Union; and the EU itself was thrown into crisis in May 2005, when 55 percent of the French electorate voted against the new constitution proposed for it. While 80 percent of managers and professionals (*cadres superieurs*) voted for the constitution, 80 percent of ordinary workers voted against it. Exit polls suggest there were many motivations for opposition. Some simply wanted to express their dissatisfaction with the government, but many feared that an expanding EU dedicated to market competition would bring further increases in unemployment and decreases in social benefits.

This context explains the character of some of the political complaints now being voiced in France. When French officials present the EU as a constraint on policy, they implicitly call into question the capacities of the French state to exercise the responsibilities associated with republican governance, namely, to protect the citizenry and implement the general will. A disjunction has opened up between the rhetoric of national grandeur, still frequently called upon to justify the policies of the Republic, and the perception that France must bow to the edicts of the EU. For many, this disjunction inspires a vague sense of disquiet, born of the feeling that they confront two discrepant realities, both somehow operative but neither entirely credible. Critics of the EU have reinforced such unease with calls for more assertive governance, appealing to longstanding conceptions of a strong French state (Séguin 1993). As a result, in France more than in most countries, contemporary problems are seen as a crisis of the state.

The diffuse sense of threat that permeates French society has been reinforced by the inclination of many public figures to demonize 'globalization' as the major threat against which the nation must be defended. Globalization is an attractive target for the French political class, sufficiently foreign to evoke widespread nationalist sentiment and commercial enough to allow them to show they are not blind supporters of the market. As a rallying cry, opposition to globalization has cultural as well as economic appeal, simultaneously summoning up the loss of jobs to low-wage countries and the invasion of a homogenizing American culture especially threatening to a nation whose capital city was once the cultural capital of the world and whose language its lingua franca. Even during a round of trade talks, it was not atypical for a French minister to say: 'So, it's war and in a war, our nation must stand together' (Berger 1995: 203).

All segments of French society have been affected by the imagery of the anti-globalization debate (Forester 1999).[11] By 1993, an influential Senate commission could claim that five million jobs were threatened by competition from low-wage countries and two-thirds of the French electorate favored limitations on imports (Berger 1995). José Bové, a farmer from Larzac jailed for attacking the local McDonalds, attracted considerable public sympathy. Paris has become the base for ATTAC (*Association pour la Taxation des Transactions pour l'Aide aux Citoyens*), one of the most influential popular movements against globalization, and host to the World Social Forum of 2003 (Ancelovici 2002). Like the *tiers-mondisme* of the 1950s, the anti-globalization movement has provided the French left with a cause linking their domestic concerns about the depredations of the market to the suffering of developing-world peoples at the hands of a Washington establishment (Lefebvre Leclercq 1992). Some see it as a cause that can position France, once again, as the developed nation that speaks for the developing world.

The irony, as Smith (2004) has so forcefully pointed out, is that many of the ills casually attributed to globalization, such as rising levels of unemployment and inequality, have more immediate origins in the structure of the French economy and the government's policies. Less than 20 percent of French imports come from low-wage nations, while 60 percent come from the EU, and many of the developments popularly attributed to globalization are actually effects of more intense competition within the single European market. However, many who are unwilling to criticize that European market because France is now deeply imbricated in it have been tempted to rail against its effects in the name of opposition to globalization.

The results have been subtly corrosive. Dramatic statements about the threat of globalization have deepened popular insecurity and dissatisfaction with a state that seems impotent in the face of it precisely becaue the menace is presented as so vague and inexorable. By promoting market competition at home but deploring the effects of globalization, political leaders have inspired a diffuse sense of hypocrisy that feeds cynicism about the political class. Although there are legitimate grounds for concern about the impact of transnational commerce on France's economy and culture, globalization has been a smokescreen often used to hide the nation's problems from itself.

At the same time, France's political leaders are embroiled in intense debate about how to stretch the republican doctrines long central to the national self-image to cover new realities (Hayward 1990). Despite the changes documented here, it is not uncommon to hear complaints that French political parties lack any clear *projets de société* or grand vision of what the nation should do (Slama 1995: 63). This is a typically French complaint, born of the grandeur of Gaullist leadership and a republican emphasis on the nation's mission in the world. But it taps longstanding conceptions of national identity. The French are accustomed to seeing their national self-image reflected in the projects of the state. But, in recent decades, that mirror has thrown back images that are increasingly fuzzy. The processes that have eroded French exceptionalism inspire unease among those of its citizens who want to see their nation as exceptional. It may be safe for French governments to ignore the nostalgia for what is often called *la France profonde*, because generational renewal has reduced the number of people who remember a pastoral nation in which half the population lived on the land.[12] But, if nations are 'imagined communities' (Anderson 1983), there is no avoiding the fact that France now faces the task of reimagining its own political community.

Many developments now challenge the republican doctrines on which most conceptions of that community have been based. The growing prominence of Islam, a faith that resists the relegation of religion to the private sphere, has inspired a debate about the rigid boundaries republican doctrine draws between the public and the private (cf. Modood 2003). Greater ethnic diversity raises questions about the virtues of a citizenship model based on assimilation to a dominant culture. High levels of unemployment challenge the rhetoric of 'social solidarity'. A system of governance in which policy is negotiated with interlocutors in the EU or the regions no longer corresponds to conventional republican images of policy-making as the expression of an autonomous general will dedicated to the common good. As the European Union becomes larger, France's role in it is less pivotal and in question (cf. Gordon and Meunier 2001). If de Gaulle evinced 'une certaine idée de la France', his successors must also find 'une certaine idée de l'Europe'.

Thus, France confronts a new set of paradoxes (cf. Hoffmann 1963). Over the past 25 years, the nation has succeeded in modernizing its economy to meet the challenges of a single European market, but at the cost of leaving many feeling less, rather than more, prosperous. Social benefits for those at the margins of society have increased, but at the cost of cutbacks in benefits for those in established social positions that lead many to question whether the government is really protecting social solidarity. A once-fragmented political system has seen the emergence of two broad political blocs, but consensus between them on liberalization turned French bipolarity into the fetishism of small differences; and the reaction against it now threatens to fragment those blocs all over again. In both the domestic and international arenas, France is a nation in search of a new vision.

6. The dynamics of social change

Within Europe, France stands out, not only because it has liberalized some domains more fully than its neighbors but because, in so doing, it has dismantled the most forceful system of *dirigisme* in Europe. The French mode of economic governance is no longer so unique. As collective bargaining moves to the firm level and French capital markets become tolerant of hostile takeovers, France has come to resemble a liberal market economy more than it does the coordinated market economies on its borders (cf. Hall and Soskice 2001). After flirting with proposals to emulate the German model in the early 1980s, the nation has moved somewhat closer to the modalities of the British economy (cf. Albert 1991; Levy 1999).

In more general terms, however, the changes taking place in France mirror developments elsewhere in Europe. All western European nations have had to cope with slower rates of growth, higher levels of unemployment, aging populations, and more diverse societies, although the severity of their problems varies (Pierson 2001). Most have responded by trimming social benefits, spending more on active labor market policies, and intensifying efforts to integrate immigrants. All the EU nations have had to adjust to a more competitive single European market. Most have privatized public enterprises and deregulated key markets (Thatcher 2004). Across Europe, firms are making more use of part-time employment and temporary labor contracts and altering their production regimes to secure higher levels of productivity.

Thus, the French case is a good one in which to assess the general character of the processes whereby the European nations are reallocating resources and life-chances as they adjust to international economic challenges. In contrast to works that focus only on the political system, we have deliberately examined the economy, polity and society so as to explore the role that each of them plays in the adjustment process. Although one must be cautious about generalizing from a single case, several features of this one are revealing.

We can begin with the role of the state, which most analysts see as the guiding force behind adjustment and the counterweight to market-led developments. As might be expected, the policies adopted by successive French governments certainly conditioned the character of adjustment. Policies to deregulate markets and reallocate social benefits set the stage for many of the developments that followed. But the process of policy-making itself was far less strategic than might be imagined. Although some decisions were informed by an overarching vision, over the past 25 years, French policy-making is best characterized as an elaborate process of experimentation in the face of considerable uncertainty. Each government tried out putative solutions to the problems it faced, only to revise them later on, when some proved more effective or popular than others, as the retreat from generous early-retirement policies and the torturous trajectory of policy toward immigrants indicate. This is striking in a nation whose state is known for its strategic vision.

However, policy was never a random walk. In many instances, the decisions taken at one point in time set in motion institutional dynamics that limited the government's options in the coming years. In some cases, these followed from the network externalities of policy (Pierson 1996). France's entry into a single European market and then monetary union were fateful steps from which it would have been difficult for subsequent governments to withdraw, even if they had wanted to, not least because so many other social actors made investments that hinged on their continuation. In other cases, new policies shifted the opportunity costs of alternative courses of action. The resignation with which the Socialist government of 1988–93 accepted the privatizations by its predecessor is a case in point.

Here, the importance of the European Union cannot be overstated. It acted as a commitment device, especially with regard to liberalization, locking France into lines of policy from which subsequent governments might have edged away if they had not been backed by the force of EU agreements and institutions. The character of the EU has become especially significant. Because it is equipped with the regulatory capacities to open markets but few resources for intervening to limit their effects, for the past 20 years the EU has exerted consistent pressure to expand the role of markets in the allocation of resources (Majone 1996). The EU is gradually locking Europe into a competitive market model, albeit one that may have room for multiple modes of production regimes and various types of welfare states.

In this process of change, however, it is striking that the French state was by no means the only agent of adjustment. Firms proved equally important agents, even more responsive than governments to shifting market forces. They took many of the decisions that were most consequential for aggregate economic performance and the quality of working life in France. Emboldened by the deregulatory initiatives of the state and the weakness of the trade unions, large firms rationalized their operations in terms that forced changes on many workers and other companies. The character of a firm's response was conditioned by market opportunities and its institutional context (Hall and Soskice 2001). As Goyer notes, many French firms responded to more open markets differently from their German counterparts because they faced a different set of industrial relations and began with different corporate structures.

Although it is conventional to see economic adjustment as a matter of states and markets, organized social actors also played a role in the response to the economic challenges of the 1980s and 1990s. Organized producer groups have more influence in most other European nations than in France. But the popular sympathy that mass mobilization can arouse there acted as a cautionary check on what governments were willing to do. Many of the changes to French social policy were negotiated with the trade unions and the employers' confederation. In this sphere, the outcomes were often driven as much by what would evoke a minimum of protest as by what officials might think desirable. Thus, the shape of French social policy has reflected a series of uneasy compromises that satisfied some interests of each of the bargaining partners, if often leaving them with divergent views about just what the principles behind the policy were supposed to be.

As Palier observes, the resulting dynamic is one in which a set of profound changes in many spheres of French life have been reached through processes of incrementalism. Unlike Britain, where the analogous 'move toward the market' was dramatic and associated with the heated political contests of the Thatcher years, France edged toward even greater changes in incremental steps (Hall 1993; Palier 2005). This is a reminder that the prerequisite for fundamental institutional change need not be political upheaval.

However, the politics of social change put severe pressure on the political system of France, as it has on many European nations. Some of that pressure derives from inauspicious economic circumstances. Reform is politically easier in contexts of prosperity, where the dividends of growth can be shared among those competing for resources, as they were during the modernization of the French economy in the 1950s and 1960s. Slower rates of economic growth and the fiscal pressure on benefits systems generated by demographic trends made the 'modernization' of the 1980s and 1990s a more difficult enterprise. In that setting, reallocating resources across the economy meant holding back the incomes going to some in order to enhance those of others. The result has been a more overt politics of winners and losers – reflected most recently in the polarization of French opinion about the EU.

Moreover, this process of social change took place during an era when the political alignment of left and right that once dominated European politics was eroding, as class divisions lost their salience and the establishment of robust welfare states left socialist parties casting about for new platforms. Across most of Europe the recent politics of social change has accelerated that erosion. It was marked initially by a new political centrism, as mainstream leaders of left and right agreed on the need to encourage market competition, then followed by partisan fragmentation, as dissidents sought new political vehicles through which to express their dissatisfaction. These developments now strain the internal cohesion of many mainstream parties and fuel support for parties on the margins of the European political spectrum.

As a result, in France as in many parts of Europe, party politics is more unsettled, the voices in the political arena more cacophonous, and levels of political dissatisfaction higher than they have been for some decades. It remains to be seen how well the European political systems will cope with these developments. In all likelihood, much depends on the economic prospects of the continent. Renewed prosperity may revive the fortunes of the mainstream parties presiding over it and the faith of electorates in their governments.

However, there are some respects in which contemporary French politics resemble those of the Third Republic, where a tenuous republican consensus kept the regime stable but governments largely immobile in the face of a fragmented electorate (Hoffmann 1963). The EU looks much like the ‘state above society’ of that Republic and is an increasingly important target for the politics of resentment. National governments are better placed to rally support for themselves and the EU, but it is not clear on what basis they can do so. Electorates are tired of liberal initiatives that have borne limited fruit and the residual political loyalty parties command is low. The potential is there for a self-defeating *politique du pire*.

Whether France and its neighbors will see political stasis or forceful new reform efforts in the coming years, however, cannot be predicted from the structure of the polity or the composition of the electorate. Much will turn on the political visions that can be assembled in these polities. Whether rising political figures, such as Nicolas Sarkozy, can break the current impasse with fresh political programs remains to be seen. But, given volatile electorates, the mobilizing power of their appeals is likely to be important, and the fate of the continent tied as much to contests of political vision as to the ingenuity brought to bear on social or economic problems.

The chapters that follow explore the process of social and economic change in France more fully. Each compares recent developments in the sphere it is examining to previous modes of social regulation, with a view to establishing the character of the changes France has been experiencing. The chapters look for the forces inspiring change and the actors most influential over its direction. They explore the politics of change, asking how it is negotiated and what interests are defended in it. Together, they consider the impact of recent changes on the character of governance and the distribution of well-being in France.

The book begins with three essays documenting the dramatic transformation of the political economy. Pepper Culpepper traces the breakdown of *dirigisme* and the emergence of new modes of economic coordination via a process of firm-led negotiation. Michel Lallement examines changes in workplace relations, industrial bargaining and trade union strategies since the early 1980s, finding new production regimes and a shift in the locus of bargaining that has altered the character of worker representation. Michel Goyer identifies dramatic changes in the sphere of corporate governance, arguing that their distinctive character owes much to the nature of workplace representation.

The second section of the volume considers the challenges that unemployment, immigration and intergenerational inequality pose to the French quest for social solidarity. Bruno Palier documents the reforms to the Bismarckian system of social security that have transformed the French welfare state. Virginie Guiraudon outlines the challenges immigration poses for French society and efforts to adjust a republican model to respond to them. Louis Chauvel exposes the inequalities that have opened up between younger and older generations in France and the dilemmas they pose for policy-makers.

In the third section of the volume, Andy Smith examines the impact of the European system of governance on French policy-making, arguing that it has reinforced the influence of the technocracy but reduced their capacities for intersectoral coordination, biasing policy toward market-oriented solutions to public problems. Patrick Le Galès charts the sweeping decentralization that has increased the power of regional and local authorities over the past 25 years, linking the dynamic of change to the role of local elites within the national parties. He shows that the devolution of power has pushed the nation toward a more pluralistic politics.

The three essays in the final section take up the implications of these developments for political representation in France. Gérard Grunberg argues that the French party system has responded with considerable flexibility to the challenges of a changing society. Richard Balme examines shifts in the attitudes of the French electorate, finding broad congruence between the direction of policy and the preferences of many voters but an electorate polarized into four segments. Taking issue with the view that the French system of representation is working well, Suzanne Berger argues that the French parties have been unable to reconcile the public to the social changes that have transformed their world.

The view of social, economic and political change that this volume presents is not monolithic. The contributors disagree about how to interpret some developments, but together they provide a portrait of France that illuminates the broader dynamics of change in developed democracies during an era of globalization.

Notes

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1 Throughout this essay, I use the term 'liberal' in its classical European sense to refer to measures that enhance market competition or individual rights.

2 Bavarez is quoted in Eric Le Boucher, 'Les New Misérables,' *Foreign Policy* (Jan/Feb 2004): 2.

3 France spent 12 percent of GDP on pensions in 1994 compared with 4 percent in 1960, and the value of pensions increased by 260 percent in 1970–85 alone. See the extensive discussion in Smith 2004: ch. 5.

4 Here and elsewhere in this essay, where a citation is not given, the reference refers to the author's chapter in this volume.
5 The share of value added going to labor fell from 68 percent in 1983 to 59 percent in 1995 (Hancké 2002: 12).
6 The proportion of French employees who thought their job was secure fell by 14 percentage points in the decade after 1985 and, by 2001, 22 percent were working without a secure labor contract (OECD 1997). Unemployment among those under the age of 29 reached 17 percent in 2003.
7 On these issues, see INSEE 2003: 77; and Smith 2004: ch. 5.
8 OECD 2004: Annex Table 23.
9 Although 42 percent of the electorate said that politicians pay little or no attention to what the people think in 1977, that figure rose steadily to reach 74 percent by 2002 (TNS-Sofres 2002).
10 François Mitterrand, 'Lettre à tous les Français', *Le Monde* (8 April 1988).
11 When asked their views of globalization in 2003, 36 percent of French respondents expressed a negative opinion, the highest proportion of the populace among the wealthy countries surveyed (Pew Research Center 2003).
12 If half the population of France were still peasants in 1950, barely 5 percent are today (Kuisel 1995).

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