

2011

La Génération Perdue: Youth Unemployment in France and the Policies Behind it

Katharine L. O'Kane

University of Rhode Island, oo.la.la@gmail.com

Follow this and additional works at: <http://digitalcommons.uri.edu/srhonorsprog>

 Part of the [Economic Policy Commons](#), [Labor Economics Commons](#), [Macroeconomics Commons](#), [Policy Design, Analysis, and Evaluation Commons](#), [Policy History, Theory, and Methods Commons](#), [Public Economics Commons](#), [Public Policy Commons](#), and the [Social Policy Commons](#)

Recommended Citation

O'Kane, Katharine L., "La Génération Perdue: Youth Unemployment in France and the Policies Behind it" (2011). *Senior Honors Projects*. Paper 209.

<http://digitalcommons.uri.edu/srhonorsprog/209><http://digitalcommons.uri.edu/srhonorsprog/209>

This Article is brought to you for free and open access by the Honors Program at the University of Rhode Island at DigitalCommons@URI. It has been accepted for inclusion in Senior Honors Projects by an authorized administrator of DigitalCommons@URI. For more information, please contact digitalcommons@etal.uri.edu.

La Génération Perdue: Youth Unemployment in France and the Policies Behind it

Katharine O'Kane

Faculty Sponsor: Leonard Lardaro, Economics

Abstract

In the 1970s, the world began moving towards free market policies. Open borders, lower taxes, and market-based economies became more prominent as centrally planned governments declined in both number and significance. In order to participate in European trade and to enhance its global position, France also moved towards decentralization. French socialists became less concerned with centralized government, yet continued to preserve their strong national desire to protect French citizens. France experienced substantial growth in its employment costs during the 1980s. By the early 1990s, France introduced labor contracts that better defined the duration of employment. These contracts pressured French companies to hire people for undetermined periods of time. As a result of these contracts, French unemployment has remained significantly higher than that in the United States and other European countries since 1985.

France has enacted several policy measures, such as the 35-hour work week and more flexible working arrangements, in an attempt to restrain its unemployment problem. Most of these policies have had serious ramifications for French youths entering the labor market. Equipped with fewer skills, high school and college students often enter a job market that is flooded with older employees. The strikes of 2006, when the promise of an indefinite contract came under fire, reflected the grievances of students. Today, 'la génération perdue' faces increasing social costs for France's aging population, little to no job creation, and a disproportionately higher rate of unemployment with no clear signs of improvement ahead.

Keywords: France, Labor, Youth Unemployment, Public Policy

History

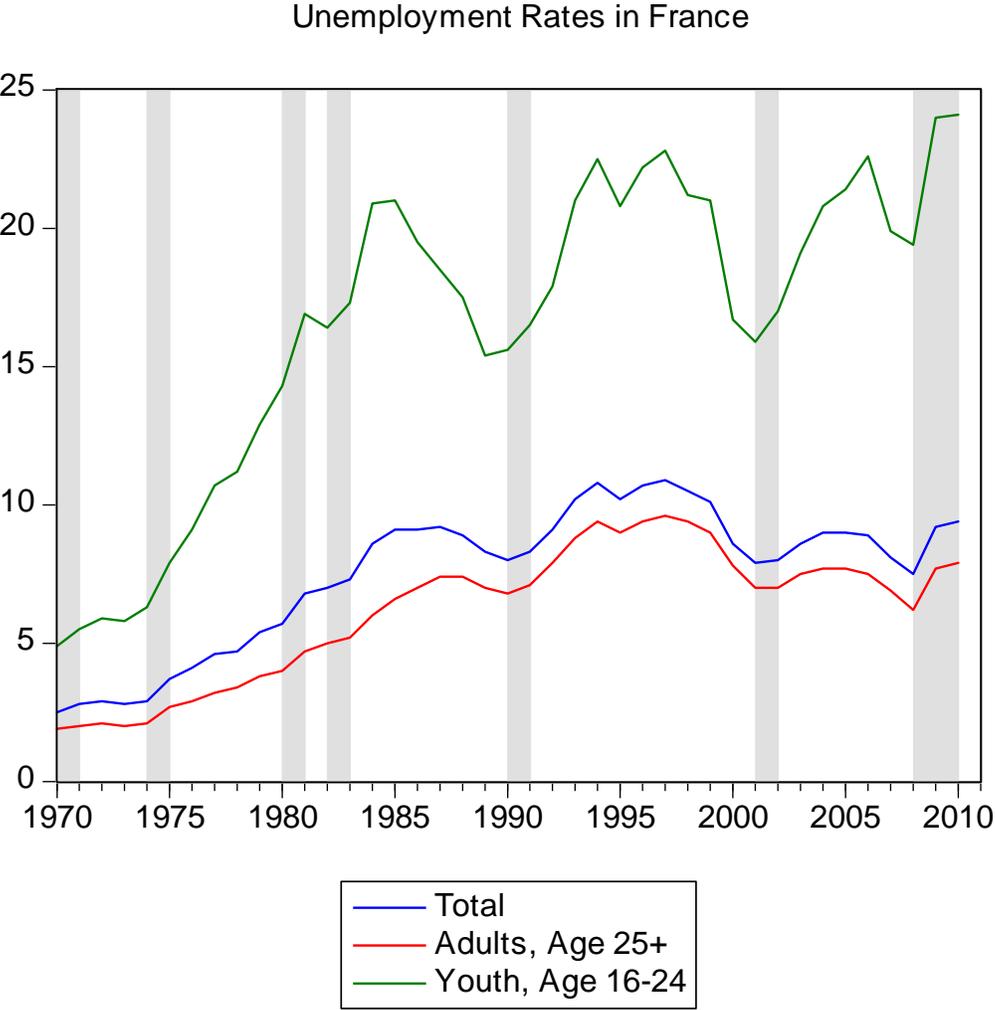
In the 1970s, there was a large international push to open markets for deregulation and free trade. Markets became the desirable mechanism for regulating world economies. The Chicago School, in particular Milton Friedman, played a large part in pushing for this neo-liberal change. Friedman's ideas of neoliberalism supported laissez-faire economics, the diminished authority of the state in economic affairs and the allotment of free trade abroad as a means of peaceful globalization. Free markets, free trade and a general libertarian methodology would greatly expand the *puissance* of the individual. The government would simply be reduced to a representative institution, protecting only the civil freedoms of individuals. The days of government intervention in private affairs would disappear (Friedman, 1962). According to this philosophy, the embrace of free markets will yield higher economic dividends. Friedman argued that special institutions such as wage price floors and workers unions were unnecessary because free-market principals would allow all workers to share in the benefits of economic growth (Krugman, 2007).

Open borders, lower taxes, and market-based economies became more prominent as centrally planned governments declined in both number and significance. The United Kingdom and Europe began adapting these free-market policies. As a result of financial globalization in the 1970s, the new environment for nations caused a shift in public policy to strategize along free-market principles. Economic liberalization became a necessity. France subsequently was pressured to adapt to a global economy. Without altering their policies to adapt to the globalization, France could potentially be left out of the economic and financial benefits. The

state had thus far been insufficient in its adaptation of the economy to the challenges posed by international integration. The role of the state subsequently had to be modified, and an increasing number of technocrats were employed into government positions to begin to make deliberate policy choices as a response.

Although the Socialist party came into power in 1981 on a campaign for increased growth based on active fiscal policy, these practices never came into fruition. By 1983, successive governments in France had ultimately removed any remaining price controls from earlier periods. The labor and financial markets were also stripped of restrictions and barriers. Public enterprises became privatized. Over the course of the 1980s, French policies gradually distanced themselves from centralized planning. These new policies were a reaction to the necessity for France to be successfully inserted into the European trade environment. France is generally perceived as a country where development is largely state-induced. The French transition to a neoliberal economy was not as strong as it was in other countries (notably The United States with President Ronald Reagan and the United Kingdom with Prime Minister Margaret Thatcher). France was not as committed to the change, but rather adapted to the ideological shift occurring worldwide. Because the Socialist Party was in power during this period, social opposition to the change was small, if any. There was no massive social movement for neoliberalism, merely an emergence of neoliberalism as a process of normalization. The higher administrative office in France, along with technocrats, worked towards in the name of progress, modernity, and efficiency. Until this point, France had been perceived as a stalled society, hampered by economic rigidities (Fourcade-Gourinchas & Babb, 2002, pg 534-571).

Unemployment data helps explain some of the influence behind the pressure to adapt to free-market policies. The ability to participate competitively in European trade heavily influenced the transformation to free-market policies. The labor market also played a significant role. Over the course of the expansion of neoliberal ideas globally, France experienced a dramatic shift in total unemployment from only 2.5% in 1970 to 7.3% in 1983 (United States Bureau of Labor Statistics, 2011).

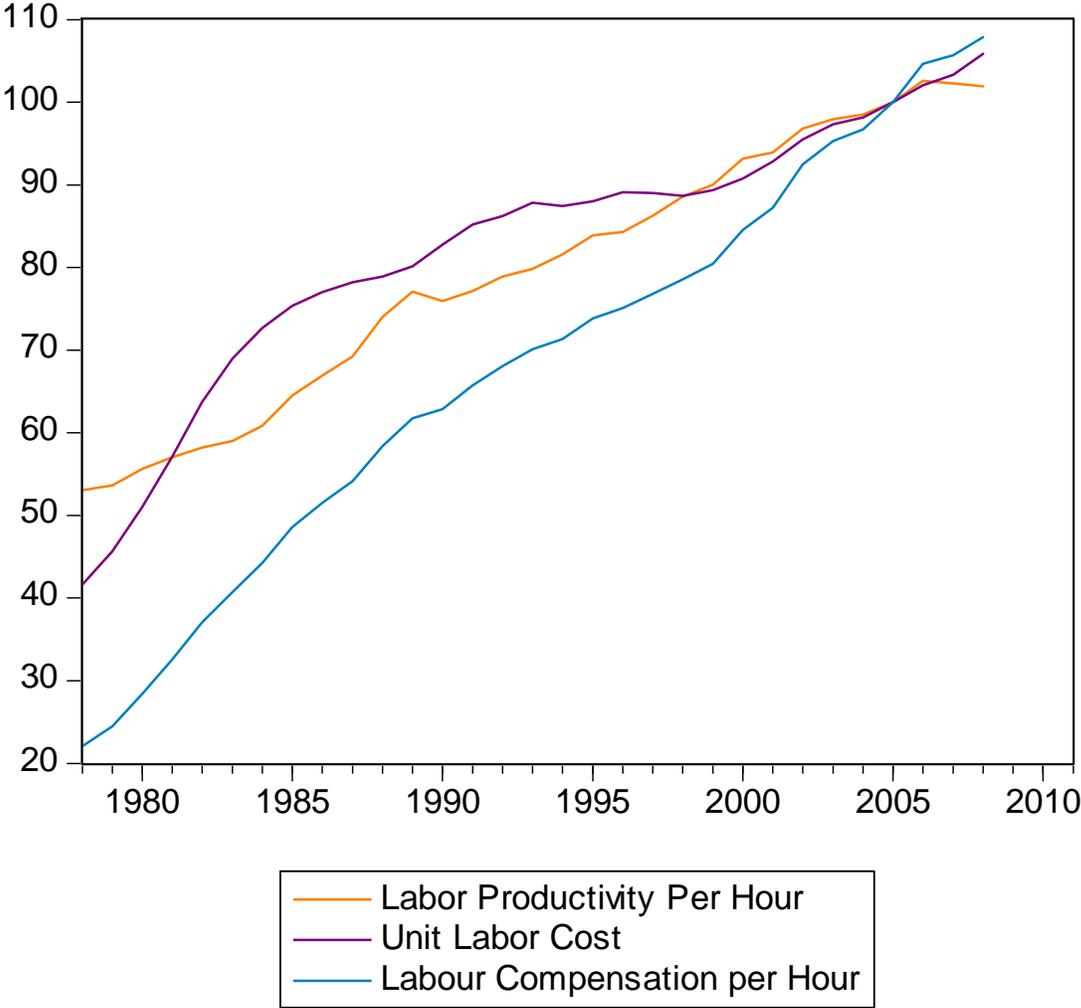


At the same time that regulation slowed worldwide and markets began to free up, labor and wages became more competitive globally. High unemployment and the inability to compete on

the global labor market quickly stifled rumbling groans from French labor unions and the general French desire to protect employees. The desire to reduce unemployment overrode the ideals of centralized government planning and public services in favor of free-market competition (Fourcade-Gourinchas & Babb, 2002, pg 534-571).

World merchandise exports data also expressed the need for France to adapt to neoliberal policies. Between 1948 and 1973, France's share of world exports nearly doubled, despite the presence of a centralized national government. From 1973 to 1983 however, France's share of world exports fell by 17.5% (World Trade Organization, 2009). This furthered France's need to modernize before being excluded from the expansion of free-market trading mechanisms.

Unit Labor Cost (France)
Index, 2005=100



Unit labor cost further confirmed France’s desire to open up markets. During the end of the 1970s through the beginning of the 1980s, unit labor cost rose dramatically relative to labor productivity, as indicated by the widening gap between the two curves on the above graph. Strong employee protection laws resulted in significant increases in labor compensation without a coinciding increase in productivity. The shift towards neoliberal policies reflected the desire to close the gap between cost and output for firms. As a result of policies aimed at deregulation of the market, the gap between costs and output narrowed though the end of the 1980s (Organisation for Economic Co-operation and Development, 2011).

By the early 1990s, the adaptation of the French economy to neoliberal policies had not significantly reduced unemployment back to lower levels (United States Bureau of Labor Statistics, 2011). By 1993, France had recovered 15% of its share of world exports however this recovery was not as strong and did not continue. Over the course of the 1970s and 1980s, Asia

World merchandise exports by selected economy						
Percentage share of total world merchandise exports						
Country	1948	1953	1963	1973	1983	1993
United Kingdom	1.8%	1.8%	3.2%	3.8%	5.0%	4.9%
United States	21.7%	18.8%	14.9%	12.3%	11.2%	12.6%
France	3.4%	4.8%	5.2%	6.3%	5.2%	6%
Asia	14%	13.4%	12.5%	14.9%	19.1%	26.1%
Six East Asian Traders	3.4%	3.0%	2.4%	3.4%	5.8%	9.7%

played a significant role in absorbing a large part of the world's exports. From 1973 to 1993, the Six East Asian traders nearly tripled their share of exports ("World Trade Developments", 2009).

Despite the adaptation of public policies favoring free-market systems and deregulation, unemployment never declined to its pre-neoliberalism levels. Total unemployment remained elevated around 7%, while youth unemployment never dipped below 15% (United States Bureau of Labor Statistics, 2011). Analyzing unit labor cost relative to productivity shows a mirror reversal in 1989 when the gap between costs of inputs and outputs began to widen again.

With a consistently high rate of unemployment, increasing labor costs and a lack of a significant recovery in exports, neoliberal policies began to come under scrutiny. A socialist government re-formed and halted the sweeping privatization of the economy in 1988. President Mitterrand ran for re-election under the promise that the new government would no longer privatize any additional industries, nor would they renationalize (Durant, R.F., & Legge, J. S., 2002). France, still largely a social society, once again made initiatives to return to former employee protection laws under the idea that this regulation could offer some relief.

During this period of time, the normal form of employment contracts was the "contrat de travail à durée indéterminée." By definition, this contract has no pre-determined conclusion. Because it is the normal form of contract, employers are required to use this form unless they can justify the use of a fixed-term contract or another temporary contract ("Le contrat de travail à durée indéterminée (CDI)," 2010). For workers, this type of contract is preferred. It provides a certain level of job security as the contracts are difficult for employers to terminate (EIU ViewsWire, 2008). Reasons for termination include retirement or resignation, but not much else. The contract can include special clauses, such as termination in the case of a force majeure, but they must be explicitly agreed upon by both parties at the commencement. Occasionally,

employers include a clause to permit for some form of trial period, but this is rare (“Le contrat de travail à durée indéterminée (CDI),” 2010).

The second common form of employment contract is the “contrat de travail à durée déterminée,” which is a fixed-term contract. This contract can only be used to perform a specific, temporary task in cases specified by law. The conclusion cannot result in providing a sustainable employment position that is related to the ongoing, normal activity of the company. It is specifically designated as a temporary contract and cannot substitute a permanent contract. Generally, companies use this contract for temporary positions, such as replacing someone on an extended vacation, someone with an illness or a woman during pregnancy. It is also applied in agriculture and tourism based areas where seasonal work is required (“Le contrat de travail à durée déterminée (CDD),” 2010).

Employment Initiatives

By the end of the 1990s, France felt significant pressure from their citizens and the Euro-area to implement measures to combat unemployment. The first most notable initiative was the introduction of the 35-hour work week. After much discussion during the prior year, a first law passed in June of 1998 to incentivize employers to reduce their work week to 35 hours. This law specified that by 2000, all large enterprises would be required to apply the 35-hour work week and by 2002, all small firms would be under the same restriction. Also, this law proposed several incentives for firms that could initiate the new law immediately.

Two specific actions were required in order to receive state compensation: the maximum work-week must be reduced and employment must increase. The basic incentive required that work-time be diminished by no less than 10% and recruiting be increased by at least 6%. A

higher incentive was established for those who could reduce their work-time by 15% and add on a minimum of 9% of new employees. If employers could recruit more than 9%, an even higher incentive was offered. The stipulation was that new jobs were to be created within one year of the reduced work time and the new employees had to be offered contracts of a minimum of 2 years and retained within that period. In declining industries, the government introduced an incentive to maintain existing jobs by using the 35 hour work week.

Some criticisms of the incentives included that the government openly favored growing industries versus declining industries and labor-intensive companies could benefit more than capital intensive. For small firms, it was much more difficult to reduce a work week and hire a new employee based on economies of scale. The marginal cost associated with hiring a new worker in a large firm is relatively small when compared to the marginal cost for a small firm. Another feature of the first law offered employers higher levels of aid for paying at or close to the minimum wage level. Companies that hired laborers at higher pay rates were not given incentives to do so. Subsequently, this first law encouraged labor-intensive, low-skilled and low-paying jobs. Though it is true that unemployment should decrease as a result of these methods, a deliberate policy promoting an unskilled minimum wage labor force is questionable in its desirability. One possible reason for the government's encouragement of this contract would be to employ persons, occupy them in low-paying jobs, which would ultimately reduce social security payments to the unemployed.

The actual aid offered by the government consisted of reducing contributions toward social security charges. If unemployment decreased, social security costs would diminish, and then the government would need less revenue from social security contributions to cover its costs. The

government subsequently did not need to create a new regulatory office or commission, nor did it need to make payments to incentivize employers.

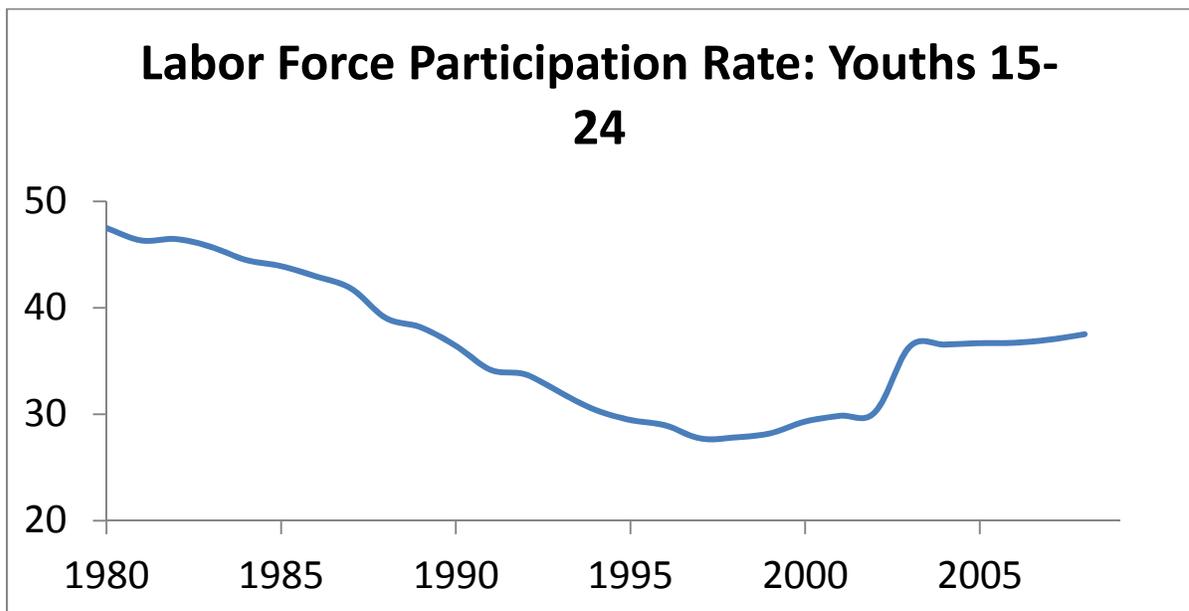
Opposition to this first law came from employers. For employers, the costs of hiring were already elevated. Reducing the workweek for existing employees also cost the company in terms of increased overtime pay requirements. Companies believed there was an extreme inconvenience of managing more employees with less individual hours between them. Hypothetically, if a project manager had to organize a group of 8 employees as opposed to a group of 6, the 35-hour work week had potential to make certain projects more difficult.

By December 1999, almost half of the enterprises in France responded to the incentives proposed by the law. Roughly 150,000 jobs were created in this time frame, 85% of which are attributed to the creation of new jobs (Ashta, 2000). Concerning unemployment rates, youths dropped from 22.8% unemployment in 1997 to 15.9% unemployment by 2001. Total unemployment dropped from 10.9% in 1997 to 7.9% in 2001 (United States Bureau of Labor Statistics, 2011).

In July of 1998, another act was passed to target youth unemployment. This act created the “contrat de qualification de jeunes” (La Service Public de la Diffusion Du Droit, 1998). The purpose of this contract was to allow youths an easier method of acquiring professional qualifications. Youths aged 16-25 could start this contract, even without a vocational education diploma or higher. The contract would last from 6-24 months for a 35-39 hour workweek, depending on when the enterprise would be adapting to the law, and would conclude at the end. At least 25% of the duration of the contract would be spent at a training center learning a particular skill. A guardian would be assigned to up to 3 youths to ensure that they were being properly trained in the skill. The youth could then be rehired at a new work station, or in a

position that required further training. At the end of the training, if the youth is unable to find another job, he or she would then be entitled to unemployment benefits. To incentivize companies to participate in this training program, the government offered exemption from social security payments. The funding for the training programs would be reimbursed by an agency responsible for the participation of enterprises in continuing education. This contract was eventually replaced by the “contrat de professionnalisation,” which is still in use today (Chambre de Commerce et d’Industrie de Paris, 2003).

From these two initiatives as well as other smaller policy changes, positive results started appearing. After several stable years of elevated unemployment, the rate began reducing significantly. Paired with a reintroduction of French youths into the labor force participation rate, the labor market showed positive prospects and good economic news.



Over the previous years, there was a steady decline in the labor force participation rate among youths age 15-24. In 1998, a trend reversal in the labor force participation rate is observed after the instatement of the 35 hour work week and the introduction of a training program (contrat de qualification) for youths (International Labour Organization: Key Indicators

of the Labour Market, 2011, Table 1b). By 2004, the economic recovery created by these policy initiatives slowed. The sudden hike in labor force participation rate for youths plateaued. The total unemployment rate rose again between 2001 and 2004 from 7.9% to 9% respectively. More significantly, youth unemployment augmented from 15.9% to 20.8% respectively (United States Bureau of Labor Statistics, 2011), reaffirming France's deeply rooted and long-term struggle to control its macroeconomic inadequacies.

Urgency

According to the IMF, the macroeconomic policies from the end of the 1990s through the beginning part of the 2000s were focused largely on changing active programs within the existing establishment rather than changing the structure of the institutions. The remedial actions by the government relied on incentives to business to cut contributions to social security, which decreased government revenue sources in the long-term while only decreasing unemployment in the short-term. In mid-2005, the French government authorized a "plan d'urgence pour l'emploi", which put unemployment reduction at the top of the list for economic policy action. The plan included introducing a new type of contract to offer small business owners some relief from the protection laws. Small business owners could use the new labor contracts to make the option to be able to hire and fire employees at will available within the first two years of employment. It also simplified administrative procedures, provided an income tax credit to promote employment of youths, and administrative deregulation to improve employment in the service sector (International Monetary Fund, 2005).

The Protests of 2006

The "loi pour l'égalité des chances" introduced in 2006 by Prime Minister Dominique de Villepin was originally intended as an effort to curb the high unemployment. Among the many detailed reforms passed on March 9th was the introduction of a new type of labor contract.

The "contrat première embauche" was intended to create the opportunity for employers to hire without having to guarantee a determined duration for the position. The CPE (section 2 article 8) specifically cited that the employer or the employee may terminate the position within the first two years of the contract. If the employer terminated the contract, they would simply notify the employee with a certified letter. The addition of this type of contract would introduce a form of at-will hiring into French labor law with the intention of "equal opportunities," specifically for laborers under the age of 26.

By March 20th, labor unions and student groups had set a deadline for the government to withdraw the labor law or face serious strikes. President Jacques Chirac and Prime Minister Villepin were willing to debate and modify the law with the unions in order to reduce unemployment, but unions such as UNEF refused to talk until the contracts were withdrawn. Critics felt that the contracts threatened worker's rights and job security (Godard, 2006). Exactly one week after calling for the strike, over a million people stormed into the streets of over 250 cities in France. Although protests had continued throughout the month, the general strike led mostly by students and labor unions had a huge impact. The 36 hour strike led to closed government offices, banks, schools, the Eiffel Tower and more. Protestors turned to violence as they went through the streets, and the images were not lost in the media (Sciolino, E., & Smith, C. S., 2006).

For the French, particularly the students and labor unions in France, the introduction of this contract would strip workers of their protections. In a market of high unemployment, students in particular felt threatened by the ability of employers to fire them at-will. High unemployment for youths gave reason for policy makers to specifically target a youth-oriented program.

Yet the details of the new contracts seemed to be specifically targeted against youth working rights, which suggested youths were less important to employ in long term or skilled positions (Fathom Consulting, 2006). Economist Raymond Toress of the Organisation for Economic Co-Operation and Development echoed the IMF's report from the previous year that the labor market in France needed serious fundamental reforms, not just an addition of a new type of work contract. In order to allow for a flexible market, the economy would have to undergo serious modifications. Generally, weak economic growth can result in high unemployment, but for France, even strong periods of growth still maintain high unemployment levels (Tran, 2006).

At the end of the massive demonstrations by students against the new labor contract, the French government withdrew the propositions to change the national labor law. As the government backed down, the media in the United States emerged with the opinion that French youths were incredibly misguided in their protests and that their dependence on the state was based on an elevated level of laziness. In reality, France had adopted substantially flexible contracts since the end of the 1970s. Temporary employment contracts also generally include probationary periods to enable employers to find good matches before transferring to a permanent contract. In 2000, almost half of 15-24 year olds were employed with these types of arrangements. The only new feature that the CPE provided was the ability to be fired within two

years as opposed to the ability to be flexible. The American media articles often failed to appreciate the fact that often times American students hold part time jobs, which removes them from the unemployed rate. In 2003, 21.3% of 16-19 year olds were working part-time jobs in the United States while only 1.8% of French teenagers were doing the same. Media outlets often exaggerated French students as 'fighting for the right to remain unemployed', when in reality the strikes reflected an urge to be cautious about modifying a social model in which many French citizens take pride (Howell, D. R., & Scmitt, J., 2006).

The Lost Generation

Internal flexibility in the labor market has seriously affected youths. During the most recent recession, temporary employment contracted. Between April 1, 2008 and June 30, 2009, between 237,000 and 437,000 jobs were destroyed. Youths were the worst affected by this destruction due to the high percentage of youths employed in temporary positions. Often, youths are the least compensated out of all employees. They are offered less access to unemployment insurance which puts youths at the highest risk for poverty (Chassard, Y., & Kerbourc'h, J., 2009).

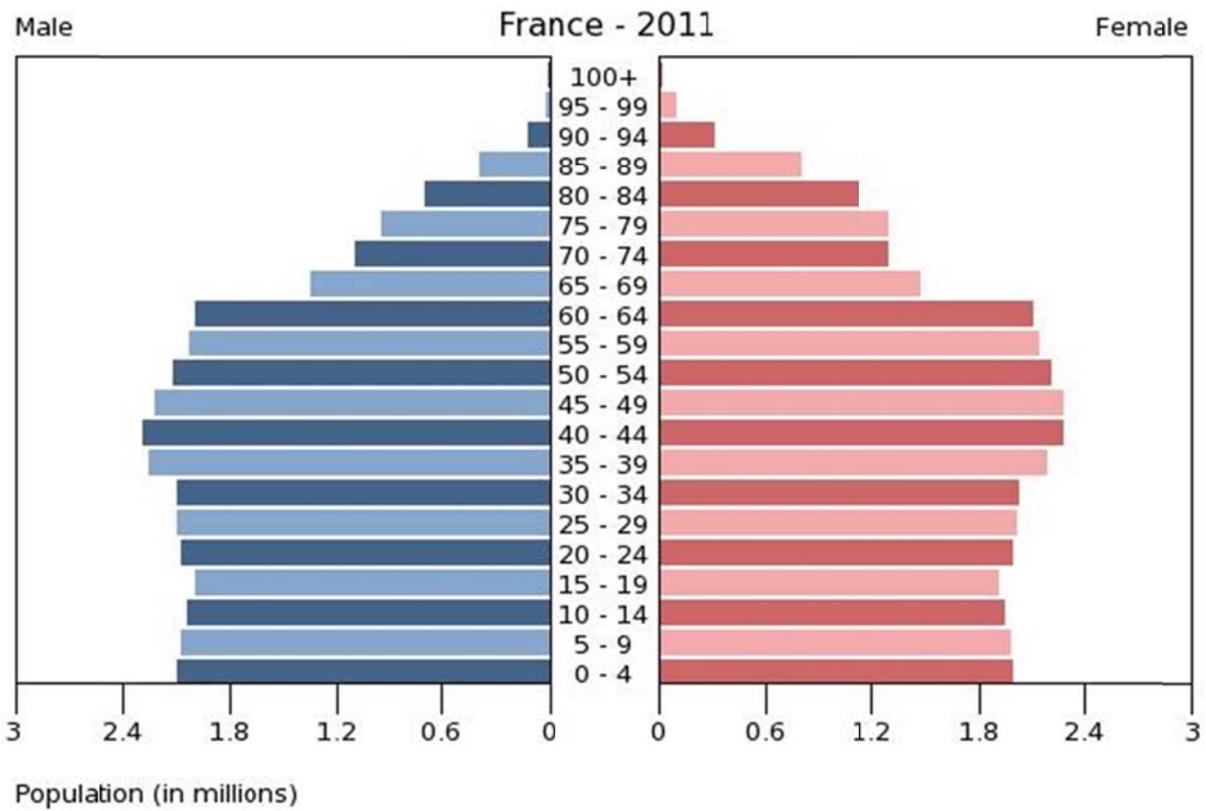
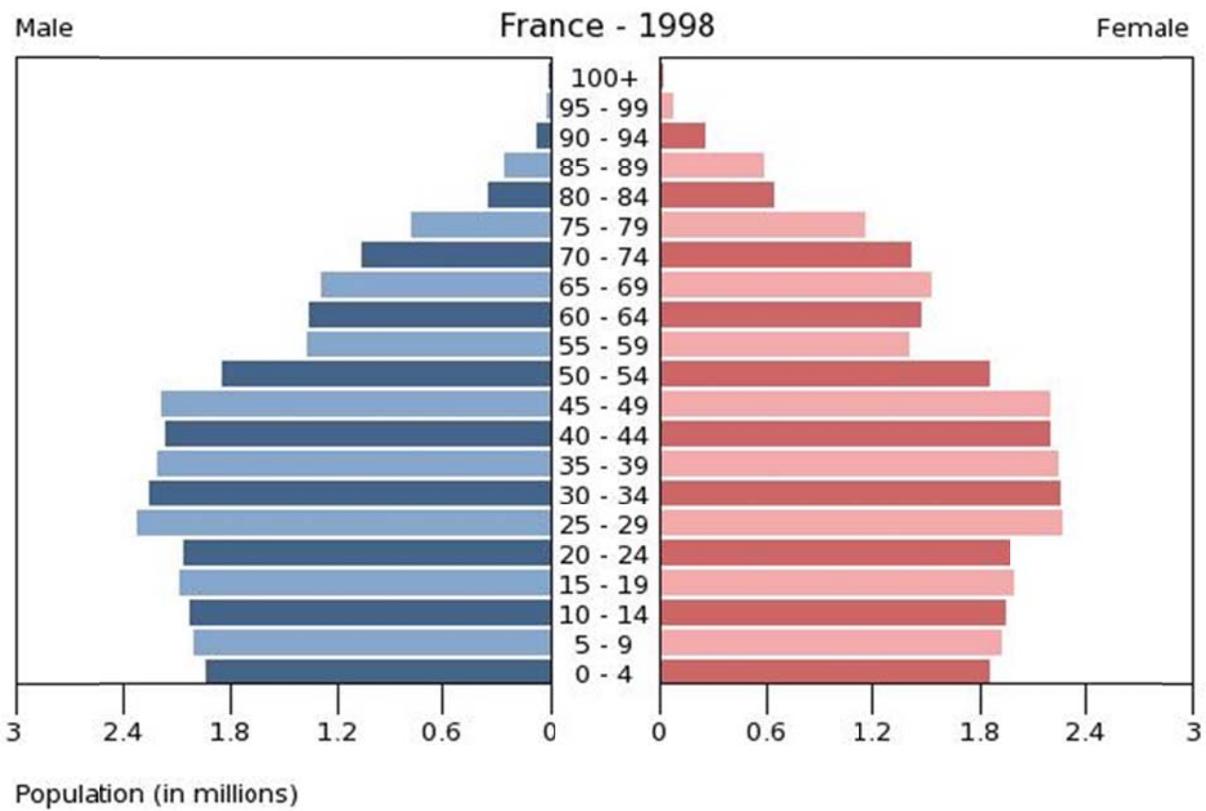
France mostly lacks an acceptable model to handle the continuing waves of transition that globalization has caused. Since OPEC and the entrance of Asia into global trade, France has experienced an extreme inability to compete. This inability to compete, combined with conflicting policy decisions, only superficially attacks deep-rooted economic issues. Many policy makers in Europe have thus far been unable to develop adequate education and training systems to equip young people with the necessary skill sets to be able to adapt to the changing global environment.

France in particular is in a transitional period with its vocational training and apprenticeship programs. Depending on how gradual the shifts in the training programs are will affect individual ability to make adjustments to a changing world. France's main attempt with its vocational training system is to maintain a level of development that responds to emerging labor market demands (Kirpal, 2004).

In France, the ongoing exclusion of youths from working life has become self-reproducing. Many researchers identify the under-25s working in temporary jobs or internships with limited benefits as an endangered generation. Across Europe, the Great Recession of 2008 showed that the under-25 employment problems are not limited to under-education or high levels of dropouts. Unemployment extends well into the pool of university graduates. The French attempts to apply flexible working arrangements in their labor contracts specifically to help youths has slightly relieved the pressure of youth unemployment. For the most part, this has only resulted in workers taking more temporary jobs, accepting lower wages, and reduced benefits. Though theoretically lower wages should be encouraging a more competitive labor market, unemployment is still elevated.

Psychologically, continual youth exclusion from the labor market has shown that these youths are also more susceptible to social exclusion. The increased dangers of low self-confidence as a result of the inability to work as well as its resulting depression can have dire consequences affecting crime and destroying community life.

The economic risks of the *génération perdue* are significant. The structural exclusion of youths from jobs means an increasingly lower revenue bracket for the state (Oxford Analytica Daily Brief Service, 2010).



(U.S. Census Bureau International Data Base, 2011).

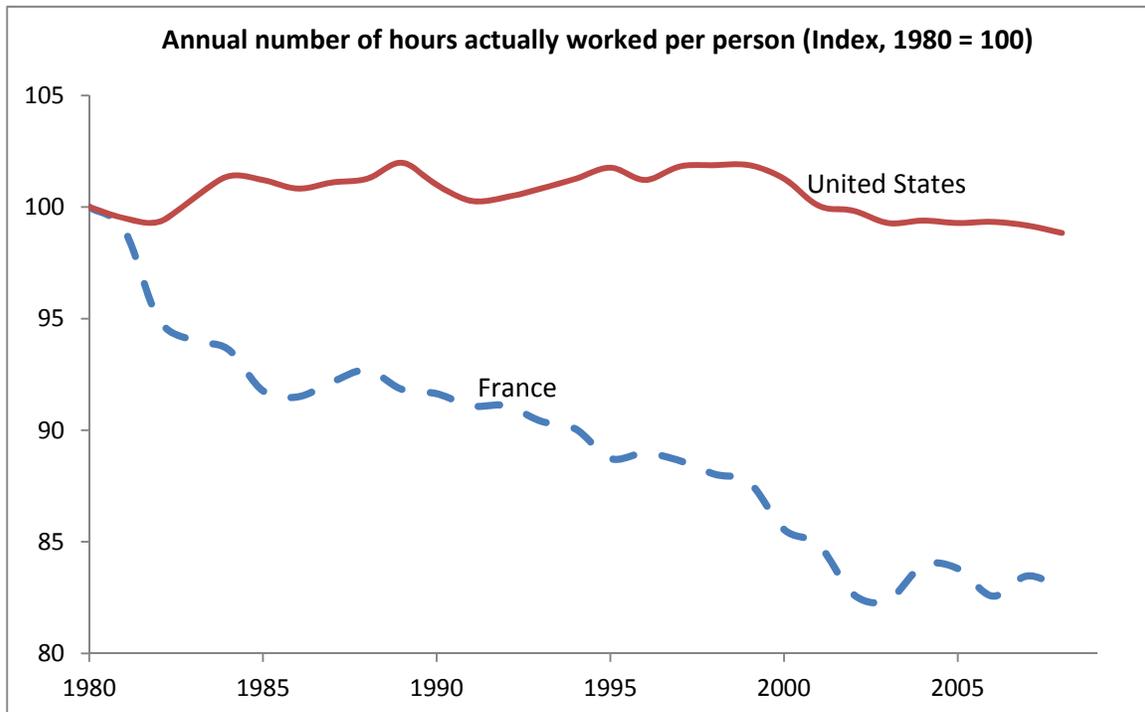
The population in France, much like other European countries and the United States, is aging. As the first waves of the post-WWII generation start retiring, this means a substantial gap between revenue and expenditures as far as social security costs. The initial attempts at sharing jobs amongst its citizens and creating work opportunities by modifying flexible working arrangements were all started at a time where the population bubble between age 25-54 were still in prime working age. As it stands now, the leading edge of this bubble is approaching retirement.

It is vital to increase workforce participation across ages, but particularly with youths. The disproportionately high levels of youth unemployment signify a failure to effectively change the structure of the market to employ youths. Since the Great Recession, the French government along with other European countries has felt extreme pressure to cut spending to reduce national debt. The young are hit the hardest by this debt. Since benefit programs and training programs are often easier to cut than reducing retirement benefits, the allocation of funds to these programs is often the first to be cut. As an effect of cutting these training programs, youths are excluded even further from the labor market and cannot contribute to tax revenue. On the other hand, the continuation of government deficits casts a national debt repayment shadow over the younger generations that had little to do with its creation.

From an aggregate demand perspective not including social security costs, there is a general loss of tax revenue. Youths who would normally be employed at higher-than-minimum wages could purchase homes or vehicles or rent with said income. Lower wages means downward pressure on these expenditures. This reduction in consumer spending and investment results in less revenue for businesses. Unemployment, lower wages, reduced spending and reduced sales result in perpetual negative feedback loops when not addressed immediately. By

this feedback loop, the government loses out not only on income tax payments but sales tax payments, property tax payments and more (Oxford Analytica Daily Brief Service, 2010).

The prevailing ideology is that France's way of life is an ideal social model for the rest of the world that workers are not willing to cede. When looking at the annual number of hours actually worked per person, a picture of increasing leisure time reflects this sentiment.



The 35 hour work week did reduce the annual number of hours actually worked per person approximately 6%, however historical data shows that French laborers have pushed for more leisure time for decades, experiencing an approximate 17% reduction in annual hours worked. In 1980, the annual number of hours for France and the United States were 1860 and 1813 respectively. By 2008, French laborers worked 1542 annual hours while the United States remained around 1792 (International Labour Organization: Key Indicators of the Labour Market, 2011, Table 6b). Laborers have protested for decades to guard their rights to leisure time and

employment security, but at an economic cost that will continue to grow and loom as long as citizens choose to favor strong employee protection laws instead of easing government debt.

Recent developments in 2010 showed the significant social clash between government reforms and citizen rights in France. President Nicolas Sarkozy submitted a series of pension reforms to change the retirement age from 60 to 62 to receive pension benefits, and from 65 to 67 to receive full benefits. The reason cited behind this is the lack of funds to support growing social security costs for the elderly. By raising the retirement age, the idea would be to prolong the working life in order to increase revenues. One of the arguments against this is based on a Reagan-style tax cut approved by President Sarkozy for the wealthy as well as larger corporations in hopes that this would increase investment and consumption. Some French citizens cited this tax cut as the loss of revenue and argued that it should have been attempted before prolonging the retirement age. One source claimed that this tax cut alone resulted in a 22 billion euro loss in tax revenue (Copé, 2010).

Eric Woerth, Sarkozy's labor minister, was in the midst of a scandal creating suspicions that the French economic system was rigged to favor the wealthy citizens as he tried to defend reforms in the National Assembly. The government held that the reforms were necessary to prevent the pension deficit from reaching almost \$27 billion by 2020. Over 2 million workers went on strike to protest the pension reform, signifying serious social distrust (O'Neil, 2010). By October, French students began joining the protests against the reform of the pension plan. The numerous reports of scandals among the elite class in France activated youths to join the strike. Reflecting back to the strikes of 2006, the government became worried that the entrance of youths into the protests would create similar scenes of violence and revolt that forced the withdrawal of the labor contract. Youths had the potential to be the worst-affected by the rise in

the retirement age because an increase in the age would prolong CDI contracts and prevent short-term job openings, furthering youth unemployment. The government refused to back down on the pension plan, which brought back sentiments to the strikes of 1968 where France was at an ultimate standstill for over a month (Campbell, 2010; Follain, 2010; Elash, 2010).

What can be done?

The most critical aspects of these ongoing battles involve finding a solution. The French government is trying to reconcile high unemployment and social welfare programs with the desire to be competitive with rising countries. The most popular decisions among policy makers and heads of state often end in deregulation and market flexibility. For youths, these decisions create a growing fear of the ability to become and remain employed as well as the fear of paying for France's looming debt. These two differences of opinion are largely incommensurable and ultimately lead to decisions that have little, if any, positive impact on economic activity.

A possibility for government action would be to improve school and university systems to include general transferable skills. Considering many youths choose not to work during their school years, providing more classes oriented around skills training or offering more degree programs that teach deliberate skill sets could help adjust the unemployment situation for under-25s as they would be more qualified for working in sectors outside of general services. These classes should be developed on skills that are in demand. France has been more successful at the development of these programs than most countries, but continued and emphatic development to further scientific research and technical skills would likely benefit youths entering the job market.

The German model for training extension and apprenticeship programs reflects French citizen's emphasis on socially valuable policy initiatives. Sustainable employment is the ultimate priority in this model, providing a long-term strategy for combatting unemployment. However, because they are long-term strategies, they require long-term commitments from both the state and employers. If it proves to be too expensive, France could install a policy that would not extend skillset training but at least help employees maintain a certain level of skill. This could help laborers re-enter the market after the economy recovers from a slump (Oxford Analytica Daily Brief Service, 2010).

On November 24th, 2009, France passed an act to set up target agreements on the development of training programs for youths. The goal is to promote companies and organizations to work with unions and associations that represent youths in industry. At this same time, the state decided to intervene in the organization of vocational training institutions. A 3 year agreement was signed with objectives for each agency to facilitate finding financing for training youths as well as allocating resources to assist these training schools with professional training and skill development of youth employees and job seekers. This plan was based on the "flexicurity" system of Denmark and provides a bridge for the ideological gap between free-market and socialist economy by providing both flexibility for employers as well as security for workers (Chassard, Y., & Kerbourc'h, J., 2009).

Currently, France's focus on austerity budget deficit reduction would make these sort of programs unlikely. The most recent policy attempt toward flexicurity seems promising. Still, France's focus on austerity budget deficit reduction would make most of these types of programs unlikely, despite the evidence that sacrifices now in training programs perpetuate and worsen the situation. Aside from ideological differences, France's largest problem is the inability to

recognize that it is a problem. Citizens and government officials must deliberately focus public policy on the extremely special circumstances that youths are currently facing. The prolonged periods of unemployment coupled with unrest that cripples active policy decisions could result in severe consequences for France.

Works Cited

- Ashta, A. (2000, September 23-29). "France Shortens Work-Week: Sharing Scarce Jobs". *Economic and Political Weekly*, 35(39), 3527-32.
- Campbell, M. (2010, October 4). Students Take on Sarko's Jobs Plan. *The Australian*, 10.
- Chambre de Commerce et d'Industrie de Paris. (2003, June). *Le contrat de qualification jeune. CCIP Formation et Recrutement*. Retrieved from <http://www.ccip93.fr/upload/lettreth/qualification-Caprh06-03.pdf>.
- Chassard, Y., & Kerbourc'h, J. (2009). Les Institutions de la Flexicurité. *Revue de l'IREs*. 63(2009/4), spécial. Available from <http://www.ires-fr.org/index.php/publications/la-revue-de-lires>.
- Copé, J. (2010, January). Niche Copé: Le Bouclier Fiscal Puissance 10. *Résultat d'exploitation(s): Le monde économique et social décrypté par un directeur financier d'une PME*. Retrieved from <http://resultat-exploitations.blogs.liberation.fr/finances/2010/10/niche-cope.html>.
- Durant, R.F., & Legge, J. S. (2002). "Politics, Public Opinion, and Privatization in France: Assessing the Calculus of Consent for Market Reforms." *Public Administration Review*, 62(3), 307-323.
- EIU ViewsWire. (2008, January 15). *France Economy: Reform of Labour Laws*. Wire Feed retrieved from <http://0-proquest.umi.com.helin.uri.edu/pqdweb?did=1423496191&sid=8&Fmt=3&clientId=16241&RQT=309&VName=PQD>
- Elash, A. (2010, October 18). France in Revolt. *The Globe and Mail*. Canada, pp. A10.

- Fathom Consulting. (2006, April 13). Fight for Your Right to be Jobless. *Financial Adviser*. 0953-5276.
- Follain, J. (2010, October 24). The New French Revolution: Youths as Young as 15 are Turning France into a Battleground in a Protest over Pensions. *The Sunday Times*. London, 1-3.
- Fourcade-Gourinchas, M., & Babb, S. L. (2002). "The Rebirth of the Liberal Creed: Paths to Neoliberalism in Four Countries." *American Journal of Sociology*, 108(3), 533-79.
- Friedman, M. (1962). *Capitalism and Freedom*. Chicago and London: The University of Chicago Press, 5-21.
- Godard, J. (2006, March 20). French Unions, Student Groups Call National Day of Strikes on March 28. *Associated Press Financial Wire – Business News*.
- Howell, D. R., & Scmitt, J. (2006, June). Vive Les Jeunes. *The American Prospect*. 17(6), 16-8.
- International Labour Organization: Key Indicators of the Labour Market. (2011). *Table 1b Labour force participation rate (national estimates; by sex and age group)* (MF 15-24). Available from <http://kilm.ilo.org>.
- International Labour Organization: Key Indicators of the Labour Market. (2011). *Table 6b Annual hours actually worked per person (France, United States)*. Available from <http://kilm.ilo.org>.
- International Monetary Fund. (2005). *France: 2005 Article IV Consultation—Staff Report, Staff Supplement, and Public Information Notice on the Executive Board Discussion* [Box 5]. Washington, DC: IMF Country Report No. 05/399.
- Kirpal, S. (2004). "Researching Work Identities in a European Context." *Career Development International*, 9(3), 199.

- Krugman, P. (2007, February 15). "Who Was Milton Friedman?" *The New York Review of Books*. Retrieved from <http://www.nybooks.com/articles/archives/2007/feb/15/who-was-milton-friedman/>.
- La Service Public de la Diffusion Du Droit. (1998). *Loi d'orientation relative à la lutte contre les exclusions* (Loi n°98-657 du 29 juillet 1998). France. Retrieved from: <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000005626296>
- Le contrat de travail à durée déterminée (CDD). (2010, September 16). In *Ministère du Travail, de l'Emploi et de la Santé*. Retrieved from <http://www.travail-emploi-sante.gouv.fr/informations-pratiques,89/fiches-pratiques,91/contrats,109/le-contrat-a-duree-determinee-cdd,979.html>.
- Le contrat de travail à durée indéterminée (CDI). (2010, April 22). In *Ministère du Travail, de l'Emploi et de la Santé*. Retrieved from <http://www.travail-emploi-sante.gouv.fr/informations-pratiques,89/fiches-pratiques,91/contrats,109/le-contrat-de-travail-a-duree,3932.html>.
- O'Neil, P. (2010, September 8). France's Social Model at Stake; Millions Strike. Protest Against Pension Reforms. *The Gazette*. Montréal: Postmedia News, pp. B6.
- Organisation for Economic Co-operation and Development. (2011). *Unit Labour Costs – Annual Indicators*. Retrieved from http://stats.oecd.org/Index.aspx?DatasetCode=ULC_ANN.
- Oxford Analytica Daily Brief Service. (2010, September 27). *Europe: Recession is creating a lost generation*, 1.
- Sciolino, E., & Smith, C. S. (2006, March 29). Protests in France Over Youth Labor Law Turn Violent. *The New York Times – Late Edition - Final*, pp. A1, Foreign Desk pp. 12.

Tran, P. (2006, March 26). French Jobs Law Threatens to Spark National Crisis. *Sunday Business*. London: pp. 1.

United States Bureau of Labor Statistics. (2011). *International Labor Comparisons Adjusted to U.S. Concepts* [Data file]. Available from <http://www.bls.gov/ilc/flscomparelf.htm>.

U.S. Census Bureau International Data Base. (2011). [Population Pyramids: France. 1998, 2011]. Population Pyramids available from <http://www.census.gov/ipc/www/idb/informationGateway.php>

World Trade Organization. (2009). *World Trade Developments in 2008* [Data table]. Available from http://www.wto.org/english/res_e/statis_e/its2009_e/its09_world_trade_dev_e.htm.