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# France's CPA: Social Benefits for a Fragmented Economy

## An interview with Selma Mahfouz, Deputy Commissioner-General, France Stratégie

Globalised economies and sweeping technological change have had a profound impact on the workplace in the past two decades. Gone is the time when changing employers was the exception rather than the norm. In addition to switching jobs more readily, an increasing number of people are working short-term contracts. Many of these do so via peer-to-peer online platforms such as TaskRabbit, Etsy and Uber.

A term has even been coined to describe this digitally enabled small-scale entrepreneurship: **the gig economy**.

In the US, many proponents of a strong economy built on a vibrant middle class and consumer spending - so-called middle-out economics - feel this has led to a loss of benefits for many workers, contributing to **a hollowing-out of the middle class**. They feel labour policies must be adapted to the new economic reality.

Contrary to a common misconception in the English-speaking world, France is no exception to these trends. According to a 2015 study by the French national statistics office, INSEE, between 2006 and 2011 the number of self-employed workers - excluding the agricultural sector - shot up 26% to reach roughly 10% of the active workforce.

Moreover, INSEE has estimated the percentage of workers in what the French refer to as precarious (*précaire*) employment - i.e. with short-term or temporary contracts or working as interns - increased from around 7% in 1990 to over 12% in 2011.

Faced with this progression and the changing nature of work, the French Prime Minister charged France Stratégie with developing the idea of **securing social benefits regardless of job status**. Selma Mahfouz, France Stratégie's Deputy Commissioner-General, presided the commission that issued a detailed report to the Prime Minister in October on developing an "individual activity account" (*Compte personnel d'activité* or CPA) to store social benefits. Following consultations with unions and employers' associations, a bill will be drafted next year and the CPA will be in place by early 2017.

The central idea underpinning the proposal is to make benefits no longer contingent on a person's job. Instead, every worker would have an account where their social benefits would be kept in the form of points regardless of employment status. Initially, the CPA would regroup three accounts that currently exist to accumulate points for job-related training and education, days off not taken and strenuous work.

The Deputy Commissioner-General explains the background behind the CPA and how it aims to transform social benefits to the meet the needs of today's economy.

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Richard Venturi  
Journalist, France Stratégie

### **Can you explain what the catalyst for the CPA was?**

**SM:** Our current systems of social protection were developed around the idea that people would have a job for life. They are linked to employment and job status. But today, as we all know, this is no longer the case. The problem is social benefits (*droits*) are not necessarily guaranteed when someone changes jobs or employment status. The challenge is to take into account people's career development needs and companies' needs, providing people with **more freedom but allowing them to safeguard their social benefits**.

### **What about the context?**

**SM:** The idea of making people's careers more secure has been around a while. The CPA itself dates back to ideas that were first proposed twenty years ago, when the amount of people working flexible jobs began to rise. Some benefits in companies are tied to seniority, which means people working a succession of short-term contracts will never be able to take advantage of them. The CPA redresses this by **making benefits portable**, adapting them to people rather than jobs themselves.

### **Tell us about the central thrust of the CPA.**

**SM:** Giving people access to lifelong education and job training is at the core of the CPA. We know that those people who continue to update their skills hold down jobs longer, that the unemployed and those on the margins of the job market lack access to training. In France, the job market consists of insiders who are protected and have lots of benefits and outsiders who shoulder the burden of job flexibility. So the CPA seeks to break up this duality and **give outsiders a chance to get a foothold in the market**.

### **Won't it simply reinforce existing inequalities by allowing those with a good education and steady employment to accumulate more points?**

**SM:** No, because points would be granted to correct for different inequalities. For example, young people who leave school early could be given more points than their peers who go to university, allowing them to continue their education and get a leg up. In the same way, someone who suffers an illness and is forced out of the job

market could be given points by either the federal or local government to get training and start working again. It could become part of public policy in the sense that once the government identifies a population at risk, they could then grant their CPAs points to reduce inequality.

In its essence, **the individual activity account aims to transform the way we perceive social protection**. It's a way to break down the barriers between different the systems of social insurance, which today are built around a person's status - whether they're self-employed, salaried or work in the private or public sector. In a word, it's a lever with which to redefine social protection.

### **What role, if any, did the crisis play in precipitating the CPA?**

**SM:** I'm not so sure the crisis precipitated it. France has had high unemployment for more than two decades. Regardless of the state of the economy, there's a demand on the part of the working population to have access to information on their social benefits. The idea is that all my benefits are grouped together in one place. There would be a website, with a related smartphone application to allow users mobile access. They'd be able to simulate different scenarios. For example, what happens to a person's pension if they start their own business. All of this would be with a certain amount of guidance and assistance, both online and in person.

Another aspect is more freedom to be able to use your benefits how you see fit. For example, if you have days off you don't want to take, you could convert them into points for additional training. Of course, this would be within a defined framework

### **Is it intended to boost the economy?**

**SM:** The challenge is to increase worker mobility and adaptability. Companies need a highly trained workforce that can adapt to economic changes. It would **empower people to make career changes, helping them overcome setbacks** they encounter throughout their working life. And as a result, it would be good for the economy. Looking more to the long term, it would **simplify the system of social protection, leading to savings for the government**.

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