



Towards increasing dualism in the Public Sector? The case of France

Jérôme Gautié

Université Paris 1 Panthéon-Sorbonne
Institut des Sciences Sociales du Travail

EC-ILO Conference – Brussels June 2012

© Jérôme Gautié- Paris 1 University

1. Introduction and overview

○ Public service adjustments: the French context

- Important reforms in the Public Service started (just) before the crisis, because the public deficit was already a concern;
- The (significant) fiscal adjustment was postponed up to 2012 => the effects that we will analyse are mainly those of measures not directly induced by the crisis (but worsened by the crisis);
- Quantitative adjustments did take place:
 - Mainly on employment (much less on wages)
 - So far, mainly in Central Government Administrations (including educational system) (45% of public employees), less in the public health sector (20%), and much less in Local Government Administrations (35%)



1. Introduction and overview

○ The issue of dualism

- On the one hand, high degree of centralisation and uniformity
 - Common rules concerning the basic wage (all occupations are positioned in a common wage grid, “*grille de la FP*”)
 - Illustration of a typical “internal labour market” (seniority rules..)
- But in fact many different employment status; in particular high degree of dualism between
 - Civil servant public employees (“statutory” employment) – *fonctionnaires, titulaires*); about 85% of public employees => the “insiders”
 - Non civil servants (“contractual” employment – *contractuels, non titulaires*), about 15%; mainly temporary workers, but increasing number of open-ended contracts => the “outsiders”



1. Introduction and overview



- How did public service adjustments impacted on dualism?
 - Did we have “Insider oriented” adjustments?
 - Educational system as an illustrative case

2. Insider-oriented adjustments?

- Quantitative adjustments on employment and their impact on remaining employees in Central Government Administrations
 - From 2007, only on average **50%** of public employees leaving for retirement were replaced => the number of civil servant employees fell by about 7% during the 2007-2012 period ;
 - But the number of non civil servant employees increased by **14%** and their share from **12.3%** in 2005 to **15.1%** in 2009;
 - Beyond quantitative adjustments, a more structural reform (“General Review of Public Policies”) was implemented to increase productivity (“*doing better with less*”) => restructuring and cuts in employment => worsening of working conditions

>>> So called “insiders” were not so sheltered



2. Insider-oriented adjustments?

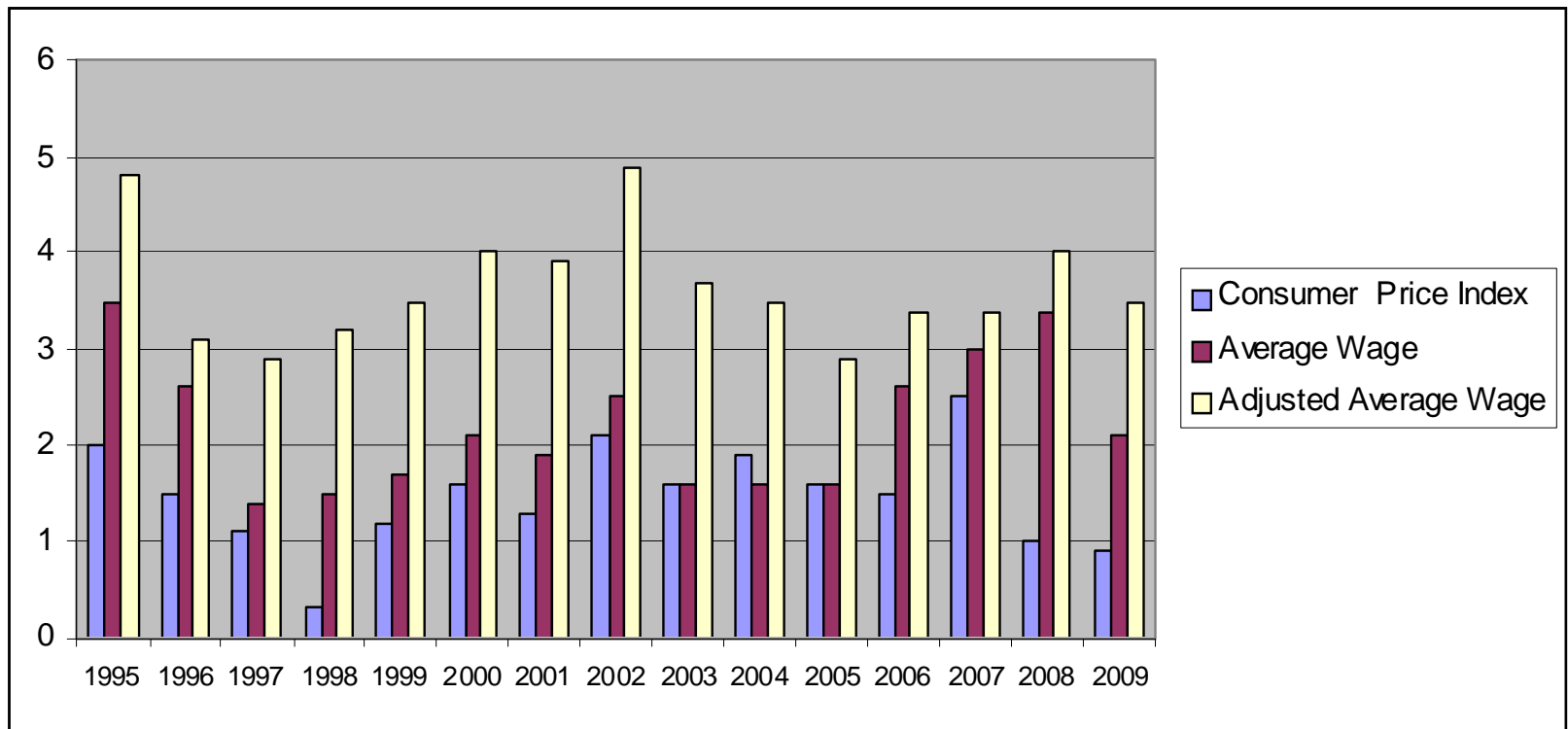
○ Wages and Compensation: a different story

- Lowering and even freeze (from 2010) of the across-the-board general increases
 - automatic increases due to seniority still applies and a compensatory bonus was introduced (“individual guaranty of purchasing power”) for those whose wage (including increases due to seniority and promotions) increased less than inflation
 - **But:** negative impact on new entrants in the occupations where entry wages (as defined in the wage grid) were not increased => about a 10% loss in term of purchasing power for a new entrant between 2000 and 2010
 - About 50% of the money saved by the non replacement of retirees was redistributed to the remaining public employees; the explicit objective: “*less but better paid public employees*” => a clearly “insider oriented” reform; **but** concentrated on some categories of employees
- >>> Overall, on average, incumbent public employees did not loose in term of compensation, and many of them benefited from a significative increase but not of all of them



2. Insider-oriented adjustments?

Annual increases (in %) of consumer price index, average wage, and adjusted average wage in the FPE (1995-2009)



Source: DGAFP. The Consumer Price Index does not include the price of tobacco. The adjusted average wage is calculated here holding constant the staff from one year to another – i.e. taking into account for the calculation of average wage for year N only the employees already present in year N-1.



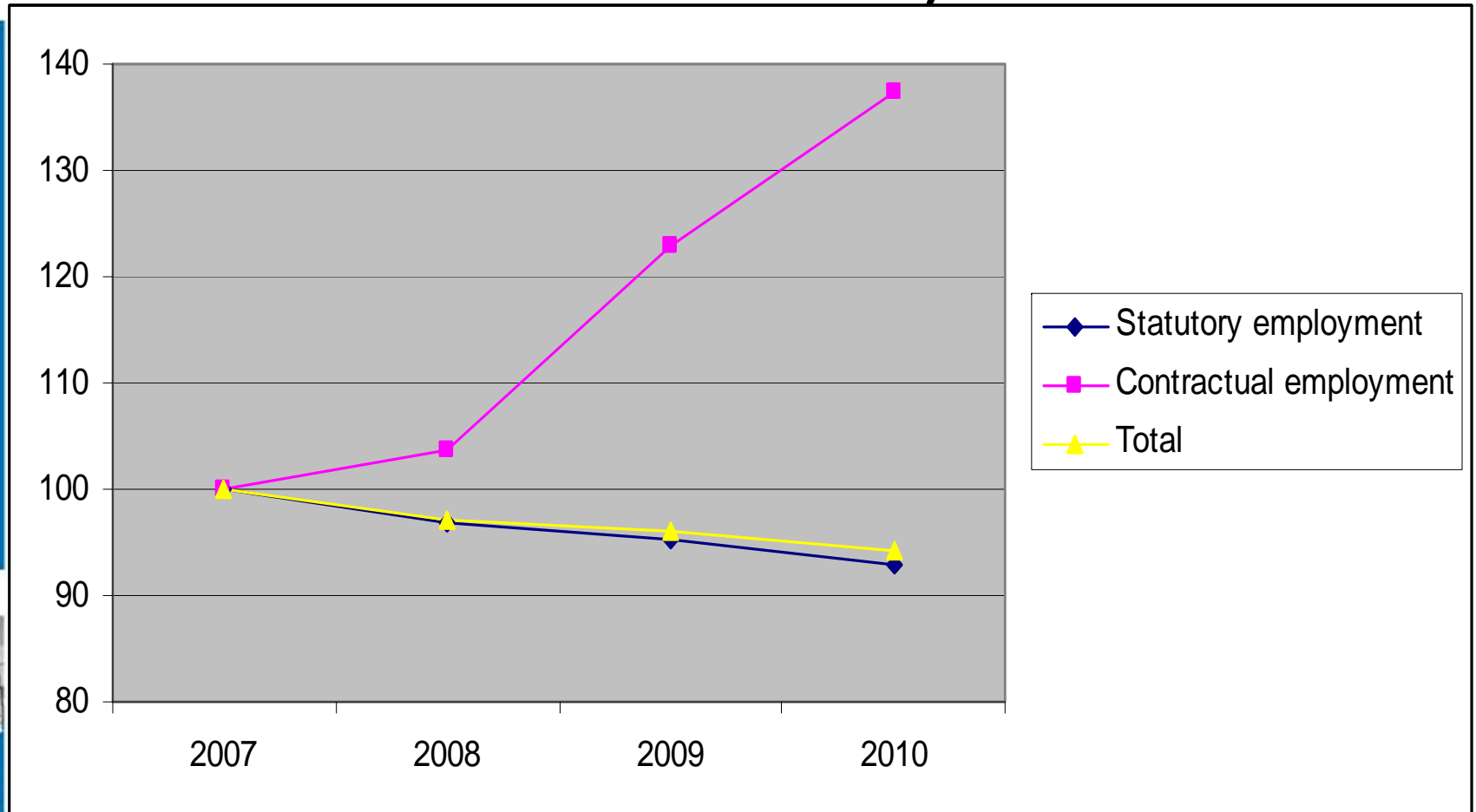
3. Educational system as an illustrative case (secondary education)



- Employment adjustments

- Number of civil servant teachers: about **-6%** between 2007 and 2010
- Number of “contractual” (i.e. non civil servants, mainly temporary) teachers: **+ 37.5%** during 2007-2010

3. Educational system as an illustrative case (secondary education)



3. Educational system as an illustrative case (secondary education)

- Wage and compensation

- Newly recruited civil servant teachers benefited from a significant increase in their wage; the starting (nominal) wage was increased by 18% between 2007 and 2012.
- Civil servant teachers ' earnings also benefited from the increase in the number of overhours (+ 9,5% between 2008-2009 and 2010-2011)
- The gap in compensation between civil servants and contractual teachers remains high and even increased. Even for a non civil servant teacher on an open-contract, the cumulated earnings throughout the whole career are about **30%** lower than the cumulated earnings of a civil servant teacher (in particular because the seniority principle does not apply)



Concluding remarks



- Increasing dualism with the increase of the share of non civil servant public employees
- **but** a new law was adopted few months ago, to reduce “precariousness” in the Public Sector, i.e. facilitate the transition from temporary to permanent (**but** not necessarily civil servant) public employment; the role of unions was important here;
- Overall, “Insiders” were protected on average in term of compensation, but not in term of employment and working conditions