

The French Social Security System

History, Values, Organisation and Financing

Created just after the Second World War

While the first pooling of work-related risks dates back to Colbert (17th century), the French social security system in its current form was created in October 1945. A law of May 1946 laid down the principle of the extension of social security to all citizens, but this unification, despite lawmakers' efforts, has not become a reality.

Outside the general system, special systems predating 1945 and organised around professions or industries fought to maintain their existence. These regimes concerned civil servants, seamen, miners, railway workers, RATP (Paris public transport system) employees, employees of EDF and GDF (state electricity and gas companies), staff of the Banque de France, and employees of the Opera and the Comédie Française. Non-salaried workers (industrialists, traders, craftspeople and professionals), meanwhile, achieved the creation of autonomous systems. An agricultural regime for both farmers and farm employees, managing all social risks in this field, was also created. The density of the French system is due to the diversity of occupational sectors and their strong desire to keep and manage their own social security systems.

Founding values still completely relevant today

Social Security protects the entire population against a certain number of health and social "risks" and provides compensation for family expenses. These risks are pooled, meaning that no selection takes place and that solidarity comes into play, for example, between young and old, sick and healthy, childless households and those with children. In March 1945, Pierre Laroque, who was Director General of social insurance at the time, declared:

"Social security thus responds to the basic desire to free workers of the fear of what tomorrow might bring, this fear that feeds a constant inferiority complex among them, that keeps them from developing and creates the unjustifiable class distinction between the 'haves', who are sure of themselves and their future, and the 'have nots', who are constantly under threat of poverty."

The State, the first link in the chain of responsibility

The State plays the role of legislator, of authority over the leaders and the decisions, and of inspector. It is up to the State to define the broad guidelines for management and to establish regulations in the area of health insurance, family benefits and retirement pensions, in compliance with the guidelines laid down by the Parliament.

The State signs a multiannual agreement on objectives and management with each of the national funds defining the funds' methods of operation, their objectives (with quantitative and qualitative indicators) and guidelines for the government's action in the areas that concern them. At the same time, the State's authority has been trimmed down and the powers of Boards of Directors reinforced. This agreement is binding on the State and each fund and its implementation is regularly monitored by a supervisory board.

Lasting social democracy

To counterbalance the State's control over social security funds, and from the outset, the management of social security has been the province of the social partners within the framework of a joint approach that has evolved over time. While in the general system, national administrators are appointed, within the occupational schemes, they are as a rule elected. Representatives of the occupations (farmers, craftspeople, traders) thus defend the interests of their occupation and constitute a link to the membership.

Centralised organisation with an emphasis on local access

A national or central fund heads each branch of the general scheme, organising and coordinating the activities of a network of regional, departmental and local funds.

On the one hand, the general scheme (which covers 80% of the population) encompasses four branches. Health insurance for employees is managed by the CNAMTS, the national health insurance fund. Retirement pensions and widowhood insurance for employees in industry, trade and services are managed by the CNAV, the national old-age insurance fund. Family benefits and the minimum integration income for

the entire population are the responsibility of the CNAF, the national family benefits fund. Collection of contributions is managed at national level by the ACOSS, the Central Agency for Social Security Bodies, and at departmental level by the URSSAFs (Unions for the Collection of Social Security and Family Benefit Contributions).

In the four Overseas Departments (Guyana, Guadeloupe, Martinique, Réunion), the General Social Security Funds manage social protection as a whole (except for family benefits).

Moreover, a very dense network of schemes that could be described as "occupational" is also present. The agricultural scheme (MSA – "Mutualité Sociale Agricole") functions as a one-stop shop, i.e., it manages all social risks (health, family, retirement, collection) for agricultural employees, farmers and their families. The Social security system for self-employed people (RSI – "Régime social des indépendants") administers the health insurance for self-employed craftspeople, shopkeepers and professionals, the old age and disability insurance of the craftspeople and their spouses, and the old age and disability insurance of the shopkeepers and self-employed industrialists. In addition to these main schemes, various other schemes such as those of the RATP, the SNCF (railways) and one for miners, etc., cover 4.6% of the population.

The need for a system of financing to ensure viability and long-term survival of the French system

In France, the main source of funding is contributions based on pay. However, over the past several years, the sources of financing have diversified, in particular with the creation of the universal social contribution (CSG). Since February 1996, the Parliament has each year adopted a social security financing law laying down general conditions for the system's financial equilibrium. This law sets out objectives for spending, taking expected revenues into account. These funding bills are important, as they give national officials an overview of the conditions for balance within the social security system and enable them to adopt general guidelines for the various social security schemes. This is all the more important when the general scheme is running a deficit, as was the case in 2003 and will be again, to a greater extent, in 2004. Basic reforms have been undertaken to ensure the survival of the old-age branch and the viability of the sickness branch.