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Welfare state and neoliberalism in France since 1990: A critical analysis

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Abstract
This article explores the evolution of the French welfare state under the influence of neoliberal ideologies since 1990. The analysis highlights key reforms, political discourses, and socio-economic shifts, considering the tension between welfare commitments and market-oriented policies. It evaluates how neoliberalism has reshaped welfare provision, social solidarity, and public sector responsibilities. The study analyses how neoliberalism has influenced the structure and principles of the French welfare state since 1990 and also the socio-political implications of these changes. The study also argues that Neoliberal policies implemented in France since 1990 have progressively eroded the foundational principles of the welfare state, leading to increased socio-economic inequality, reduced public sector capacity, and a shift toward individual responsibility in social welfare. This study adopts a qualitative methodology using historical-institutionalist and discourse analysis. Primary sources include government reports and policy documents, parliamentary debates, and presidential addresses, speeches, and media coverage. Secondary sources consist of academic journals, books, and institutional reports from organizations such as OECD, Eurostat. The analysis is structured chronologically, focusing on major reform periods and situating them within broader ideological and institutional shifts. A chronological approach is employed, focusing on key periods: post-Maastricht (1990s), the Sarkozy-Hollande austerity years (2007–2017), and Macron's presidency since 2017.

Keywords: France, social protection, welfare state, OECD, maastricht, dirigisme, securite sociale, neo-liberalism

Introduction

The welfare state of France, a defining feature of post-World War II European social democracy, has seen significant changes during the 1990s. As neoliberal ideals advocating privatisation, deregulation, and austerity became prevalent, conflicts arose between market principles and the state's conventional responsibility for social security. The study examines the evolution of the French welfare system during the last thirty years. France's welfare state has historically served as a fundamental component of its post-war socio-political framework, defined by a dedication to universal social security, labour rights, and governmental accountability in mitigating inequities. Since the 1990s, the French welfare system has seen significant changes driven by neoliberal ideas that prioritise market efficiency, decreased public expenditure, and individual accountability. This transition mirrors wider global patterns while also addressing domestic socio-economic issues, such as elevated unemployment, state debt, demographic shifts, and European Union (EU) budgetary limitations. It has focused on the evolution of the welfare state in France from 1990 and the influence of political leadership, institutional structures, economic crises, and popular movements on reform processes and assesses their wider ramifications for social justice and democratic government. Most contemporary researchers provide substantial insights into welfare changes in France, particularly under the administrations of Chirac, Sarkozy, and Hollande (Palier, 2010: 62). Research has highlighted retrenchment mechanisms (Clasen and Clegg 2007: 176) [5] and the Europeanization of welfare policy (Ferrera 2005: 134) [8]. A thorough longitudinal study that encompasses the cumulative impacts of neoliberal policies throughout Macron's administration and into the post-COVID. A significant disconnect exists between macroeconomic changes and their micro-level effects on welfare beneficiaries and public views of governmental accountability.

The development of the French welfare state has been extensively studied in academia. Palier (2010) [24] contends that while France has preserved several characteristics of the Bismarckian model, there has been a progressive transition towards activation policies and means-testing. Clasen and Clegg (2007) [5] examine the conditionality inherent in welfare reforms across Europe, particularly in France, highlighting the growing focus on workfare and behavioural stipulations. Ferrera (2005) [8] examines the spatial politics of welfare in Europe, emphasising the impact of EU integration on national social systems. However, current work often emphasises particular eras or changes, failing to provide a thorough longitudinal study that encompasses the cumulative impacts of neoliberal reforms throughout many administrations. Furthermore, whereas macro-level policy changes are extensively recorded, there is little exploration of the lived experiences of welfare users and the evolving attitudes of state responsibility among the French public. This study also aims to address this deficiency by offering a comprehensive examination of the political, economic, and social aspects of welfare reform during the specified time.

Historical Background

France ranks as the second-largest economy within the European Union and the seventh-largest globally. The governing structure is semi-presidential and exhibits a significant level of decentralisation. The French welfare state endured significant cultural and political transformations in the 1960s and 1970s, emerging as one of the most 'generous' welfare systems globally, with social spending rising from 13.4 percent of GDP in 1960 to 29.5 percent in 1981 (Ambler 1991; Kus 2006) [3, 14]. Although the oil shocks of 1973 and 1979 significantly impacted the economy, terminating the thirty prosperous years (trentes glorieuses), French authorities refrained from welfare retrenchment until the mid-1990s, after the pension and healthcare reforms implemented by Prime Ministers Edouard Balladur and Alain Juppe. The Great Recession of 2007–2008 posed significant problems to French social policy. The increase in unemployment, particularly among the youth, coupled with significant pension and labour market changes, resulted in widespread discontent across the nation. In addition to the persistent issue of unemployment, issues like as immigration, Euroscepticism, and security gathered significant media focus. Due to widespread popular scepticism, the populist right Front National emerged as the biggest political party in the 2014 European election. The Front National advocates welfare chauvinist policies that merge exclusion, authoritarianism, and redistributive state-centric economics, a trend that is also being adopted by the centre-right party Les Republicains, previously known as Union pour un Mouvement Populaire (UMP), under the leadership of former French President Nicolas Sarkozy. This position might exacerbate existing divisions within a deeply divided French society (Leruth, Benjamin 2017:67-68) [19].

The French Welfare State Before the Great Recession

The French social welfare system primarily relies on what is termed securite sociale, which consists of self-managed non-state entities that provide social insurance for healthcare, pensions, and many other benefits. Palier (2000: 116) [26] asserts that 'the system is intended to be governed by those who finance it and possess a vested interest, with only little oversight from the state, which is meant to assume a purely supervisory function.' From a comparative standpoint, the French welfare model is classified as conservative corporatist: the majority of social rights are acquired and funded by social payments derived from employment, with most benefits administered by insurance funds that include social partners (Palier and Petrescu 2007) [25, 27]. France was not a forerunner in social security, implementing universal social insurance in 1966, some forty years after Germany and twenty years after the United Kingdom (Leruth, Benjamin 2017: 68; Ambler 1991) [3, 19]. France has a historical legacy of dirigisme in economic growth, characterised by a statist approach that seeks quick modernisation via national planning, nationalisation of key industrial sectors, and protectionism (Kus 2006) [14]. Dirigisme was the prevailing policy framework endorsed by French administrations until 1983 (Leruth, Benjamin 2017: 68-69) [18].

A neo-liberal shift transpired under the Mitterrand administration; nonetheless, this reversal did not impact the French welfare state. Levy (2000: 309) contends that 'France's welfare state has evolved from the confines of dirigisme.' The post-dirigiste phase of associational liberalism did not result in the retrenchment of the welfare state, but it focused on strengthening non-state organisations to assist in the rebuilding of the French political economy (Vail 1999: 314; Levy 1999) [17]. Although France had social security deficits in the early 1970s, like other European nations, the French government mostly increased social spending until the mid-1990s. This was funded by yearly increments in social contributions from workers, but direct income taxes significantly decreased (Leruth, Benjamin 2017: 69; Palier 2000; Kus 2006) [14, 18, 26].

In France, from 1985 to 2013, it was shown that welfare expenditure peaked in 2013 at 32 percent of GDP. France now ranks as the largest social spender among OECD nations, indicating that the French welfare state remains comparatively 'generous.' Pensions are the primary domain of social expenditure, rising from 10.6 percent of GDP in 1985 to 14.2 percent in 2011. The nation has progressive family policies relative to other nations, and this domain has consistently expanded over the last decade. These policies include substantial public investment in childcare facilities for children under three, comparatively extended parental leave programs, together with financial advantages for parents (Lewis *et al.* 2008) [18]. The French government established a cash-for-care allowance for older dependent individuals on the aged care policy, which was implemented in the late 1990s (Le Bihan and Martin 2010) [15]. Nonetheless, expenditures on unemployment and disability payments decreased little over time. The French political scene is characterised by a party system primarily controlled by two major political factions: the Socialist Party on the left and Les Republicains on the right. The former has traditionally advocated for a robust welfare state by highlighting the state's role in enhancing workers' quality of life and the need for income redistribution and fair opportunity (Sloam 2005) [32]. Conversely, the latter advocates for a low-welfare society; a primary purpose of the party is to eradicate state 'dependence' by enhancing job possibilities and stimulating economic development via the promotion of a neo-liberal agenda (Leruth, Benjamin 2017: 69-70) [18].

In recent decades, the French centrists had significant power under the leadership of President Valery Giscard d'Estaing (1974–81). On the left side of the political spectrum, the Green Party, the Left Front, the Radical Party of the Left, and the Communist Party are conventional partners of the Socialist Party, having established a 'Plural Left' majority from 1997 to 2002 under UMP Jacques Chirac's first presidential term. The paramount legacy of this pro-welfare left coalition is the 35-hour workweek regulation. In recent years, the extreme right, anti-immigration, and welfare chauvinist Front National (FN) gained significant influence with a breakthrough in the 2002 French presidential elections, when former leader Jean-Marie Le Pen advanced to the second round. His daughter, Marine Le Pen, who has been the leader since 2011, has conducted a successful drive to 'de-demonize' the party. The rising prominence of the Front National (FN) influenced the mainstream right's agenda under Nicolas Sarkozy's administration, as he promoted welfare chauvinism policies in his 2012 platform (Leruth, Benjamin 2017: 70) [19].

The unemployment rate, which is often seen as the primary measure of governmental efficacy in France, has persistently exceeded the average OECD rate. In recent years, young unemployment has been an increasingly troublesome issue, with the percentage rising from 17.1 percent in 2000 to 24.0 percent by late 2015. France has one of the highest rates of temporary work in Europe, recorded at 14 percent in 2015. The old-age dependence ratio, defined as the proportion of individuals aged 65 and above compared to the labour force, remained reasonably steady at about 20 percent until the early 1990s. It rose from 24.7 percent in 2000 to 30.6 percent in 2015, surpassing the

European Union average and exerting pressure on old-age pensions and healthcare services. Moreover, the proportion of the population born abroad rose somewhat from 10.1 percent in 2000 to 11.9 percent in 2012, but this rise is far lower than that seen in the UK and Scandinavian nations. The socio-demographic transformations pose considerable concerns for the future of the French welfare state and the reforms initiated in the early 1990s. Three specific facets of the French welfare state have undergone reform to address these demographic shifts: pensions, healthcare, and the labour market. Some welfare reforms sought to decrease welfare expenditures and implement austerity measures to adhere to the Maastricht criteria, while others were Keynesian programs designed to enhance workers' quality of life (Leruth, Benjamin 2017: 70-71) [19].

Despite a 3.6 percent rise in expenditure from 1985 to 2011, mostly attributed to an ageing population, successive administrations implemented a number of changes, including raising the retirement age from 60 to 67 by 2023 and reducing the benefit levels of basic and supplemental pensions. In 1993, the centre-right government successfully reformed private-sector occupational basic and supplementary pensions, encountering minimal opposition from the public, in 'a move intended to mitigate resistance among the unions' predominantly public-sector membership' (Vail 1999: 319), while the private sector remains largely non-unionised. This reform was later succeeded by a contentious austerity program in 1995 under a newly elected centre-right administration headed by Prime Minister Alain Juppe. Public-sector pensions are significantly influenced by political factors. Following a nationwide stalemate and general strikes that persisted for over a month due to the planned measures and the absence of social discourse between the government and the unions, the government ultimately rescinded all public-sector pension changes, but the CRDS tax was enacted. Additionally, healthcare reforms were promoted by centre-right administrations in the early 1990s. In 1993, a variety of new healthcare initiatives were effectively implemented, including reductions in hospital expenditures, a rise in patient fees, and the reform of hospital management. Between 1995 and 1997, the healthcare elements of the Juppe Plan were executed with little resistance from the public and healthcare professionals. The general social contribution (Contribution Sociale Generalisee, CSG), an income-based tax for financing non-contributory benefits, rose from 2.4 percent in 1993 to 3.4 percent in 1996, and subsequently to 7.5 percent under the Plural Left government, while the employees' health insurance contribution decreased from 5.6 percent to 0.75 percent. The CSG was seen as a more equitable tax compared to social contributions for workers and as a mechanism to reduce social charges for companies (Leruth, Benjamin 2017: 72; Bouget 1998; Palier 2005) [4, 19, 28]. The employment market policies have undergone significant reforms in the previous two decades. The 35-hour workweek policy, implemented by the leftist Jospin administration, was enacted between 2000 (for companies with over twenty employees) and 2002 (for all companies) and is one of the most significant welfare changes initiated by the Socialist Party. The primary objectives of the reform were to generate additional employment opportunities while maintaining employees' monthly earnings, to enhance collective bargaining between employers and employees, and to elevate employees' quality of life, thereby fostering an improved work–life balance (Leruth, Benjamin 2017: 72-73) [19].

In a nutshell, the French welfare state changes followed two distinct trajectories. On one side, mostly neo-liberal changes manifested as welfare reductions and austerity measures were enacted in the early 1990s, in reaction to demographic ageing, increasing unemployment, and the mounting public deficit of the 1970s and 1980s. These revisions primarily addressed elderly expenditure by modifying pension regulations and healthcare requirements. The 35-hour workweek was a Keynesian policy introduced by the Plural Left administration in the early 2000s, intended to generate employment and enhance workers' quality of life. The following two parts examine current events by evaluating France's experience during the Great Recession and the policy solutions proposed under the presidencies of Nicolas Sarkozy and Francois Hollande (Leruth, Benjamin 2017:73) [19].

Analysis

The 1990s: Maastricht and the Shadow of Austerity

The Maastricht Treaty (1992) enforced stringent budgetary restraint on EU member states, prompting welfare retrenchment in France. France, seeking to achieve a 3% deficit-to-GDP ratio, began welfare austerity measures. Jacques Chirac was a pivotal figure in French politics for several decades, serving as President of France from 1995 to 2007. During his tenure, Prime Minister Alain Juppe, who held office from May 1995 to June 1997 under Chirac, initiated reforms in pensions and healthcare that incited extensive strikes and social upheaval (Le Gales 2002: 102) [16]. This time, notwithstanding the stagnation of significant improvements, it signified an ideological shift towards cost restraint. The changes were mostly forsaken; they signified the start of a transition in political dialogue from universal benefits to budgetary accountability. Throughout this time, unemployment persisted at elevated levels, and economic development was tepid. The administration implemented the Plan Jospin (1997–2002), which prioritised employment initiatives, especially for the young, while also initiating activation measures via training and reintegration programs. The impact of neoliberalism was understated, although increasing, as seen in the use of market-centric terminology in policy formulation.

Sarkozy's Presidency (2007–12), the Great Recession, and Neo-Dirigisme

On 6 May 2007, Nicolas Sarkozy, head of the UMP (centre-right), secured victory in the French presidential election with 53.1 percent of the votes, defeating socialist contender Segolene Royal. Sarkozy, whose campaign mostly focused on critical radical right topics including French immigration, crime, and violence, committed to initiating a series of economic and social changes to eliminate what he termed 'state giveaways' (Marthaler 2008: 125) [21]. He proposed a neo-liberal agenda with two key measures. The first augmentation of labour supply occurred by relaxing overtime work regulations and lowering taxes on associated profits. The second assured that labour market flexibilization would be founded on French-style flexicurity rather than only on "Anglo-Saxon" flexibility (Leruth, Benjamin 2017: 73-74; Amable *et al*. 2012: 1179) [1, 19]. Sarkozy ultimately pledged his administration to decrease the national debt, which was at 75 percent of GDP in 2007. The centre-right administration established in June 2007 began a series of measures aimed at reducing public spending (Leruth, Benjamin 2017: 74) [19].

Activation and Conditionality

During President Nicolas Sarkozy's tenure (2007–2012), welfare rhetoric emphasised “activity” and personal accountability. The Revenu de Solidarite Active (RSA), implemented in 2009, supplanted previous benefits by associating income assistance with job-seeking requirements (Palier and Martin 2007: 96) [25, 27]. This signified a distinct neoliberal shift, emphasising market engagement rather than universal assistance. During Jacques Chirac’s presidency and under Prime Minister Jean-Pierre Raffarin, measures aimed at decreasing the expenses associated with social protection. The 2003 pension reform raised the required number of contribution years for a full pension, inciting objections from labour organisations (Palier 2010: 86) [24]. The simultaneous implementation of the Revenu de Solidarite Active (RSA) in 2009 under President Nicolas Sarkozy was a pivotal moment. The RSA replaced the Revenu Minimum d’Insertion (RMI) and associated welfare payments with job-seeking requirements. This conditionality signified a distinct neoliberal shift from the concept of social rights to social contracts predicated on individual accountability (Palier and Martin 2007: 96) [25]. The reform was rationalised by the need to reduce welfare reliance and promote employment; yet, it faced criticism for stigmatising beneficiaries and neglecting underlying unemployment issues.

Fiscal Austerity and Social Retrenchment

The 2008 global financial crisis and the ensuing Eurozone crisis exacerbated demands for austerity measures. Nicolas Sarkozy implemented efforts to curtail public expenditure, including reductions in health and education budgets. The “RGPP” (General Review of Public Policies) sought to optimise governmental operations and diminish bureaucratic processes.

The Great Recession impacted France in the second quarter of 2008. The nation’s GDP growth rate declined to 0.53 percent. Unemployment rose from 6.8 percent in the first quarter of 2008 to 9.2 percent by the conclusion of 2009, while young unemployment reached a record high of 23.3 percent by the second quarter of 2009. In reaction to the financial and economic crisis, Sarkozy transitioned from a neoliberal rhetoric to a ‘neo-dirigiste’ approach, sometimes seen as a resurgence of economic Gaullism for the French right-wing administration (Hoang-Ngoc 2009) [12]. In France, neo-dirigisme contrasts with the dirigisme that dominated until the early 1980s; it is a policy approach that avoids nationalisation and protectionism, instead favouring (temporary) re-regulation and state-directed investment to enhance and safeguard employment during crises. In addition, unlike neo-Keynesianism as applied in this book, neo-dirigisme does not depend on increased welfare expenditures to sustain demand from low-income demographics.

The Fillon administration (2007–12) implemented a 26 billion euro bailout plan and revealed a stimulus package in December 2008. This policy approach to the crisis emphasised public infrastructure initiatives and investment in state-owned enterprises. A new ministry responsible for the execution of the Recovery Plan has been established. In reaction to this stimulus package, a nationwide strike was initiated on 29 January 2009, with trade unions advocating for more support for workers’ buying power. In February 2009, the Fillon administration proposed a number of neo-Keynesian social policies designed to assist the jobless and low-income workers, including a €200 bonus for beneficiaries of in-work benefits, reduced income tax, and increased unemployment payments. According to Vail (Vail 2014: 72), these two packages exemplified statist liberalism's “statist” orientation via direct expenditure and a macroeconomic strategy, with “liberal” elements that favoured means-tested income support and assistance for businesses (Leruth, Benjamin 2017: 75) [19].

In response to the rising old-age dependence ratio and as part of the General Review of Public Policies, the French government commenced a significant pension reform. The 2010 proposal, sanctioned by the National Assembly, mandated a gradual increase in the normal retirement age for full state pensions from 65 to 67, commencing in 2016, and an elevation of the early, reduced pension age from 60 to 62, while the contribution period was set to rise by approximately one quarter every three years until 2020. This resulted in a protracted sequence of violent demonstrations nationwide for almost a week, exacerbating the deterioration of social debate within French society. Ultimately, despite a reaffirmation of a French variant of neo-Keynesianism, Nicolas Sarkozy's handling of the financial crisis, together with his contentious nature, was met with unpopularity. Beginning in early 2010, opinion surveys indicated that a majority of French voters favoured the left in the 2012 presidential elections (Milner 2012) [21]. Primarily due to the Great Recession, the government was unable to decrease the general government debt-to-GDP ratio, which escalated from 75 to 110 percent between 2007 and 2012. The unemployment rate rose from 8.1% in 2007 to 9.1% at the conclusion of Sarkozy’s presidential tenure. The proportion of those at risk of poverty or social exclusion rose from 16.4 to 18.1 percent. Milner (2012) [21] identified many contradictions and ambiguities in Sarkozy’s labour market policy, since he did not allocate enough resources to address the core problems of unemployment and public debt. This created a chance for opposition parties to criticise the right-wing government's inadequate performance (Leruth, Benjamin 2017: 75-76).

Francois Hollande (2012–17): ‘Le changement, c’est maintenant’ (Change Is Now)

In the 2012 French presidential elections, Socialist François Hollande triumphed against Nicolas Sarkozy in the second round conducted on 6 May. His campaign slogan, ‘Change Is Now!’ (Le changement, c’est maintenant!), exemplified the Socialist Party’s goal of presenting an alternative to the austerity measures implemented by Nicolas Sarkozy. His agenda had sixty commitments mostly centred on social fairness and revitalising hope for future generations via a combination of neo-Keynesian, predistribution, fightback, and social investment programs. Included in this was the establishment of ‘contrats de generation’ (contracts between younger and older generations) aimed at addressing ageism and youth unemployment by promoting the formation of fixed-term contracts for younger workers, who would get training from senior employees inside a firm (Leruth, Benjamin 2017: 76) [19].

The new administration promptly enacted elements of Hollande’s neo-Keynesian plan to address the crisis, including a 2 percent increase in the minimum wage and a

25 percent rise in the back-to-school payment. It also committed to refraining from raising taxes and to reducing the current income tax rate by 2015. In 2013, a new reform of old-age pensions was authorised to prevent a projected shortfall of €20 billion by 2020; however, talks over pension reform are expected to persist in the coming years (Naczyk *et al*. 2014) [22]. The approval of Francois Hollande's administration declined significantly starting in 2013. In the fourth quarter of 2012, fresh data indicated that the young unemployment rate peaked at 25.2 percent, while the overall unemployment rate hit 10 percent in early 2013. Secondly, while the administration originally committed to refraining from tax increases, this assurance was renounced in the 2013 budget; the tax hikes mostly impacted the middle class. The government became polarised about policy responses to the Great Recession (Leruth, Benjamin 2017: 77).

Fourth, despite the government's efforts to enhance openness and combat tax evasion in reaction to the crisis, the French investigative publication Mediapart disclosed that Minister of the Economy Jerome Cahuzac had a clandestine bank account in Switzerland and faced allegations of tax evasion. The administration prioritised the contentious topic of same-sex marriage, which faced substantial criticism from a significant conservative faction within French culture, leading to a marked decline in popularity. The reforms enacted during Ayrault's tenure as Prime Minister (2012–14) were met with unpopularity with both voters and the parliamentary majority, resulting in significant disagreements and an ideological crisis within the Socialist Party. Alternative strategies to address income disparity were discontinued (Leruth, Benjamin 2017: 77-79).

Although Hollande perceived his political actions as aligned with social democratic ideology, certain analysts and experts classified the government's policy as social-liberal or 'Third Way', emphasising deficit reduction and business competitiveness, akin to the policies previously endorsed by Tony Blair in the UK and Gerhard Schroder in Germany (Grunberg 2014; The Economist 2014) [11, 29]. The disappointing performance of the Left in the March 2014 local elections prompted a significant government shift in France. Prime Minister Ayrault was succeeded, and the Green Party opted not to join the new administration, signifying their dissent with the trajectory adopted by the Socialist Party. Valls promptly declared his plan to suspend all welfare expenditures, with the exception of minimal social payments, to mitigate the public deficit (Grunberg 2014; Le Monde 2014) [11]. In the May 2014 European elections, the Front National emerged as the predominant political entity in France, while left-wing parties had a net loss of 11 seats (Goodlife 2015) [15].

These discrepancies reached a peak in August 2014 when three Ministers publicly condemned the government's economic policy, which prioritised deficit reduction above a neo-Keynesian strategy aimed at fostering growth and domestic demand. Consequently, the government resigned, leading to the formation of the Valls II cabinet, which excluded the frondeurs and notably included Emmanuel Macron, a non-elected former investment banker, as Minister of the Economy. During 2015 and 2016, two significant reform initiatives (the Macron and El Khomri bills) prevailed on the political agenda and exacerbated societal discontent. The two changes that ignited controversy in France need specific scrutiny as they exemplify the social-liberal shift of Francois Hollande's administration, diverging from his original neo-Keynesian, defensive, and redistributive agenda. Hollande turns to "Responsibility Pacts": Notwithstanding his socialist background, he perpetuated several initiatives under the pretence of competitiveness and budgetary prudence. In 2014, Francois Hollande instituted the "Responsibility Pact," which lowered labour expenses to promote employment while simultaneously freezing public sector salaries (Clift 2015: 218) [6]. The principles of austerity and supply-side economics governed his welfare approach. Hollande's presidency illustrates the entrenchment of neoliberal ideology inside the political mainstream, where even centre-left administrations prioritised market efficiency above the extension of welfare.

The Macron bill, enacted in July 2015, encompasses five significant reforms designed to invigorate the French economy and promote development via deregulation. The Macron law faced significant criticism from the frondeurs, who labelled it a 'regressive measure,' whilst the European Commission commended it as 'a positive advancement' (EurActiv 2014) [7]. The El Khomri bill expands the Macron bill to 'safeguard workers, promote employment, and enhance flexibility in collective bargaining' (Leruth, Benjamin 2017: 79-80; French Government 2016) via deregulation.

In reaction to the planned El Khomri law, labour unions and student organisations initiated strikes and large-scale protests nationwide. A youth-driven initiative called Nuit Debout ('Up All Night'), inspired by the Spanish Indignados movement, occupied the Place de la Republique in Paris on 31 March 2016. This movement reflects a sense of disillusionment among conventional left-wing constituents, who believe that the Socialist government's actions fail to embody the fundamental leftist principles it ought to champion. From 2015 to 2016, the French government had two significant contextual challenges that influenced policy goals, public deficit levels, and governmental popularity. The first factor was the escalation of terrorist threats subsequent to the Ile-de-France assaults, including the Charlie Hebdo massacre, the Paris attacks in 2015, and the Nice incident in 2016. In reaction to these assaults, the government increased security expenditure, disregarding the deficit objectives established by the Stability and Growth Pact (3 percent of GDP). The second problem that impacted France, as well as other European nations, was the purported migrant 'crisis' (Leruth, Benjamin 2017: 80).

Emmanuel Macron's Campaign Against Welfare, Fair Observer

Macron's triumph against Marine Le Pen, the leader of the far-right National Rally (formerly the National Front), in 2017, was seen by several people as a choice between the lesser evil of fascism and capitalism. Presenting himself as a centrist, Macron pledged to modernize France and, in accordance with his commitments, initiated the first round of reforms shortly after getting into office. Consequently, some mayors were compelled to quit during an administrative overhaul. However, the proposed amendments to the French labour legislation, intended to liberalise ordinary job arrangements, incited the first dispute of Macron's administration. The 2017 revisions included a French-style flexicurity model, enhancing corporate competitiveness by providing more freedom in hiring and terminating employees.

The Reform Champion

Macron and his Prime Minister, Edouard Philippe, progressively dismantled the French welfare state while both underestimating and undermining the opposition they encountered. Macron's tax plans have been criticised for inadequately taxing the affluent elite. A comprehensive analysis by the Paris-based think tank OFCE revealed that the poorest 15% of French families are the primary beneficiaries of these tax exemptions, resulting in a decline in their level of living. In September 2017, France infamously changed the 'impot de solidarite sur la fortune' — the solidarity tax on wealth — to exclude investments advantageous to the affluent elite. The 2018 budget included a 30% flat-rate tax on capital gains that advantage the affluent. The gasoline tax prompted a countrywide protest in November 2018, reflecting the economic and social concerns of the lower middle class. The campaign, termed the "yellow vests" because to the bright jacket's motorists had, epitomised the despair and indignation of the French working class compelled to endure the periphery of working poverty. French geographer Christophe Guilluy has designated the increasing disparity and decline of the middle classes as "la France peripherique" – peripheral France (Tripathi, Ravi 2020) [30].

The gilets jaunes movement persists in its disobedience after over a year of displaying the French flag and chanting "La Marseillaise." The gilets jaunes demonstrations have encountered excessive force, with police using rubber bullets against individuals. Macron's former security chief was terminated after being charged with violence and impersonating a police officer in connection with an incident during a May Day rally. Subsequently, Macron initiated a "Grand Debate" in municipal halls nationwide, resulting in a commitment to reduce income tax in Europe's most heavily taxed nation. As the gilets jaunes movement started to wane, Macron promptly initiated the second round of changes with the pension legislation. The pension system is a significant element of the French social compact. Macron's reform is a continuation of Nicolas Sarkozy's 2010 overhaul. The contentious legislation exemplifies Macron's neoliberal contempt for social safeguards and constrains the function of social dialogue in economic management. The pension changes consolidate France's 42 pension systems into a single "universal" points-based system. The administration intends to implement the new system by the year's end. In 2017, France's spending on pensions for the elderly was 12.2% of its GDP. Despite being above the EU average, just 8.4% of individuals aged 65 and older in France are at risk of poverty, in contrast to over 16% throughout the EU and over 18% in Germany. The planned measures would not only reduce payments for millions but would also diminish the standard of living for the French elderly (Tripathi, Ravi 2020) [30].

The opposition to pension changes has united the entire workforce. Students, attorneys, firemen, airline pilots, physicians, and self-employed professionals have united during France's longest transport strike since 1986. Notwithstanding the blockade and extensive demonstrations, Macron has asserted no intention to relent. His hubris is bolstered by the global neoliberal media apparatus, which has guaranteed little coverage, at most, of the demonstrations. The Hartz reforms were based on the proposals of former Volkswagen personnel director Peter Hartz. It has been said that the US asset management Blackrock is exerting influence on the French government about the current reform of the retirement system to implement privately-funded pension systems in France. Blackrock, managing about $7 trillion in assets, has significantly increased its footprint in Paris under Macron's administration. The recent conferment of France's highest accolade on a Blackrock executive further underscores the close association between Macron and the banking giant. Macron's expedited reform, based on erroneous financial forecasts, establishes a class-oriented pension system that would imperil working-class seniors with the threat of destitution.

Midway through his five-year term, Macron has effectively pursued the dismantling of the French model. France is classified as a conservative welfare state on social safeguards. The neoliberal remedy for the "statist" French model and its associated social benefits is defended as the only solution to deteriorating state finances and elevated unemployment rates. In the next days, Macron is anticipated to prioritise measures aimed at the upper middle classes. This includes the elimination of the home tax, which would benefit around 80% of families, and a cut in income tax, as stated by Macron in reaction to perceptions of "fiscal injustice". Macron seems to be ensconced in a bubble, using the guise of change to undermine the French welfare state. The reduction of the welfare state and the implementation of "new flexibility" are essential to his plan. Subduing transport trade unions and degrading social movements are his primary objectives. The already debilitated trade unions may never recover from this recent setback. Macron's ultimate objective is to transform the French jobless into the working poor, so satisfying the increasing need for inexpensive labour in the mostly part-time services industry. The rationale for liberalisation has been cloaked under the guise of "essential change".

The current trend of economic instability and deterioration is advantageous for the French far-right, headed by Marine Le Pen. Le Pen has declared her intention to contest Macron in 2022 as France faces a significant increase in inequality and sluggish economic development. The proportion of wealth possessed by the top 1% has been steadily rising since the mid-1980s. French individuals of migrant descent continue to exist on the periphery of their nation's labour market (Tripathi, Ravi 2020) [30].

No Alternative Yet

France and its unique economic model that achieved innovation and well-being of its public alongside an excellent health-care system and economic egalitarianism must be safeguarded. France needs reform, but not the kind that breeds economic precarity. France will do better by cutting government wastefulness and the abuse of state resources by its elite. The issue of widespread discrimination in hiring minorities is a major barrier that needs to be fixed. Macron is today a disconnected leader of a divided and discontented republic. His economic governance is aggravating social injustice. It is unlikely that he will slow down his war on core elements of French welfare. A president living in a luxurious palace and preaching welfare system as "wasteful" while sitting behind a golden desk is something that calls for reform. What France needs is real action to change the lives of its worst off. Over 600 homeless people officially died in France in 2018. The main casualty of Macron's war on welfare will be social justice (Tripathi, Ravi 2020) [30].

French President Emmanuel Macron secured a second term with a substantial 17-point advantage. Numerous factors contributed to Le Pen's repeated defeat. One is Macron's advantageous economic performance. While the French may express dissatisfaction with the nation's decline, current surveys indicate that their contentment with their economic circumstances and employment opportunities is almost equivalent to that of the Germans. The conflict in Ukraine adversely affected Le Pen owing to her strong ties with Russian President Vladimir Putin. Le Pen may have effectively softened her party's image by abandoning the concept of "Frexit" and minimising discussions on outsiders and Islam (Weck, Joseph de 2022) [34].

Macron's Strategic Advantage: Elderly Electorate

History demonstrates that populists may get votes even during economically favourable periods, that foreign policy is mostly a peripheral concern for citizens, and that the perceived ineptitude of a politician among elites does not always detract from their electoral support. Post-election studies indicate that the most significant advantage Macron had was the welfare state. Macron triumphed in the second round mostly due to his superior performance among the elderly and his commendable performances among the economically disadvantaged. Surveys indicate that 68 percent of French retirees chose Macron. Among low-wage workers earning less than €1,250 per month, Macron performed worse than Le Pen, however nevertheless secured 44 percent of the vote. Undoubtedly, the aversion to Le Pen is more pronounced among older people. The Le Pen family is recalled as being from the same far-right faction that supported Vichy France during World War II and opposed Algerian independence in the 1960s. However, the other explanation for Macron's second-round outcome among the elderly and the economically disadvantaged is France's welfare state (Weck, Joseph de 2022) [34].

A Robust Safety Net

Leftist detractors often denounce Macron as a "neoliberal". His economic strategy incorporates supply-side components, including tax reductions for capital and the affluent, as well as a relaxation of labour regulations. By reducing payroll taxes, Macron has raised the net minimum wage more than his two predecessors. Crucially, he has seldom addressed the extent of social transfers. Macron originally intended to eliminate social expenditure; however, the strong opposition to reductions in social housing payments at the start of his first term swiftly dissuaded him from this notion. The welfare state in France continues to provide superior protection against hardship for its citizens compared to other European nations and the United States. Only 4.4 percent of the French population aged 66 and older live below the poverty threshold, which is defined as half the median family income of the whole population. This is in contrast to 23 percent in the United States and 15.5 percent in the United Kingdom. Moreover, those in the workforce with modest earnings are faring relatively well. In France, 8.5 percent of individuals aged 18 to 65 live below the poverty level, in contrast to 15.7 percent in the United States and 11 percent in the United Kingdom. In France, the welfare state remains robust. Ensuring that the elderly and economically disadvantaged maintain a satisfactory quality of life, at least in comparison to their counterparts in the US and the UK. The welfare state serves as the most potent safeguard against populists. Macron's next pension reform must address the demographic issue while also achieving significant societal approval (Weck, Joseph de 2022) [34].

French Prime Minister Gabriel Attal committed to further reductions in jobless benefits, perhaps provoking dissent before the European elections, as he aims to control an escalating budget deficit and forward President Emmanuel Macron's economic reform initiatives. According to Attal in an interview on TF1 television (Television Francaise 1), the government would direct enterprises and labour unions overseeing France's unemployment insurance to discuss the specifics of modifications to be enacted in the autumn. He said that the reform might include many adjustments, including lowering the maximum tenure of assistance from 18 months to 12, extending the work period necessary to qualify for benefits, and decreasing payments progressively. "Our aim is to achieve full employment," Attal said at that time. Macron has focused his leadership of France on economic strategies aimed at addressing prolonged stagnation, elevated unemployment, and increasing public debt. Until recently, he could claim some success as the unemployment rate momentarily reached a 40-year low and economic growth surpassed that of comparable nations (Horobin, William and Ania Nussbaum 2024) [13].

However, the economy is yielding to a wider European deceleration, unemployment has begun to increase, and the budget deficit has expanded significantly above the government's targets. Revisions of labour legislation and unemployment compensation have always been central to Macron's economic strategy. As a minister in Francois Hollande's administration, he advocated for regulatory modifications to facilitate employment and termination, a reform initiative he advanced via decrees immediately after his election in 2017. Upon his re-election in 2022, Macron committed to achieving full employment in France by the conclusion of his second five-year term. France's unemployment insurance system parallels that of its European counterparts regarding the generosity of replacement earnings for typical workers. Nonetheless, a reduced duration of employment is necessary to be eligible for benefits, and payments for those in high-paying positions may reach up to €290 per day gross (Horobin, William and Ania Nussbaum 2024) [13].

In 2021, Macron's administration implemented more modifications to welfare calculations, including increasing the minimum employment duration required for eligibility and establishing a scale to reduce payments after seven months of claims. They also implemented fines for firms that often conduct layoffs, placing more strain on a system funded by company and employee payments. The daily income of job-seekers has diminished since those modifications, and in February of the previous year, another government decree reduced the maximum duration for claims when the labour market is robust and unemployment is low. Attal said he is also exploring methods to reduce taxes that dissuade firms from increasing pay above the minimum wage. "Our existing structure renders any salary rise mostly futile," he said. The prime minister reiterated the need for more labour reforms and said that the government would implement expenditure cutbacks in the next months, after official figures indicating that the budget deficit expanded to 5.5% of economic output last year. The Finance Ministry aimed for 4.9%. The magnitude of the mistake undermines Macron's approach of incrementally restoring finances via reforms, like as labour changes, to stimulate economic development. Attal said that the government would not increase taxes on the middle class or corporations, but he expressed willingness to consider any proposals from legislators to guarantee the deficit remains below 3% of economic production over the next three years. "The circumstances are grave," Attal said. "The issue is to reducing France's debt, since a nation burdened by excessive debt cannot be considered a free nation" (Horobin, William and Ania Nussbaum 2024) [13].

Macron's Reforms Enhanced Neoliberalism

Emmanuel Macron, elected in 2017, positioned himself as a moderate reformist. His programs, however, prominently embodied neoliberal concepts. Emmanuel Macron's presidency (2017–2024) is defined by a technocratic, welfare reconfiguration, and pro-business orientation. He modified labour legislation to facilitate hiring and termination, decreased wealth taxes, and tried to transform the pension system into a universal points-based framework. The aforementioned reform, however delayed because of COVID-19, encountered significant resistance from unions and the public (Amable and Palombarini, 2021: 164) [2]. The COVID-19 epidemic momentarily halted the trend of austerity by emergency expenditures aimed at supporting workers and companies. By 2022, Macron's government reinstated its reform program. The reform of unemployment insurance imposed stricter qualifying requirements and shortened the period of benefits, deemed essential to promote participation in the labour market (OECD 2023: 88). In 2023, Macron successfully enacted a contentious pension reform that raised the retirement age from 62 to 64 without legislative approval, inciting widespread demonstrations. This action exemplified the conflict between technocratic government and democratic accountability, highlighting the diminishing political capital of the welfare state.

Conclusion

In conclusion, since 1990, the trajectory of France's welfare state has consistently aligned with neoliberal ideology, despite popular opposition and political challenges. It demonstrates a slow but steadfast transition to neoliberal government. Although France maintains more substantial social safeguards than many counterparts, the foundational ideals of solidarity, universality, and state responsibility have progressively been supplanted by market-driven logic, conditionality, and individual accountability. France has a more substantial welfare system than many OECD peers; yet, cumulative changes have transitioned the system towards conditionality, privatisation, and fiscal austerity. The aggregate effect of these changes has resulted in heightened socio-economic polarisation, diminished public confidence in state institutions, and escalated political instability. France's experience during the Great Recession showed that the transition from a right-wing government to a Socialist-led administration did not provide the anticipated transformation desired by the majority of the populace in 2012. Enduring social concerns are expected to influence the future of the welfare state, and these issues remain unresolved despite tentative measures towards reductions and more labour market flexibility. Unemployment persists at elevated levels, the demographic is ageing, the public deficit is unmitigated, the refugee 'crisis' has incited a welfare chauvinistic response, and the recent implementation of social-liberal reforms has provoked considerable discontent among the populace. The French welfare state has transitioned from the conservative corporatist paradigm, characterised by limited state control, substantial public expenditure, superior childcare services, powerful labour unions, and little inequality. Immigration has a prominent position on the political agenda, with attempts to restrict social provisions to French citizens. The extent of the transition towards neo-liberalism remains uncertain, given the robust leftist resistance; nonetheless, a return to prior policies seems improbable. The French welfare state is now at a pivotal juncture (Leruth, Benjamin 2017: 84-85) [19]. Social movements like the "Gilets Jaunes" and the 2023 pension demonstrations exemplify public opposition to neoliberal policies seen as inequitable and undemocratic. This change jeopardises the conventional paradigm of solidarity and prompts apprehensions about social cohesiveness and democratic legitimacy. Future studies need to explore the lived experiences of welfare beneficiaries, the impact of digitalisation on welfare services, and the growing political alternatives that contest the neoliberal consensus.

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