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The Jospin Way

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Since Malmö, Tony Blair has castigated all those who do not share his proselytising zeal for the 'third way'. Underpinning his view is a thinly veiled assumption that 'there is no alternative.' Another reading, advanced by Sassoon, is that—under the influence of globalisation—the whole of the European left is converging on overwhelmingly similar positions, and all else is rhetorical embellishment and detail.[1] Neither narrative is accepted here. Substantive differences *are* detectable between the 'projects' of Blair and Lionel Jospin, which go beyond the merely stylistic or rhetorical, suggesting qualitatively different 'models' of social democracy. This article examines the Jospin government's first three years against the backdrop of the debate between the British and French premiers over the future direction of the left. The analysis focuses on those areas where commentators have located the fault-lines within European social democracy—macroeconomic policy, the role of the state, labour market and welfare reform, and employment policy.

Both Jospin and Blair are committed to social justice and economic efficiency; but the debate within European social democracy continues over how great an emphasis on the former is compatible with the 'new global economy', and also by what means social democrats should seek to achieve these joint ends. Ideologically, the French Socialists have suffered from being interpreted, through the somewhat distorting prism of New Labour rhetoric, as outdated, unreconstructed socialists. Here a more nuanced account of the Jospin government is offered, putting its recent record in a wider historical context, and assessing the strengths and weaknesses of the Jospin 'project'—characterised as *réalisme de gauche* (left realism) and, still less catchily, as the *nouveau équilibre* (new balance).

Realism and balance

When Gerhard Schröder was elected to the German chancellorship in 1998, Blair saw the opportunity to create a pro-third way axis incorporating two of Europe's 'big three'—and excluding France. Emerging just ahead of the June 1999 European elections, Blair and Schröder's third way/*Neue Mitte* joint statement was portrayed in the media as the unveiling of *the* vision for the European centre-left. Blair's presuming to pronounce on the future of European social democracy annoyed the French Parti Socialiste (PS), which had for some time seen itself as offering a distinctive model of social democracy which it urges others to emulate, 'founded', according to the party's National Convention in 1996, 'upon competitiveness within a context of social justice and equality', distinct from Anglo-Saxon Rhenish models of capitalism. Furthermore, the UK seemed to be muscling in on the traditionally cosy Franco-German axis which had long been the cornerstone of European politics.

The initial response of Europe's voters to the third way/*Neue Mitte* was an unwelcome one. Schröder's SPD achieved 30.7 per cent of the vote, down 1.5 per cent, while the Christian Democratic Union gained almost 10 per cent, taking them to 48.7 per cent. Blair's New Labour won only 26 per cent of the vote, compared to the Conservatives' 34 per cent. Meanwhile, in France, where the third way was met with frosty hostility, the Socialists' vote share rose from 14.5 per cent to 22 per cent, within an overall *gauche plurielle* showing of 38 per cent.

The PS, seeing the Blair–Schröder document as an opening of the debate, produced its response at the 21st Congress of the Socialist International in Paris in 1999. This coincided with the Fabian Society publishing *Modern Socialism*, Jospin's personal response to the third way. 'If the Third Way involves finding a middle way between social democracy and neo-liberalism,' Jospin notes, 'then this approach is not mine.'[2] Instead, Jospin argues, the various elements of PS economic strategy compose an ensemble, prioritising equality and employment, a distinctive French 'model' of social democracy.

The engagement with neo-liberalism is more critical within the PS, not least because of many years of experience in government of unemployment climbing to record levels within a broadly neo-liberal economic policy paradigm—the main cause of the

PS's worst defeat in history in 1993. The criticism, however, goes deeper, rooted in a re-evaluation of the economic ideas of *laissez-faire*. Jospin calls capitalism 'a force that moves, but does not know where it is going'. This critique of freewheeling capitalism in part explains Jospin's neo-Keynesianism, according to which the role of social democratic governments in the twenty-first century, as Keynes advocated in the middle of the twentieth, is 'civilising the market economy'. As a recurrent Jospin soundbite (reprised in the Blair–Schröder statement) puts it, he is 'for the market economy, not for the market society'. Thus one element of the French model is welfare and labour market institutions limiting inequalities.

Neo-Keynesianism combines within *réalisme de gauche* with a characteristically French faith in the corrective powers of state intervention in the economy, and the state's ability to deliver 'goods' such as greater equality. 'The regulation of capitalism', Jospin observes, 'is essential and requires an active state.' The 'active state', or *volontarisme*, is another core feature of the French model, providing capitalism with the necessary direction by operating as a protector of the public sector, as a strategic actor and as an enabler.

In the context of French ideological traditions, eulogising about the powers of the state is commonplace, and transcends the left/right divide in France. This aspect of *réalisme de gauche* provokes hostility from New Labour, which, mistaking *volontarisme* for interventionism in the Colbertist tradition, paints Jospin as an excessively statist dinosaur. Yet this fails to capture how *volontarisme* operates today. As Jospin notes, 'The concept of *volontarisme* does not set up the state in opposition to the market, but instead creates a new alliance between the two.' This rehabilitation of the market under Jospin, and the 'new balance' in operation, is demonstrated not only in the embracing of a swathe of privatisations but also in the restructuring of French capitalism. The government's guiding of this process has worked with the grain of the market, exploiting the constitutional peculiarities of the French public services to secure egalitarian outcomes, and the state's enduring co-ordinating role within French capitalism. Through such quasi-*dirigiste* methods, Jospin has forged new strategic alliances in areas such as defence and telecommunications, and protected cherished public services.

Another dimension of *réalisme de gauche*, at least as significant as those already cited, is the inherent pragmatism and political realism of the Jospin administration. The governmental experience of French socialism in the past twenty years, and in particular the U-turn of 1983, has made the PS painfully aware of the limits of the possible. Jospin's method reflects this, involving exploration of any room to manoeuvre—however small—within a realistic assessment of the political and economic constraints faced by a coalition government in an open economy.

Political context

After three years, the Jospin government appears to be shipping 'heavyweights' at an alarming rate. First Strauss-Kahn, then Chevènement, and soon Aubry (who plans to resign and spend more time with her mayoral bid for Lille, and long-term aspirations for Matignon). In fact, the only heavyweight left—Fabius—was still trading punches with Jospin not five years ago, when he backed Emmanuelli (who recently fanned the factional flames ahead of the Grenoble Congress) for the presidential candidacy. Such developments raise questions about Jospin's capacity to control both a party where the Fabius and Emmanuelli camps are once again beginning to make their presence felt, and a governing coalition which, for the first time, has one constituent formation (Chevènement's Mouvement des Citoyens) not represented in the government.

Nevertheless, the Jospin government's record so far is a positive one. Electorally, Jospin's 'new alliance' between middle and working classes recalls Jean Poperen's 'class front' analysis—first offered as the rationale behind the PS's political and electoral strategy in the 1970s. Recent electoral results suggest the strategy remains viable. Despite a volatile electorate, the left promises a strong showing in the electoral showdown with an increasingly divided right in 2002.

Macroeconomic policy

The Jospin government's attachment to Keynesian ideas reflects a French *penchant* for an active role for the state in economic affairs (Jacques Chirac was scarcely less Keynesian—rhetorically, at least—than his rival when beating Jospin to the Elysée Palace in 1995). More specifically, it reflects frustration with the failings of the neo-liberal ‘competitive disinflation’, which saw austerity measures reduce purchasing power, capital’s share of added value increase at the expense of labour, and unemployment rise inexorably. As a result, the PS argues, the French economy suffers from a structural insufficiency of demand. Given such a diagnosis, the cure inevitably has a Keynesian air: boosting consumption by redistributing wealth to lower earners with a high propensity to spend. Yet Jospin appreciates that, in the absence of a wider reorientation of macroeconomic policy at the European level (which the PS continues to advocate, although in less propitious circumstances since the demise of the Lafontaine–Strauss–Kahn axis), the neo-Keynesian dimensions to macroeconomic policy will be balanced by an overall concern for stability.

Some broadly Keynesian redistributive fiscal measures have been enacted. Tax cuts for the low-paid in March 2000 were followed up in September 2000 by a more ambitious series of tax cuts. These contained certain significant redistributive measures—most notably the reduction of *Contribution Sociale Généralisée* (CSG) for low earners, and the planned exemption from CSG for those on the minimum wage by 2003. However, the context of these redistributive measures was a more generalised *largesse* and lightening of the fiscal load, in particular, on small and medium-sized firms. While some tax cuts could find Keynesian justification, others, such as a reduction in income tax rates for all income bands—including the highest—seem to have a more populist logic, given the ‘war chest’ provided by economic growth, and the proximity of forthcoming elections. Yet all this continues in a context of deficit reduction and budget balancing, or, as Gordon Brown would put it, prudence.

Since the advent of the single European currency, French macroeconomic policy clearly has to be considered in a wider European context. Europe continues to be a source of unease for the Jospin government, since its 1997 programme was predicated upon a reorientation of the process of European construction, towards growth-oriented macroeconomic co-ordination and a strengthening of ‘*l’Europe sociale*’. To a large extent, aspirations for such a reorientation foundered at Amsterdam, with the ‘Growth and Stability Pact’ leaving the domestic room to manoeuvre considerably smaller than Jospin had hoped. In this light, Chevènement’s departure takes on a more troubling air for Jospin, promising to lay bare such tensions now that the most vociferously Euro-sceptic part of the *gauche plurielle* is outside government. As Chevènement famously observed on leaving the government in 1983, ‘a minister shuts up, or walks.’ Presumably we can look forward to Chevènement, having walked, being ever more loquacious on matters European (among others) from atop his ‘Republican pole’, in the run-up to the next presidential election.

That said, the macroeconomic context has up to now remained broadly consistent with Jospin’s wish-list, as expressed in the four criteria for passage to the euro set out in the PS legislative election manifesto of 1997. Only his desire for an ‘economic government’, a political counterweight to the ECB, has not been realised (although Jospin and his finance minister Laurent Fabius harbour ambitions for the euro-11 group to take on such a role). Jospin’s principal concern in 1997 was that the euro should not be overvalued *vis-à-vis* the dollar, a condition which has been realised a little too well, even for Jospin’s liking.[3] Nevertheless, the ‘soft’ euro has been highly advantageous to the French economy, permitting precisely the kind of expansion the PS had advocated.

Privatisation, deregulation—and *dirigisme*?

Some commentators point to the ‘paradox’ of ‘leftist’ Jospin privatising more than ‘modernising’ Blair. On closer inspection, however, the paradox dissolves. First, some of the privatisations are simply the fruition of laws passed by the predecessor government. Secondly, French Socialists have a history of tolerating ‘partial privatisation’—for example, the sale of subsidiaries—where control is retained, even if ownership is partially conceded (such Socialist ‘privatisations’ date back to the Fabius government of 1984–6). Third, and most important, the Jospin government has not simply ‘rolled back’ the state through privatisation.

Jospin’s government has displayed pragmatism in adjusting to new realities, but also the ability to exploit new, quasi-*dirigiste* means to carve out an activist role for the state, in both restructuring French capitalism and preserving French public services. Traditional methods of *dirigiste* interventionism have been rendered largely obsolete by deregulation and liberalisation, as well as stringent EU anti-trust directives. Yet Jospin has exploited the opportunity presented by EU pressures to open up state-owned monopolies to competition to engage in strategic restructuring of the energy, telecommunications and defence sectors, thus pursuing industrial policy by novel means.

The state's role is now more 'hands-off', the approach more market-compatible, attesting to the 'new balance' being struck between state and market in France. Until recently, many in the PS (as well as the PS's electoral allies) still sought extensive public ownership in the competitive sector, and Jospin's 1997 manifesto reflected these enduring ambitions. However, once in office, Jospin's emphasis shifted from ownership to enduring influence. Partially 'opening up' the capital of firms such as Air France, Thomson-CSF and Aerospatiale came to be seen as a way of restructuring French firms, forging strategic alliances to equip them better for the global marketplace, while the state could either retain the controlling interest or ensure control ended up in safe hands. France Télécom illustrates the enduring strategic state role despite deregulation and privatisation. A public sale of shares in October 1997 reduced state holdings in the company to 76.8 per cent, with the government hand-picking a *noyau dur* or hard core of 'friendly' institutional investors, in this case Bouygues and Compagnie Générale des Eaux. The sell-off also served to consolidate cross-shareholdings with Deutsche Telekom & Sprint, enabling France Telecom to operate on a global scale while retaining its public service mission and status.

The Jospin government's ability to guide developments in the telecommunications industry was further demonstrated by the 'beauty contest' it organised for the sale of UMTS mobile phone licences, thereby playing a *de facto* gatekeeper role in the restructuring of the French telecommunications industry. The government selected only established French mobile phone operators as potential licensees. The move was justified in terms of the need to maintain principles of universal service enshrined in the French legal definition of public service. Thus, despite considerable upheavals within French capitalism, the Jospin government continues to assume the state's role as a strategic 'player', albeit by different means, and with reduced direct control.

The Jospin government has also successfully 'defended' the public sector monopolies Electricité de France (EDF) and Gaz de France (GDF) against liberalisation by exploiting the constitutional prerogatives of the *service publique*. The public service employment status of EDF workers was retained; only one-third of the market was opened up, with the state choosing which clients could shop around; and the state imposed public service conditions on competitors.[4] Recently, a decision not to change the corporate status of GDF (which was initially to have been transformed into a limited company, with EDF and Totalfina as core shareholders) was further evidence of the desire—and ability—of the Jospin government, under duress from Communist coalition partners, to preserve a particularly French approach to the public sector in general, and public services in particular.

Welfare reform

The French approach to welfare reform differs markedly from that in the UK, due both to institutional particularities and to differing priorities. Jospin is unconvinced by the argument that global economic constraints place tight limits on the extent of welfare provision, and still less enamoured by the levels of welfare provision, and the degree of inequality these perceived limits permit, in the UK case. Jospin's welfare agenda displays a desire to retain fairly generous provision, tempered by an appreciation of the need for some welfare retrenchment.

The logic of the (limited) restructuring undertaken seeks to shift French *droits acquis*—or unconditional social rights—away from a 'Christian democratic' notion of entitlement based upon contribution record, and towards a notion of social security as a right of each individual as a citizen. This is, in one sense, going in the *opposite* direction from the Blair government, which is forging ever closer links between welfare and work. Part of the difference is traceable to historical institutional differences, but it also hints at rather different conceptions of welfare. Welfare policy plays a role in employment policy—but its fundamental aim is inclusion, and indeed *redistribution* to the poor. Thus, for Jospin, distinctions between the working and non-working poor are unhelpful, since *both* should benefit from the social democratic impetus for the welfare state to redistribute in their favour. The Jospin government's difficulty is marrying this social democratic logic to an essentially Christian democratic welfare system, founded on income maintenance rather than poverty alleviation or universalistic redistribution.

Jospin has nevertheless achieved some redistribution, raising the SMIC (minimum wage) by 4 per cent (well above the rate of inflation) on entering office. In December

1998, the *Revenu Minimum d'Insertion* and two similar minimum income guarantees were raised by 3 per cent, backdated a year. While redistributing wealth to low and non-earners hinted at the 'neo-Keynesianism' of *réalisme de gauche*, this was no return to the Keynesian reflation of 1981–3. Both redistribution and the consumption boost were kept within quite tight limits in the face of macroeconomic constraints. Indeed, Jospin's pragmatic realism held back SMIC increases to the legal minimum of 3.2 per cent in 1999 and 2000, despite a context of strong economic growth.

Some measures have aimed at reducing entitlements, such as means-testing family allowances, but Jospin has eschewed thorough restructuring.[5] Social security reforms appear less pressing since the extension of the CSG helped these funds back into the black for the first time in over 20 years. The Jospin government's biggest achievement on the welfare front has been the establishment of universal health cover. As part of the wider attempt to change the philosophy underpinning France's *droits acquis*, health care formerly funded disproportionately by employee contributions is now increasingly funded by CSG, i.e. general taxation.

The generosity of French welfare provision should not be overstated. Coverage under the French welfare system is patchy. The link between contribution and entitlement is most glaringly iniquitous in unemployment insurance. Restrictions on access to the funds (for example, the requirement of five years' work in the last ten) have not been adjusted to take account of the new forms of work and leave much of the 'precarious' workforce (young, unskilled, temporary contracts) excluded from the unemployment insurance regime. Furthermore, since 1992, when the funds were in crisis and had to be bailed out by the government, those not finding work see their benefits diminishing over time. This leaves the long-term unemployed particularly vulnerable to social exclusion.

The current position illustrates the system's anomalies—with the funds carrying huge surpluses due to the economic upswing, but with millions unemployed, and many of them not covered by the scheme. The Jospin government would like access to those surpluses—seen as 'payback' for the 1992 bail-out—to fund its programme, but the state does not run the funds, which are managed jointly by employer and employee representatives. This has created friction between the social partners and the Jospin government, with the MEDEF (the *Patronat*'s peak organisation) pushing for changes in unemployment benefit with access contingent upon taking up employment or training offered, introducing a novel element of compulsion into French welfare. The CFDT has cautiously welcomed the plans, but the other unions, such as the CGT and FO, are in uproar.

The reforms have some advantages for the government. They will remove progressive reductions in benefits, and will reduce worker and employer contributions, which is part of Jospin's 'employment centred social policy' *à la française*. However, the Jospin government remains hostile, both because of the element of compulsion and, more fundamentally, because the reforms do not change the logic underpinning the benefits system. There are fears of a two-tier welfare system, with the 'included' workforce enjoying contribution-based benefits from the funds as an unconditional right, while the excluded and insecure workforce must rely state benefits, likely to be increasingly means-tested.

Tackling employment

Recent improvements in the employment situation on both sides of the channel have brought talk of full employment back on to the social democratic agenda. As for the means to achieve this, Blair and Schröder observe in their joint statement on the third way/*Neue Mitte* that 'demand and supply-side policies go together . . . Modern social democrats recognise that supply-side policies have a central and complementary role to play.'

The PS do not dissent from this view, but take issue with the precise *mix* of policies, and argue for a much more preponderant for role the state in employment policy. It also has more faith in macroeconomic activism to combat unemployment at the EU level. The French Socialists 'do not set up microeconomic and macroeconomic policy in opposition to one another . . . we can act through macroeconomic policy, through rebalancing social security contributions between factors of production, by active labour market policy, by employment subsidies, through training, and through a reduction of the working week.'[6] With the Growth and Stability Pact constraining neo-Keynesian attempts to redress the perceived structural insufficiency of demand, here the focus is on other areas of this eclectic approach.

Labour market reform

The register for discussion of labour market reform among proponents of the third way/*Neue Mitte* has tended to involve praising US growth and job creation, looking disdainfully at continental Europe's lesser achievements, and concluding that labour markets are 'too rigid' and in need of structural reform. The focus is on the costs and benefits of a more 'flexible' institutional framework; Blair emphasises the benefits of being, and rejoices in Britain's position as, the 'most lightly regulated labour market in any leading economy in the world'. For the PS, the costs are uppermost in the mind. While accepting the need for some structural reforms, they insist: 'We cannot accept that "flexibility" translates into a generalisation of job insecurity.'[7] Underpinning the French model are clear limits on the degree of wage inequality and the ease of 'hiring and firing'.

In the French case, a focus on the 'rigidities' of the labour market ignores very substantial 'flexibilisation' in the last fifteen years. In 1986, the labour inspectorate ended required notification of planned mass redundancies. In the late 1980s and 1990s, laws on working time enhanced temporal flexibility through company-level negotiation. Increasingly differentiated work contracts have augmented flexibility considerably, leading to a spectacular expansion of fixed-term, part-time and temporary contracts (*contrats de durée determinée*—CDD).[8] Indeed, the focus of the French debate centres largely on how to reduce job insecurity in the face of these sea changes in French labour market practice. Although the *Plan Aubry* introduced *longer* fixed contracts (five years), overall the Jospin has made little impact on the growth of CDDs.

The Jospin government has enjoyed more success in introducing elements of a labour market reform agenda to which, differences of emphasis notwithstanding, both New Labour and the PS can subscribe. The overall aims are to facilitate small and medium-sized firms in hiring new employees, and to increase the level of low-wage employment, in part by bringing down non-wage employer costs. Since 1997, new 'in-work benefits' subsidise cheap labour by reducing employers' social security contributions, and financial incentives encourage employers to hire extra low-skill workers. Successive budgets have introduced fiscal stimuli, again reducing employers' costs—particularly on hiring low earners. Over five years, the Professional Tax, currently levied on employers' wage bills, will be shifted to exclude wages, releasing small and medium-sized firms from a powerful disincentive to hire new workers.

Public sector job creation and 'structural' reforms

Such 'employment centred social policy' is but one facet of Jospin's employment policy. Another dimension is a set of state-orchestrated structural reforms, principally the move to a 35 hour working week, and the *Plan Aubry* youth employment creation scheme. The *Plan Aubry* confirms the role of public sector job creation in tackling unemployment. State-led employment creation schemes have become a structural feature of the French model. The *Plan Aubry* pledged 350,000 private sector and 350,000 public sector jobs over five years (in clear distinction from the Blair government's New Deal, which operates mainly through changing incentives to employment in the private sector). The scheme claimed, somewhat spuriously, to identify new forms of employment in the 'third sector', where neither private nor public sector had hitherto operated, ranging from ensuring safety in schools and on public transport to urban and environmental regeneration. The precise impact of the *Plan Aubry* is difficult to discern, with unresolved issues surrounding what will happen to these jobs when the five-year contracts are up, and to what extent the private sector will respond to the public sector's lead. Nevertheless, early results have been encouraging, with 95,000 jobs created in the public sector in 1998.

The 35 hour week has been something of a flagship policy for the Jospin government, seen as a rejection of the neo-liberal interpretation of globalisation and its implications for structural reform of labour market institutions. The 35 hour week forms an integral part of the PS's own 'model' of capitalism, 'putting the economy at the service of man, and not the opposite'.[9] Such an approach questions whether ever greater deregulation really is a necessary condition of labour market policy in a globalising economy. The sentiment is that the 'flexibilisation' already undertaken is largely sufficient—and that further labour market reform could raise separation rates and wage inequalities to unacceptable levels.

For all the ideological symbolism of the 35 hour week, pragmatism pervades the policy's implementation. The law is justified in economic efficiency terms by anticipated gains in productivity. Lower fatigue levels of workers, less absenteeism and a more efficient organisation of working time will, it is argued, all improve productivity and reduce production costs. Indeed, the premise of the law is that the burden of cost arising from the transition must be shouldered by state and employees, but *not* by firms. Dovetailing with the ‘employment centred social policy` measures outlined above, as part of the shift to 35 hours, incentives to hire have been offered in the forms of reduced employer social security contributions.

Funding for the 35 hour week programme is one mooted destination for the unemployment insurance fund surpluses the government is trying to prise out of the UNEDIC. In the longer term, it is anticipated that gains from tax receipts, coupled with reductions in social security, minimum income scheme and unemployment benefit bills will within five years compensate fully for increased expenditure through state aids. Such budget balancing is further evidence of the pragmatic reformism of the Jospin government.

The law implicitly recognises the need for wage moderation, particularly for higher earners, so that firms can stabilise their wage costs. This recalls negotiated redistribution, whereby those in work are effectively called upon to share both their jobs and their salaries with the unemployed as a means of furthering social democratic egalitarian employment policy. Jospin has placed great emphasis on employer/employee negotiation, what he calls ‘a great movement of social dialogue within companies, dealing with wide-ranging issues such as wages, working patterns and safety at the workplace [benefiting] employees and employers’.[10] The limits of such ‘neo-corporatism’ in the French case are illustrated by the enduringly fractious relations with the ‘social partners’ not only over the 35 hour week, but also welfare and pension reform.

Implementation of the 35 hour week has made ‘macro-level’ negotiations between social partners more problematic in a number of ways. First, negotiations take place primarily at plant level, reinforcing the shift away from branch level and making national co-ordination more problematic. Second, there is hostility to the whole project of the 35 hour week from the *Patronat*, which dates back to the perceived ‘steamrollering’ of employers into an agreement at the national salaries conference in October 1997. The MEDEF leader, Ernest-Antoine Seillere, has been an outspoken critic at every stage, despite the fact that the ‘annualisation’ of the 35 hour week—or spreading work over the whole year—gives employers scope to expand temporal flexibility. Third, annualisation, compounded by the realisation of the workforce of the degree of wage moderation—even wage freezes—implicit in the broad agreements which set the parameters of their negotiations, has provoked hostility from the unions, and led to a number of public sector strikes.

For all these teething troubles, the advent of the 35 hour week has not seen the collapse of productivity, profits or investment as M. Seillere predicted. Indeed, productivity has risen, and France remains the number one destination for inward foreign direct investment in the EU, illustrating that the French model of social democracy *is* compatible with the new internationalised economy. How many jobs have been created by the 35 hour week is disputed. The government’s figure of 152,000 is rejected by the MEDEF, who put these new posts down to economic growth. Nevertheless, the combination of ‘employment centred social policies’, structural reforms and ‘*volontariste*’ measures, not to mention a favourable macroeconomic context provided by a ‘soft’ euro, has allowed the Jospin government to claim conspicuous successes on the employment front. Unemployment fell below 10 per cent this year, with a total of 2,371,300 unemployed—down from 3.2 million (12.5 per cent) when Jospin took office. On current trends, unemployment is set to dip below 9 per cent by the end of next year.[11] Jospin now talks of the creation of a full employment society—something no one on the French left has done since the dramatic policy U-turn of 1983.

Conclusion

Three years in, despite a little local difficulty in the form of resignations and imminent departures, the Jospin government’s record is positive. A role for the ‘active state’ has been successfully carved out in the restructuring of French capitalism and the public sector. Some redistributive measures have been achieved, although thoroughgoing restructuring the welfare state along more social democratic lines remains elusive. The establishment of universal health cover is an important first step, but future, trickier, decisions have been postponed until after the 2002 elections. Most significantly, however, Jospin’s employment record, thanks in part to the 35 hour week, has been very positive, and the economy continues to grow.

As a ‘model’ for the future development of social democracy, the balance sheet is again positive. The success in tackling employment policy (where numerous previous French governments conspicuously failed) gives credence to the PS’s calls for an eclectic approach to employment policy, combining elements of ‘employment centred social policy’ with a dose of public sector employment creation, and a state-orchestrated shift to a 35 hour week. This clearly indicates that there *is* an alternative. *Réalisme de gauche*, with its active role for the state, relatively generous welfare provision, limited labour market flexibility, neo-Keynesian macroeconomics and enthusiasm for EU macroeconomic co-ordination, has fared at least as well New Labour’s third way, giving the lie to Blair’s misleadingly monotheist view of the future of the left.

Notes

1 Donald Sassoon, ‘Don’t Misread Jospin’, *New Statesman*, 25 April 1997; ‘Fin de Siècle Socialism: The United, Modest Left’, *New Left Review*, no. 227, 1998.

2 Lionel Jospin, *Modern Socialism*, London, Fabian Society, 1999, p. 4. The excerpts in the following passage are all from *Modern Socialism*.

3 In May 2000, Jospin voiced concerns at the weakness of the euro, and promised greater political support for the currency under the French EU presidency: *Financial Times*, 10 May 2000.

4 See A. Cole, ‘*Le Service Publique* under Stress’, *West European Politics*, 1999.

5 The limits of the possible have also been in evidence in attempts to tackle pension reform, where French attachment to generous pensions and early retirement threaten to plough a FFr 170bn hole in French pension funds over the next 20 years. A 32 strong review commission has been set up, effectively kicking the problem into touch until after the all-important 2002 elections.

6 Parti Socialiste, *Vers un monde plus juste*, reflection document prepared for the meeting of the Socialist International, Paris; repr. in *Recherche Socialiste*, no. 8, 1999, p. 31.

7 Tony Blair, Foreword to *Fairness At Work*, London, Stationery Office, 1998; Parti Socialiste, *Vers un monde plus juste*, p. 31.

8 Despite concerns to limit the abuse of CDDs, their number tripled between 1982 and 1997, with 850,000 employees (6 per cent of the total) in the private sector working under such contracts. It is no coincidence that the majority of employees on these contracts are the least qualified.

9 Lionel Jospin, speech at the PS Congress, Brest, 21 November 1997.

10 Lionel Jospin, *Modern Socialism*, p. 11.

11 In the first quarter of 2000, 140,000 new jobs were created in the private sector. In total, in the previous 12 months, 430,000 jobs were created. These increases are spread across all sectors, with service by far the most dynamic. See Robert Graham, 'France: Jobs Materialise at a Healthy Rate', *Financial Times*, 14 June 2000.