

COMPARATIVE POLITICS

Contested Liberalization. Historical Legacies and Contemporary Conflict in France. By Jonah Levy. Cambridge: Cambridge University Press, 2023. 334p. £25.99 cloth.
doi:10.1017/S1537592724001208

— Bruno Amable , Université de Genève
bruno.amable@unige.ch

A recurring question in political economy is why economic liberalization is more contested in France than in other developed countries. Jonah Levy's book attempts to answer this question by analyzing the economic and political history of France over the last few decades. The main concept used is *dirigisme*, the post-war economic model based on the state, which, thanks to a competent administration, was supposed to make up for the shortcomings of the private sector by directing investment and production toward activities that could make France a leading industrial power.

First, this model was successful, but it ran into difficulties from the 1970s onward in an increasingly globalized economic environment. According to Levy, it is at the root of the low level of liberalization in France because it has left its mark on economic policies, political actors, and institutions. Its dismantling from the 1980s onward was facilitated by the creation of a what Levy calls *social anesthesia state*, "a mammoth, passively oriented welfare state" that compensates the victims and opponents of liberalization but puts a strain on public finances, crowding out investment. The imprint of *dirigisme* has left its mark on the political system, whose main actors, even on the right, have never fully embraced liberalism, making France a case of "liberalization without liberals." Finally, *dirigisme* has favored a political system in which the government imposes reforms from above without consulting the social partners, thus preventing the building of broad coalitions supporting liberalization.

This situation has continued under Macron's presidency, when reforms imposed from above faced a strong social opposition (Gilets jaunes) which was defused by an intensive use of the resources of the social anesthesia state. The book concludes with a chapter in which Levy explores the avenues for an inclusive, negotiated liberalization likely to receive broad support and capable of combating the call of "populism."

There is much to be said about this book, both in general and in detail. The first comment concerns the methodological bias that consists in examining the *contestation* of liberalization rather than liberalization itself. The aim is then to explain an anomaly or even an offense to reason. The necessity and self-evidence of liberalization are taken for granted. This is at the root of the book's normative approach, which is implicit at first but becomes

clear in the final chapter, with its recommendations on how to overcome resistance and get a reluctant population to accept liberalization. However, the foundations of this normativity do not appear to be very solid. Apart from a few partial comparisons of France with indicators and a sample of countries carefully selected for the demonstration, there is no convincing empirical evidence. Levy himself expresses reservations about the effects of liberalization, but nevertheless takes it for inevitable.

By focusing on the contestation of liberalization, Levy neglects to take into account the social forces in favor of it. The idea that there may be social groups which, with their own interests in mind, support political initiatives in favor of liberalization is hardly present in the book, or, when it is, it is not a question of analyzing social interests that are a priori no more or less legitimate than others, but of representing the forces likely to move France forward in the right direction. An example is given with the way Levy presents the "social refoundation," an initiative by employers to promote decentralized bargaining and circumvent the possible opposition of the left-wing government.

Levy's notion of "skinny politics" expresses the fact that the coalitions promoting liberalization are relatively narrow. Rather than seeing this narrowness as the legacy of *dirigisme*, should we not analyze it as the consequence of the weakness, at least numerical, of pro-liberalization social forces? This would call into question one of the main theses of the book, which is that an "inclusive" liberalization could be found if there was a political will.

One surprise on reading the book is the almost total absence of any analysis of the liberalizations carried out by officially "left" governments. In the 40 or so years since 1980, the Socialist Party (PS) was in power for a total of 20 years. It is, therefore, curious that half of the liberalization history is missing. This is all the more the case given that a number of major neoliberal reforms were carried out by PS-led governments: financial liberalization, deregulation in the goods markets, privatizations... right up to the most significant labor market liberalization reform of all governments combined under the Hollande presidency, which generated the biggest contestation of liberalization since 1995.

Also, when the book discusses the left-wing government of the early 1980s, it takes up the common theory of a radical change, the U-turn of 1983, which many publications in French have since deconstructed. As Mathieu Fulla points out ("The Neoliberal Turn that Never Was: Breaking with the Standard Narrative of Mitterrand's *tournant de la rigueur*," *Contemporary European History*, 2023), 1983 was not a decisive moment but part of a longer history of the PS' conversion to neoliberalism. Taking into account all the liberalizations carried out by both the left and the right calls into question the thesis of "liberalization without liberals." If you look for them, you

will find neoliberals on both the left and the right, and even on the far right, in the parties that Levy calls ‘populist,’ a fuzzy category including radical left-wing parties that are hostile to neoliberalism.

A central element of the book, dirigisme is not immune to misinterpretation caused by the ambiguity of the term itself, which can just as easily mean a command economy, which neoliberals since the 1930s are opposed to, as an economy that is given direction, which on the other hand is not contrary to the principles of certain currents of neoliberalism. With regard to post-war France, F. Denord (*Néo-libéralisme version française. Histoire d'une idéologie politique*, 2007) speaks of a neo-liberalism that is a form of dirigisme rejecting economic dictatorship, and R. Kuisel (*Capitalism and the state in modern France. Renovation and economic management in the twentieth century*, 1981) described the 1950s as both a neo-liberal order and a managed economy. We must therefore be wary of considering, as Levy does (p. 119), the dirigisme of post-war France as “directly at odds” with the principles of economic liberalism, since public intervention was driven by the desire to bring the price mechanism into play, as if there was a competitive market that private agents alone were unable to establish. It is also worth noting that a key institution of dirigisme, the *Commissariat Général du Plan* (planning agency) never was the equivalent of Gosplan but became over the years a forum for the type of concertation that Levy calls for to facilitate acceptance of liberalization.

The concept of social anesthesia state is fuzzy. Levy defines it as “a variety of generous social and labor market programs to compensate and demobilize the victims and potential opponents of the break with the dirigiste model” (p. 7). Since most of the dirigiste model disappeared in the 1980s, we can conclude that the accompanying measures concerned must now be marginal. For instance, Levy mentions early retirement, which in 2022 affected 0.7% of people aged between 55 and 64. But the reader of the book is left with the impression that all social protection expenditure, indeed all public spending or even all public policies, are part of the social anesthesia state.

This brings to mind a criticism that has been fairly typical of the neo-liberal tradition since the 1930s (e.g., Walter Lippmann), that of the ineffectiveness of “passive”

public spending and the occasional celebration of “active” spending aimed at increasing the employability of individuals. The lack of precision in the definition of social anesthesia raises the question of what category should be used to classify public spending on the business sector. Is public support for business (direct subsidies, tax breaks, reductions in employers’ contributions, etc.), which increased considerably in the last few decades and is now estimated at €160 billion a year (6% of GDP), social anesthesia or a neo-liberal stimulant?

The perplexity grows when we consider the recommendations in chapter 8. The Scandinavian countries are presented as a model for France, having successfully implemented the type of liberalization that Levy is calling for. One of the keys to success is said to be a robust welfare state that compensates the losers (of liberalization). So what is the difference between this particular compensation and the social anesthesia state as defined on page 7 of the book?

The answer is certainly that Levy considers a compensation for the direct losers from liberalization, for example, the employees directly affected by a privatization. But the knock-on effects of liberalization, the externalities, and the long-term consequences would not be taken into account, and the people indirectly affected would not be compensated, which is all the easier as they would not necessarily perceive the relationship between cause and effect. By contrast, a social protection state would compensate all those affected (unemployment, illness, etc.) directly or indirectly by liberalization.

The logic of the compensation advocated by Levy is different from that of social well-being and is closer to the political tactics recommended by neoliberal economists (T. Boeri et al., eds, *Structural Reforms without Prejudices*, 2006) who investigated strategies (divide and conquer, exploit external constraints, etc.) for politically successful liberalization. Their problem was not to look for social justice but to find ways to overcome a possible opposition to structural reforms. The compensation would be granted only to those whose support was necessary for the adoption of contested reforms. Jonah Levy’s book is close in spirit to this economic literature, which is a trifle less prominent since the 2008 crisis.