

## **Helpdesk Research Report: French Financial Crisis (2008-2009)**

Date: 09.04.09

**Query:** Please identify literature about the social impacts of the financial crisis in France in 2008-09 with particular attention to the causes of social unrest (including unemployment) and including information about the policy responses implemented.

**Enquirer:** Development Research Center of the State Council of China and DFID China.

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### **1. Overview**

There is very little academic literature available about the current economic crisis and its social impacts in France, because the situation is very current and events are still unfolding. This report includes some relevant articles from the news media, but most of these only describe current events with little in the way of analysis. More literature is available relating to the unrest seen in 2005, and as some of that material may be relevant to the current situation a small selection has been included.

Unemployment and financial hardship resulting from the global economic crisis have contributed to strikes, demonstrations, and other forms of protest in France in 2008 and 2009. French activists have developed strong capacities for action through alliances with a range of groups (although there are some concerns about the risk of extreme radical organisations subverting legitimate political protest) and have been able to mobilise significant political forces. Between one million and two and a half million people took part in demonstrations across the country in January of this year, and as many as three million people took part in demonstrations in March, with broad popular support.

The French government is concerned about the possibility of economic hardship leading to widespread social unrest. Poor suburban areas (banlieues) are believed to be at risk of violent riots as experienced in 2005 due to tensions arising from long-term social exclusion and economic disparity. Risk factors observed in the 2005 riots include high unemployment, a high proportion of youth, low income, significant segregation between French nationals and foreigners, and failed attempts at urban renewal.

It should be noted that in France, protest is considered a normal form of political activity. Non-violent demonstrations, even very large ones, are fairly common and should not necessarily be considered a sign of social disorder in the same way that they might be in other countries.

## 2. The current (2008-09) economic crisis and social unrest

### **Economist Intelligence Unit, 2009, Manning the Barricades: Who's at Risk as Deepening Economic Distress Foments Social Unrest, Economist Intelligence Unit**

[http://viewswire.eiu.com/site\\_info.asp?info\\_name=manning\\_the\\_barricades&page=noads&rf=0](http://viewswire.eiu.com/site_info.asp?info_name=manning_the_barricades&page=noads&rf=0)

This report discusses the possibilities for social unrest around the world in the current economic crisis. It deliberately explores worst-case scenarios, although the report's authors argue the most likely outcome is a relatively orderly economic decline and slow recovery. In France, the report says, there is a 'tradition of unrest' but so far the country remains at only moderate risk: 'up to 2.5m protesters took to the streets on January 29th, but the strike failed to paralyse the country and support from private-sector workers was limited.' (p. 22)

It may be of interest that the report includes a discussion of China, saying that 'China does not figure prominently on our social unrest index... a collapse in Chinese economic activity of the extent and duration needed to foment irresistible public opposition remains unlikely even under our main risk scenario.' (p. 21)

### **Venkatesh, S, 2008, 'Is France Due For Riots?', The New York Times, 18 November**

<http://freakonomics.blogs.nytimes.com/2008/11/18/is-france-due-for-riots/>

In this article, the author argues that 'decades of poverty and social exclusion have created a growing cohort of teenagers and 20-somethings who feel no investment in their nation.' Based on interviews in Parisian banlieues (suburbs), he argues that jobs are not the most important issue for the discontented migrants who live there, mostly from North Africa and other parts of Francophone Africa; the key issues are respect and acceptance into mainstream French society.

### **The Economist, 2009, 'A Time of Troubles and Protest', The Economist, 22 January**

[http://www.economist.com/world/europe/displayStory.cfm?story\\_id=12974153&source=hptextfeature](http://www.economist.com/world/europe/displayStory.cfm?story_id=12974153&source=hptextfeature)

This article from January of this year describes rising unemployment in France and says the risk of social unrest 'is particularly acute in France, where even in good times protesters take readily to the streets.' Unemployment is rising fast among youth, who are often employed on flexible, short-term contracts with low job security, in contrast to the strong protection that exists for permanent jobs more often held by older people. Some strikes and protests have already occurred. There are fears that the student movement (including high-school unions) may be influenced by hard-left and anarchist groups and prove to be a source of trouble. There are also concerns about the role of the militant, anti-establishment, hard-left union, Solidaire Unitaire Démocratique.

### **Shirbon, E., 2009, 'French Strikers March for Job Security, Pay Rises', Reuters, 29 January**

<http://www.reuters.com/article/worldNews/idUSTRE50S1MX20090129>

This article describes nationwide protests held in January, which were significant for their scale (estimates of participation ranged from one million to two and a half million people across the country) and for the 'rare show of unity' among the country's eight union federations that organised them. The unions said government plans were not helping ordinary people and demanded that the government 'drop reforms they see as a threat to public services and aim stimulus measures at consumers rather than companies.'

### **Mackenzie, J., 2009, 'Sarkozy under Pressure as "Millions" Take to Streets', The Independent, 19 March**

<http://www.independent.co.uk/news/world/europe/hundreds-of-thousands-march-in-french-protests-1648608.html>

This article describes the March mass protests in which up to three million people participated across the country, with broad support from the population at large. 'The unions have presented a long list of

demands, including a boost for the lower salaried, more measures to protect employment, a tax hike for high earners and a halt to job cuts planned in the public sector.’ Public anger seems to be increasing and ‘a series of disputes, ranging from strikes by university staff to unruly protests by workers at a tyre plant in northern France, have underlined a worsening climate of discontent that the government fears could escalate.’ ‘Government and business leaders have been acutely aware of the danger of unrest spilling over into the kind of violence seen in the urban riots of 2005.’

**Crumley, B., ‘Should France Count Its Minority Population?’, Time, 24 March**

<http://www.time.com/time/world/article/0,8599,1887106,00.html>

In this article, the author argues that France should reconsider its current practice of not recording information about ethnicity in official statistics, in order to better respond to the reality of inequality. Poor suburbs have ‘disproportionately high black and Arab populations’ and these groups are discriminated against in education, employment, and politics. National policy, however, is to make no official distinctions based on origin, race, or religion, and to avoid reverse discrimination or affirmative action. The author suggests that this colour-blind policy is ‘noble in theory – but often mocked by reality.’

**Gow, D., 2009, ‘A Spring of Discontent’, E!Sharp, March-April**

<http://www.esharp.eu/issue/2009-2/spring-of-discontent>

In this article, David Gow discusses fears of possible social unrest across Europe arising from the “triple whammy” of recession/depression, deflation and unemployment.’ In France, there are concerns that left-wing ‘hard-line splinter groups’ may be agitating for ‘a new wave of student and worker protests.’ Former French prime minister Laurent Fabius is quoted as saying, ‘When you have such an economic depression, such social despair, all it takes is a match.’

**The Independent, ‘Bossnapped! (It’s French for industrial action)’, The Independent, 2 April**

<http://www.independent.co.uk/news/world/europe/bossnapped-its-french-for-industrial-action-1660019.html>

This article describes the increasing frequency of French workers barricading or ‘sequestering’ business executives as a protest tactic in order to win concessions. Such incidents have generally been well controlled, with ‘an element of polite ritual’ and ‘only the lightest of violence and compulsion’. With the increasing frequency of factory ‘mini-riots’ and other industrial actions, President Sarkozy is reportedly ‘desperately worried that the recession could provoke a “spring of discontent”’. The government is extremely cautious not to appear too heavy-handed or to risk unfortunate incidents that could trigger wider unrest. Angry workers have ‘widespread sympathy in France’ and there is a general feeling that ‘the global recession and the government’s economic reforms were hurting millions of people but leaving a privileged minority untouched.’

**Castle, S., and S. Erlanger, 2009, ‘Riots Erupt Near Bridge That Links 2 Countries’, The New York Times, 4 April**

<http://www.nytimes.com/2009/04/05/world/europe/05protest.html>

This article reports on the serious protests in Strasbourg in April, organised around NATO’s 60<sup>th</sup> anniversary summit. The protestors were a mix of ‘antiglobalization campaigners and peace protesters’ but the authors suggest that ‘the economic downturn appears to have reinvigorated European protest movements.’

### 3. The social unrest of 2005

**Lagrange, H., 2009, 'The French Riots and Urban Segregation', Rioting in the UK and France. Willan Publishing (forthcoming)**

This paper discusses some of the factors that contributed to the riots of 2005, suggesting that 'misbehaviour of this nature actually stems from the relative deprivation and frustration caused by youths negatively comparing their circumstances with those of other, more affluent sections of society.... [and] feelings of rejection and humiliation.' (p. 108) The author finds that riots were more likely in neighbourhoods with the following characteristics:

- income levels markedly lower than elsewhere in the same metropolitan area
- high (35% or more) proportion of the population under the age of 20
- high unemployment compared to the surrounding metropolitan area
- already recognised as priority areas for economic development (it is debatable whether this simply confirms the severity of deprivation or indicates failures of the programmes implemented)
- suffered large-scale housing demolition and relocation under an urban renewal programme
- segregation (but not complete segregation) between French nationals and foreigners; violence is less likely where the population is either highly mixed or where there is no contact at all between groups

Lagrange concludes that the most critical issue was 'the manner in which the incapacity of these youths to access social positions was combined with the new effects of ethnic segregation in poor neighbourhoods in France.' (p. 121)

**Jobard, F., 2009, 'Rioting as a Political Tool: the 2005 Riots in France', The Howard Journal of Criminal Justice (forthcoming)**

Jobard characterises the 2005 riots in France as being associated with recent migration and urban segregation, but says they were not specifically racially motivated. Factors contributing to the likelihood of riots included unemployment, social segregation, and urban renovation and associated dislocation. He argues that the riots were not merely hooliganism or random violence, but were a 'well and truly issue-oriented' (p. 6) rational form of political action. He also finds links to other forms of political action including electoral participation. Finally, he argues that poor police strategy was partly to blame for some of the violence.

**Ford, P., 2005, 'Deep Roots of Paris Riots', Christian Science Monitor, 4 November**

<http://www.csmonitor.com/2005/1104/p06s02-woeu.html>

This article, written at the time of the 2005 riots, gives useful insights into the tensions that led to the riots: 'an ugly stew of poverty, discrimination, and desperation amongst immigrant-descended families that most French citizens have long preferred to ignore.' The article criticises '40 years of government policy that has concentrated immigrants and their families in well-defined districts away from city centers', creating ethnic ghettos and entrenching discrimination. In return, the state has become delegitimised in the eyes of the residents of the banlieues.

### 4. Protest as political expression in France

**Waters, S., 2003, Social Movements in France: Towards a New Citizenship, Palgrave Macmillan**

[http://books.google.co.uk/books?id=M35WiF\\_pOWUC&printsec=frontcover](http://books.google.co.uk/books?id=M35WiF_pOWUC&printsec=frontcover)

This book examines French social movements and how demonstrations and protests are considered to be valid forms of political expression in France. 'Over ten thousand demonstrations currently take place in France each year, with over a thousand in Paris alone.' (p. 11) The author argues that France is 'a nation defined historically by mass popular uprising, whose values, principles and ideals have been fashioned by a deep-seated revolutionary tradition... conflict lies at the heart of French political life... protest is part of the regular and daily workings of the system... It is in fact an essential act of political participation' (p. 2).

**Baglioni, S., B. Baumgarten, D. Chabanet, and C. Lahusen, 2008, 'Transcending Marginalization: The Mobilization of the Unemployed in France, Germany, and Italy in a Comparative Perspective', Mobilization, vol. 13, no. 3.**

<http://www.fb1.uni-siegen.de/soziologie/mitarbeiter/lahusen/lahusen01.pdf>

This paper discusses the ability of the unemployed to mobilise in three countries. In France, the unemployed have developed significant capacities for action and alliances with a range of activist groups. The authors argue that in general, the unemployed are more likely to mobilise in protest when:

- those affected by joblessness experience the loss of formerly granted rights or goods
- organizations are available to establish a latent protest infrastructure
- political allies and entrepreneurs are recruited to stimulate action
- mass media and public opinion is sympathetic for their quest
- activists engage in empowerment and collective learning with regard to the best way of working the system of available opportunities and constraints.

The authors conclude that 'collective action still depends on favorable situational factors which the jobless cannot influence themselves. In this sense, the mobilization of the unemployed will remain rare and fragile; yet, this is not so because they are intrinsically reluctant to act collectively, but because they have to surmount significant hurdles in the organization of collective action.' (p. 333)

#### 4. Authors and Contributors

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##### Websites visited:

Google, Google Scholar, Ingenta Connect, Ebscohost, IMF, Eurotopics.net, The New York Times, The Economist, The Economist Intelligence Unit, The Telegraph, The Times, The Guardian, l'Express, The Independent, Reuters, E!Sharp, Le Monde Diplomatique.

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