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The Show that demystifies Economics
French Unemployment ©
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As of October 2015, the numbers of those unemployed in France were still crawling upward. This year saw an increase of 42,000 people from October 2014, which translates to a 1.2% rise, equaling 5.74 million unemployed people in the country. France shares this nagging unemployment problem with many other European countries such as Portugal, Italy, Greece, and Spain. While the figures here aren't as bad as those in the PIGS countries, they are still alarming, especially when you compare them to the other two big countries in Europe-- Germany and Britain. And the situation gets even worse when you consider that the Euro Zone's unemployment figures are decreasing, while France's are increasing.

Let's focus first on the Euro Zone. Germany is still in the full employment category with around 4.5% unemployment, a figure that will likely rise with the influx of many refugees and migrants; Nearly one million should enter the country over the next few months. In other Euro countries, unemployment is decreasing, including Italy, Spain, Slovakia, and Ireland.

Back to France, the government has responded through the voice of Myriam El Khomri, the new "Ministre du travail," and as usual the response is that the figures will start to decrease next year, in 2016. They also said this back in 2013, 2014, and 2015, still with no visible results. Even though unemployment is still on the rise, it is increasing at a much slower pace than in 2014, which shows the effectiveness of the government's policies. According to INSEE (the National Institute of Statistics and Economic Studies), France's economy should start growing once again at a rate of 0.3% in the third quarter, after staying at 0% for the past three months. François Hollande has said again and again that if the country has substantial growth (at least 1.5% a year), unemployment should start to fall. However, the problem is actually much deeper. The impact of this prolonged unemployment on France's economy is huge.

First, we must distinguish among the different kinds of unemployment. With the recent economic crisis, many countries saw the number of their jobless workers rise. This was

the case in Ireland, which saw its unemployment rate jump from 4.2% in 2007 to 14.6% in February 2012. It has since then fallen to a figure below 9%. This huge increase was due to the crisis, and is called **cyclical unemployment**. In France's case, unemployment did not go up at all during that period, and in fact it started to decrease within the first months of Sarkozy's presidency. It then started to creep up, slowly, to reach today's figures.

France's case is more one of long term unemployment, according to European Union statistics; this occurs when the absence of work lasts for at least one year. This category of those unemployed in France represents 40% of the total, and this is without counting those who have stopped looking for work. What's worse, the overall average time period spent out of work has now reached 562 days, and is still on the rise. This means that France's unemployment situation is a different kind of problem from that of Ireland or Britain. This also means that different measures will have to be taken to resolve it, and austerity may not be the way to go.

The main cause of unemployment in France is fixed-duration work contracts, the famous CDD. In these times of economic recession, companies can't afford to have as many employees, as they have to keep their profit margins to stay in business and are obliged to pay a lot of taxes to the state. Thus, many companies have increasingly been using CDDs to employ workers only temporarily. This is not the only reason for high unemployment, but according to Unedic (Union Nationale Interprofessionnelle pour l'Emploi Dans l'Industrie et le Commerce), these rigid contracts are the cause of 38% of unemployment in France. And this figure jumps to 61% if you only take into consideration those over 25 years old.

The whole French system needs reform on all levels. Until then, unemployment will remain fixed, or even increase. Economic growth is also forecast to stay close to 0, as the civil service still weighs a lot on the economy and does not really create wealth. Also at issue is the infamous concept of "brain drain", wherein more and more young graduates leave France to go to other countries where there are more employment opportunities, such as the United States, Britain, Belgium, and Germany. This young talent is precisely what France needs to create new business, employ more people, and to create wealth.

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