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Employment security and the stock market: the French case

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Abstract:

The presentation discusses about the impact of stock market and financialisation process in wage-labour relationship, especially employment security, and their possible institutional complementarities in France.

Firstly, we present some specificities of “French model” of capitalism during the Fordism, especially the crucial role of State in modernization of economy and specifics of welfare system and employment relationships.

Secondly, we analyze the deep transformations of financial market in France, showing a very clear financialisation process, due to financial deregulation in the eighties, privatisation process and the end of cross-shareholding system due to growing importance of foreign institutional investors. These transformations have led large French firms to the financialisation of their strategies by increasing dividends distribution, using stock market to finance M&A and foreign expansion, and substituting financial investments and financial profits to fixed capital formation.

Thirdly, these changes are linked to transformations in employment security, questioning the causality and the institutional complementarities. It is often considered that French model could be transformed in a neoliberal model of capitalism, based on high flexibility of employment and weak insecurity (flexibility of labour because of liquidity of capital), or in a more social-democratic model, based on knowledge economy and “flexicurity” (strong welfare system for individuals but weak employments security). In fact, we show that even if we can observe some important changes in wage-labour relationship that could be related to financialisation (decrease wages share in value added, growth of unstable employment especially for young workers, more pressure on employees from management and more individualisation of employment relationship in public corporations and growing inequalities), employment protection remains strong and it's much more a fragmentation of labour market than a convergence towards a “pure” neoliberal model that is observed.

In conclusion, we underline that most of attempts of reforms of wage-labour relationships have been more or less stopped by social conflicts, and the possibility of an institutional compromise based on flexicurity seems weak due to of unions' weakness. More generally, this could be signs of a durable political crisis, and in this context, functionality of financialisation has to be questioned.