Preface – Times have changed

Daniel Cohen*

So much water has flowed under the bridge since the first issue of *Économie et Statistique.* Fifty years ago, France was just emerging from the political and social big chaos of May 1968. The country was driven by a powerful growth spurt, known as the *Trente Glorieuses* (or the Thirty Glorious Years), according to the famous term coined by Jean Fourastié. As the article by **Didier Blanchet and Fabrice Lenseigne**, in this issue which covers some of the major issues that have impacted this changing period, points out, the income of the French has increased by a factor of 4.5 since 1960. Whoever earns, say, 2,000 euros per month today, would have earned 450 at the time! The figures are indeed partly abstract; nevertheless, they provide an illustration of the tremendous transformation that the French have undergone during this period. Blanchet and Lenseigne also point out why frustration is now common: we have consistently seen a slowdown in growth. Labour productivity, which summarises the progress of our technological system, has fallen from an annual growth rate of 4.5% from 1960 to 1975, to 2.1% from 1974 to 1992, then 1.1% from 1993 to 2008, and then almost non-existent to the present days with an annual rate of +0.6%. The translation in terms of disposable income is mechanical: it is growing increasingly slowly. Taking demographics into account by adjusting household income by size (using consumption units method, which gives a lower weighting to children), income has been stagnant for ten years, whereas it was doubling every fifteen years at the beginning of the period!

There are many causes for this slowdown: the end of the phase during which France was catching up (economically) with the United States and, more generally, the decline in technological progress, in the United States itself, which reflects the slowdown in the dynamics driven by industrial growth. Much earlier in 1948, Jean Fourastié (again) in his book entitled *Le grand espoir du XX^{e} siècle* (The Great Hope of the XXth Century) foretold of the imminent arrival of a service society. The "great hope" was that it would give a prominent place to jobs in which humans would take care of humans (as doctors, teachers, psychoanalysts, etc.), rather than spend their time working the land or with materials. However, his optimism was counterbalanced by another issue, one which was not too troubling in his eyes, namely that this transition would also result in a slowdown or even an end to economic growth. If the production of a provider is measured by the time spent with clients, such as a caregiver with an elderly person or an actor in a theatre, then it is inevitable that growth slows down. This syndrome is also known to economists as Baumol's "cost disease". The whole issue of new technologies, as analysed by **Philippe Aghion, Céline Antonin and Simon Bunel** in this issue, can be seen as a difficult way to ward off this "cost disease".

The paradox that can sometimes be difficult to perceive is that the growth rate during the *Trente Glorieuses*, which seems miraculous today, was subject to formidable challenge in its time. May '68 marked the outbreak of a rejection of this model by the youth, both students and workers, who no longer accepted the hierarchical and patriarchal order of

* *Paris School of Economics (daniel.cohen@ens.fr)*

Translated from the original version: "Les temps ont changé"

Citation: Cohen, D. (2019). Times Have Changed. Preface to the 50th Anniversary Issue. *Economie et Statistique / Economics and Statistics*, 510-511-512, 13–15.
https://doi.org/10.24187/ecostat.2019.510t.1986

the industrial society of the time. In some respects, the ensuing transformation tried to respond to the aspirations born in the sixties.

As analysed in three articles, a huge transformation of the labour market will be undertaken during the last fifty years. The feminisation of the labour market is its first distinctive feature. One after another, the professions considered male (lawyers, doctors, etc.) have become predominantly female. As **Dominique Meurs and Pierre Pora** point out, women have fully caught up with men in terms of human capital (education and experience), or even surpassed them in this area. However, the gender pay gap remains very high: women earn 20% less than men, on average, in particular because of the delays in promotion that maternity still causes. This is the major unfinished task of the feminisation of labour: to ensure that fatherhood is as (little?) demanding as motherhood with regard to both parents' careers.

The increase in education and jobs qualifications is the other major change over the period covered. People have been entering the labour market increasingly later, as the enrolment rate of new cohorts has risen. One of the great hopes of what was called, for a time, the post-industrial society, was to become a society of information and knowledge. However, as shown by **Dominique Goux and Éric Maurin**, this is also the cause of a new frustration. Many young people with higher education qualifications have had to resort to taking jobs that are less skilled than expected, *de facto* competing with less educated young people who thus suffered unexpected competition, pushing their wages down, creating a double penalty of de-skilling for graduates and increased competition for those with lower educational attainment. The increased competitive pressure on the labour market has also led to increased job insecurity. As **Olivier Marchand and Claude Minni** point out, job insecurity has emerged in a great number of situations, for young people entering the labour market who have to work a very large number of short fixed-term contracts before finding stable employment, for all those who are now included in the "unemployment halo", neither entirely in employment nor entirely without it...

A large number of OECD countries have seen a decline in the labour share. The analysis of **Mathilde Pak, Pierre-Alain Pionnier and Cyrille Scwhellnus** shows that this decline is partly linked to the emergence of "superstar" firms, at the technological frontier, with low labour intensity. The globalisation of the value chain, by putting competitive pressure on labour, is also one of the factors contributing to it. However, not all countries have experienced this decline, either because of the absence of superstar firms or because the labour market has proved more protective. As **Gilbert Cette, Lorraine Koehl and Thomas Philippon** demonstrate, this is the case in France, where the measurement of an overall decline in the labor share depends very much on the point of comparison selected, and on a number of hypotheses on the statistical treatment of income, particularly from property.

In the field of income and wealth distribution, **Bertrand Garbinti and Jonathan Goupille-Lebret** also provide a comparison with the American situation. In the United States, the proportion of national income going to the bottom half of the population has halved, falling from over 20% in 1983 to 10% today! The developments shown by the French data are less striking, yet remain marked. High incomes have grown twice as fast as for the rest of the population since 1983: the income of the richest 1% has increased by 2.2% per year, compared with less than 1% for the remaining 99% of the population. Ultimately, the share of total income held by the top 1% has risen from 7% in 1983 to 11% in 2014, an increase of 50%.

Understanding inequalities often means leaving the reassuring realm of macroeconomics, used to reasoning from a representative agent, to understand the micro-reality of the social world. The article by **François Legendre** paints an invigorating picture of the progress that has been made in this area by microsimulation models. **Denis Fougère and Nicolas Jacquemet** also provide an exciting survey of the methods of impact evaluation of economic and social policies, while being mindful of the biases that arise from the selection effects or self-selection of the targeted populations.

Looking back at the past years, it would have been very difficult to predict, in 1960, that the difficulty of making ends meet and getting to the end of the month would remain so significant for entire groups of the population, despite a 4.5-fold increase in household disposable income. A sense of fear of the future, which seems very high today, largely explains the unease of the working classes all over the world. Yet growth, the slowdown of which appears to be the cause of all the problems, raises many questions itself. Measuring the impact of growth on climate change, a topic which could not have been raised in the first issue of *Économie et Statistique*, has become a key point. Indeed, the 1973 oil crisis had certainly demonstrated limits due to the depletion of scarce resources, analysed in the famous Meadows report "Limits to Growth". Very early on, however, in a prophetic article published in 1972, Nordhaus and Tobin countered that limits on growth were not due to the stated scarcity of oil, but rather to the scarcity of common goods, available free of charge and therefore subject to excessive exploitation. Their analysis already pointed to the need to focus on conserving free natural resources ("fresh air"), rather than conserving "chargeable" natural resources: "*At present, there is no reason to arrest economic growth to conserve natural resources, although there is good reason to provide proper economic incentives to conserve resources which currently cost their users less than true social cost.*" (Norhaus & Tobin, 1972, p. 24). This is a prophetic analysis, which underlines how the stated scarcity of oil was not the problem but, on the contrary and in the exact opposite manner, that the problem was that the rise in prices triggered new discoveries that threatened the planet's climate balance. The article by **Alain Quinet** shows the full extent of the efforts that still need to be made to meet the challenge posed by our growth model. We will know in 50 years, for the centenary of *Economie et Statistique / Economics and Statistics*, if this challenge has been met by the new generations. ☐

References

Fourastié, J. (1949). *Le grand espoir du XX^e siècle. Progrès technique, progrès économique, progrès social.* Paris : PUF.

Fourastié, J. (1979*).* *Les Trente Glorieuses*. Paris : Fayard.

Meadows, D. H., Meadows, D. L., Randers, J. & Behrens, W. W. (1972). *The Limits to Growth*. New York: Universe Books.

Nordhaus, W. D. and Tobin, J. (1972). Is Economic Growth Obsolete? In: *Economic Research: Retrospect and Prospect, Vol. 5, Economic Growth*. New York: National Bureau of Economic Research.