

Under Strain, France Examines Its Safety Net



SOCIAL PROGRAMS RUN DEEP St.-Étienne, a midsize French city, has deep working-class roots and a population that depends on government benefits. Credit Dmitry Kostyukov for The New York Times

ST.-ÉTIENNE, France — Patrick Jouve, the owner of [a game store](#) on the Rue Louis Braille here, assails the government regulations that limit the size of the bright chess set and bouncing balls he has painted on his storefront. If the painting covers more than 36 feet, it constitutes advertising and he has to pay a fee of \$1,350.

At 57, Mr. Jouve, is, however, looking forward to the generous government pension that will help pay for his planned retirement in the countryside at 62.

Down the street, Virginie Chargros, a baker's wife, depends on the \$404 monthly "family subsidy" she gets from the government to help raise the couple's three children. She and her husband work six days a week and bring in about \$2,200 a month, but without the subsidy, they would have trouble providing the family with "small pleasures," she said.

The pervasive presence of government in French life, from workplace rules to health and education benefits, is now the subject of a great debate as the nation grapples with whether it can sustain the post-World War II model of social democracy.

The spiraling costs of cradle-to-grave social welfare programs have all but exhausted the French government's ability to raise the taxes necessary to pay for it all, creating growing political problems for President François Hollande, a Socialist. The nation's capability to innovate and compete globally is being called into question, and investors are shying away from the layers of government regulation and high taxes.

But on the streets of this midsize city 325 miles southeast of Paris, the discussion is not abstract or even overtly political. Conversations here bring to life how many people, almost unconsciously, tailor their education, work habits and aspirations to benefits they see as intrinsic elements of their lives.

"You cannot take away guns from Americans, and in the same way you cannot take away social benefits from French people," said Louis Paris, the 25-year-old son of a couple who live on the Rue Louis Braille,

a typical neighborhood in St.-Étienne, which has deep working-class roots and historically has leaned Socialist.



Mireille Rogers, who runs a nonprofit social service organization, said most of her clients see government aid and benefits as necessities. Credit Dmitry Kostyukov for The New York Times

“They won’t stand for it,” said Mr. Paris, who is unemployed and has been searching since leaving college for a full-time job that offers benefits.

This reality on the Rue Louis Braille, named for the Frenchman who invented the system of raised lettering for the blind, helps explain why successive French leaders have made only modest changes in social benefits.

One of the largest buildings on the relatively prosperous-looking first block of the street is the local office for state-financed health benefits. The second block has eight empty storefronts, testimony to the last four years of economic downturn.

The median household income in the city is \$25,000, about half the national figure for the United States and slightly lower than the average for France. But that figure does not capture how many things the government pays for here.

In France, most child care and higher education are paid for by the government, and are universally available, as is health care, three of the most costly elements in the budgets of most American families.

The cost of health care in France is embedded in the taxes imposed on workers and employers; workers make mandatory contributions worth about 10 percent of their paycheck to cover health insurance and a total of about 22 percent to pay for all their benefits.

The payroll tax for employers can amount to as much as 48 percent, meaning that for an employee paid \$1,000 a month, the cost to the employer would be \$1,480, according to French government figures.

For that, the employee gets up to two years of government-paid unemployment insurance. Parents get a monthly payment for each child after the first, starting at \$176 for their second child, and most salaried workers are required to take five weeks of vacation, although professionals and those who own businesses, as do many on the Rue Louis Braille, take far less.



Patrick Jouve, a game shop owner, said there are too many government employees. “They make up jobs for themselves,” he said. Credit Dmitry Kostyukov for The New York Times

The political opposition to even modest cuts in social programs has been intense. Mr. Hollande’s predecessor, Nicolas Sarkozy, a conservative, reduced some social security payments, narrowed the criteria for obtaining unemployment and minimum income benefits and made other proposals he was unable to implement in the face of protests that sometimes drew hundreds of thousands of people into the streets.

Mr. Hollande is facing stiff opposition for a proposal that would require people to work 18 months longer before qualifying for retirement benefits.

The tension between the pressure for budget cuts and the deeply embedded nature of government programs is playing out in individual lives.

Sarah Revet, 31, who lives on Rue Louis Braille, was able to go back to work in a local government office after having children because of a public program that allowed her get a degree that she could use to work in local government. She also had government-subsidized preschool for her 3-year-old and received the government’s family payments, which helped her to afford a babysitter for her 1-year-old.

But when she was laid off because of budget cuts, she did not qualify for unemployment benefits because her job had been part time and temporary.

Yet, she still believes in a government system that ensures that the poor, especially, have an ample safety net.

“I would absolutely make the choice to continue this,” Ms. Revet said.

Just down the street, Mr. Jouve, the owner of the game store Tapis Vert, or Green Carpet, believes that the reason the government is in such dire straits is that there are too many civil servants. Government spending accounts for about 56 percent of France’s gross domestic product, in contrast to 44 percent in Germany and 40 percent in the United States, according to [Eurostat](#), the European Union’s statistics arm.

“There are too many government functionaries,” Mr. Jouve said as he demonstrated magic tricks to a customer. Referring to the city officials who come to measure the dimensions of his storefront painting, he said, “They make up jobs for themselves.”



Mayor Maurice Vincent said that many temporary jobs were created after joblessness in St.-Étienne reached 17 percent. Credit Dmitry Kostyukov for The New York Times

The mayor, Maurice Vincent, said that there were only 3,500 city employees, but acknowledged that the number did not include the police, the hospital staff, the university’s professors and staff members, and the civil servants who work for the greater metropolitan area. Add those, and the government-paid workers top 25,000.

Mr. Vincent’s office also has several thousand workers on “temporary” contracts of less than three years; the positions were created when unemployment in St.-Étienne reached 17 percent, he said.

Yet small business owners here, along with many employers large and small across the country, say they cannot afford to hire more workers because of the mandatory 48 percent in payroll taxes on top of wages.

Mireille Rogers, who lives on the Rue Louis Braille, runs the [Babet Center](#), a nonprofit social service organization supported by the government that serves one of the city’s poorest neighborhoods.

Since most of the center’s clients live in an area where at least one in four young people are jobless, they see government aid as a necessity.

“I would be glad to pay more in payroll taxes so that there would be more for others,” Ms. Rogers said.

Some people at the center receive an income supplement from the government to ensure that they have a minimum amount to live on. In September, that was \$1,664 for a single person and about \$3,100 for a family of four with children over the age of 3. Some people also qualify for a housing subsidy and other benefits.

“The state has put in place a system,” said Salvatore Garaffa-Botta, a butcher and the deputy secretary of the largest union in St.-Étienne, the [C.G.T.](#) “But we are also slaves to this system.”