

French economy

France grapples with shift to flexible work

Macron insists job market is improving but new positions are also the most precarious



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David Keohane in Paris SEPTEMBER 21, 2018

In a ground floor Paris apartment Kevin Deredec and Robin Desprats, bicycle couriers for food delivery start-up Deliveroo, are quick to defend the short-term work that allows them to live and plan their future in the French capital.

“People with salaries do not understand this new way of working . . . this kind of job can save you at any time,” say Mr Deredec, 28. “When people think of this kind of job they think of slavery — but if you are salaried you [only] have an illusion of stability . . . you are afraid to leave your job, you get stuck.”

He and Mr Desprats, 22, who say they have saved €10,000 each, are among those benefiting from a change in the French jobs market that for others is contentious: growing use of more flexible contracts.

As the eurozone’s economy recovers from its long crisis and job creation surges ahead, the unemployment situation in France is also improving — but only slowly, and the country remains a regional laggard. Unemployment has fallen from 10.5 per cent in 2013 to 9.1 per cent, compared with a euro area unemployment rate of 8.2 per cent and just 3.4 per cent in Germany.

The sluggish improvement is a problem for French president Emmanuel Macron who has promised to lower unemployment to 7 per cent by the end of his term in 2022.

The headline unemployment rate also masks big growth in the numbers who are working for only a small number of hours each week, and therefore still claiming social security benefits. The number of people who work a small number of hours and are enrolled with Pôle Emploi, the national unemployment agency, has increased in recent years — doubling to almost 2.2m since 2008.

Patrick Artus, chief economist at Natixis, says that while the stock of longer-term contracts is 74 per cent of the total, the jobs being created at the fastest pace are more likely than not short-term, or CDD, contrat de durée déterminée.

Philippe Martin, who heads the French Council of Economic Advisers, said: “The long-term trend is a shortening of the length of contracts, CDD, and even within that the very short term contracts, of one to two days, are growing faster again.”

In companies with 10 or more employees, 69 per cent of new contracts in 2000 were fixed-term, but by 2017 this had risen to 86 per cent, according to government figures.

Not everyone is as happy as Mr Deredec and Mr Desprats with short-term contracts or the ability to work multiple jobs. For many it represents an unacceptable compromise or a slide into a more precarious life.

Last weekend a young unemployed gardener took his chance in front of Mr Macron — and television cameras — to complain about the difficulty of finding the right kind of job.

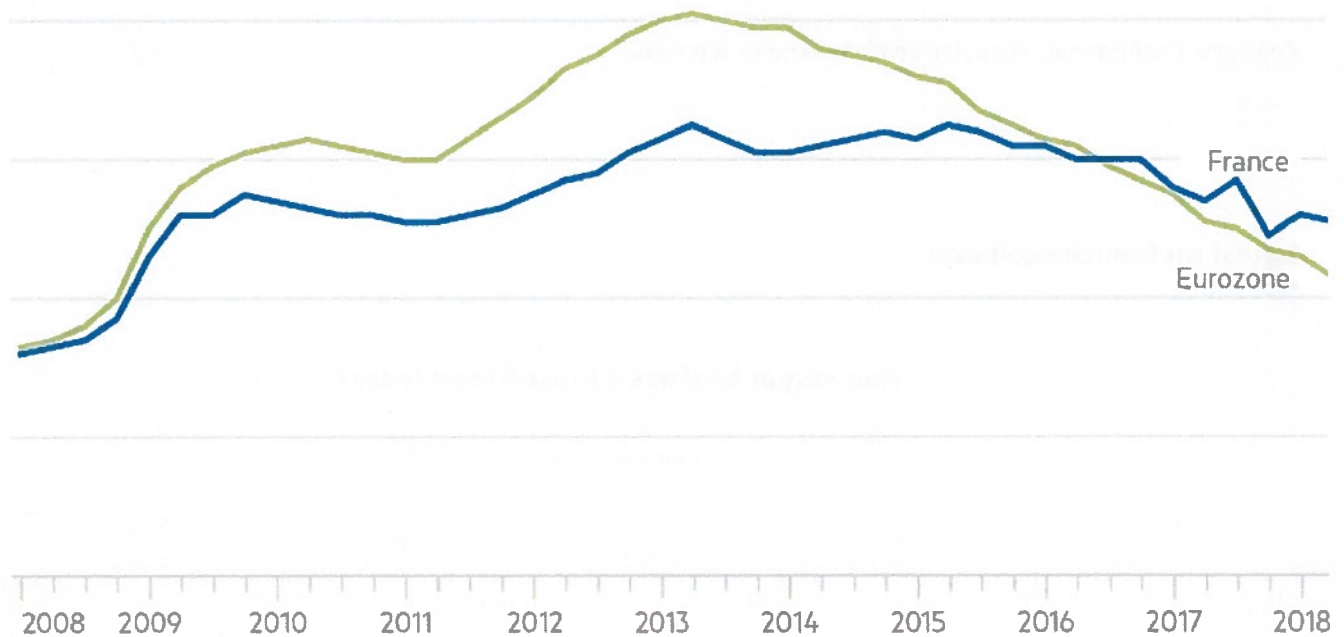
The president was not impressed: “If you are ready and motivated, in the hotel business, cafés, catering . . . in the building trade, there is not a place where I go where they do not tell me that they are looking for people. Not one!” said Mr Macron, a former investment banker, as television cameras rolled. “I could find you something if I cross the street.”

Mr Macron was derided as out of touch. But while the president may be confident that jobs are out there, his government is grappling with the consequences of shifts in the labour market.

“Mr Macron is aware that the new world is creating lower quality jobs, so the social model needs to change to absorb this new world, and those with low-quality jobs can benefit from higher social protection . . . but it takes time and money,” said Eric Heyer, economist at the French Observatory of Economic Conditions.

French unemployment is falling - but slowly

Per cent



Source: Thomson Reuters Datastream
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Mr Macron is improving training for jobseekers and in an effort to create better jobs, France has moved to make long term contracts less onerous for employers, by capping the compensation that can be awarded after a dismissal.

Mr Martin says the president is also considering a reform of employer-paid social charges to incentivise longer-term contracts by lowering their cost while simultaneously increasing the cost of short-term contracts.

Mr Macron has asked unions and employers to come up with a solution to reduce the weight of short-term contracts being used or he will push ahead with the change. People familiar with the matter expect a decision to be made at the start of next year.

What still needs to be addressed is what many blame for France's high unemployment — the number of jobs that cannot be filled because the unemployed lack the skills.

Mr Artus said: "We have close to 800,000 unfilled jobs in French corporates, while you have 3.7m unemployed, that's a big mismatch of skills and mobility."

Mr Macron has yet to convince a significant portion of France of his economic reforms — and knows that there may be a gap between the electorate's patience and the amount of time his policies take to bear fruit.

“I don't think you will see any impact [from the reforms] before the end of Mr Macron's mandate. It's the big dilemma,” added Mr Martin.

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