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# The French Social Security System Managing social risk in the name of solidarity

By Catherine Shakdam



Al-Bayan Center Studies Series

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# The French Social Security System

## Managing social risk in the name of solidarity

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By Catherine Shakdam\*

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France's willingness to offer a degree of protection to those made most vulnerable whether through illness or social circumstances traces back long before the French Revolution.

And though the state did not necessarily play a hand in harmonising or even architecting such protection; a myriad of institutions, more often than not under the umbrella of the Church, took on such burden, thus allowing for the formulation of a welfare system – or at the very least the premise of one.

France's welfare system, like much of its institutions find their root in the pre-revolution era – somewhat a historical irony if one considers how profoundly undemocratic France was under the absolutism of its kings.

Before 'protection' would come to be conceptualised as both a social necessity and an institutional responsibility enshrined within the nation's legal system, religious organisations through a system of patronage and artisans through their respective guilds offered their 'flocks' whatever help their resources allowed. Needless to say that whatever help was available was random and of low quality as it lacked in structure. The randomness and scarcity of such help was such that no real structure – even within the Church, was ever made available. For example if patrons agreed to support hospices and orphanages, never

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did they envision any form of social planning or even social census to match social necessities.

The beginning of a coherent response to such social necessity first emerged in England through the issuance of a series of laws offering ‘the poor’ a degree of protection in 1601. Those laws would remain in effect until 1834.

The law of 1601 conferred a right to assistance to all members of a parish – putting the onus on each parish to provide financial aid to children and the disabled should they prove unable to work.

The flipside of such ‘protection’ however meant that quite often the most vulnerable – left under the tutelage of either the nobility or the clergy, suffered abuse and to some degree enslavement.

These laws of assistance to the poor were very controversial. Karl Marx described them as bloodthirsty and repressive since they forced the poor to work for the bourgeoisie and thus degraded working conditions.

Liberal thinkers such as Adam Smith, David Ricardo or Thomas Malthus, deplored them for allegedly multiplying the number of poor, promoting an excessive birth rate, causing lower wages, and unemployment.

The theory held by Liberals is that of non-social interventionism on the basis that poverty – whichever the circumstances maybe, remains the responsibility of the individual and not the state, as not to burden the collective and create a culture of assistance.

France’s Revolution would reject such liberalism to instead enshrine the idea that it is the responsibility of the state to offer and guarantee

social protection on the basis of equality, as expressed in the Declaration of Human Rights of 1793.

Under the Revolution France's old social system will be completely dismantled and then abolished by law to impress on the nation that 'social risks' were in fact under the jurisdiction of the state, and not individuals or private enterprises.

Readers will note that revolutionary thinkers looked to disappair France's archaic social welfare system to free citizens from the influence and hold of both the Church and the nobility.

The goal was not to deny the poor access to financial and medical aid, but rather to formulate an egalitarian system based on individuals' needs, to be borne by the collective as represented by the state.

But Liberals would prove too tough to circumvent – nevermind convince.

The first forms of any real social protection were not only thought out by the working class, but actually organised by the working class independently from the state as what we can only called an organic response to a social reality.

It is often that France's legislative system has been in fact influenced and forced to reform itself to catch up with social realities.

One could go as far as define France's institutions as the reflection of the nation's socio-political will, rather than the creation of a few ideologues.

France is somewhat its own socio-political ecosystem – forever changing and adapting. France's propensity to regime change attest to such 'flexibility'.

Faced with the awareness of risks – diseases, accidents at work, old age, workers began to organise themselves under various societies – soon-to-be-known as syndicates, similar to the guilds France revolutionaries abolished.

On the eve of the 1830 Revolution, these societies: mutual aid societies, multiplied and actually constituted a point of support for social actions: strikes and demonstrations. More to the point they accompanied the development of the working class and made it possible to escape the gravitational pull of both the Church and the Bourgeoisie.

If France's workers were not politically versed due to a pandemic lack of education and access, they nevertheless understood what power lay in those wielding social welfare as a mean to indoctrinate the masses to their world views.

At the mercy of the Church and France's new money, workers very much saw how power had once again shifted away from the collective to serve the benefits of an elite few.

It is mainly French working class's commitment to hold its representatives accountable to their needs and wishes which permitted the nation to formulate its modern social welfare system.

The progress of social consciousness would ultimately encourage the transition from solidarity to resistance and struggle. It would be to misunderstand France's political and institutional history to dismiss this pursuit of social equilibrium and security before life's risks. France's very revolutionary spirit can be found in such social ambition – a credit one could argue to France's acknowledgment of individuals' responsibilities for the nation's collective welfare – Liberty, Equality, Solidarity .

France's early syndicates/mutual aid societies accustomed workers to discuss issues of common interests and most importantly offered a powerful platform from which to resist powerful 'patrons'. Among the motto echoed by workers throughout: vox populi, vox dei (the voice of the people is the voice of God) best encapsulated the mood of the time.

Unions would soon rise, forever changing social dynamics – not just in France but across the industrial world: first through union chambers which gave way to professional federalism and then national and international confederalism.

If the France of 1789 dreamt itself free of all oppression, including that of socio-economic constraints, its political reality would only offer some limited public assistance and social planning (1830–1905).

### **Late 19th and early 20th century: a tumultuous journey of social legislation**

It would take the industrial revolution (20th century) for France to rethink its 'welfare system' and look upon the future of its working class from a more benevolent standpoint.

France's industrialization period – which dramatically highlighted the need to legislate over worker's rights and companies' obligations towards their workforce, gave way to a powerful social movement through the formations of syndicates.

Run by the collective through voluntary contributions, syndicates guaranteed – to the limits of their finances, workers 'coverage' should they fall ill, suffer from an accident at work, or even enact their right to strike.

Proponents of republican “radicalism” would try to find a third way between collectivism and liberalism. This is the beginning of the social era, or the justification for state interventionism on the basis of social necessity. Was the principle of ‘insurance’ against adversity as both a tool and a mean to mitigate risks and offer socio-economic continuity.

Solidarity became somewhat of a political necessity due to the state’s reliance on its workers’ welfare.

The law of April 8, 1898, which offered workers’ protection should they suffer an accident is the first law to conceptualise risks as a financial obligation to be borne by employers. To meet such burden patrons then turned to insurances for protection.

This new social contract dramatically redefined social dynamics, opening up the entire workforce to the idea of compensation and liabilities.

But it would take decades for the premise of such a principle to become the norm.

France’s social welfare legislation journey would be sinuous and painful, peppered with intense parliamentary debates – the law proposal put forward by Martin Nadaud in 1880 on occupational accidents is but a small example of the sheer outrage such calls for social reforms would generate.

The idea of liability without fault then became somewhat of a crusade for politicians such as Nadaud (1880) and later on Felix Faure (1882) who proposed a law on accidents in the workplace.

France would wait until 1898 to see instituted the Workmen’s Compensation Act, which imposed strict liability on the employer

in its own right. Although the Act was a compromise in the face of opposition from businessmen and senators, it nevertheless represented a fundamental step forward in employment law and in the development of the necessity of a grand national welfare system.

Historically, accidents at work began to be regulated in France in late 19th century. The act of April 9, 1898 first provided for employers' limited strict liability. Later, recovery was instead granted by Social Security to all those who were injured while performing the job regardless of any establishment of liability on the part of their employers. The risk run by workers as a result of the performance of their job in industries supported the idea of granting of such compensation for any resulting injury. Employers were required to contribute to the program.

The trade-off for compensation was that employees could not claim additional damages from their employers who were then excused from such liabilities.

In many ways the Workmen's Compensation Act sat a pivotal moment in France's legislative history as it allowed for a series of reforms and legislations to be passed, somewhat with less resistance as the idea of solidarity obtained legal standing.

In 1910 when the law on *Retraites Ouvrières et Paysannes* (ROP) [Worker and Peasant Pensions] came into force, there were already several old-age protection measures in place, at least for certain segments of the population. The state provided pensions, albeit parsimonious ones, for veterans and former civil servants.

Mutual aid societies encouraged saving for retirement among those able to do so but were unable to provide substantial pensions. Businesses that were the most concerned with recruiting and retaining a highly

skilled and specialized workforce, such as in mining, transportation, and metallurgy, created management-directed retirement schemes. Yet these measures affected only a small percentage of the total workforce: 660,000 out of eleven million, or just five percent of the then-total workforce, including domestic servants.

In order to redress the poverty that afflicted the many elderly in both rural and urban areas who had no pensions, the Republic instituted a program of compulsory assistance to the indigent elderly. This 1905 law significantly influenced later developments in the protection of the elderly.

Given these sparse provisions for the elderly, the 1910 law was a major step in which reformers invested significant hope and effort. The law instituted an obligatory retirement system that relied on double contributions, from wage-earners and from their employers, for about twelve million workers and peasants who earned less than 3,000 francs per year. Recipients' state-guaranteed pensions began at age sixty-five, lowered to sixty in 1912. Small farmers, artisans, or shopkeepers could also opt into the system.

Despite the ambitious scale of the project, it provoked resistance from several directions, some of them unexpected. Often, those whose opposition was least anticipated proved the most decisive. Historians often refer to the mistrust of organized labor, and it is true that the *Confédération Générale du Travail* (CGT) called on its members to boycott the system of "retirement for the dead." The CGT believed that sixty-five was far too late for workers to claim their pensions and feared that speculators, rather than workers, would profit from the investment of worker contributions.

The union also insisted that the administrative framework of the system, especially the identification cards in which workers would paste stamps to mark their contributions, was reminiscent of the worker livrets (passbooks) that had previously served to control workers' private lives and employment trajectories. Outright worker hostility was limited to a few regions like the Nord, however, and the retirement scheme divided the workers' movement. Jean Jaurès opposed Jules Guesde and supported the system. I

In 1912 when the age threshold was lowered to sixty and flexible arrangements for those in their late fifties were introduced, opposition died down and workers did join the scheme en masse.

The law of April 1924 marked the political and social coming of age of a generational cohort and was a key step toward the construction of the French model of retirement. It established an innovative system characterized by:

- a legally-recognized right to a pension based on wages and on the period of contribution;
- contributions that were neither invested nor managed by a retirement fund; contributions paid in one year went directly, via the Treasury, to the payment of that year's pensions;
- a level of pension determined by the employees' wages in the final three years of employment;
- the equalization of pension; that is, pensions were occasionally reevaluated taking wage trends into consideration. In 1924 pensions were recalculated based on 1919 wage scales, and in the early 1930s new equalization measures took 1920 wage scales as a guide. Whenever they retired and whatever damage inflation might inflict

afterwards, all retirees who retired at the same rank would enjoy the same income, which would rise with current salaries for that rank.

Under this system, pensions were not the result of savings, an insurance product, nor a public assistance measure. They were a “continued wage” derived from the “socialized wages” of those still working whose contributions paid pensions directly. It was a system of regular cash flow rather than of investment and risk. Equalization made the pension something better than a fragile and limited income supplement; rather it was a genuine old age income that permitted recipients to maintain their lifestyle into old age and to look forward to retirement. At the same time, publications aimed at retired persons increasingly promoted new forms of sociability organized around leisure (travel, gardening) or well being (health, consumer issues, social interaction).

The laws of April 1928 and April 1930 established a system of protection in cases of sickness, maternity, invalidity, old age and death for employees with a contract of employment and in the case of the law of April 30, 1928 set in place a special scheme for farmers.

The above laws helped formulate France’s welfare system more than any others as they define social jurisdiction.

On the eve of the Second World War, France looked to consolidate its budding welfare system by introducing the texts of a comprehensive social protection system. Only they were too fragile for a wide application.

From 1920 to 1940, the results obtained by a minority of workers will spread to all employees, and even the population. The economic crisis of the 1930s would further put in focus the risks faced by the

working class en large.

Keynesian theories then justified state interventionism and the distribution of replacement incomes.

Social insurances created at this time became compulsory – the move is replicated across Europe. On average, every second employee in Europe has an old-age & unemployment insurance scheme in 1940.

By 1940 in France, social insurances had seven million contributors and twice as many beneficiaries.

Financing was then ensured by a contribution of 8% – deducted at source: 4% for employees and 4% for employers).

80% of all medical expenses are covered by such system and a daily allowance is paid in case of sick leave: 50% of worker's salary.

In parallel to social insurances, the Patronat will put in place family allowances for their employees as part of a move of positive 'resources' distribution to evaporate inequalities.

At the end of the Second World War if the social protection system has become normative it lacks reach and structure in that it falls short of answering workers' needs.

### **The turning point of 1945: The creation of France's Social Security**

In the aftermath of the Second World War, France followed an egalitarian welfare state model based on the principles of equality, fraternity and solidarity and established a well-developed social security system.

Under such a system, anyone born or resident in France is entitled to

social security benefits. The key components of the system are a well-developed healthcare, unemployment and pension schemes.

The Rocard<sup>1</sup> reforms of 1992 made it explicit that ‘any person who because of his or her age or physical or mental status or economic situation is unable to work has the right to obtain from the society, decent means to live’.

A law enacted in 1999 entitles French people to healthcare without any contribution as a prerequisite.

On the whole, the system is directed to fight poverty and social exclusion on the one hand, and to guarantee a minimum standard of living to everybody on the other. It operates on a basic General Insurance Scheme, complemented by additional schemes managed by mutual or private insurances.

Under President Francois Mitterrand’s leadership France’s social reach decisively embraced socialist values – which values he will push to see represented and protected within the European Union, championing the enactment of a “social charter” of basic worker and welfare rights.<sup>2</sup>

In August 1988, the Rocard Government promulgated a series of decree ranging from the protection of children in the workplace to environmental health issues and risks for workers, thus expanding the reach of state in legislating social issues and people’s welfare.

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1. Michel Rocard (23 August 1930 – 2 July 2016) was a French politician and a member of the Socialist Party (PS). He served as Prime Minister under François Mitterrand from 1988 to 1991, during which he created the Revenu minimum d’insertion (RMI), a social minimum welfare program for indigents.

2. Politics In France: From Giscard To Mitterrand by Ian Derbyshire

In July 1990, the age limit for the payment of family benefits is raised from 17 to 18 years, and in January 1990 an Act was passed that extended to elderly persons living with their relatives “an exoneration for employers social security contributions for using a home help.”

Furthermore, the Protection and Promotion of Family and Child Health Act, passed in 1989, set further requirements for organising children’s health services, especially in preschools and homes. The legislation also required that the social security office reimburse providers for mandatory examinations, special care at home, and care rendered in hospital clinics and other health facilities. Parents were responsible for selecting providers and also had a financial incentive to follow the recommended schedule of preventive care visits for their children.

A 1990 law concerning the protection of individuals against discrimination on grounds of their state of health or their disability amended the Penal Code, which already covered discrimination based on race or origin, nationality, ethnicity, marital status, customs, and sex. By this point France has reached social velocity.

1990 also saw an increase in the minimum wage, the inception of universal access to day-care services for every child under the age of three and an increase in public spending in the educational sector to guarantee equal access to education and opportunities.

But France’s move to the Left would not go without roadblocks, none more than from the European Court of Justice.

The decision of the European Court of Justice on 12 September 2000 to allow free competition in the additional schemes significantly weakened the French welfare state system since free competition

and welfare privatization can dilute people's commitment to social solidarity.

The European Union's mercantile ideology which gives supremacy to the economy over social values, the ongoing ageing process, growing unemployment and the neoliberals' advocacy of the state's non-intervention role are among the emerging challenges the French welfare state system must contend with.

This is where maybe France's so-called socialist agenda (not to be understood as a criticism) clashes the most with the vision European ideologues had of the 'open market'.

Where France historically and for reasons that are meshed within in its own cultural institutional development has always favoured solidarity and social responsibility over the financial ambitions of an elite so that its republican values would in fact sit strong, the European Union has indeed favoured capitalism and mercantilism.

Such opposing views have actually precipitated serious issues in France, often forcing state officials to act against republican values for the sake of European unity – which in turn led many to ponder over the sovereignty of the nation when confronted by that of the European Union within the territoriality of its open market .

Sovereignty as it were lies beyond territoriality per se since it also exists in the formulation of a nation's institutional fabric and political thought.

The ordinances of October 4 and 19, 1945 are regarded as the founding acts of France Social Security System.

Its founders sought to achieve the following three goals:

1. Institutional unity and universality of risks: single regime and general-purpose funds;
2. Progressive generalization: so that access could be given to the whole population through a system of double contribution;
3. Strengthen democracy through fair social representation: employers and employees.

While the first goal has yet to be achieved, the other two would in time be materialised through evolution.

If France's welfare system is in more ways than one a reflection of its national thought its conception and evolution did not take place in a vacuum, but rather, was influenced by outside forces.

As it happens, France will draw inspiration from its German and English neighbours.

The end of hostilities will see the establishment of a deeply reshaped Social Security system and dual inspiration: Bismarckian and Beveridgian.

Otto von Bismarck (1815–1898), then German Chancellor, was the instigator in his country of the Social Security in the years 1881–1889, with the creation of a first complete system of social insurance. Under such a scheme Germany provisioned for the creation of social insurance funds which operation was managed by designated social partners and not the state as originally intended by Bismarck.

The Chancellor had to yield to the opposition of both Parliament and political parties. For example, accident insurance at work was controlled by companies and health insurance by workers. In 1889 Bismarck increased his reach by creating the Disability and Retirement

Insurance Fund, inspiring others in Europe to follow suit.

The first report in 1942 of the English economist and politician William Henry Beveridge (1879–1963) on the welfare state would also inspire France’s socialist Left, including Pierre Laroque.

Beveridge advocated for every working-age citizen to pay social security contributions in return for receiving benefits in the event of illness, unemployment and retirement, so as to guarantee everyone a minimum standard of living below which no one should fall.

Beveridge’s second report, in 1944, will emphasize that the establishment of an effective system of social protection requires full employment!

Often referred to as the forefather of France’s Welfare System, Pierre Laroque was instrumental in shaping France’s social advancements.

Pierre Laroque was called in September 1944 by Alexandre Parodi, the then-Minister of Labor and Social Security to develop France’s Social Security plan as per the request of the National Council of Resistance. Admittedly, there were already public or private welfare or welfare institutions which had been established gradually, but they were incomplete and scattered.

Pierre Laroque conceived a new organization intended, according to the terms of the article 1st of the ordinance of October 4, 1945, to “guarantee the workers and their families against the risks of any nature likely to reduce or to cancel their capacity of gain, to cover the maternity expenses and the family expenses that they support .”

This solidarity-based organization had to be unique, universal and managed by the insured or their representatives.

The ordinance of 4 October created a general scheme intending to bring together all assets: employees of the private and public sector, farmers, and self-employed workers. It also allowed for social continuity through the subsistence of pre-existing special social security schemes. The coordinated network of ‘caisses’ [social funds] established by this ordinance replaced multiple organizations, but failed to establish an administrative unit.

Another ordinance dated October 19th came to legislate on the risks of illness, invalidity, maternity, old age and death.

The law of May 22, 1946 expanded the reach of France’s welfare system to the general population, with the exception of non-wage workers who would oppose it. The part of this law related to the single social security scheme would never be applied.

The law of August 22, 1946 extended family allowances to almost all the population and that of October 30, 1946 integrated the compensation of accidents at work to the Social Security system.

Just as the insurance system created by Bismarck in the 1880s was the result of a fierce political struggle between the Chancellor, the Parliament and the political parties, the French Social Security had to suffer through many political and societal

roadblocks.

It has nonetheless been a milestone in France’s social history.

The preamble of the constitution of the Fourth Republic – October 27, 1946, recognizes the right of all “especially to the child, the mother and the old workers, the protection of health, material security, rest and recreation. Every human being who, by reason of his age, his physical

or mental condition, the economic situation, is unable to work has the right to obtain from the community suitable means of subsistence.”

The laws of 21 January 1961 and 12 July 1966 established respectively the autonomous system of compulsory sickness, maternity and invalidity insurance for farmers and for non-salaried non-agricultural workers (independent professions).

The Jeanneney Ordinances of 1967 provided for the financial separation of risks in three distinct branches – health, old age, family – through the creation of three national funds, the National Health Insurance Fund for Salaried Workers (CNAMTS), the National Mutual Fund for Retired Salaried Workers (CNAVTS), and the National Family Allowances Fund (CNAF). The cash management of the three branches was entrusted to the Central Agency for Social Security Organizations (ACOSS).

The law of July 4, 1975 universalized retiree insurance mandatory for working population.

The law of 29 December 1990 created the Generalized Social Contribution (CSG), the levy of which is based on all incomes from capital and labor.

The ordinance of 24 January 1996 created a contribution for the repayment of the social debt (CRDS), the proceeds of which are intended for the social security sinking fund (CADES) which manages the deficits of all social security schemes.

France went one step further in its commitment to its welfare system when in February 22, 1996, it reformed the constitution of the Fifth Republic as to accommodate its financing by creating a new category of law: LFSS. The organic law of 22 July 1996 would specify the

content: forecast of revenue, expenditure objectives by branch and the national objective of health insurance expenditure (ONDAM).

The law of 28 July 1999 introduced universal health coverage – ie protection based solely on residence and supplementary coverage for the poorest. In addition to its social vocation, this law marked a culmination of the 1945 plan for the universalization of social security benefits.

### **A New World**

Built and thought out for the industrial society, France's social protection system now faces a series of structural challenges its founders could have unlikely predicted. A victim of profound societal changes and evolution: today's marketplace seldom resembles that of the 1950s or even the 1990s when most reforms took place.

As it is currently designed, and by the very structure of its contribution-system France's welfare system cannot cope with those risks that now define our times: long-term unemployment, localised poverty, new family structures, demographic imbalances and changes in the labour market.

Aging, to look at the most pronounced of all issues, has had multiple consequences.

To name one of the most obvious of changes, people's lifespan within the workplace has dramatically changed both in length and in access.

Allow me to elaborate. Since France's welfare system is contribution based the idea was to have France's active population (people in employment and employers) to assume the financial burden of its schemes. As long as France could maintain a healthy balance in between

contributors and those in receipt of financial aid, pensions and other benefits than the system remained viable.

But that would be to assume full employment on the basis of a population whose demographic would remain stable in its make-up – active population to inactive population ratio.

Ageing alone – nevermind high unemployment rate, came to upset that fragile economic balance, forcing the state to further sink into debt to bankroll its welfare system. While one can understand that politically and socially speaking it would be unthinkable to wish away social protection on account of economic feasibility, it would be criminal NOT to own up to the limitations of a system which design cannot withstand our current social reality.

If we consider that those coming to the marketplace are now plagued by precariousness and mass unemployment, one can only grasp the conundrum officials will need to overcome in order to save France's welfare system – o rely primarily on assets (contributors) has become increasingly illusory.

With 27.5 million people (2017), assets represent 42% of the population, this proportion should be of the order of 37% in 2050 (the number of assets increasing only by the order of one million during the period).

The logic of the 1945 social model of placing the bulk of social protection on labour made sense when the number of workers was four times higher than that of those in receipt.

The ration today of active contributors versus retiree is of 1.8 to 1. By 2050 it will stand at 1.2 to 1 – a reality which simply is unmanageable.

Beyond the simple issue of ageing or even unemployment lies the structural changes France's society is undergoing due to the rise of new industry and social structures.

The emergence of the digital economy for example disrupted France's social protection system by profoundly modifying its 'ecosystem'.

France's welfare system was thought out in a world where work stability was the norm – steady pay for a steady job. Today the very nature of the work environment has been defined by unpredictability and discontinuity.

Whether state officials care to admit or not – although French President Emmanuel Macron in his book: *Revolution*, alludes to it, France will have to come to grips with its new environment and own the changes its society underwent if it is to transition successfully into what is arguably the third industrial revolution.

When we refer to the notions of demographic, social or technological transition, it means that we are currently between two worlds: between a Fordist economy<sup>3</sup> and a digital economy, a vertical hierarchical power and a horizontal network power, a closed centralized political system and an open decentralized political system, an operating State, a prescriber and a facilitating and regulating State.

As France sheds its industrial skin to embrace the digital age, it stands to reason that welfare will too need to be rethought, restructured and more importantly responsibilities reassessed.

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3. Fordism is the basis of modern economic and social systems in industrialized, standardized mass production and mass consumption. The concept is named for Henry Ford. It is used in social, economic, and management theory about production, working conditions, consumption, and related phenomena, especially regarding the 20th century.

The emergence of new risks (such as precariousness), the emergence of new fragile links in the life cycle (young and active seniors), the lengthening of the duration of risks and the transformation of the labour market make it necessary to rethink France's social model – especially now that the number of contributors no longer make it possible to sustain the needs of those in receipt of financial aid.

Readers will note that such structural difficulties are not a reflection of incompetence or mismanagement per se but rather France's inability to adapt to an ever-evolving social environment. Where France should have favoured strategic planning through stress-tests and simulations, it instead ran a populist policy aiming at placating social upsets – delaying the inevitable: insolvency.

By ambitioning to maintain the same level of social protection rules in times of weak growth as in periods of strong growth, France has actually accelerated and even entrenched social inequalities. Unlike its European counterparts: Germany, Britain, Norway and Sweden for example who all put the onus on work as a prerequisite for support, France's system has revolved around social assistance.

The argument put forward today is that of individuals' social responsibility over social entitlement.

When we refer to the notions of demographic, social or technological transition, it means that we are currently between two worlds: between a Fordist economy and a digital economy, a vertical hierarchical power and a horizontal network power, a closed centralized political system and an open decentralized political system, an operating State, a prescriber and a facilitating and regulating State.

Imagining and installing new institutions in symbiosis with the

digital age is an extraordinarily complex task. This new social contract would need to be built on the fundamental values that made the history and greatness of France: freedom, solidarity and equality. It is the combination of these three seemingly conflicting values that makes up the French social model – the specificity of its social protection.

The new frontier of the social model would be to guarantee everyone's right to personal development, social mobility and freedom of choice. To build this new social model, we need to define five basic principles:

- universality and solidarity,
- autonomy and freedom,
- individual commitment,
- social democracy and
- intergenerational equity.

In the 20th century, the welfare state protected statutes within a corporatist model, which corresponded to an industrial economic model of stable jobs and a society with short-term social risks.

In the 21st century, the new model must protect people with individual social rights that guarantee economic and social autonomy for all, in a digital economy and a society with long social risks.

Autonomy is likely to become a *sine qua non* condition to our ability to build a just social security system, adapted to our new socio-economic environment.

The best social security system one could dream would be one that maximizes individuals' chances to build their future and to fully exploit

their self development abilities.

The constitutional principle of “the right to obtain from the community adequate means of existence” evolves then towards “a right to obtain from the community the capacity to ensure its personal development according to its choices and aspirations”.

The goal would be to move from the current monolithic approach of a centralized state protecting statutes and financial entitlements in an opaque way towards a decentralized approach of a social state that guarantees individual rights in a transparent and fair way.

The new model goes beyond the principle of social benefits, deferred wages or income replacements to move towards mobility, economic and social autonomy.

The goal is to envision risks from a different perspective altogether. From a logic of consumption of benefits by passive individuals, we are moving towards a logic of social investment for active individuals.

The ideal of autonomy at the heart of the new social paradigm restores the central role played by the social security system, only reorganized in its structure, financing and governance. We would return to a political conception of social security as a major institution of democracy and as a tool of solidarity.

The feasibility of such a systemic reform of France’s social model however will require immense political will and a grasp of socio-economics.