

The French Social Welfare Model, as Seen from the Polders

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For the Dutch, the French social model seems particularly generous. However, no real comparison is possible if the facts are taken out of context. The understanding of the Dutch proverb ‘To live like God in France’ changes somewhat when we consider Antoine Bevort’s investigation of the differences between social relations in France and in the Netherlands.

In the debate over the age of retirement, there are numerous facts which point to the singularity of the French position, and comparison between the two countries further reinforces this. For the Dutch, whose unions have just agreed to fix the retirement age at 66 by 2020, the debate raging in France illustrates conclusively that it seems indeed good to ‘live like God in France’, as they like to say.

Comparison is a difficult art¹. In order to serve its own purpose, it is often based on facts taken out of context and which are in themselves few and far between. Can the issue of retirement age really sum up the differences that exist between the two retirement plans? Is it possible to grasp the reasoning behind a system when it is taken out of the social context of the general model from which it originates?

¹ Jean-Claude Barbier writes on this in his article “À la recherche de l’Europe sociale” published in *La vie des*

In widening our perspective to include a greater variety of indicators, and by including the institutional characteristics of these social welfare systems, the conclusions drawn from the comparison become less obvious and more complex. They suggest that the unique and exemplary nature of the French social welfare model may not be what it seems.

Socio-economic Figures Comparing the Netherlands and France.

| | Netherlands | France | Difference NL/F in % |
|--|-------------|-----------|----------------------|
| Gross minimum monthly salary 1-1-2010 | 1416 € | 1343.80 € | 5.37 |
| Net minimum monthly salary 1-1-2010 | 1143 € | 1055.42 € | 8.30 |
| Net minimum hourly salary 1-1-2010 | 6.60 € | 6.95 € | -5.04 |
| Employment rate, 2009, Eurostat | 77% | 64.2% | |
| Weekly working hours, legal (F) or average contract (NL) | 35hrs | 37hrs | |
| Average working hours, 2007 | 1413hrs | 1559hrs | |
| Unemployment figures, April 2010, Eurostat | 4.1% | 10.1% | |
| Unemployment figures for under 25's, Eurostat | 8% | 22.2% | |
| Part-time employment figures, 2008, Eurostat | 47.3% | 16.9% | |
| Minimum income figures, 2010 | | | |
| Single persons | 652.19 € | 460.09 € | 41.75 |
| Single persons with 1 child | 913.19 € | 690 € | 32.35 |
| Couple with 2 children | 1304 € | 1012 € | 28.85 |
| Minimum old-age pension | 11793.57 € | 8507.89 € | 38.62 |
| Maximum monthly cap for unemployment benefits | 2887.80 € | 5642.90 € | |
| Union figures, 2008 (NL CBS, France OECD) | 21% | 7.7% | |

| | | | |
|--|-------|-------|--|
| Average number of days on strike per 1000 employees 1995-2004 (Eurostat) | 18.19 | 91.37 | |
| Collective labour agreements | 79% | 98% | |
| % of people who trust their fellow citizens | 64% | 29% | |

Working in France and in the Netherlands

Figures relating to salary, employment and working hours give a complicated image of the differences that exist between the two countries. It seems that those working or looking for work may be better off in the Netherlands. The minimum monthly income in the Netherlands is 8% higher than the French minimum wage, but the hourly rate is 5% lower. On the other hand, the difference in unemployment rates is clear for all to see. According to harmonised figures from Eurostat, the unemployment rate for July 2010 stands at 4.4% in the Netherlands compared to 10% in France. One could certainly draw attention to a much lower young person's minimum wage (for which the hourly total rises from 4.04 € at the age of 15 to 11.06 € at the age of 22) but unemployment figures among young people are lower (22% in France compared to 8% in the Netherlands in 2010). However, the significance of these figures is partly lost when they are taken separately from those relating to working hours.

Working hours are an important aspect to consider, even if comparison remains complicated. In the Netherlands, there is no legal requirement set for the weekly number of working hours; working hours depend instead on collective labour agreements. The average working week for a full-time employee is about 37 hours. If the working week is longer, the working year is reduced, since per year, the Dutch work an average of 10% less in hours than the French. The difference between the two countries becomes clearer when we look at figures relating to part-time work. While in France this type of work is most often associated with job insecurity which one may unfortunately be subjected to, it seems to be an

employment option which is more often chosen and accepted in the Netherlands. These part-time employment figures help to explain the higher employment and lower unemployment rates in the Netherlands. While in both countries the women make up the majority of those who work in part-time employment, 25% of Dutch men do work part-time. The ratio for part-time work between women and men is thus 3 to 1 in the Netherlands compared to almost 5 to 1 in France, where almost 30% of women work part-time compared to 6% of men. In the light of such figures, sharing of part-time positions seems to yield better results than the legal reduction of working hours for everyone.

Certain Social Security Benefits

Differences between the two systems of benefits are simpler and more obvious. Even if the minimum old-age pension in France and its Dutch equivalent, the AOW, *Algemene Ouderdoms[verzekerings]wet* (general law on old-age [insurance]) are not identical, they both represent the minimum standard of living in both countries for persons aged 65 and over. The Dutch minimum old-age pension (which is essentially equivalent to a basic retirement pension for all persons having resided in the Netherlands since the age of 15) is 38% higher than its French equivalent. The gap between minimum social benefits is close, with the Dutch minimum 40% higher than the French RSA (Active Solidarity Income). However, when comparing caps on unemployment benefits, the situation changes. While unemployment compensation can reach 5642.90 € per month in France, it does not go over 2887.80 € in the Netherlands. In this instance the French figure does seem to be unusual, since the Dutch figures are similar to those for most other European countries. This is of course an advantage for white-collar workers. A similar difference can be observed if we look at the legal and contractual redundancy packages which in France are usually calculated on the basis of the number of months of salary, whereas in the Netherlands a decision was made to limit redundancy pay-outs for those with an annual income of more than 75 000 € to a maximum of one year's salary.

The reasoning behind the benefits system is not the same in both countries; on the one

side, increased social security benefits but a limited compensation package to cover the risk of job losses for senior employees (*cadres*), on the other side, fewer social security benefits but better compensation for senior employees to cover the risks of redundancy. Under the Dutch system, the state aims to redress quite significantly any inequality in primary income and tries to provide a high level of social protection for all its citizens. In France, the state provides adequate social help, but allocates many benefits according to the contributive capacity of those in employment and operates only a very limited system of income redistribution.

Bargaining and Strikes

Even the briefest sketch of conflict and collective negotiation can shed some light on the way in which such figures are produced and reproduced. Once again, things may not be as they seem. Initial impressions suggest that there are more negotiations and more strikes in France, despite a lesser number of union members. Figures on collective labour agreements, which show that almost all French workers are covered by such collective agreements, are misleading. One must look in detail at the contents of such collective labour agreements, but what we do know is that the Dutch collective labour agreements all provide a minimum salary which is higher than the minimum wage, whereas in France, a quarter of minimum salaries paid out under such collective labour agreements fall below minimum wage. In the Netherlands, each spring and autumn, negotiations over such collective agreements punctuate social life, whereas in France, the results of collective agreement (re)negotiations rarely even make it into the Press.

As one would expect, there are fewer strikes in the Netherlands than in France, which could be interpreted as suggestive of more aggressive unions and workforce in France. If this is the case, previous indicators however also draw attention to the relative failure of such movements. Figures suggest another hypothesis concerning the relationship between strikes and negotiations; the Dutch go on strike against failed negotiations, while the French strike to make demands and to compel employers to open negotiations.

Negotiating Bodies

An examination of negotiating bodies lends some credibility to this last hypothesis. In order to understand the differences in industrial relations between the two countries, we will start by looking at two organisations which play a pivotal role in Dutch social life - the Labour Foundation and the Economic and Social Council of the Netherlands.

There is no French equivalent to the Dutch Labour Foundation, which is an independent and autonomous joint institution which has strong powers to influence both the issues and the procedures relevant to work relations. The closest equivalent is the CNCC, the National Commission on Collective Bargaining, which was founded in 1946. The Labour Foundation, which was also founded just after the end of the Second World War, brings together eight representatives from three patron organisations, and eight representatives from three trade unions. The composition of the CNCC is tripartite, made up of two groups of eighteen representatives from the patron organisations and unions, and including three seats reserved for Labour, Agriculture and Economy ministers (or their representatives.)

Similarly to its Dutch counterpart, the CNCC gives its opinions on the laws relating to collective bargaining and any declarations on prolonging collective bargaining, but it does not function in the same way nor have the same level of authority. Public authorities are not only represented, even if they are the minority, but the Labour Minister presides over the commission, whereas the Labour Foundation is run by two presidents, one from a patron organisation and the other from a union, who take turns in running the commission over the course of a year. CNCC recommendations have little influence over the laws, whereas those from the Labour Foundation have enough authority to guide government policy. The CNCC is neither an important arena for public debate, nor an important institution in the area of decision-making. Its role and composition have a lot to do with the more modest role of collective bargaining, which does not regulate work relations in France in the same decisive manner as exists in the Netherlands.

Apparently the Economic and Social Council of the Netherlands (SER) has its equivalent in France in the form of the CESE (Originally the *Conseil économique et social*, ‘environmental’ was added to the organisation’s title in 2008) but any similarity ends with the name. Compared to the tripartite SER, which consists of 33 members, the French CESE is a rather overmanned multipartite group made up of 233 members, of which 69 are from unions, 65 from employer organisations, and which includes representatives from 16 other groups, of which 70 were set up by the government. Despite this large number of members, women and young people are still under-represented.

The French CESE is quite representative of the contrast between the abundance of institutions and discussions on participation and cooperation on the one hand, and the lack of any real influence that social partners have in the public arena on the other. If the CESE does play a more important role than the CNCC in the area of public debate, where it can be considered to be one of the arenas, its recommendations and opinions have none of the influence wielded by its Dutch counterpart. No law can be submitted to the Dutch Parliament without first having been accepted by the SER, which is certainly not the case in France.

The SER was in fact cited as a model example for reforms of the CES in the 2006 Chertier report². In addition to the confusion reigning in the tower of Babel-like consultation institutions, the report’s author had underlined the imprecision and redundancy of their competencies, the absence of transparency in their actions, and judged them to be altogether inefficient and costly. Dominique-Jean Chertier suggested giving the Economic and Social Council a central role in the negotiations process, as is the case in the Netherlands. To ensure this, he recommended strengthening its representative capacity by modifying its composition and the way it was able to function. However, in the absence of any real political will to confront the numerous groups who will not want to see their seats and the

² Dominique-Jean Chertier, *Pour une modernisation du dialogue social*, Report to the Prime Minister, Paris, La Documentation française, 2006.

symbolic and financial recognition which accompany them disappear, this institution is as yet unready for reform.

The role of public authorities

The differences between the two institutional systems of joint decision-making are reflected in the role of the authorities, whose deliberative methods and decisions on the issue of retirement sum up the particular case of each country.

With this in mind, we can see how the way in which the retirement issue was negotiated and concluded was paradigmatic. In the Netherlands, it proved difficult to reach a compromise on reform of the retirement system, but after a failed SER agreement in 2009, the government had to wait for an agreement to be reached between the social partners in 2010, which took place at the centre of the Labour Foundation, in order to then be able to develop another very similar project. In France, the reform has been one of the main points on the social agenda for many years, and particularly so since the beginning of 2010 for both the government and the social partners. But it is in the government's power to initiate reform and to make the final decision. There has been no discussion between social partners to develop their proposals. The Labour minister did look into joint decision-making, but absolutely no negotiation took place, either between the partners or between the authorities. Joint cooperation was limited for the most part to asking the opinion of unions and patron organisations, to counting numbers of strikers and those demonstrating, and to analysing public opinion polls. Since July 2010, the government has outlined the reform and it can only be slightly amended depending on the power struggle unions manage to establish when people take to the street. Neither the CNCC nor the CESE have played any significant role in the discussions. In the Netherlands, a decision cannot be taken without the Labour Foundation and the SER first reaching an agreement.

The agreement on retirement reached in the Netherlands in June 2010 illustrates a key characteristic of the Dutch socio-political system; the coalition government was unable to

put forward its reform plans to Parliament without the social partners first having reached a conclusion on the matter. This is a million miles from the French system, where both the possibility of a coalition government and also successful pacts between unions and patron organisations, as well as the idea that social partners could represent a driving force in transforming the state, is ignored. The joint merger of the ANPE with the UNEDIC, which was voted in and decided on despite the unanimous opinion of the social partners against such a merger, is another example of a political tradition constantly being upheld, and further confirmed by the reforms on the retirement issue.

The French model for decision-making does not take into consideration any social support for public action. The idea that civil society organisations can participate in the development of political compromise and make this more in keeping with the demands of citizens, and thus more legitimate, is a strange concept for the French political model. The executive is happy to settle for the approximate measure of public opinion polls, and only concedes under pressure from the streets, such as was the case for the CPE in 2006. The Dutch model is the exact opposite of the French one, under which the political authorities are in charge of all areas, and by which the majority of Parliament can impose its law on the minority under all circumstances.

The famous Wassenaar agreement of 1982 reached by the Labour Foundation, under which terms the unions accepted a change in salary in return for reduced working hours, after having been threatened with a state policy that would control salaries, would be unthinkable in France. A year later, the French government decided on the austerity measures without seeking any help from the unions. Being left only with the choice to either submit or protest in vain, the unions' credibility was undermined. This probably contributed to the deterioration in strength and numbers that all unions experienced in the 1980's in France.

Arendt Lijphart's analysis (1999)³ sheds much light on the difference between the majority democracy of France and the consensus democracy in the Netherlands. The Dutch model, with its pluripartism, its coalition governments, its proportional representation and social dialogue, is characterised by the sharing of power between the different groups⁴. The French majority democracy is characterised by the centralisation of power at national level, the supremacy of executive authorities, the right of the majority and weak social dialogue.

The Netherlands fared no better than France in escaping the effects of the global financial and economic crisis of 2008. We often tend to declare that a model is in crisis when problems appear, and yet, when trying to identify a model to emulate, it can sometimes be especially useful to look at the ways in which it copes with difficulties. It is in bad weather that we can best judge the hardiness of the vessel. It is the way in which the model faces challenges which points to its originality and resilience.

This can be seen in the different ways that both countries faced the storm of the financial crisis. In France during a crisis, the social partners have even less authority than usual, and rifts between business organisations and unions tend to widen, as is also the case between majority and opposition political parties. In the Netherlands, where they maintain and even strengthen their position, social partners find themselves 'confronting the crisis together', the title of a Labour Foundation publication⁵. As was the case in the 1980's, the situation in the Netherlands is now the direct opposite of what we see in France. In the Netherlands, the response to the financial crisis included an agreement between social partners on part-time unemployment. The agreement allows for companies facing difficulties to reduce working hours by a minimum of 20% and by a maximum of 50%. The employer pays for the hours

³ Arendt Lijphart, *Patterns of Democracy, Government Forms and Performances in Thirty-Six countries*, New Haven and London, Yale University Press, 1999.

⁴ The new right-wing government, supported by extreme right populism, has been in power in the Netherlands since mid October. This could potentially pose a threat to the consensus democracy, although at the time of writing it is still too early to comment conclusively on any potential changes to the Dutch model.

⁵ Stichting van de Arbeid. *65 jaar Stichting van de Arbeid, Samen doen wat mogelijk is*. Stichting van de Arbeid, Den Haag, 2010.

worked and the employee is compensated for the hours he is not able to work. The agreement aims at allowing companies to avoid employee losses due to temporary difficulties, and to help employees keep their work contracts even if they are temporarily made unemployed. To benefit from these terms, employee representatives and the employer must reach an agreement at a decentralised level. The agreement can provide for either partial or total supplementation of unemployment compensation. The measures will remain in place until the 1st of July 2011, dependent on the number of employees who apply or if the cap on expenses is reached. In the Netherlands, this agreement is generally seen as a good form of resistance to the crisis. In France, where the policy of ‘work more to earn more’ is under fire from the financial and economic crisis, no political compromise nor any collective agreement were foreseen to improve the situation.

The welfare state and solidarity

For all that, neither France nor the Netherlands have been spared tensions caused by the crisis. As is the case in other European countries, they have been confronted with a divide that runs right between employees, between those who are well protected and those more exposed to social and economic hazards, and by the development of a dual system which distinguished quite strongly between pay conditions for the *insiders* and those for the *outsiders*⁶. One question we might ask would be whether or not changes to working conditions, retirement reforms and the social security system have worsened the segmentation of the job market and weakened solidarity among the work-force, one of the founding principles of the European welfare state.

Issues regarding long careers and physically or psychologically demanding work conditions reflect the potential limits to workforce solidarity when looking at the wider issue of retirement. In the Netherlands, the latest agreement on retirement recommended making the retirement age dependent on life expectancy, but the latter varies widely according to

⁶ Bruno Palier, *A long Goodbye to Bismarck? The Politics of Welfare Reform in Continental Europe*, Amsterdam, Amsterdam University Press, 2010.

employee categories and the final conclusion seems to have deemed it unnecessary to create specific regulations for long careers or demanding professions. Employees in strenuous or demanding positions have the choice to retire at 65, but this comes at a price. It has been left to branch and company agreements to draw up specific regulations for those in long and/or strenuous employment, but to what extent will such agreements be made? French reform seems to bring little change.

The same applies for those in precarious employment, who are growing in number and are having trouble making their voices heard both in France and in the Netherlands. In the Netherlands, 1,000 employees at a cleaning company had to go on strike for nine weeks during the spring of 2010 in order to obtain a collective labour agreement. In both countries, large numbers of immigrants suffer large scale fraud at the hands of their employers, such as breaking the law on legal or contractual minimum wage, as noted by Dutch work inspectors in a report published in June 2010 regarding mushroom harvesting companies.

Lessons to learn from the comparison

Detailed comparisons are useful in explaining references to foreign models which can sometimes lack detail. For the French, who defend their right to keep the retirement age at 60, the Dutch reform on the age of retirement makes little sense, in the same way that the French way of decision-making would be unheard of in the Netherlands. Placed back in their original contexts, the logic behind both models seems clearer, even if the reasons for their differences raise some questions.

Why do the unions and business organisations which make up the Labour Foundation come together to advocate the policy of ‘fight when we can, stand united when we must’, while their French counterparts practice the complete opposite? Numerous publications have tried to explain these social differences. Some explain them through culture, but where do these cultural differences come from? Others point the finger at history, and while the past does help us to better understand the present, the debate does not end there. Where does

change come from? Numerous works have highlighted the important role that institutions have to play in the way that society functions. If contemporary societies have strong historical roots, then new institutions dating from after the Second World War, such as the Labour Foundation and the SER in the Netherlands, and the corporate committees, nationalisation and planning in France, signal a break with the past and introduce a new social dynamic which has more or less irrevocably transformed social traditions.

Differences in professional relationships help to define the wider differences that exist between the Netherlands and France. The French hierarchical pyramids do not function in the same way as the Dutch polders. The former privilege the authority of those on top and the *top-down* process, and use force to regulate conflict, while the latter uses joint decision-making and a *bottom-up* system, and relies on negotiation to resolve conflict. These two regulatory systems do not produce the same dynamic. Force and negotiation will have very different effects on professional relationships. While it is difficult to identify the exact contribution that the system of professional relationships makes to the global economic performance of a country, a significant part of the greater social equity of the Dutch model can still be linked back to its regulations on negotiation. The pivotal role of organisations such as the Labour Foundation and the SER in decision-making promotes confidence in public action and adds legitimacy to political choices. No French union would publish the results of a study suggesting that there were too many civil servants in the country, as was done by a Dutch civil servants' union during the summer of 2010. Aside from its veracity, the fact that a trade union expressed such a point of view shows that the Dutch have enough confidence in their system to make such claims without fear of it being used as justification for axing civil service posts.

In an article in *Le Monde* on the 3rd of September 2010, Philippe Le Coeur makes a more general comparison between France and Germany, and wonders if the social model might be hindering economic recovery in France. Compared to the situation in Northern European countries, the French social model hinders recovery not because it is too generous, but

because of its policies on deliberation and decision-making. Contrary to what the Dutch proverb suggests, French welfare appears ultimately to have very little of the divine, and to be very poorly shared out.

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