

## French entrepreneurs

"The problem with the French," President George W. Bush once said, alas probably apocryphally, "is that they have no word for entrepreneur." Due to heavy taxes and bureaucracy, France was indeed a tiresome place to start a business compared with the US. But something odd has happened. More than 500,000 French businesses were created last year, 75 per cent more than in 2008. That one-year jump was bigger than the increase over the rest of the decade put together. This year, the figures have continued to accelerate.

What is going on? It is an inauspicious time to become an entrepreneur anywhere; start-up rates have stalled in the recession and credit is tight. But a French government scheme, launched in January 2009, removed much of the cost and hassle of setting up a single-person business. Registration on a website suffices. Income tax and social taxes – healthcare, pension and so on – are rolled into a single levy on the new venture's revenue.

Still, it is too soon to get excited. The new outfits are tiny; indeed, six in every 10 "auto-entrepreneurs" do it part-time alongside another job. A quarter of new French businesses fail in the first two years, a rate that may surge if this fragile crop withers as quickly as it sprouted. Still, one happy side effect has been to offer France's jobless something productive to do. High and lasting unemployment used to be a very European problem. But the US has lately developed the same affliction: there the ranks of the long-term jobless have increased almost five-fold to 6.1m in the recession. Skills and motivation atrophy the longer people languish and US

policymakers fear they could become permanently disconnected from the workforce. The French have come across an American-style remedy. Mr Bush's successor might take note.