

Regulatory Reform in France



By **Charles-Henri Montin***

France has taken an alternative approach to Regulatory Reform by assimilating it into a wider programme of State reform. This approach has brought limited results, but recent developments may lead to major improvements.

Everyone knows that the French like to do things differently (food, football, etc.) The same applies to Regulatory Reform. While regulatory reform is not a key concept in Paris, “modernising the State” is seen as the best way to help the country stay competitive in a global economy while preserving the benefits of an advanced society.

There is very little talk of regulatory reform as such in France. Nor is there an official policy on reducing bureaucracy. But reforming the State, which means modernising the structure and working methods of central administrations, including regional offices, has been at work for over 30 years, pursuing the same objectives.

This has not always been the case. In the early 2000’s, some of the components of regulatory reform were introduced, as a result of cooperation within the E.U. and OECD:

1. the European Union: France was very involved from 2000 in reforming European governance: a French public law magistrate, D. Mandelkern, presided over the creation of the European equivalent of regulatory reform, called Better Regulation, and later rated the French administration against the same principles. This agenda has since become one of the top priorities of the European Union, but it did not meet the same success in France.
2. The OECD: the French authorities hastily set up a regulatory reform system in 2003, complete with policy, tools and institutions, just in time for the OECD country review. However the concepts remained difficult to accommodate in French administrative culture and were not well applied, especially impact assessment. Regulatory reform is still even seen by some as inspired by Anglo-Saxon-style deregulation, and a covert way of eliminating the State protective regulations.

What happened was that regulatory reform was assimilated into the over-arching and well supported concept of “reform of the State” which stresses:

1. internal change: more efficient government departments, by shifting to performance based budgeting (applied 2006) and streamlining of public services (comprehensive review of policies under way);
2. better public services: with many new on-line procedures, France is now placed among the top performers for IT based services. Around 8 million taxpayers filed their

returns on line last year.

In this context, regulatory reform was adjusted to fit-in with national culture. Because legislation is still valued as the basis of civilized society, adaptations were necessary:

- it is not so much the quality, but the quantity of legislation that is criticized: most official reports, lament the “normative inflation”, i.e. the continuous rise in the number of laws and regulations, which make it difficult for citizens and companies to identify which norm applies to their case;
- efforts are directed more at simplifying the rules than questioning their relevance. Three legal simplification laws have been voted since 2003. Codification of existing legislation is better applied than impact assessment of new texts.

This approach unfortunately addresses the effects rather than the causes of bad legislation, and preserves the emphasis on legal rather than economic expertise. It has had the positive effect however that much effort has gone into bringing the body of law closer to the citizen, by providing more online information about regulation, and assistance to understand it. This achievement will be highlighted during the French presidency of the E.U., with an effort to transpose it at European level.

Two recent developments may have the potential to introduce major improvements:

- to stem the flow of new legislation, impact assessments of all drafts (including those filed by parliamentarians) may soon be mandatory under a new article to be introduced into the constitution.
- in response to the needs of private companies and in line with the EU target, the government has launched a 4-year plan to reduce administrative costs by 25% by 2011. The thousand heaviest or most irritating administrative procedures will be re-engineered to make life easier for companies. Improving on the Standard Cost Model, applied in Germany and other countries, the French method includes regulatory costs for the administrations, and the cost of delays for the businesses, in a more comprehensive approach.

In summary, the “French way”, relying on a leaner, more efficient central State, may still have something to

offer in the search for improved regulatory environment for business and more open markets.

NOTE

- * The author is a French official working as a regulatory adviser at the European Commission. The views expressed are personal and do not commit France or the European Commission.