



WORLD

Reforming In the Face of Resistance

The French may not be fans of change, but Sarkozy continues to push through a raft of new policies. And his supporters want even more

BY BRUCE CRUMLEY/PARIS

LAST FALL, DURING THE NEARLY TWO months of mass demonstrations, strikes, blockades and clashes between police and opponents of French President Nicolas Sarkozy's pension reform, you could be forgiven for thinking that the French would always be... well, French: a society that invests more energy in blocking change than in adapting to it. But if you zoomed out from the TV news footage that focused on millions of French protesters, you'd have heard voices of an altogether different kind, those embracing reform to the social and employment laws that have developed in France over the past few generations—and that many outside analysts blame for the nation's inability to fully handle the challenges of an interconnected world and an aging workforce. Despite the stereotype, there's a lot more change taking place in France than many imagine.

Foto



Just say non! A proposal by Sarkozy, above, to raise France's retirement age provoked nearly two months of strikes and protests, left

including liberalization of Sunday trading hours, merging the state unemployment services to help job seekers find work faster and changing labor law so that companies and consenting laid-off workers can part ways much quicker than under traditional rules. Sarkozy's government has also granted greater autonomy to French universities, done away with a heavy professional tax that companies called a brake on the creation of new jobs, and made it easier to launch small businesses.

Though the pension reforms generated heat among his opponents, many of Sarkozy's supporters say he hasn't done enough. After 12 years of stasis under Jacques Chirac, the public hunger for action was so great Sarkozy romped to victory in 2007 over Socialist rival Segolene Royal. Eagerness for change remains strong, with students, owners of small- and medium-size businesses, economists and even the occasional leftist often voicing impatience that the initial burst of measures to modernize France's administrations, economy and society have since tapered off.

Sarkozy started with a bang. Just two months after his election, he tabled a swath of measures that cut taxes and charges to businesses. He then began paring back advantageous retirement regimes for public-service workers. Given the repeated failure of successive governments to end the so-called special regimes for state employees, which allowed public-sector workers to retire earlier and under more generous pension rules than people in the private sphere, some believe Sarkozy made a fatal error by not using his victory in that key showdown to go further. They wished he had launched a series of sweeping measures to rationalize the many areas of French society that need renewal. "He'd won a landslide presidential victory and a clear mandate for reform, had large majorities in Parliament to push through legislation, and could have used the momentum from his triumph over 'special

regimes' to introduce an entire array of reforms at once," says Sabine Herold, who in 2003 became the face of what was until then France's silent majority when she organized high-profile demonstrations to counter union-led protest of government reforms. "Resistance from defeated unions and leftists would have weakened as each new front of reform was opened."

Pro-reform activists also despair of Sarkozy's tendency to turn policy innovation into a grudge match by making resounding political defeat of opponents a greater priority than compromising to find the most efficient means of change. "There is a feeling Sarkozy makes reforming such a controversial and traumatic process that when people see the results, a lot of them figure it wasn't worth the effort," says Herve Lambel, president of the Creators of Businesses and Wealth of France. "It takes time for the full consequences of reform to become clear, and people wind up losing patience."

The caution since that first rush of change means that Sarkozy still has a way to go. Despite having fulfilled campaign promises to shrink France's public sector, state jobs still constitute over 20% of the nation's total—slightly higher than in Britain and far more than German and Spanish levels of around 10% and 14%, respectively. His supporters also want Sarkozy to combat budget deficits with cuts, resolve the problems of the money-leaking public-health system without making it prohibitively expensive, and introduce liberalization of France's labor laws, which restrict the easy hiring and dismissal of employees. And businesses want him to cut salary-based social charges that employers pay the state on behalf of their workers. "Those charges represent 41.8% on top of salary paid by companies in France, vs. 12.8% in the U.K. and 12.7% in Switzerland—a cost to French businesses that limits the number of jobs we can create," says Pierre Bertrand, CEO of the Datalp company in eastern France that produces business software.

How likely is such sweeping change ahead of Sarkozy's 2012 re-election bid? Figuring out the President's intentions isn't always easy; he's recently rejected calls from conservatives to undertake controversial legal changes dear to their hearts—like erasing the last vestiges of the 35-hour workweek, which was introduced in 2000. Instead, Sarkozy is proposing less-combative initiatives like making France's complex income-tax system both clearer and more fair, something voters of all political stripes can get behind. Those aren't the kinds of measures that enthusiasts continue calling for. But for Sarkozy, they have one great benefit: they make it more likely that he will win a second term in 2012. •

On Nov. 10, a reform to the pension system increasing France's minimum retirement age from 60 to 62—and the age to qualify for a full annuity from 65 to 67—was passed into law. While that was happening, legislators were also negotiating passage of the President's plan for sweeping change in the way France's regions and departments are organized and governed. "People forget that Sarkozy was elected on an ambitious reform agenda for a society a majority of people felt needed improving," says Tristan Maupoil, founder of the Reform Our Lycées organization of students that supported—and helped negotiate—a government reorganization of France's high schools in 2009. "Most people still want that."

That's why there's been little opposition to an array of laws Sarkozy has pushed through since taking office in 2007,