What are the key developments that have shaped the political context of contemporary French employment relations? For most non-French observers the most difficult elements to grasp are why in an essentially conservative society the left was in power for virtually the whole of the 1980s and 1990s, why the right appears to be less attracted by neo-liberalism than by neo-corporatism, and why is it that France’s minority unions continue to exercise such dramatic mobilisation capacity?

To explain these issues it is important to understand that French society has experienced both change and continuity since the 1970s. There was a real weakening and fragmentation of workers’ voice in the face of dramatic reductions in job security and deindustrialisation that created high levels of unemployment, and were accompanied by the renewal of a much more combative capitalism trying to extract profits under conditions of lower inflation than during the ‘thirty glorious years’. This renewed exposure to a much more competitive labour market encouraged some workers to try to protect themselves by investing massively in education for their children; others responded by adopting racist attitudes to the perceived threat of competing immigrant labour. Yet although there was a shift from manual to white-collar work, the different weights of the French social classes remained relatively stable. The potential for mobilising workers thus remained, although it simultaneously became much more difficult to do.

Individual liberté and capitalist neo-liberalism staged a comeback, but largely under the tutelage of left governments that used the discourse of pluralism and market unionism to smooth the way. Égalité as the struggle for equality and redistribution remained present, but its values became less identifiable with what was a shrinking manual working class constituency. Thus, by the elections of 2002, Lionel Jospin, the left coalition prime minister of 1997–2002, listening to the advising sirens from New Labour in the United Kingdom, even believed it was in his political interests to run for president independent of the ‘socialist’ label. How were manual workers’ political links to French Communism and Socialism broken?
Two key contextual socio-economic factors were decisive: high unemployment and low inflation. They both impacted considerably on the relative mobilising capacities of French labour and capital. Fear of unemployment inhibited workers from taking strike action that might as an outcome lead to the loss of their jobs; while low inflation meant that the pressure to renegotiate the terms of subordination appeared much less frequently than when inflation had been high. At the same time high unemployment gave capital a stick with which to threaten the workers, and an opportunity to restructure away from less profitable sectors; while low inflation intensified pressures on French capital to maximise non-price competition through improving quality, sales and marketing and productivity. The decisive cross-over of the trends in unemployment and inflation since 1950 is shown in Figure 4.1 to have occurred at about the time that the first Socialist–Communist coalition government of the Fifth Republic came to power in 1981.

France’s OECD standardised unemployment rate stood at 7.4 per cent in 1981 before rising to a peak of 12.6 per cent in June 1997, just after Jospin took office (OECD 1992: 284; 1998a: 190). It then fell to 9 per cent in January 2001 with one million people fewer unemployed, before the decline bottomed out and the numbers actively seeking work started to rise again.

French unemployment rose in the 1980s and 1990s essentially because the growth in the active population since 1975 exceeded the rate at which new permanent jobs were created. It did not, therefore, strike the workforce

![Figure 4.1 Inflation and unemployment, 1950–1998](source: INSEE 2001a.)