

Getting Employment Going Again

An Interview with Philippe Askenazy

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If we want to adjust to the world the crisis has thrust us in, we will have to stop blaming unemployment on the “French Model.” For economist Philippe Askenazy, we need to shift from a vision of unemployment in terms of job losses, job flows, and business incentives, to the question: “Where does one need jobs in a modern society like France?”

The “French Model” Is Not The Problem

A quick diagnosis of unemployment in the past thirty years could look like this: France is a land of mass unemployment, and other countries, notably the United States, have been spared that. But the economic crisis has revealed that, particularly in the United States—but also in many European countries, such as Great Britain—employment levels were largely due to bubbles. At present, these economies, like ours, are short on jobs and are facing unemployment rates that are nearly in the double digits. This requires us to fundamentally revisit the paradigms and thinking that inform the problem of unemployment in favor of the more contemporary problem of employment and job creation.

France’s unemployment rate has experienced a kind of stability, settling in at three million jobseekers or 8% to 10% of the employable population. At the same time, one observes an expansion of underemployment, of people working part-time who want to work more, and of

people working with insecure contracts. Consequently, unemployment and its “halo” are continually growing. Once again, this phenomenon, which we witness in France, is found in most major industrialized nations and is to be explained not by an unsuitable “French model” but by a broader problem concerning capitalism as a whole.

We must fundamentally change our approach, and shift from a vision of unemployment in terms of job losses, job flows, and business incentives, to the question: “Where does one need jobs in a modern society like France?” It means putting an end to incentive strategies that are premised on confidence in private actors. These strategies are all the less likely to succeed, given that we find ourselves in a deep crisis in which businesses have no long-term outlook. They will not have such outlook next year, the year after, in three years or even, unfortunately, in four years’ time. We cannot allow ourselves to continue to sacrifice an entire generation. It is because of this uncertainty that young people today are among those who are most affected by unemployment. This is no longer acceptable. A new approach must be found, one that breaks completely with the policy paradigms pursued in most countries for the past ten, twenty, or thirty years. We must accept not that we have made mistakes, but that we have made an erroneous diagnosis, which requires starting over again on a new basis. To do so, we should begin by asking what our society needs.

The Decentralized Management of Public Sector Jobs

Concretely, what can be done? We must break taboos and free ourselves of the discourse that says that we cannot create public sector jobs because of our debt, and so on. If one considers all the policies that France has pursued over the past thirty years to fight unemployment—all of which are focused on incentive creation—it becomes clear that they all end up gradually cannibalizing themselves. We have tried inciting businesses to hire young people, the handicapped, the elderly, and women. Ultimately, we incited them to hire everyone and, at a certain moment, it no longer worked. We found ourselves in a situation where we were spending tens of billions of euros in vain.

It is entirely possible to say: we were wrong, we take responsibility for it, and we are going to reconsider a large number of programs, which, for a country like France, will free up something on the order of 15 billion euros. These 15 billion euros will make it possible to hire 500,000 people in public sector jobs. They will not necessarily be civil servants. They could be people with permanent work contracts who can transition to the private sector once it is in a position to pick up slack from the public sector when the economy rebounds. In our current crisis, one could, with such an approach, immediately get the employment machine running again. An audit would be necessary, probably at a decentralized level in each region, to identify the sectors and locations where jobs are needed—in health care, in education, in social support; to meet these needs; and, then, to undertake a vast policy of job creation, thanks to the considerable economies thus achieved.

The critical question is not debt, but efficiency. The lessons of the crisis need to be drawn immediately: it has revealed a world that is different from the one that was the basis of the major policies pursued by governments of the left and the right, in France—but also in many other European countries.

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