Lifting the veil on the social welfare system

Denis Kessler

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The French social and fiscal redistribution systems seem baroque, complex and dense. They are both the result of all kinds of laws and mechanisms stacked one upon the other over time. These systems have been reformed on occasion but they have never undergone a complete overhaul. The changes made to these systems are often a response to difficulties encountered and political situations which in turn extend or restrict the mechanisms in place, create new tax or social security deductions or new benefits, constantly introduce seemingly random thresholds and lower limits, affecting taxes, contributions, transfers, deductions and credits.

Due to these series of modifications, the French social welfare system no longer seems to be based on principles that are generally understood or endorsed. In the post-war era, the social security system was founded according to the principle of commutative justice, meaning that social entitlements are earned through work. The mechanism being insurance-based, the system is funded by contributions levied on wages, benefits are proportional to contributions for pensions and unemployment and the system is controlled equally by management and labour. Since then, successive governments have constantly introduced elements of distributive justice into the system. Benefits can be allocated without prior work or contributions: minimum state pension, minimum welfare benefits, universal medical cover, income support, housing benefits, unemployment benefits for job-seekers at the end of the allocation period, etc. All these benefits are funded through financial engineering (supplementary contribution in aid of the underprivileged, tax to pay off the social security deficit, taxes, etc.) that only a few experts understand without a proper command of the ins and outs. Due to this, our system has become hybrid, combining distributive and commutative elements, taxes and contributions. Some deductions are progressive, others proportional and others still regressive. Most benefits are subject to multiple conditions depending on income, family size and situation, age, and position on the labour market. The French Social Security Code, like the General Tax Code, is so remarkable in its complexity, it can only be memorable!
As the original system was based on professional activity, various systems have been allowed to coexist for the public sector, each major national company, the self-employed and employees in the private sector. There is much confusion as to what is aimed at individuals, families, companies, management and labour unions and the state itself.

It is doubtless the fact that the social welfare system, like the tax system, is in deficit that makes people doubt its efficiency, justice and long-term continuity. Given the deficits that are increasing in all social welfare areas, we are all increasingly living off future generations. A wealth redistribution system cannot be in deficit on a long-term basis. Redistribution is no longer zero-sum, but rather a negative sum game!

The entire French social welfare system seems to be covered by an opaque veil of ignorance. This veil is most likely, implicitly, deliberate and maintained. No-one knows, as no-one can know, what their position is in the system on a short-, medium- or long-term basis, whether they are net recipients or net contributors. The system’s sycophants always extol its “solidarity”, a portmanteau word which is seldom defined, but which seems untrue as the system’s costs are borne by future generations. The invocation of solidarity contributes to this veil of ignorance used to mark the burden shifted onto our children and to prevent awkward democratic questioning.

Public debates can by chance make tears in this veil of ignorance here and there, but always only partially. We find out the retirement conditions for some employee categories in the public sector which are exceptions to the general rule, or the absolutely extraordinary nature of the state medical aid benefit is uncovered. The tensions mount as each person clumsily starts to get an incomplete picture of his or her position according to the random tears in the veil. And as deficits are put right by increasing deductions and modifying benefits, the debate has only just begun.

We cannot continue to hurriedly repair this veil of ignorance which has up to now prevented the launch of a genuine debate on the French social welfare system. We must now give the system clear foundations, re-introducing visible and understandable principles for deductions and benefits. It is only by introducing a high level of transparency in its organisation and operation, in its transfers and redistributions, that the inevitable tears in the veil covering the current social welfare system will no longer cast doubt on it. The principle of justice must become explicit to ensure democratic endorsement of our social system.