



# France Report

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## Sustainable Governance Indicators 2017

## Executive Summary

France currently enjoys solid institutions of governance – the most stable, consensual and efficient period over a past 200 years occasionally marked by dubious constitutional experiments. Yet, the country struggles to effectively address the challenges associated with Europeanization and globalization. The political system is presently tested by the political weakness of President Hollande, by persistent political and ideological polarization, and by the arresting rise of the extreme-right party (National Front) – expressing a deep distrust between segments of the population and the political class. This raises serious doubts about the country's capacity for systemic reforms.

President Hollande, in power since May 2012, initially attempted to reverse his predecessor Nicolas Sarkozy's reforms, but further economic collapse soon demanded a U-turn, with supply-side reforms and more budgetary discipline. Deep division within the Socialist Party and the government, together with confusing communication and a lack of clear commitment by the president to the new policies, combined to discredit the government. As a result, the potential political benefits of these important reforms (i.e., labor market reforms, business tax cuts, liberalization measures, budgetary consolidation) have been marred. Overall, the policy changes, including social security and pension reforms, revised family allowances, and local government modernization reforms, involving spending cuts and the removal of redundancies in administrative structures, are steps in the right direction, but neither are sufficient to meet present nor future challenges.

As his predecessors, President Hollande has not fully and openly embraced the necessary reforms, but rather adopted them reluctantly and furtively while maintaining the illusion of a state capable of controlling the markets and steering the economy. Thus, the characteristic gap between real (if limited) change and immobile concepts, between liberal reforms and traditional statist interventionist discourse, has been maintained. As a result, it has been difficult for the Hollande administration to gather political support for its measures. The government has been accused of destroying the French model and has faced strong opposition, in particular from unions, part of its own political camp, and other vested interests. As the Hollande term is coming to an end, the remaining period is prone to electoral promises and a freezing of reforms, with the exception of clientelist-driven reforms. Little improvement can be

expected before the election of a new president and National Assembly in May-June 2017.

France's recurrent challenges also derive from its economic and political culture. There is a fundamental distrust of markets and a widely held belief that state action is an efficient means to guide the economy and solve problems. Furthermore, the economy itself is not seen as a driving force but as an ancillary tool, a variable that has to submit itself to the will of political power. The sense that political will (endowed with democratic legitimacy) eclipses all other considerations is difficult to accommodate with the constraints of an open economy and the rules of the European stability and growth pact. Furthermore, the French worldview is characterized by a particularly high distrust, if not open opposition, to globalization. In politics, the high degree of political polarization leaves no room for moderation, coalitions or compromise, but provokes sterile debates and fictional black-and-white alternatives far removed from reality.

These attitudes are fostered by the government itself, as it often concedes to protest groups what it had previously refused in parliament. It also implies that citizens expect, more or less, everything from the state; ruling elites from both the right and the left of the political spectrum have continuously fed these expectations by putting in place policies beyond the budget's capacity to fund them (1974 was the last year France had a balanced budget). The illusion that a "different economic policy" can escape the constraints of markets and competitiveness is still very much alive and is fed both by parts of the left and by the extreme right (National Front). The rise of the latter, capturing a third of votes in the last regional elections, adds to the extremely unstable and tense present situation: public opinion is strained and the government has neither much political support nor room to maneuver. Economically and politically, the country faces a fragile and risky state of affairs. But no major decision is to be taken before the presidential election in April-May 2017. In November 2016, 4.4 million voters selected former Prime Minister Francois Fillon as the candidate of the conservative party in a primary; in January, the socialist candidate Benoit Hamon was selected as the party's candidate.

## Key Challenges

Over the past 30 years, France has been under constant pressure to adapt. Despite recurrent – if limited – reforms introduced by various governments, a failure to address key challenges has given rise to a sense among the French that they are constantly asked to accept change, while in reality adaptations

have been limited and gradual. Over the past 10 years, the situation has deteriorated, requiring change on many fronts: competitiveness, the role of the state, administrative structures, social dialogue and public finance. Voters have been disillusioned both by President Sarkozy's (2007-2012) hasty, top-down, zigzag method of reform and President Hollande's (2012-2017) early delusions about the state of the nation, followed by messy and poorly understood measures.

What should France do?

First, the (limited) reform efforts begun under Sarkozy and Hollande should be systematically and consequently continued. France needs policies that strengthen competitiveness and enhance its potential for further growth; as a consequence, it should change its growth model (which, until very recently, depended on domestic demand fed mostly by public deficit spending).

Second, clear priority should be given to structural reforms over an immediate return to budget stability. If both are important, the current economic depression is a poor environment for immediate budget stabilization, which would be pro-cyclical and trigger even more economic stagnation. As for structural reforms, they would enhance competitiveness and growth potential which, in turn, would have positive effects on the structural budgetary situation by decreasing public expenditures. As for the deficit targets set up by the EU, there is little chance that they will be met. On the one hand, the Hollande administration has taken mid-term commitments which will increase expenditures. At the same time, during the election campaign, some candidates have suggested policy action that would increase the fiscal deficit. For example, the presidential candidate of the conservatives, Francois Fillon, has committed himself not only to ambitious structural reforms but also to substantial tax-cuts both for individuals and companies, which will deepen the deficit in the short run.

Third, reform choices should be made more explicit. The realization of reforms requires a mixture of political determination, truthfulness about the need for changes and effective societal consultation with interest groups. In spite of difficulties deriving from the weakness of intermediate actors (associations, unions, business organizations) and from a climate of mutual distrust, the inclusion of these actors should be continued.

France needs courageous policies that include clear (even if unpopular) choices, frankness when explaining the challenges, more societal dialogue, and a more streamlined, coordinated style of governance. Having failed to achieve these goals, the Hollande administration – for its remaining period in power –

runs the risk of further eroding trust and exacerbating a sense of frustration, and pessimism among the population. Nothing really new can be expected before the second half of 2017. Francois Fillon, the presidential candidate of the conservative Republicans (Les Républicains), stands for a set of strong liberal economic and social reforms which promise major changes but would provoke social protest if adopted. Fillon - once the favored presidential candidate - has been losing ground to the independent centrist Emmanuel Macron and far-right Marine Le Pen since having been placed under investigation for embezzlement in March 2017. This, combined with the Socialist Party's eroding credibility, has fueled fears of Le Pen's potential victory and an eruption of societal unrest and political upheaval.

A major concern beyond the challenges for fiscal and social reform are the intertwined issues of security, immigration and integration. The traditional French model, based on an open policy toward immigrants acquiring French nationality and on the principle of equality of all citizens, regardless of ethnic origins or religion, has lost its integrative power over the last 30 years. The former key instruments of the integration process (education, work, religion, political parties, or trade unions) no longer work. The recent terrorist attacks have further weakened integration processes, while no new thinking or policies have been conceived as a way to address these difficult issues. This challenge requires multifaceted policy solutions in areas including urban development, education and job training, with a primary focus on employment opportunities for the most marginalized citizens. Efforts should emphasize soft policies such as education, social integration and "sociabilité," all of which require time and human resources well beyond the current financial involvement of public authorities. What is at stake is a political and social cohesion that derives from common national values and rules. Unfortunately, the present situation, characterized by an identity crisis, an ethnic divide, the exclusion of migrants, political frustrations which have, in part, triggered extremist voting, and a lack of financial resources has discouraged such a social cohesion policy.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 5

France still faces a bleak economic outlook. Structural problems, such as a rigid labor market, high unemployment, growing public debt, insufficient funding of social security systems, an unfriendly entrepreneurial environment and a lack of competitiveness, are ingrained and acute. Together they form a considerable barrier to the growth potential of the French economy – the key issue for economic policy.

The Hollande government (2012-2017) initially failed to correctly assess the seriousness of the situation and was thus ill-prepared to address the problems both in terms of strategy and sectoral measures. Faced with a rapidly deteriorating situation, President Hollande gradually altered his policies. Two major changes have been the so-called Competitiveness Pact (2013) and the Responsibility and Solidarity Pact (2014), which alleviate the fiscal burden on companies by €30 billion; first results were observed in 2015 (showing no real impact on unemployment as yet). In addition, the Macron bill (2015) introduced more flexibility in regulations, somewhat decreased the protection of regulated professions, alleviated some procedures in case of redundancies, and strengthened competition within oligopolistic sectors. In 2016, in spite of lacking a majority in the Parliament and of street protests organized largely by the Unions (and at times marked by violence), the Valls government managed to pass the Labor Law (Loi Travail) which introduced modest changes. In particular, Article 2 allows company agreements to prevail over sectoral or national agreements in some circumstances, related to the company's operations. In summary, the measures announced, and partly implemented, since 2013 are steps in the right direction and should generate positive mid-term growth effects, as OECD impact evaluations have shown. These company agreements are, however, insufficient and constrained by legal and financial conditions. They need to be complemented by additional reforms,

especially those concerning the labor market and the high tax/contribution burdens of companies. Furthermore, a clear commitment to these reforms and a commitment to implementation is needed in order to restore confidence within the business community.

These structural measures need time to demonstrate their effects. In the short run, the economic situation will remain poor, with low growth, high unemployment, public deficits above the 3% ceiling of the European Stability and Growth Pact, and rising public debt. Faced with these problems, and with strong political and ideological opposition to liberal reforms, the Hollande government, like its predecessors, is inclined to furtively implement reforms in an attempt to appease its electoral and party base. By doing so, his government is blurring its message and risks weakening the impact of reform policies. Former Prime Minister Valls and minister of economic affairs, Emmanuel Macron, tried to adopt more frankness, pointing to the necessity of structural reforms, but this message remains highly contested within the Socialist Party majority.

Citation:

OCDE: France. Évaluation de certaines mesures de la Loi pour la croissance, l'activité et des chances économiques et perspectives de futures réformes. Paris, September 2015 (série "pour des politiques meilleures")

## Labor Markets

Labor Market  
Policy  
Score: 4

Despite high overall spending and a large number of cosmetic reforms, labor market policy has shown poor results. Since 2012, unemployment increased by 500,000 people, but slight improvements can be observed in 2016 as the unemployment rate has fallen from 9.9% in the first quarter of 2016 to 9.3% in 2017. France has a notoriously high youth unemployment rate. Similarly, French citizens with immigrant backgrounds, particularly youth, face tremendous difficulties integrating into the labor market. The employment rate of workers over 55 years of age is one of the lowest in the OECD (48.6% in 2015 compared to an OECD average of 58.2% and an EU target of 50%).

The high level of youth unemployment is linked to the French job-training system, which relies heavily on public schools; yet diplomas from such training are not really accepted in the industry at large, which hinders a potential worker's transition from school to a job. As for senior workers, a retirement age of 60 (which, after Sarkozy's reform of the pension system, has increased to 62) and various early retirement schemes have led to the present situation of low employment among those over 55. Heavy labor market regulation is another issue, as well as the high cost of labor. There is a dual

labor market: on the one side, a highly regulated and protected sector (including five million public employment positions, one of the highest figures in Europe), and on the other, a sector characterized by precarity, limited job protection, and insecurity. The rigidity of the former sector has triggered the development of the latter. While stable contracts (contrats à durée indéterminée) still represent 85% of total contracts, 87% of all new contracts are of a limited duration, and 70% of all contracts in total are limited to less than one month.

The Hollande administration has been successful in realizing some controversial labor market reforms, based on an agreement between social partners that was concluded in January 2013 and transformed in a binding law applicable to all. It is supposed to introduce more flexibility in the job market in exchange for better health services and training for workers made redundant. The effects of this agreement still have to materialize. While labor market reforms remain highly controversial, the Hollande administration has adopted limited measures to facilitate redundancies by lowering bureaucratic and procedural barriers, as in the Macron Law and in the Law on Social Dialogue (both 2015). However, while admitting that the labor code is too complex and needs more flexibility, the government neither addresses the 35 hour workweek nor the bargaining monopoly of trade unions (which attract up to 7% of the workforce, mainly in the public sector). Faced with enduring unemployment above 10% and political resistance from the unions (excluding the reformist CFDT) and the leftist faction of the Socialist Party, the Government had to accept the dilution of the measures envisaged in the 2016 Labor Law, pushing lasting structural reforms into the future. The main innovation of the new law stipulates that in case of extraordinary circumstances (e.g., steep increase or decline in orders), company agreements may overrule sectoral or national agreements, reversing the usual hierarchy. This highly disputed change has been imposed in spite of fierce opposition in the streets and in parliament, notably from the left wing of the Socialist Party.

Citation:

According to a report released by the “Cour des Comptes” ( National Accounting Office), the policy measures put in place in favor of young people are costly ( 10,5 billion euros), inefficient (most young people do not find a job at the end of the publicly funded training program), and messy ( too many unattractive and poorly managed programs). Most young people are hired on short time contracts ( two-thirds of the contacts have a duration inferior to 1 month!). Le Monde, 6 oct.2016

## Taxes

Tax Policy  
Score: 4

Taxes and social contributions amount to 48% of GDP, one of the highest levels in the OECD. This is the consequence of extraordinarily generous political and budgetary commitments, which have led to continuously rising

taxes. Nonetheless, tax revenues do not cover costs, as public spending is exceptionally high by western standards (56.8% of GDP in 2015, compared to the EU-28 average of 47.4%).

A narrow income-tax base and a wide range of fiscal exemptions have resulted in an opaque, confusing and inequitable tax system. A small number of people (13 million) officially pay income tax and 90% of the total tax collected is paid by 10% of the taxpayers. To alleviate the burden on this taxpaying minority, many loopholes have been created with the additional purpose of directing exemptions toward targeted sectors (housing, small companies, overseas territories). Hollande, who at the time of his election, committed to drastically reduce these “fiscal niches”, has eliminated some but considerably increased others, such as one favoring the productive sector (the 2017 draft budget still foresees €7 billion in exemptions). The defects of the system have been further exacerbated by a reduction in the number of income-tax payers, shifting the burden partly onto very wealthy families and mainly onto the middle class.

Corporate tax and other levies are too high in international comparison, a clear handicap for the competitiveness of French companies, despite measures reducing corporate burdens by €30 billion.

The entire tax system requires an overhaul, but the political cost would be such that most governments have instead preferred a policy of constant and somewhat incoherent minor adjustments, rather than thoughtful, long-term reform. This has been true for the Sarkozy administration (2007–2012) as well as for the Hollande administration. The Socialist government increased value-added tax, eliminated loopholes, increased income taxes, introduced additional levies on companies’ profits and adopted a “super tax” on the wealthiest individuals (75% marginal tax rate on incomes over €1 million), a highly ideological measure which soon had to be diluted, did not produce notable revenue and was subsequently cancelled in 2015. All this provoked tax revolts, tax evasion and, together with the lack of growth, reduced state revenue. Overall, since 2015, 35 billion additional euros have been raised mainly from the middle class. The government preference for tax increases rather than budgetary economies had lasting economic effects, such as on investment and consumption, as well as political effects. In spite of government efforts to alleviate the tax burden in 2015 and 2016, mainly for the poorest taxpayers, the Hollande era is perceived as a period of over-taxation and of mediocre results by a large majority of the public.

The rather dramatic situation faced by French companies forced the government to adopt a plan for rescuing them by lowering taxes and levies.

The rather cumbersome and complex system initially put in place was simplified in 2014. According to an impact study, it will reduce the fiscal burden on companies by €32.5 billion for the period 2015-2017, which represents an increased profit rate of 2% of sales. This provides greater leeway for companies, but has not yet induced increases in investment, innovation or competitiveness.

After having added 1.3 million taxpayers to the tax roll in 2014, the 2015 budget exempted from income tax nearly 1.8 million taxpayers. In 2016 – the last year before the next presidential and parliamentary elections – it is expected that 3 million taxpayers will pay less taxes or be exempted.

In summary, the Socialist Party-led government's policies reflect the pursuit of short-term political, or clientelistic, aims with a preference for taxing rather than saving. A recent example of this policy inconsistency was the government's 8 October 2014 announcement that it would abandon plans to implement the so-called ecotax when faced with protesting trucking companies. Hollande also announced that there would be no new taxes until 2017, but a number of technical tricks and adjustments have bypassed this commitment. Further pre-electoral commitments will make the search for a balanced budget even more problematic while the public debt slowly but steadily increases.

Citation:

Natixis Flash économie: France - Pacte de responsabilité et de responsabilité: les branches qui gagnent. Nr. 379, 18 May 2015.

## Budgets

Budgetary Policy  
Score: 4

France's budgetary situation is unsustainable in the long term. Over the past year, some slight but insufficient improvements have been observed under pressure from the European Commission and partners. The deficit remains above the 3% ceiling and the number of civil servants, which had slightly decreased since the Sarkozy election in 2007, has grown again. Many new commitments (public servants' salary increase, security or military expenses, disputable rescue operations such as Alstom's purchase of trains to avoid a plant closure in Belfort) will further increase public spending in spite of public declarations and commitments.

The Hollande government's major mistake when coming to power in 2012 was to increase taxes on all fronts rather than to cut spending, which, in fact, increased. The outcome has been rather catastrophic: revenues were much lower than expected due to the economic crisis, lack of growth, tax evasion

and growing black market, while at the same time the collective morale of French individuals and companies plummeted. Though it announced cuts in public spending (relative to the government's spontaneous spending increase) amounting to €50 billion for the period 2015-2017, the government made very few real cutbacks. The 2015 and 2016 budgets have foreseen expenditure cuts but failed to respect the 3% deficit limit set by European rules. The Court of Accounts as well as the High Committee on Public Finance (Haut Comité des Finances Publiques) have expressed serious doubts about the economic forecast and the estimates of the 2017 budget which foresees a 2.7% deficit. Similarly, while the structural deficit was reduced in 2012, 2013, and 2014, the government has abandoned the objective to balance the structural budget, postponing this target to 2017. The savings resulting from the review of policies are disappointing: €400 million, while the government committed more than €500 millions to rescue an industrial plant in Lorraine. As a result, France's comparative performance on budget consolidation is still disappointing. In this context, there is very little chance that the objectives set by European treaties will be met by the end of Hollande's term in 2017. As well, the Presidential elections in May 2017 and the coming to power of a new team will make official objectives more fragile and difficult to reach. There are serious doubts about the improvement of the 2017 and 2018 budget outlook.

### Research and Innovation

R&I Policy  
Score: 8

Having improved since 2007, France performs well in research and development policy. According to the EU Innovation Scoreboard 2015, France is ranked tenth (among 28 EU countries) with respect to innovation capacity; in the report's global innovation index, France performs slightly above the EU average but is ranked in the group of "innovation followers," behind the group of "innovation leaders." Overall spending on research and development represents 2.23% of GDP, below the OECD average and far from the EU target of 3%. Whereas public spending is comparable to the best-performing countries, private spending is low but growing thanks to the fiscal incentives put in place by the Sarkozy government and maintained by the Hollande administration. France's main relative weaknesses are its low private investment, a less than innovative corporate environment, especially with small- and medium-sized businesses, and weak cooperation between the private and public sectors.

The government has recently taken several measures to facilitate and promote innovation. Fiscal rebates for companies and citizens have been introduced; a public bank (Banque Publique d'Investissement) has been created to finance innovative small and medium firms; major projects have been financed;

private funds have been mobilized through the creation of foundations; a €30 billion public loan was offered to support “innovative” ventures; the creation of start-up companies has been facilitated through various legal and tax incentives and capital risk channeled toward these innovative sectors; regional clusters have been supported by local and state authorities and cooperation between universities and companies has been encouraged. Infrastructure investment has also been made. This has fostered the dynamics of new technology-based firms (startups). According to the Deloitte Technology Fast 500 Index, in the past four years, France has featured the highest number of fast-growing startups in the last years.

However, barriers to innovation still exist. Cooperation between academic institutions and businesses is still restricted by cultural traditions, such as a lack of investment by small- and medium-sized companies and the reluctance of researchers to invest in policy-relevant or applied research. Productivity levels and public research could also be improved. The development of joint public-private initiatives as well as the launching of incubators by private investors are improving the quantity and quality of initiatives and investments, in particular in new technologies; France demonstrates a positive dynamic for startup creation. However, the key issue remains the capacity of these young companies to develop and grow in an environment which remains insufficiently business-friendly.

In general, the mediocre profitability of French companies is an obstacle toward more research and development spending. Existing fiscal and regulatory rules with “threshold effects” (sharply rising charges when the number of employees reaches the threshold) create barriers to the growth of small firms. Uncertainty over legal and fiscal rules is also a major problem, as shown by the company revolt in the wake of the proposal of the Socialist-led government under President Hollande to raise taxes on profits resulting from the sale of young companies.

Citation:

Quote EY reports on startups.

### Global Financial System

French governments of either political complexion are generally in favor of regulation and control of the global financial system. The Hollande government, like its predecessor, has been active internationally and at the EU-level in supporting better international banking regulations. Both administrations have been strongly supportive of all initiatives contributing to the re-capitalization of banks, to the better control of speculative funds and to

the fight against fiscal evasion and tax havens. They also have been active, together with 10 other EU member governments, in proposing to impose a levy on financial transactions (the so-called Tobin tax). Both have also pushed for the creation of a banking supervision mechanism at the EU level. The government is also committed to improving fiscal cooperation on information exchange, the fight against tax havens, and tax evasion. In 2016, the French parliament adopted a better system of controls and sanctions against corruption at the international level ( “Loi Sapin 2”).

## II. Social Policies

### Education

Education Policy  
Score: 6

The French education system can in many aspects be characterized as rather successful, but, contrary to the past, it fails to integrate and promote the weakest segments of society. In the 2015 Program for International Student Assessment (PISA) study, French results were slightly above the OECD average. Overall spending on educational institutions amounted to 5.3% of GDP in 2013, slightly above the OECD average. Spending at the preschool level is exemplary, with nearly all children three years old and older attending preschool (écoles maternelles) and France is still above the OECD average at the primary schooling level. Secondary education is rather good but uneven, excessively costly and, in recent years, has fallen behind other OECD countries. Higher education is dual, with a broad range of excellent elite institutions (prestigious lycées and grandes écoles) and a large mass university system, which is poorly funded and poorly managed, and does not prepare its students well for a successful entry to the labor market. Spending on universities lies below the OECD average. More importantly, drop-out rates are dramatic: only 40% of registered students obtain a university degree.

One major problem concerns professional training. The education to professional training transition has been deficient. Organized by state schools, the system has lacked alternate training in cooperation with businesses, and diplomas are often not accepted by companies. This is a major reason for high youth unemployment in France. However, new joint training programs in cooperation with businesses have been established recently and have proven successful. As for universities, they are in principle accessible to all as fees are practically non-existent. However, the high rate of failure and the massification of teaching have contributed to the decline of the traditional

university system. Nearly 40% of students choose, after high school, to register in alternative public or private institutions (grandes écoles, technical institutes, business schools).

Social inequality in access to education and qualifications is another sensitive problem. The issue has risen in importance in the school system over the last 9 years. According to the PISA study, socioeconomic factors are more important for success in French schools than in most other countries. Furthermore, there are persisting inequalities that effectively penalize students of working-class families at the university level, and flagrantly in accessing the elite schools (grandes écoles). Social, ethnic and territorial inequalities are often linked (as a result of a massive concentration of poor immigrant families in suburban zones).

University reform has been a permanent topic on the political agenda but has failed to address the major issues which plague French higher education. The main focus has been in favor of merging existing universities along complex and bureaucratic schemes. The mergers are often more on paper than in substance and establish virtual academic institutions with 100,000 students or more. After intense debates, “selection” – with a lot of complicated measures – has been officially introduced for the first time at the second-year Master level.

Citation:

OECD: Education at a glance 2016, Country Note France

### Social Inclusion

Social Inclusion  
Policy  
Score: 7

By international and European standards, the French welfare state is generous and covers all possible dimensions affecting collective and individual welfare, not only of citizens but also of foreign residents, and keeps poverty at a comparatively low level. Therefore, social inclusion in terms related to minimum income, health protection, support to the poor and families is satisfactory and has permitted that, up to now, the impact of the economic crisis has been less felt in France than in many comparable countries. The challenge for France at a time of economic decline and unemployment is, first, to provide sufficient funding for the costly system without undermining competitiveness with too-high levels of social contributions (which demands an overhaul of the tax and contribution system as a whole); and second, to recalibrate the balance of solidarity and individual responsibility, for instance by introducing more incentives for the jobless to search for employment.

The performance of the welfare state is less convincing when it comes to equal opportunities. Some groups or territorial units are discriminated against and

marginalized. The so-called second-generation immigrants, especially those living in the suburbs, as well as less vocal groups in declining rural regions feel excluded from broader French society: abandoned to their fate, their situations combine poor education and training, unemployment, and poverty. A substantial share of young people do not possess basic reading, writing and counting skills when they leave the school system. The situation in the suburbs (banlieues) has further deteriorated as the impact of the crisis is more directly felt in these areas with the highest concentration of French-born youth from migrant families. In addition, gender equality and, in particular, the right to equal pay is still an issue despite progress in recent years.

### Health

Health Policy  
Score: 7

France has a high-quality health system, which is generous and largely inclusive. Since its inception, it has remained a public system based on a compulsory, uniform insurance for all French citizens, with employers' and employees' contributions calculated according to wage levels. Together with widespread complementary insurances, they cover most individual costs. About 10% of GDP is spent on health care, one of the highest ratios in Europe. The health system includes all residents, and also offers services for illegal immigrants and foreigners.

The problem is cost efficiency and the containment of deficits, which have been constant in recent years. Since 1996, parliament has voted on an annual expenditure target for the whole system but, in practice, this target has been regularly exceeded (facing a deficit of €13.2 billion in 2014 and €12.8 billion in 2015). However, the deficit will decrease below €10 billion, which is an important success after so many years of increasing deficits. The government has found it difficult to impose targets for the evolution of expenditures, pharmaceutical prices, medical treatment, physician remuneration, and wages for hospital employees. Savings have improved recently, but the high level of medication consumption still needs to be tackled with more decisive measures. The lack of doctors in rural areas and in some poor neighborhood is a growing issue. The unsatisfactory distribution of doctors among regions and medical disciplines would be unbearable without the high contribution of practitioners from foreign countries (Africa, Middle East, Romania).

### Families

Family Policy  
Score: 10

There is a long and consensual tradition of support for families, going back to the 1930s. The comprehensive policy mix which has developed since then has been successful in providing child care, financial support, parental leave and generous fiscal policies (income is not taxed individually but in each family

unit, dividing up the total income by the number of people in a family). In addition, families using the child care support at home benefit from rebates on the social costs involved. These policies have been effective. Not only is the birth rate in France one of the highest in Europe, but also the percentage of women integrated in the labor market compares favorably to the European leaders (Scandinavian countries) in this domain. However, faced with the need to reduce the budget deficit, the Hollande government has lowered some financial benefits granted to families because these benefits were perceived as advantageous to “wealthy” families (these include the deductibility of charges related to the care of children or the capping of tax benefits which were obviously reserved to families paying income tax). After many controversies and hesitations, the government has scuttled the French welfare state’s “principle of universality” (i.e., social benefits for all, related to the number of children per family, without consideration of income and wealth), reducing the child allowance for families over an income ceiling. This highly contested measure has introduced a more realistic approach to policymaking, beyond the legalistic and formalistic principles which have prevailed since the Second World War. It remains to be seen if this will have a negative impact on birth rates; for the first time in years, the birth rate in 2015 fell slightly .

### Pensions

Pension Policy  
Score: 6

The French pension system is relatively generous, and largely prevents poverty of the elderly. But it is also complex, which is a problem for equity: First, the so-called general regime applies to all private employees and is complemented by additional voluntary systems, in particular in large companies. Second, some professions are affiliated to “special regimes” which are characterized by shorter periods of contribution and higher generosity in pension payments. These systems usually cover employees working in public companies or groups highly subsidized by the public budget (coal mines, public transport, sailors and fishermen, for example). Finally, public servants usually benefit from higher payments as their pension payments are based on their final salary (last six months), and not on an average (e.g., best 25 years). Early retirement remains a common practice. However, the raising of the retirement age to 62 has led to an increase in the average age of entry into a pension, calculated as 62.3 years by the national pension insurance organization (2014).

In order to assure the sustainability of the pension system, French governments continuously introduce reform measures: an increase in pension contributions; an increase in the number of years of contribution, to 43 years; and in 2008, a reduction of peculiarities or privileges granted to a some professional groups (“special regimes”). The Socialist Party had fought against the rise of the

pension age. The Hollande administration introduced the concept of “penibility,” a complex and bureaucratic mechanism allowing workers to enter retirement at age 60 if they fulfill the criteria and measures set up for each industrial or service sector. In addition to its costs, the consequences of this new mechanism are twofold: it introduces further uncertainty about the actual pension age and puts in place a highly complex and cumbersome system of measuring penibility that the business community, in particular small and medium companies, reject and refuse to apply. In the meantime, the first positive effects of the Sarkozy reforms have started to be felt: in 2015, for the first time, the pension branch of the social security system showed a positive balance. In October 2015, an agreement was reached between three unions and the representatives of employers. It will postpone the payment of supplementary pensions (which are run jointly by the social partners) until the age of 64 for most beneficiaries. The main novelty of this rather complex agreement is that it introduces flexibility in fixing the pension age and actually allows its postponement for most employees in the private sector to the age of 64.

### Integration

Integration Policy  
Score: 6

Traditionally, France has an open policy toward immigrants who seek to become French citizens. Every person born in France is considered French, or eligible to obtain French citizenship. Integration policies, in terms of long-term residence permits, access to citizenship and family reunification are open and generous. Presently, the largest share of new legal immigrants is related to the reunification of families. It explains partially the difficulty of integrating new immigrants who often have no skills, no education and do not speak French. Processes of integration have to start from scratch. The characteristics of immigrants moving to France are another problem: most are unskilled and as such, subject to vagaries of the economic crisis, for instance in the construction sector.

The integration of the so-called second (in fact, often the third) generation of immigrants, especially coming from Maghreb countries, is difficult for many reasons: education system failures; community concentration in urban/suburban ghettos; high unemployment; cultural identity issues, practices of job discrimination, and so on. Add to this the challenges of illegal immigrants, many of whom moved to France more than 10 or 15 years ago yet have no regular job and thus do not contribute to the pension system. Although they have access to health care and their children can attend schools, the situation is often dramatic and inextricable as for many, it is impossible to fulfill the requirements for a residence permit. Immigrants must demonstrate that they have the required documents, such as tax records, employment

contracts and housing contracts, while at the same time they are essentially forced into the labor and housing black market. Potential employers and landlords will not document that they employ or house illegal aliens, as this is a crime. Under such conditions, integration is difficult, if not impossible. Immigration from Eastern Europe, the southern Balkans and, more recently, from the Middle East has become a very sensitive subject exploited by the National Front. The reluctance of the French socialist government to put in place a serious migration policy has been challenged by German Chancellor Merkel's sudden decision in August 2015 to open the doors to migrants from Syria, forcing the French government to revise its veiled but deliberate policy of restricting entry (low level of asylum admissions, cumbersome and discouraging bureaucratic processes). The number of refugees that have come to France since the summer of 2015 is substantially smaller than in neighboring Germany. The national office on refugees (Office français de protection des réfugiés et apatrides, Ofpra) reported that close to 80,000 refugees came to France in 2015, an increase of 27% from 2014.

Integration remains at the heart of French political discourse, but actual policies set up to achieve this aim are notoriously insufficient.

Citation:

[http://www.lemonde.fr/immigration-et-diversite/article/2016/01/12/la-france-a-accepte-27-de-refugies-de-plus-en-2015\\_4845698\\_1654200.html](http://www.lemonde.fr/immigration-et-diversite/article/2016/01/12/la-france-a-accepte-27-de-refugies-de-plus-en-2015_4845698_1654200.html)

### Safe Living

Safe Living  
Conditions  
Score: 6

Although the police maintains a reputation of being efficient (sometimes too efficient, as the institution is granted significant powers and discretion vis-à-vis the citizenry), concerns over internal security are high. Attention has focused on repeated outbreaks of urban violence in the suburbs or other areas. Following a rising level of petty crime and several terrorist attacks on French territory and abroad, citizens have been more and more vocal about the need to be better protected by enforcing “law and order” measures. There is a growing feeling of insecurity related to the rise of robbery both in cities and - this is a new phenomenon - in the countryside. Drug trafficking and violence are such in some neighborhoods of large cities that they are seen as off-limits (e.g., 28 drug trafficking-related murders occurred in Marseilles from January to October 2016). There is a clear relationship between the economic and social crisis and this increasing sense of insecurity. This situation has also had a decisive impact on protest votes in favor of the extreme-right party, the National Front.

Nonetheless, domestic security policy is able on the whole to protect citizens; some problems, such as those related to urban violence, are often linked to

social problems and have to be managed by actions beyond security policy.

The terrorist attacks of 13 November 2015 have elevated the topic of security to the top of the political agenda, triggering real concerns as well as political polemics driven by the populist and extreme right. The government has reacted to this with new security measures, issuing a temporary state of emergency and giving more powers to the executive and police to prevent and fight terrorist acts. The “state of emergency,” which gives extraordinary powers of investigation to the police, was further extended until July 2017 after the 14 July 2016 attack in Nice (86 people dead, 434 injured). In spite of this, the government faces protests from police forces frustrated by increasing demonstrations and social violence and by what they consider a too-lenient attitude by the judiciary.

### Global Inequalities

Global Social  
Policy  
Score: 7

France has a long tradition of offering support to poor countries both in terms of financial support and promotion of policies in their favor. However, this should be qualified. First, France is reluctant to consider that free trade is one of the most effective instruments of support. As a consequence, France is often an obstacle to the lowering of tariffs and trade barriers, for instance in agriculture. Second, French aid is concentrated on African countries, where its economic interests have been traditionally strong. The temptation to link aid to imports from the donor country is quite common.

Within the framework of international organizations, France is active but for the above mentioned reasons, its policy preferences are deeply influenced by path dependency, such as colonization and the global network of French-speaking countries.

## III. Environmental Policies

### Environment

Environmental  
Policy  
Score: 6

Although the OECD in its 2016 environmental report attests that France has significantly improved its environmental performance over the last ten years, the performance record with respect to environmental targets is not satisfactory. In general, the political will exists, as is confirmed by many new laws and regulations covering the entire field of environmental regulation. However, the initiatives often miss their ambitious objectives. Regulations are

too complex and the several layers of administrative structures slow the implementation of initiatives. Natural resource and green management needs improvement, though lobbies and pressure groups remain influential when economic interests collide with environmental targets. Thus, environmental policies continue to be subordinated to sectoral policies, which are considered more important. The latest example was the October 2014 withdrawal of the so-called eco-tax on truck-transported goods, which was driven by fears of truck driver protests.

France's good performance on carbon emissions is credited to the aging nuclear sector in France. The objectives set out in the July 2015 energy transition bill (reduce nuclear power in total energy production from 75% to 50% by 2025, and increase renewable energy sources to 40% from its current 12.5% share) are unlikely to be met given the complex authorization processes for renewable energies. In the same way, areas related to energy efficiency, such as insulation technology, have been neglected. It was announced that the insulation of buildings will become compulsory, however, it remains to be seen if these ambitious targets will be supported by consequential policies.

Until the recent Volkswagen scandal, the government refused to deviate from incentives for diesel cars, as French companies have a marked preference for diesel engines. Following public pressure, the government decided to end the tax privilege it afforded to diesel fuel in October 2016.

The same contrast is observable in the field of renewable water resources. In principle, France supports a water policy and has set up water agencies to monitor the use and protection of its water resources. However, the objectives set out in the Ecophyto plan (2009) to enhance water quality have not been met by 2015. French authorities have been unable to resist the agriculture lobby, which is the largest consumer of water. This plays out in the southwest of France, where the intensive production of corn jeopardizes regional resources, and even more in Brittany, where surface water (the main resource in that region) is highly polluted by intensive pork and poultry production. The use of pesticides has increased by 29% (2008-2014). Despite condemnations by the courts and the EU commission, the government has been reluctant and unable to tackle the problem properly. Rivers and the sea are affected by the excessive proliferation of toxic seaweed. Things are better in urban areas, where 90% of the water treatment centers complied with European regulations in 2015.

The performance of municipal composting, waste management, and recycling is far behind that of other countries.

Air quality is another problem. France has been respecting European directives and has adopted a plan to fight air pollution in Paris. However, especially in the Paris region (Ile-de-France) and in the southern region of Provence-Alpes-Côte d'Azur, the pollution levels are still above European targets.

The situation is much better with biodiversity and forests, which are experiencing a growth in surface area. A new law on biodiversity was adopted in August 2016. However, the protection of biodiversity has met resistance in metropolitan France by many diverging interests (agriculture, construction and transportation).

Citation:

OECD Environmental Performance Reviews: France 2016, Paris, OECD, 6 oct. 2016

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 7

All French governments in recent decades have been committed to advancing environmental policies at the global level. Under former President Sarkozy, France was among the leading group of countries trying to secure an agreement on climate change mitigation at the 2009 U.N. Climate Change Conference in Copenhagen. In this tradition, French diplomats were particularly active in preparation for the U.N. Climate Change Conference chaired by France in December 2015. The global agreement reached at this conference is a success for French diplomacy.

However, this openness to internationally approved, more drastic and protective policies reaches a limit when French interests are at stake. For instance, any policy which would reduce the capacity of the nuclear energy industry to grow is frowned on by France, despite the unresolved issue of nuclear waste dumps. More generally, there is a frequent contradiction between the support given to wide, abstract and long-term agreements negotiated at the international level and the reluctance to actually implement them.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 10

The electoral process is fair at all levels, and controls by ad hoc commissions or the judiciary ensure the smooth running of elections. There are some restrictions to assure that only serious candidates stand in presidential contests. These include a requirement that each potential candidate has to obtain 500 signatures of support from elected persons, such as mayors or senators, from a third of French départements, or counties, to prove his or her political relevance. In addition, candidates must pay a deposit of €15,000. But these restrictions do not limit the number or variety of political backgrounds of candidates. Further restrictions in order to limit abuses will be implemented in 2017. Spending is capped and now includes expenses for the primaries. In most local and national elections, many candidates decide to run as they often can benefit from advantages that help facilitate the variety of candidates, such as the free provision of electoral materials or a partial reimbursement of expenses for candidates who win more than 5% of the vote. Electoral fraud is exceptional but financial cheating is frequent as evidenced by the condemnation of Nicolas Sarkozy for the hidden costs of his 2012 campaign. Some limitations are imposed on anti-constitutional parties. These restrictions, however, are exceptional.

Media Access  
Score: 9

According to French laws regulating electoral campaigns, all candidates must receive equal treatment in terms of access to public radio and television. Media time allocation is supervised by an ad hoc commission during the official campaign. Granted incumbents may be tempted to use their position to maximize their media visibility before the official start. Private media outlets are not obliged to follow these rules, but except for media outlets that expressly support certain party positions, newspapers and private media tend to fairly allocate media time to candidates, with the exception of marginal candidates who often run with the purpose of getting free media time.

The paradox of this rule for equal time is that the presidential candidates who are likely to make it to the second round receive the same amount of media time as candidates who represent extremely marginal ideas or interests.

Voting and  
Registrations  
Rights  
Score: 9

The right to participate in elections as a candidate or as a voter is fully guaranteed. There is no evidence of restrictions or obstruction in the application of the law. Every citizen enjoys rights that are provided by the constitution. No progress has been made to extend the right to vote to foreign residents, except in the case of EU citizens. Both former President François Mitterrand and President Hollande committed themselves to granting resident foreigners the right to vote in local elections (after five years of full residence). However, the fierce opposition of the right and the rise of the National Front (FN) have postponed these proposals indefinitely.

Voter registration is easy and, in particular in small local communities, it is quasi-automatic as the local bureaucracy often proceeds with the registration process even without a specific request from the individual. Elsewhere, potential voters have to register. It is usually estimated that some 10% of the electorate is not registered. Some groups are legally excluded from voting: people suffering from serious mental health issues and who are under the care of a caretaker; people excluded after a serious act that would strip their voting rights, such as electoral fraud; and criminals who have been stripped of their civic rights, and thus voting rights.

Party Financing  
Score: 7

Lacking a sufficient legal framework, party financing has long been a source of recurrent scandals. Nearly all political parties used to finance activities by charging private companies working for local public entities or by taxing commercial enterprises requesting building permits. Only since 1990 has a decent regulatory framework been established. Since then, much progress has been made in discouraging fraud and other illegal activities. Nonetheless, not all party financing problems have been solved. Current legislation outlines public funding for both political parties and electoral campaigns, and establishes a spending ceiling for each candidate or party. The spending limits cover all election campaigns; however, only parliamentary and presidential elections enjoy public funding. Individual or company donations to political campaigns are also regulated and capped, and all donations must be made by check, except for minor donations that are collected, for instance, during political meetings. Donations are tax-deductible, with certain limitations. Additionally, regulations (in particular the law of 15 January 1990) established new checks and controls that are applicable for all elections in constituencies with more than 9,000 residents. Within two months after an election, a candidate has to forward the campaign's accounts, certified by an auditor, to the provincial prefecture, which conducts an initial check and then passes the information on to a special national supervisory body (Commission Nationale des Comptes de Campagne et des Financements Politiques). In presidential elections, this review is made by the Constitutional Council (Conseil Constitutionnel).

These controls have made election financing more transparent and more equal. Yet loopholes remain. For example, the presidential campaign of Edouard Balladur in 1995 has been placed under criminal investigation, over concerns that several million euros were paid to the campaign out of a contract with Pakistan for the sale of military submarines. The Constitutional Council has reviewed former President Sarkozy's presidential re-election campaign in 2012, and decided in July 2013 that he had exceeded his spending limits. His party had to return €1 million in penalties to the state. An ongoing inquiry has found evidence that Sarkozy's Union for a Popular Movement (UMP) party flagrantly ignored the rules and forged false invoices in order to appear to have remained under the spending ceilings set by law. Presently, the National Front and its leader, Marine Le Pen, are being prosecuted for violating financing regulations.

When these rules are violated, three types of sanctions can be exercised: financial (expenditures reimbursed), criminal (fines or jail) and electoral (ineligibility for electoral contests for one year, except in the case of presidential elections).

Popular Decision-  
Making  
Score: 4

The Fifth Republic (since 1958) reintroduced the referendum, not only for the ratification of the constitution but as an instrument of government. President Charles de Gaulle used referendums to seek support for decolonization and to revise the constitution, and in doing so, bypassed parliamentary opposition. In 1969, de Gaulle became essentially a victim of the referendum, as he had declared that he would resign should a referendum on regionalization fail. Since then, the referendum has been used less frequently. The use of referendums at the request and for the benefit of the executive is a risky enterprise. All referendums since 1962 have been characterized either by indifference and high levels of abstentions or by outright rejection, as in 2005 on the European Constitutional Treaty. Only once, on the vote over the Maastricht Treaty in 1992, was the executive able to secure a small, albeit fragile, majority.

As only the president may call a referendum, the practice is perceived as an instrument of the executive and not as a real democratic tool, since popular initiatives are not possible under the referendum system.

Local referendums can be organized in the case of a merger of communes or for local issues at a mayor's initiative. Very few have taken place, however, and the outcomes have been disappointing, as abstention is usually high and the results are often contrary to expectations. In June 2016, a local referendum was organized by the Valls government in order to validate the construction of an airport in the western part of France. The investment was approved but failed to foster a sense of legitimation among the population. The experience

of referendums in France is perceived by the public as not really democratic and an instrument of manipulation by those in charge. The temptation thus is to vote “no” regardless of the question.

### Access to Information

Media Freedom  
Score: 7

In principle, media independence is guaranteed by a complete set of constitutional, legislative and administrative rules. There is not much more that can be done to improve the legal status of the press. This said, media independence is multifaceted. One must distinguish between public and private media, and separate legal independence from financial dependence or influence. Public authorities have in principle no direct capacity to intervene in public media decision-making as the power of control and supervision is delegated to an independent media authority. However, the situation is not clear-cut for many reasons. First, public media are mostly dependent upon a special tax paid by every television owner, while their access to the advertising market was strongly curtailed by the former Sarkozy government. Most funding is now under government control. Secondly, former President Sarkozy triggered an outcry by shifting the authority to appoint the president of public radio from the independent authority to the president himself. A new bill introduced by the Hollande administration has revoked this measure.

In the private sector, public influence can be felt through the generous subsidies paid to all daily and weekly newspapers. However, it is paid as a kind of entitlement based on general rules and principles, and as such does not provide any real political leverage to the government. Much more serious is the porosity between the world of media and the world of politics, as well as the fact that most newspapers are owned by large business interests. However, the situation is paradoxical: ownership provides a limited capacity of influence (to which the distrust of most media vis-à-vis capitalism testifies, despite being funded and supported by wealthy companies or individuals). While in the past political power heavily influenced the press, today the main issue is the interlocking of media and politics. This confluence is counterweighted by two factors: the existence of a few truly independent media outlets (such as Mediapart and Le Canard Enchaîné) which actively cover government scandals and malfeasance, and the fact that newspapers which support opposition platforms tend to be more independent vis-à-vis the government in power.

Media Pluralism  
Score: 5

Media pluralism is reasonably guaranteed in France. Yet nearly all newspapers, daily or weekly, local or national, are under the control of either rich business people or companies or banks. One of the few exceptions is a regional newspaper in the western part of France. Whereas on the national level there is a wide range of newspapers expressing political pluralism, the

local and regional situation is normally characterized by a monopoly or quasi-monopoly position of one paper in a given geographical area. The print run of daily newspapers is low by Western standards, and has been negatively affected by online publications. The print market is largely in decline and suffers financially. The situation is further aggravated by an obsolete, inefficient, corporatist and costly system of distribution that is controlled by the unions. Many newspapers are put in jeopardy due to the costs and general malfunctioning of the distribution system. Faced with online competition, rising costs and a shrinking readership, print media have had to rely more and more on the benevolence of wealthy entrepreneurs or on the state. Given the multiple ties between political and business elites in France, this is not a particularly favorable situation for the maintenance of a vibrant culture of print media pluralism. That said, the proliferation of online news media and online offerings by print media (like Mediapart, Rue89, Slate, Atlantico etc.) should be taken in account.

Access to  
Government  
Information  
Score: 7

The right of access to information was strengthened in 1978 through the establishment of an independent agency, CADA (Commission d'Accès aux Documents Administratifs). This body guarantees that any private or public entity is entitled to be given any document requested from a public administration or service, regardless of the legal status of the organization (private or public) if the institution maintains a public service. However, some restrictions have been established, mainly in relation with issues regarding the private sphere or the protection of intellectual property or business information in order to safeguard competition between companies. The main and more controversial issue is the refusal to issue documents by citing security or defense concerns, a concept which can be applied broadly and with a limited capacity for challenging in court. The administration in question must deliver the requested document within a month. After that deadline, inaction is considered as a rejection which can be challenged in court. In some cases, the adopted solutions reflect the inability of the political elites to adopt clear-cut policies: for instance, it is possible to check the declaration of revenues and property of MPs but divulging the information is considered a criminal offence.

The development of new technology systems, such as e-government and e-administration, has increased the possibility for citizens and specialized media to obtain important public information. The diffusion of public statistical surveys, public reports and other documents from different public bodies has been largely facilitated by Internet sites, allowing the downloading of these documents without cost or restriction.

### Civil Rights and Political Liberties

Civil Rights  
Score: 8

In France, even though there is an established tradition of the rule of law and the recognition and protection of civil and fundamental rights, there is also a long history of infringements of those rights. The two main reasons for this are related to the distrust, and often contempt, of government toward the judiciary. This behavior dates back to the French Revolution, and has been further exacerbated by the country's fraught political history; violations have continued to occur up until the 1980s.

The situation has improved considerably in recent history for several reasons. First, governments have had to concede some improvements or make concessions to the judiciary, for example by limiting government intervention in the appointment of magistrates, by limiting government interference in the judicial process, and by strengthening formal guarantees. Second, the public at large, in particular activists and NGOs, has been successful in limiting the undue reach of governmental power, and the media have supported such social movements. Third, France's judicial system now acts in the shadow of international courts which sanction national violations of the rule of law. The European Court of Human Rights and the Court of Justice of the European Union play an incremental but decisive role in this progress.

A more general problem is related to the partial or poor implementation of the rule of law, either because public officials adopt an attitude of benign neglect or because of the difficulty for the poor or immigrants to access the courts. Civil rights areas such as the effective protection of the handicapped, women or foreigners have still to improve.

With the proclamation of a state of emergency by the government after the terrorist attacks of 13 November 2015 and its extension until mid-2017 by parliament, the question of possible infringements of civil rights has become an important topic. The Council of Europe has been informed about this measure, which implies a possible breach of human rights, according to article 15 of the European Human Rights Convention. Up to now, infringements have been rather limited and the administrative courts have exerted full control of the individual or collective measures adopted by the government in spite of pressures from right-wing political parties and the police to further restrict the rights of persons suspected of supporting terrorist activities.

Political Liberties  
Score: 9

Political liberties are well-protected in France. This situation can be explained by several factors. The fact that these liberties are considered as the heritage of the French Revolution sets them in a quasi-sacred position. Protections were granted and solidified by the highest administrative court during the Third and

Fourth Republics. Recently, the increasing and active role of the Constitutional Council in striking down laws which could jeopardize said liberties has been crucial. The expansion of the court's powers stemmed from its 1971 decision to protect the right of association from governmental intervention.

A controversial and still not fully resolved issue is related to the interpretation of the separation of religious and public life (*laïcité*). The ban of religious signs and symbols from public places is, in theory, applicable to all religious affiliations but concerns mainly the Islamic community. Currently, an ongoing debate has focused on the possibility of expressing religious beliefs or to practice religion in the workplace. President Hollande has indicated that legislation on these issues might be considered soon, following contradictory decisions by the highest private courts which authorized (for some) and banned (for others) a kindergarten assistant to wear the Islamic headscarf in school. While political institutions and the judiciary still stick to the ideals of political liberties and civil rights, one observes a growing illiberal attitude in public opinion and a rejection of differences based, in particular, on religious beliefs (Halāl food, public religious demonstrations, wearing burkinis on public beaches, etc.).

Non-  
discrimination  
Score: 6

In principle, any discrimination such as those based on gender, race, ethnic origin or religion is banned by the constitution and by fundamental law. Beyond the recognition of the right of non-discrimination, however, institutional monitoring, judicial support and policy measures to ensure such rights are less than adequate.

France's legal basis for non-discrimination is solid. The controversial recognition of "marriage for all," or recognizing the right of gays and lesbians to legally marry, is a point in case. Courts tend not only to apply but also to extend these rights. Many policy measures, particularly financial incentives or subsidies, attempt to compensate for different instances of discrimination, in particular gender, age or migration background. However, the situation is often contradictory in many cases. For instance, while immigrants face challenges in getting residence permits, illegal immigrants have free access to health care and their children can be legally registered at school. A key contention concerns the integration of so-called second-generation immigrants. Despite many policy measures, a large number of these young French citizens feel like foreigners in their country, and they are often considered as such by the population at large. The failure to provide quality schooling and, later, a proper job is one of the most dramatic dimensions of what is called invisible discrimination. One serious handicap in dealing with this situation is enshrined in the French republican tradition, which emphasizes strict equality and excludes in principle any sort of discrimination, even positive discrimination

(such as gathering statistics based on ethnicity to determine social service allocation).

Institutionally, a recent development is the creation of a new body named the Defender of Rights, which replaces several specialized agencies. In addition to national organizations, many regional or sectoral ad hoc institutions that address discrimination cases have been established.

### Rule of Law

Legal Certainty  
Score: 6

Generally French authorities act according to legal rules and obligations set forth from national and supranational legislation. The legal system however suffers still from a number of problems. Attitudes toward implementing rules and laws are rather lax. Frequent is the delay or even the unlimited postponement of implementation measures, which may reflect a political tactic for inaction: sometimes because pressure groups successfully impede the adoption of implementation measures, sometimes because ministers change frequently (for instance the Hollande presidency had three ministers for Housing or five ministers of Education in five years), and sometimes because the social, financial or administrative costs of the reform have been underestimated.

Another factor is the discretion left to the bureaucracy in interpreting existing regulations. In some cases, the administrative official circular, which is supposed to facilitate implementation of a law, actually restricts the impact or the meaning of existing legislation. A striking example is the most-debated law on housing adopted in 2013 under the initiative of a Green minister, Cécile Duflot. The implementation decrees have not been published and most of the law will never be applied given the strong criticisms it has received from all sides. In other cases, the correct interpretation of an applicable law results from a written or verbal reply by a minister in parliament. This is particularly true in the field of fiscal law, which is subject to detailed and changing interpretations by politicians as well as by the bureaucracy.

Finally, the most criticized issue of legal uncertainty derives from multiple and frequent legislative changes, particularly fiscal legislation. The business community has repeatedly voiced concerns over the instability of rules, impeding any rational long-term perspective or planning. These changes usually are legally solid, but economically debatable. It is not unusual that a fiscal measure adopted on the occasion of the vote of the annual budget is repealed or substantially modified one year later.

Judicial Review  
Score: 9

Executive decisions are reviewed by courts that are charged with checking its norms and decisions. If a decision is to be challenged, the process is not

difficult. Courts are organized on three levels (administrative tribunals, courts of appeal and the Council of State (Conseil d'Etat). The courts' independence is fully recognized, despite that, for instance, the Council of State also serves as legal advisor to the government for most administrative decrees and all government bills.

This independence has been strengthened by the Constitutional Council, as far such independence has been considered a general constitutional principle, despite the lack of a precise reference in the constitution itself. In addition, administrative courts can provide financial compensation and make public bodies financially accountable for errors or mistakes. By transferring to public authorities the duty to compensate even when an error is made by a private individual (for instance, a doctor working for a public hospital) it ensures that financial compensation is delivered quickly and securely to the plaintiff. Gradually, the Constitutional Council has become a fully functional court, the role of which was dramatically increased through the constitutional reform of March 2008. Since then, any citizen can raise an issue of unconstitutionality before any lower court. The request is examined by the Supreme Court of Appeals or the Council of State, and might be passed to the Constitutional Council. The Council's case load has increased from around 25 cases to more than 100 cases a year, allowing for a thorough review of legislation.

Appointment of  
Justices  
Score: 5

Appointments to the Constitutional Council, France's supreme court, have been highly politicized and controversial. The council's nine members serve nine year terms. Three are nominated by the French president, who also chooses the council's president, three by the presidents of the Senate, and three by the National Assembly. Former presidents (at the time of writing, Valéry Giscard d'Estaing, Jacques Chirac and Nicolas Sarkozy) are de jure members of the council but do not usually attend meetings. Up until the Sarkozy administration, there were no checks over council appointments made by these three highest political authorities. Now respective committees of the two parliamentary chambers organize hearings to check the qualifications and capacity of proposed council appointments. From this point of view, the French procedure is now closer to the process in which Supreme Court justices are appointed in the United States, rather than typical European practices. Contrary to U.S. practice, however, the French parliament has not yet exerted thorough control over these appointments, instead choosing a benevolent approach, in particular, when appointees are former politicians. Presently, the Court includes two former prime ministers, including its president.

Other supreme courts (penal, civil and administrative courts) are comprised of professional judges and the government has a limited role over their composition as the government can appoint only a presiding judge (Président), selecting this individual from the senior members of the judiciary.

Corruption  
Prevention  
Score: 6

Up to the 1990s, corruption plagued French administration. Much of the problem was linked to secret party financing, as political parties often sought out alternative methods of funding when member fees and/or public subsidies lacked. Methods included on the national level weapons sales to brokering lucrative contracts with multinational companies, or on the local level, public purchasing to the awarding of long-term concessions for local public services. Judicial investigations revealed extraordinary scandals, which resulted in the conviction and imprisonment of industrial and political leaders. The cases themselves were a key factor for the growing awareness of the prevalence of corruption in France. This led to substantive action to establish stricter rules, both over party financing and transparency in public purchases and concessions. The opportunities to cheat, bypass or evade these rules however are still too many, and too many loopholes still exist. A scandal in March 2013 involving a minister of finance who is accused of alleged tax fraud and money laundering has put the issues of corruption, fiscal evasion and conflict of interest on the public agenda. In reaction, government ministers have been obliged to make public their personal finances; parliamentarians are also obliged to do so, but their declarations are not made public and media are forbidden from publishing them. Only individual citizens can consult these disclosures and only in the constituency where the MP was elected. However, these hastily adopted measures are still incomplete and do not tackle critical problems related to corruption, such as the huge and largely unchecked powers of mayors (who are responsible for land planning and public tenders), the rather superficial and lax controls of regional courts of accounts, the intertwining of public and private elites, the holding by one person of many different political offices or political mandates simultaneously (*cumul des mandats*). All these factors, by themselves, do not constitute acts of corruption, but can lead to it – particularly as the legal definition of corruption is narrow and thus reduces the possibility to effectively sanction any malpractice. Cases of corruption related to the funding of political campaigns by foreign African states or through unchecked defense contracts are currently (at the time of this writing) before the courts. Moreover, the accounts of the Sarkozy campaign in 2012 were rejected by the Constitutional Council and the public funding granted to candidates refused as a consequence. Since then, the finances of his party are under investigation and some instances of malpractice have been identified. As long as legal codes to regulate conflicts of interest (beyond the case of ministers or parliamentarians) have not been adopted and seriously enforced, corruption will continue, unimpeded by sanctions. The legal anti-corruption framework has recently been strengthened by the “Sapin law” adopted by the end of 2016, which complements present legislation on various fronts (conflict of interests, protection of whistleblowers).

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 5

French governments commonly refer to ad hoc committees tasked with providing information on crucial issues. In some cases, a report is requested from a single individual. Committee members are mainly high-level civil servants, former or active politicians and academics, and often are chosen on the basis of their sympathy to the government in office at the time. This situation raises the concern that opportunism may prevail over real strategic planning. One example during the review period is the Gallois report on French business competitiveness, which was commissioned by President Hollande and published in October 2012, and which has been used to legitimize financial support granted to businesses, as well as some structural reforms, against the reluctance of leftist members of the government coalition.

Most of the time committee reports are either partially paid attention to or shelved altogether. There are no committee meetings with government authorities, except the formal handing over of the requested report. A new permanent committee, set up by President Hollande to assess budgetary issues (before the budget is submitted to Brussels), might be more influential as it has been placed under the chairmanship of the president of the Court of Accounts.

The only bodies that take a long-term view in terms of strategic planning are bureaucratic departments such as those that are part of the finance or foreign affairs ministries. The committee of economic adviser attached to the prime minister's office produces reports on its own initiative or at the office's request. Its impact on actual policymaking is limited, however. President Hollande has redefined the tasks of the former council of strategic analysis, renamed France Stratégie, to strengthen its role in prospective political planning. In 2013, the government charged France Stratégie with coordinating a national debate about France's prospective and strategic outlook for the next

10 years. The presidential election might trigger long-term proposals but actually, the end of Holland mandate is characterized rather by short-term decisions (such as purchasing high-speed trains for secondary lines where they are not needed in order to provide work for two more years at an ailing company).

In spite of these various instruments, there is nothing similar in terms of comparable influence to Germany's economic institutes, for example. In addition, it is striking how the political actors over the past years have been unable to publicly propose a "vision" or at least a credible analysis of what policies could or should be introduced.

Scholarly Advice  
Score: 4

In contrast to some other European countries, the French government does not rely much on academic advice, even though the President's Office and the Prime Minister's Office frequently consult economists, and though outstanding non-governmental academics may be chosen to sit in national reflection councils covering various policy fields (integration, education, etc.). But the influence of academics is not comparable to what can be found in many other political settings. High-level civil servants tend to consider themselves self-sufficient. Once the government has chosen a policy strategy, it tends to stick to it without significant discussion over the appropriateness or effectiveness of choices made. There is nothing comparable in France to the economic institutes in Germany, for example, the opinions of which serve to guide the government and offer a platform for public debates.

### Interministerial Coordination

GO Expertise  
Score: 7

There are three main loci of policy evaluation once a policy proposal has been forwarded to the prime minister. The first is the Prime Minister's Office (PMO), the second is the President's Office, and the third, in cases of legislation or regulation, the Council of State. This hierarchical organization gives the prime minister the option of modifying ministers' draft bills. In important cases, this steering function is located in the President's Office. Both the president and the prime minister appoint adviser from all ministries as policy adviser in a given sector. All ministerial domains are covered. Several hundred people are involved in government steering, checking, controlling and advising functions.

However, considering these various checks a method of evaluation is probably overstated. The PMO mainly coordinates and arbitrates between ministries, takes into consideration opinions and criticisms from involved interests and from the majority coalition, and balances political benefits and risks. The President's Office does more or less the same in coordination with the PMO. More than offering a thorough policy evaluation, these two institutions serve

as a place where the ultimate arbitrations between bureaucrats, party activists and vested interests are made. The power of the last word belongs to the President's Office, and this informal hierarchy gives considerable influence to the president's cabinet, and in practice, to the person in charge of a given policy area. The Council of State is supposed to offer legal advice only. However, the Council takes advantage of this mandatory consultation step to trim a proposed bill or decree, pointing out weaknesses or contradictions. This advice, however, goes much beyond legal issues, yet the government has a choice between accepting the council's advice or dropping the questioned elements of policy, given international, European or constitutional requirements. The policy road, under these circumstances, might be narrow. It has to be noted that none of these "evaluations" are made public. Some of their content, however, do become known as many involved parties have a vested interest in leaking information in order to mobilize groups and lobbies in support of or against the envisaged policy.

The Hollande presidency (since May 2012), especially in its first two years, has been marked by a striking lack of political and administrative coordination. Multiple contradictions and tensions appeared over policy choices and issues. Divergences and fights between ministers reflected tensions within the left coalition and within the Socialist Party itself. A major battle was fought when the minister of the economy himself expressed disagreement with the government's economic policy. In August 2014, the new prime minister, Manuel Valls, had to step in and request that dissenting ministers resign. Since then, the situation has normalized. The Macron law (2015) and the Labor Law reform (2016) illustrate the extent to which the process is now supervised and controlled by the prime minister and the president.

GO Gatekeeping  
Score: 10

The Prime Minister's Office has strong powers vis-à-vis line ministers. Since the beginning of the Fifth Republic, the authority of the prime minister has been indisputable. The only exceptions to this iron rule derive from the presence of heavyweights in the cabinet, or when a minister has privileged access to the President (such as former the minister of culture, Jack Lang, during Mitterrand's presidency in the 1980s). President Hollande's reluctance to impose a strong line weakened the prime minister vis-à-vis the ministers during the term of the first prime minister, Jean-Marc Ayrault. His successor, Prime Minister Manuel Valls, has imposed a return to strict discipline and forced dissenting ministers to resign. This turmoil has shown that beyond the formal rules, it is political leadership that enables the full application of the prime minister's powers. The dominance of the prime is comparable to the leadership of the British prime minister.

Line Ministries  
Score: 8

Line ministers have to inform the prime minister of all their projects. Strong discipline, even at the public communication level, is imposed, and this rule is

reinforced by the attitude of the media, which tend to cover any slight policy difference as the expression of political tension or party divergence. Not only the Prime Minister's Office (PMO) oversees the policy process but also his cabinet assistants, in each area, supervise, liaise and coordinate with their counterparts in line ministries about the content, timing and political sequences of a project. The secretary general of the PMO (and his alter ego at the Elysée) operates in the shadow, but he is one of the most powerful people within that machinery. He can step in if the coordination or control process at that level has failed to stem the expression of differences within the government. As in other fields, the well-established tradition of the Fifth Republic has been shaken up by the hesitations and vagaries of the Hollande presidency, particularly in the first two years. For instance, the young and ambitious minister of Finance, Emmanuel Macron, was sidelined in his last months in office and priority was given to the faithful (Sapin) or the subordinate ministers (El Khomry).

Cabinet  
Committees  
Score: 7

Coordination is strong within the French government, and is in the hands of the PMO and the President's Office, which constantly liaise and decide on issues. Coordination takes place at several levels. First at the level of specialized civil servants who work as political appointees in the PMO (members of the cabinet, that is political appointees belonging to the staff of the prime minister), then in meetings chaired by the secretary general and finally by the prime minister himself, in case of permanent conflicts between ministers or over important issues. In many instances, conflicts pit the powerful ministers of budget or finance against other ministries. Appeals to the prime minister require either a powerful convincing argument or that the appealing party is a key member of the government coalition, as it is understood that the prime minister should not be bothered by anything but the highest level issues. A powerful instrument in the hands of the prime minister is his capacity to decide which texts will be presented to the Parliament with priority. Given the frequent bottlenecks in the process, ministerial bills can end up indefinitely postponed.

Ministerial  
Bureaucracy  
Score: 8

If a ministry wishes to get its proposals accepted or passed, there are no other options than to liaise and coordinate with other ministries or agencies involved. For instance, the "Loi Macron" (2015) had to be co-signed by 13 ministers. In case this consultation has not taken place, objections expressed by other ministers or by the Council of State might deliver a fatal blow to a proposal. All ministries are equal, but some are more equal than others: for example, the finance minister is a crucial, omnipresent and indispensable actor. Usually the coordination and consultation process is placed under the responsibility of a "rapporteur," usually a lawyer from the ministry bureaucracy. The dossier is always followed as well by a member of the minister's staff who communicates with his/her counterparts and tries to smooth the process as much as possible. In the most difficult cases (when

Informal  
Coordination  
Score: 8

ministers back up strongly the positions of their respective civil servants), the prime minister has to step in and settle the matter.

A crucial factor and essentially an invisible coordination mechanism is the “old-boy network” of former students from the grandes écoles (École nationale d’administration (ENA), École Polytechnique, Mines, ParisTech and so on) or membership in the same “grands corps” (prestigious bureaucracies such as Inspection générale des Finances, Diplomatie, Conseil d’Etat and so on). Most ministries (except perhaps the least powerful or those considered as marginal) include one or several persons from this high civil servant super-elite who know each other or are bound by an informal solidarity. These high civil servants (especially “énarques” from ENA) also work in the PMO or the president’s office, further strengthening this informal connection. The system is both efficient and not transparent, from a procedural point of view. It is striking, for instance, how much President Hollande has relied on people who trained together with him at ENA, whom he has offered key positions in the political administration – ranging from ministerial positions to the chair of the central bank to many other high offices.

#### Evidence-based Instruments

RIA Application  
Score: 5

The practice of compiling regulatory impact assessments (RIAs) has been followed since 1995, notably under the supervision of the PMO. However, there is still no systematic RIA process with comparable rules and methodologies; this is just one reason why there is an excess of legislation with an insufficient analysis of regulatory impact. There are partial substitutes, however. The finance and budget ministries try to systematically evaluate the fiscal impact of any new measure. This evaluation might be biased, however, as considerations may be exclusively motivated by financial and budgetary concerns. In some ministries (such as industry, agriculture and social affairs) there is also a tradition of analyzing the impact of planned policies. In other sectors, the law might impose these assessments (such as with the environmental and industry ministries, for instance). A legal assessment is systematically practiced by the Conseil d’Etat before the adoption of a regulation or governmental bill. Parliamentary committees also often do an excellent job of regulatory assessment.

However, what is lacking is a systematic cross-examination involving all the main stakeholders. Former President Sarkozy, with the goal of trimming bureaucratic costs, instituted the so-called RGPP (Revue Générale des Politiques Publiques). It has permitted the cutting of around 100,000 positions, but the process has been highly criticized by the opposition and by the unions. President Hollande has decided to move to another type of review (Modernisation de l’Action Publique) but little, aside from a reduction of

regions from 22 to 13, has changed so far. More recently, the government think tank France Stratégie has been charged with the impact evaluation of public policies (i.e., the impact of the Macron law, innovation policy, or subsidies for companies). It also has delivered methodological guidelines for the evaluation of public policies. There is, however, a notable lack of evaluation of new bills under discussion. As a consequence, many bills are withdrawn at the last minute, frozen, modified after a few months only, or postponed. The fact that few ambitious reforms have actually been adopted, in spite of constant changes, only serves to fuel anti-reform sentiments among sectoral groups and the public at large. As any reform is contested and rejected by more or less large segments of the population, the government, fearing popular revolt, is often obliged to cancel or water down the envisaged measures.

Quality of RIA  
Process  
Score: 4

Studies analyzing the impact of RIA have stated that, although the initial skepticism of administrative bodies toward RIA has been overcome, the content of assessments has been too general and often tended to justify the need for action rather than attempt a critical, well-grounded, assessment. In addition, there are few international comparisons when examining possible alternatives. The assessments are conducted by stakeholders with a perspective of fighting for or against a policy measure. Thus, in general, such assessments have little to recommend them. It remains to be seen if the recommendations for conducting independent assessment by the think tank France Stratégie will be followed. A more thorough analysis (“étude d’impact”) is done in case of large public investments (train tracks, highways, airports etc.) and the final decision as well as the process is submitted to judicial control.

Citation:

France Stratégie: Comment évaluer l’impact des politiques publiques? Document de travail, 16 September 2016

(<http://www.strategie.gouv.fr/publications/evaluer-limpact-politiques-publiques>)

Sustainability  
Check  
Score: 3

There is no real systematic sustainability strategy except in those cases where EU regulations require such an examination. In most instances, political jockeying tends to prevail over policy analysis. In many instances, decisions are mainly based on political arguments regardless of social, financial or environmental costs. The sustainability argument is mainly used by opponents of a policy or envisaged equipment (the Nantes airport is an acute example of this).

### Societal Consultation

Negotiating  
Public Support  
Score: 5

The traditional distrust regarding “lobbyists,” not seen as legitimate political actors, and the difficult social relations in France that hinder effective social dialogue, have limited the capacity of governments to seamlessly or

successfully find avenues of negotiation and cooperation. There are thousands of official or semi-official commissions that are supposed to give opinions on a given issue or area; however, governments tend to prefer negotiations with selected partners, excluding some considered as not being “representative.” Consultations are often rather formal, and interested parties very often have no willingness to find a compromise. For these reasons, the temptation to govern top-down has always been strong, provoking in many cases severe, repeated conflicts and protest movements that have often successfully vetoed governmental action.

This being said, things are beginning to change. In recent years, governments have sought the consultation of interest groups more systematically, and these practices have partly been adopted as legal obligations. Moreover, the rules of social negotiations have been modernized to encourage social contracts between employers and trade unions. The 2013 reform bill on the labor market followed an agreement between three (out of five) trade unions and employer’s organizations, a pact which was then made into law by the government and parliament. Another example is a similar 2015 agreement on the adaptation of supplementary pensions. Nonetheless, given persistent distrust between the social actors, especially on the part of some unions, progress is slow and there are important setbacks, such as the conflict within Air France, the failure to negotiate an agreement on the social dialogue law (2015). 2016 was plagued by repeated demonstrations against rather modest changes in labor law. This was partly due to the erratic method of government. It first presented an advanced draft without consulting social partners. Confronted with strong protest, even by the reformist, cooperative CFDT union, the draft was withdrawn. A consultation round produced a second, less ambitious draft containing some concessions to the CFDT. In the end, government failed to gain support for its bill. It was adopted with little concertation, provoking fierce opposition by most unions and in the latter case, without a positive vote of the parliament (failure to censure the government). Given the entrenched attitudes and preferences of the actors involved and the amount of mutual distrust, change will come slowly.

### Policy Communication

Coherent  
Communication  
Score: 4

Government policy communication is usually subject to centralized control by the executive branch. One of the preoccupations of the executive branch as part of the Fifth Republic is to avoid disagreement or contradiction within the ministerial team, even when coalition governments are in power. There have been situations in which ministers expressing divergent views in the media have been forced to resign. Under the Hollande administration, the executive branch gave initially more leeway in this regard, as Hollande appears to prefer

addressing differing views internally rather than have these differences of opinion be subject to external criticism. However in September 2014, the newly appointed prime minister made clear that he would not accept such public displays of dissent anymore, forcing the president to push out his dissenters.

The key problems of the policy communication in France are the result of the President's and his administration's lack of strategic and decision-making clarity. The challenges that emerged a few months after Hollande's election called for policies (structural reforms, budgetary consolidation) which were not in line with his campaign pledges (and thus with his party's and voters' expectations). In this situation, the government failed to openly address these new challenges and to commit fully to the needed policy changes. Instead, poor communication of his budget-tightening measures led to much public criticism and the government was accused of "austerity" while no expenditure cuts were made. In the same way, it faced criticism of economic "liberalism" (an insulting term in French debates) when introducing prudent and gradual policy change. The President's high degree of unpopularity despite his rather timid reform approach can be explained, at least partially, by the awkward style and confusion found in the executive branch's policy communication. It was Prime Minister Valls, who came into power in April 2014, who had a more coherent and offensive vision on policy reform and budget consolidation. While it did provide a counter-example to Hollande's failures, this did not really resolve the lack of coherence of governmental communication.

### Implementation

Government  
Efficiency  
Score: 3

The government is efficient in implementing its programs, as it can rely on a relatively disciplined cabinet and an obedient majority. Resistance, if any, comes from social actors. The question whether government policies are effective is another matter. One of the major issues facing the government during the review period is a lack of credibility concerning the commitments it has taken in relation to growth, unemployment and the reduction of deficits. Optimistic forecasts have been disappointed by poor results on all fronts. Most international organizations (the International Monetary Fund, the Organization for Economic Cooperation and Development, the European Union), think tanks or even national organizations (the French central bank, the statistical institute, the Court of Auditors) have pointed out the impossibility of reaching set targets based on over-optimistic data or forecasts. This situation has not changed over the period and might worsen in 2017–2018, as the Hollande administration has taken on many financial commitments with a delayed impact that will be imposed on the next government.

Ministerial  
Compliance  
Score: 9

Compliance by ministers, if assessed comparatively, is good, as a minister can be dismissed at any time and without explanation. In the French majority system and in the absence of real coalition governments, the ministers, who are nominated by the president, are largely assigned to him. Together with the effective hierarchical steering of governmental action, ministers have strong incentives to implement the government's program, following guidelines set up by the president and prime minister. This statement remains true but is highly dependent on the leadership capacities of the president and prime minister. Up to 2014, due to insufficient presidential leadership, cases of rules infringement by prominent ministers occurred, undermining the credibility of governmental action. Former Prime Minister Manuel Valls, who came into office in March 2014, put an end to this and restored strict compliance rules. However, he remained squeezed between a reluctant party and a feeble president, further weakened as his term wound down.

Monitoring  
Ministries  
Score: 8

Line ministry activities are generally well monitored, but several factors influence the impact of oversight, including: the strength of the prime minister; the relationship of the minister with the president; the political position of the minister within the majority or as a local notable; media attention; and political pressure. This traditional pattern under the Fifth Republic failed to work during the first 30 months of the Hollande presidency due to the president's weakness and reluctance to arbitrate between ministers and divergent preferences. Since the September 2014 crisis and the resignation of the dissident ministers, Prime Minister Manuel Valls has proven able to exercise improved oversight of the ministries.

Monitoring  
Agencies,  
Bureaucracies  
Score: 7

In a centralized system like France's, the central machinery is unable to monitor fully and constantly the implementation of government policies. There exist huge sectoral and geographical variations. In some areas, decisions are not implemented or instead are badly implemented or flexibly interpreted. For instance, education is one of the most centralized policy fields in France, but implementation varies so starkly that parents have adopted strategies (such as the crucial choice of where to live) to register their children in the "best" schools. Implementing centrally designed policies requires local or regional adaptation of rigid rules that are applicable to all. Even the prefects, supposedly the arm of central government, refer to this practice, as may be witnessed for instance in the absent, or insufficient, implementation of water directives in some regions.

Task Funding  
Score: 7

Over the past 30 to 40 years, the powers of communes, provinces (départements) and regions, delegated by central authorities or taken over de facto by local entities, have increased considerably. Normally a delegation of powers was accompanied by corresponding funding. However, as formerly centralized policies were notably badly managed or insufficiently funded, local units had to face huge expenditure increases that were not fully covered by the central government. Local lobbying groups are so powerful (given the

tradition of accumulating elective mandates, most national parliamentarians are also elected local officials; furthermore, the local lobby controls the second chamber, the Senate) that they have managed to secure substantial fiscal transfers not earmarked for special purposes. Thus, more than two-thirds of non-military public monies are spent by local/regional actors, a figure comparable to the situation in federal states. While in theory local governments are agents of the central government, they have, actually, secured ample discretion. The recent regional reform reducing the number of regions from 22 to 13 has had quite an important consequence: the new regions will benefit from a fraction of the VAT, whereas before they did not receive taxes but only transfers from the central government.

On the other hand, the piecemeal and ad hoc reforms of local taxation, such as the elimination of the local business tax (*taxe professionnelle*) and its compensation by national state allocations in 2009, or President Hollande's cut of state subsidies to local government as a move toward budget consolidation, have not improved the situation. On the contrary, local investment diminished in 2014 by 14% according to a recent report by the Court of Accounts. A dozen departments face great difficulties to meet their obligation to pay for the welfare benefit offered to people with insufficient income (*Revenu de solidarité active, RSA*). The crucial issue will be to make the local authorities more financially responsible since large amounts of their resources are granted without strings by the central government.

Constitutional  
Discretion  
Score: 6

Some instances of recentralization have occurred through fiscal or administrative means, but despite the usual stereotypes about French hyper-centralization, it is fair to say that subnational government enjoys much freedom of maneuver. Legally, subnational government is subordinate. Politically, the influence of local elites in parliament and in particular in the Senate is decisive. The most efficient but contested instruments of control derive from the legal, technical or economic standards imposed by the Brussels and Paris bureaucracies. Violating such standards can involve high political, monetary and legal costs for local politicians. Prime Minister Valls has announced some measures designed to rationalize powers and spending, which would be a welcome reform. At this stage, however, the government has not yet overcome the varied and strong oppositions to its still rather vaguely formulated projects.

National  
Standards  
Score: 9

Policymakers in France share a common interest in ensuring national cohesion. This is the basis for a large number of national standards and rules that canalize local and regional policies. National standards are determined by national regulations and constitutional and administrative courts serve as arbiters in disputes over whether these standards are met. The application of national standards is facilitated by the fact that most public utilities are provided by large private or semi-public companies with a vested interest in

having the same rules and standards across the country. Services such as energy supply, water distribution or garbage collection are run by many different companies, most of which belong to two or three holding companies. Market uniformity is often much stronger (for the sake of efficiency and profit) than bureaucratic uniformity, since individual actors in companies, unlike politicians and bureaucrats, have less leeway in interpreting and adapting the law to local concerns. Following the protest of business and local politicians against a flood of norms and standards, the government has started an enquiry and taken a few measures of “simplification.” However, to date, no significant results have been observed with the exception of the construction sector where norms have been simplified, after imposing extremely cumbersome rules and standards.

### Adaptability

Domestic  
Adaptability  
Score: 8

The French government has a good track record in adapting national institutions to European and international challenges. This can be attributed to the bureaucratic elite’s awareness of international issues. This contrasts vividly with the government parties’ weakened ability to adapt national policies to the challenges stemming from the globalization of the economy, as there is often fierce resistance from trade unions, most political parties and public opinion at large.

International  
Coordination  
Score: 8

France plays an active role in the international coordination of joint reform initiatives. The country contributes to the provision of global public goods. It has a long tradition of acting on an international level to take part in security/military missions, combat climate change (for instance hosting the 2015 United Nations Climate Change Conference in Paris (COP 21)), provide humanitarian and development aid, and promote health, education programs, and fiscal cooperation. This being said, the French government, as other governments, often takes positions that advance French (economic) interests. Concerning the European Monetary Union, French proposals contribute to defining European policies and often serve as a basis for compromise. However, the credibility of these initiatives may be damaged by the government’s inability to respect common rules France has signed, such as the stability rules of the EMU. This limits the government’s success in steering or influencing decision-making at the European level. Other striking examples include the French government’s attitude toward free trade discussions, in particular those concerning agricultural products, and environmental issues such as air and water pollution, where France has failed to implement on the national level measures deriving from supranational recommendations. On development assistance, there is still a big gap between official commitments and actual spending (0.37% instead of 0.70% of National Product)

## Organizational Reform

Self-monitoring  
Score: 5

There are plenty of reports prepared at the request of governmental authorities in view of reforming rules, procedures and structures. The Court of Accounts plays a very active and stimulating role in this regard. However, only a few of these recommendations are implemented. Resistance by interested ministries or agencies is usually fierce and often supported by opposition parties or even by part of the majority coalition. The issue is complicated by the fact that ministerial structures can be set up and changed by the government in charge. The most ambitious recent attempt has been the general assessment of public policies launched in 2007, which ordered an assessment of all policies and institutions to rationalize their makeup and to find savings. This process was cancelled by President Hollande and replaced by a new procedure named the Modernization of Public Action (Modernisation de l'Action Publique), which has produced very modest results over the past five years. Among the government bodies least adaptable to structural change is local government, a system that is multilayered, complex, and no longer in line with the challenges of the modern economy and society. All serious attempts at reform have failed. The territorial reform approved in July 2015 is a good example: the number of regions has been reduced from 22 to 13, but this has not been supported and accompanied by a major effort of streamlining competences and resources, beyond the strengthening of metropolitan regions.

Institutional  
Reform  
Score: 6

French governments are usually reactive to the need to adapt and adjust to new challenges and pressures. These adaptations are not always based on a thorough evaluation of the benefits and drawbacks of the foreseen changes, however. A case in point is the reluctance of most governments to take seriously into consideration the recommendations of international organizations, if they do not fit with the views and short-term interests of the governing coalition. Resistance from vested interests also limits the quality and depth of reforms. Too often the changes, even if initially ambitious, become merely cosmetic or messy adjustments (when not dropped altogether). This triggers hostility to change when, in fact, very little has been done. This is particularly true when the executive is weak, as has been the case over the past years in spite of the efforts of the new prime minister, Manuel Valls.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 6

Citizens' interest in politics and their participation in the political process have been on the decline in recent decades. Obtaining their information primarily from television, most citizens are poorly informed. Television stations devote little time to any political topic and tend to prefer talk shows where people express their views, rather than using prime-time hours for political information. Information follows mobilization, rather than the other way around, evidenced by the protest movements against TTIP and CETA. Information is often provided on a certain topic once a group of citizens or political activists have succeeded in attracting media attention.

One of the problems with government information is that politicians tend to hide the truth or to minimize harsh realities. Since the Socialist government's economic policy U-turn in 1983, governments have tried to hide necessary measures or reforms behind a veil of euphemistic language. As an example, President Hollande's tough budget policy has been renamed "budgetary seriousness" to avoid accusations of "austerity"; even the wording "rigueur" (the tight control of public spending), used by the Socialist Party government in 1983, is banned. This kind of action "by stealth" may initially be successful, but it does not enhance political awareness among citizens and it also fuels populist feelings. Since coming into office in 2014, Prime Minister Valls has adopted a more frank style, trying to clearly point out the challenges and needs for reform to the public. However, this style is contested within the ranks of the governmental party. Meanwhile, opinion polls suggest that French voters are both well aware of the problems and reluctant to accept change when their specific interests are at stake.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 7

French legislators have fewer resources at their disposal than, for instance, their American colleagues, but they are reasonably equipped should they wish to make use of all facilities offered. In addition to two assistants, whom parliamentarians can freely choose, they receive a fixed amount of funds for any expenditure. There is a good library at their disposal, and a large and competent staff available to help individuals and committees. These committees can also request the support of the Court of Accounts or sectoral bureaucracies, which are obliged to provide all information requested. There

are still problems, centered on the long tradition of parliamentarians holding several political mandates. Three-quarters of parliamentary members are also elected local officials, and many of them dedicate more time to local affairs than to parliamentary activities. Absenteeism is one of the major problems of the French parliament both in the plenary sessions and within the specialized committees.

Obtaining  
Documents  
Score: 9

Committees have free access to all requested documents. However, areas such as national security, the secret service or military issues are more sensitive. The government might be reluctant to pass on information but, worse, could be tempted to use information limitations to cover up potential malpractices. For instance, in the past the PMO had at its disposal substantial amounts of cash that could partially be used for electoral activities of the party in power. No information was available about where the money actually went. In the same vein, it is only since the Sarkozy presidency that the president's office budget has become transparent and accessible to parliamentary inquiry.

Summoning  
Ministers  
Score: 8

Committees can summon ministers for hearings, and frequently make use of this right. In exceptional cases, ministers can refuse to attend. Given the supremacy and the discipline of the majority party in parliament during the Fifth Republic, such a refusal does not result in serious consequences.

Summoning  
Experts  
Score: 10

The parliamentary committees can summon as many experts as they wish as often as they need in all matters, and they often make use of this right. The main problem is often related to the absenteeism of members of parliament even in cases of very important issues such as Brexit.

Task Area  
Congruence  
Score: 3

There is no coincidence between the structures of ministries and those of parliamentary committees. The number of parliamentary committees is limited to eight (up from six in 2008) while there are 25 to 30 ministries or state secretaries. This rule set up in 1958 was meant as, and resulted in, a limitation of deputies' power to follow and control closely and precisely each ministry's activity. The 2007 – 2008 constitutional reform permitted a slight increase of committees, and allowed the possibility to set up committees dealing with European affairs.

Audit Office  
Score: 8

Parliament does not have its own audit office, except for a special body called the Office Parlementaire d'Évaluation des Choix Scientifiques et Technologiques, which is responsible for analyzing and evaluating the impact of technology. In practice, its role has been rather limited. Instead, the Court of Accounts is now at the disposal of any parliamentary request and can act both as auditor and advisor. While much progress could be made to fully exploit this opportunity, it is noticeable that collaboration between the two institutions has improved since the Court's presidency was offered to two prestigious former politicians. Improvements also resulted from the decision by former President Sarkozy to appoint the then chairman of the finance and budget committee of the National Assembly to the post, a position which for the first

time had been reserved for the opposition party. Actually, the role of the court has dramatically changed, from a mere control of accounts to a full evaluation of public policies.

Ombuds Office  
Score: 7

Parliament has no ombuds office, but plays a key role in the functioning of the (former) Ombudsman office. Until 2011, the médiateur (ombudsman) could intervene in malpractices and administrative problems at the request of individuals but only through the mediation of a parliamentarian. The purpose was to try to solve as many problems as possible through the intervention of elected representatives, and to ask the ombudsman to step in only if the issue could not be addressed or solved in a satisfactory way. In 2011, the office was merged with other independent authorities to form a new body (Le Défenseur des Droits). It is still early to assess the impact of this reform. However, it has not affected the role of parliamentarians in the process.

### Media

Media Reporting  
Score: 6

Mass media, notably morning (radio) and evening programs, offer quality information concerning government decisions. As for print media, the crucial issue is the division between local and national media. A few quality daily papers and weekly papers provide in-depth information but their circulation is weak and on the decline. In many instances, the depth and magnitude of information is dependent upon the level of polarization of the government policy. Instead, in local newspapers, information is often superficial and inadequate. The same division applies to private and public audiovisual channels. Some private channels offer only limited, superficial and polemical information. On the whole, economic information is rather poor.

### Parties and Interest Associations

Intra-party  
Democracy  
Score: 6

Parties are usually both centralized and organized hierarchically. There are few registered political activists. These are all serious limitations to the inclusiveness of citizens in the selection of leaders and of policy options. However, there are some countervailing forces. One traditional point is the practice of accumulating elective mandates. Many politicians are not selected by a party; they are individuals who have made their breakthrough locally and impose themselves on the party apparatus. This means that national politicians have a concrete and ground-based knowledge of people's aspirations and claims. Another factor is the popular election of the president. Candidates' programs are inclusive; no policy sector is forgotten in their long to-do list. A third factor lies in recent changes in the selection of candidates for presidential elections and communal elections. Primaries have taken place, first within the Socialist Party, then in the neo-Gaullist conservative Union for Popular Movement (UMP). In both cases, both registered activists and voters

sympathetic to the party are eligible to participate. Actually, this “opening” of the process contributes to a further weakening of the parties which are already very feeble organizations. On the other hand, the strong participation in the primaries (up to 4.4 million in the case of the conservatives, a multiple of the number of registered members) is a form of citizen participation in a crucial political party decision, which can be seen as a positive sign for open and democratic legitimation of the party’s choice.

Association  
Competence  
(Business)  
Score: 4

Business associations, mainly the largest employer’s union (Mouvement des Entreprises de France, MEDEF) but also agricultural associations, are able to formulate policy proposals and contribute to agenda setting. They have their own research and study capabilities, and can successfully lobby government and parliamentarians. Weaker organizations such as the association of small and medium companies complain that their specific interests are marginalized by larger international groups and by the government. Trade unions are usually more reactive, mainly because their membership is low, at less than 8% of the workforce, the lowest percentage within the OECD, and split into several rival organizations. Government tries to stimulate social negotiations by extending social partnership agreements to the whole sector. In areas where interest groups are united and strong, as in agriculture and education, they may have substantial influence, amounting to co-decisions together with government. In other areas, the weakness of organized interests results in marginal involvement in decision-making, which may lead to friction on implementation. On the whole, President Hollande’s relaunch of the traditional issue to rejuvenate “social dialogue” has produced limited results. Two important agreements (the 2013 labor market reform and 2015 supplementary pensions) are counterbalanced by failures (e.g., the 2015 modernization of social dialogue). A major problem is that two corporatist and “conservative” unions (CGT and FO), taking advantage of their footing in the civil service and public sector, have more or less rejected any change (e.g., they refused to sign the previously mentioned agreements).

Association  
Competence  
(Others)  
Score: 6

The number of, and membership in, non-business associations has been increasing. If the phenomenon of dependency on the financial support of public authorities exists, especially at the local level, there are non-economic associations that are combining pluralistic approaches, long-term perspectives and a public perspective. This can be seen in fields such as urban policy (where national programs and local public actors rely on the expertise and commitment of associations dealing with local issues), environmental policy or social policy (aid to people with different social problems or handicaps). This being said, only a few associations are equipped with the capacity to make relevant and credible proposals. Some groups (such as environmental groups and social workers) have a real proactive strategy; however, most associations are reactive and prefer to object rather than suggest.

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