

The future of the welfare state: paths of social policy innovation between constraints and opportunities

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French recent reforms of activation policies and employment services : reconciling social solidarity with economic efficiency?

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1. Introduction

The purpose of this paper is to question French current employment policies aiming at activating the unemployed and modernising public employment services (PES). Since 1998, in line with the European employment strategy, the French activation strategy has been extended and provides the unemployed with intensive and continuous support. More recently, French PES went through significant reorganizations: the end of the National employment agency's (ANPE) monopoly on job placement, an increasing competition between institutional actors - in non-profit and public sectors as well as in the for-profit sector -, and now the fusion between the ANPE and the national unemployment insurance joint (bi-partite) institution (UNEDIC¹) into a new single institution, the Employment counter (Pôle emploi).

Our paper addresses the modernisation of the French employment system through an exploration of both the activation strategy and the dynamics of public employment services. It aims at revealing emerging regulatory schemes regarding the promotion of both social solidarity (public protection against unemployment or poverty) and economic efficiency (in the fight against unemployment and exclusion as well as in the adaptation to labour market changing needs).

Our approach develops an institutional and comparative perspective and is both theoretical and empirical. Relying on the literature on activation policies and activation regimes in Europe (Serrano 2004, Barbier *et al.* 2006, Serrano, Magnusson L. 2007) we adopt a comparative perspective in order to enlighten the distinctive features of French activation policies and institutional dynamics. Stemming from the literature bearing on the modernization of labour market institutions (Balmory 2006, Tuscszirer 2006, Ferracci 2007) we try to question emerging regulatory schemes. Illustrations of recent institutional and policy changes are provided by our empirical research².

The paper will first examine the French activation regime in a comparative perspective, showing that this regime is still midway between the "liberal" and the "social-democratic" one (in accordance with the path dependency assumption). Then it will analyse some effects of recent policy and institutional changes in France. Finally, it will show that the French activation system remains complex and segmented and hardly ensure security to all the unemployed or the assisted.

2. The French activation regime in a comparative perspective

An activation strategy is governing employment policies in Europe since the end of the nineties. Despite a wide agreement on the activation principles in many OECD countries, activation policies do not follow everywhere the same path. National political and ideological specificities contribute to shape the diversity of activation policies and to prevent from a universal approach (Barbier, 2006).

2.1. Activation models in Europe

The literature on activation policies stresses the diversity of welfare regimes and activation models

1 The UNEDIC, National inter-sector union for employment in industry and trade is administrated jointly by social partners (workers' unions and employers' organisations).

2 The present paper relies on a on a research on "Activating the unemployed, institutions, policies and dynamics" led by four research teams (GREE-2L2S Nancy 2 University, CES-Matisse Paris 1 University, CRESS-Lessor Rennes 2 University and the Centre for employment studies) for the French DARES-Ministry of employment and solidarity (Beraud and Eydoux 2007, Balzani *et al.* 2008).

(Esping Andersen, 1999). Nowadays, four welfare regimes are distinguished: the liberal model (the UK and the US), the universalistic social-democratic model (Sweden, Denmark), the continental-conservative or corporatist model (France, Germany) and the southern or Mediterranean model (Italy, Spain). Researches on activation policies often focus on a binary and dual representation opposing two activation models: the liberal model and the universalistic (or social-democratic) model, considered as ideal types representative of polar situations in Europe. As Barbier (2002) puts it, the dual representation of activation models refers to the opposition of a confident attitude towards market forces (liberal model) and the willing to ensure social welfare through public policies (universalistic model):

« Contrary to the universalistic ideal-type, the liberal one is chiefly polarised around the individuals' relationships to the labour market, which, *per se*, are assumed to yield social equity and efficiency. ALMPs³ as well as social policies thus take on a limited role, restricted to inciting individuals to seek for a job, providing quick information and matching services as well as investing in short term vocational training. On the other hand, the universalistic type not only cares for the provision of complex and extended services to all citizens, but simultaneously guarantees relatively high standards of living for the assisted, and, for the lower paid sections of the labour force, benefit levels that are close to actual minimum wages ».

According to Barbier (2006), the literature tends to oppose a “generous” and a “punitive” approach, or “soft” and “hard” activation. In the same spirit, Serrano (2004) distinguishes two activation models: one handling the stick (threaten) and the other presenting the carrot (reward). These models give the State different roles. The “generous” State (or the “soft” version) guarantees relatively high unemployment or assistance benefits to the unemployed and aims at improving their employability by offering them training or employment opportunities and defending their individual right to activation programs through quality services to support them in their job search. On the contrary, the minimalist State seeks to limit access to social benefits and to reduce the amount and duration of unemployment and assistance benefits (“punitive” approach or “hard” activation). No country strictly corresponds to a single model, however the UK is generally considered as a liberal (activation) regime while Denmark is said to correspond to a universalistic (activation) model.

Authors however diverge in the way they characterize the activation regime in so-called “continental” bismarckian or “corporatist” / “conservative” countries such as France and Germany. France for instance is sometimes seen as a mix between the liberal and the universalistic activation models, a hybrid case:

« Albeit with obviously limited effectiveness (as compared for instance with Denmark or Sweden), French policy has nevertheless tried to foster some balance between individual obligations and entitlements on one hand, and society's collective responsibility on the other. The absence of any systematic and overt punitive element as well as the insistence on citizenship and social rights, entail that French programmes cannot be equated either with British welfare to work or US workfare. The French way of activation appears thus closer, despite its fragmentation, limited effectiveness and indirect fostering of working poor situations, to Danish programmes [...]. Moreover, France has constantly kept its temporary employment programmes and even extended them for the young » (Barbier, 2001).

Continental countries are not always analysed as being halfway between the liberal and the social-democratic regime. Relying on the analysis of recent labour market reforms and debates in the UK, Germany and France, Orianne (2005) suggests that there exist specific characteristics of the activation model in “corporatist regimes” (in the sense of Esping-Andersen)⁴. The author identifies

3 Active labour market policies.

4 Orianne's comparative approach does not include Nordic countries such as Denmark, Norway or Sweden that could allow a comparison between the “corporatist” and the “social-democratic” activation models. More precisely, it does not tell to what theoretical framework the social-democratic approach refers – is it an alternative theoretical framework, or is it still the capability approach or the transitional labour market approach? Since defenders of the

two contrasted normative activation models: the Anglo-Saxon model that focuses on individual assets and the German or French model that develops an approach based on *capabilities* (Oriane refers to the theory of Amartya Sen 2000).

The Anglo-Saxon liberal model of activation, as analysed by Oriane, corresponds to the third way proposed by A. Giddens (1998) that has inspired Tony Blair's social reforms. In this model, human assets play a central role: individuals are responsible for the mobilization of their own assets, while the State has to allocate it in a way that encourages individual responsibility. The idea is to prevent the unemployed from adopting a passive attitude and to support them to become "actors of their own life" and "undertakers of themselves". Referring to the terminology used by Gautié (2003), Oriane calls this conception "patrimonial individualism". According to it, the State promotes activation by developing actions in order to improve the "equipment" of job-seekers in the labour market.

The corporatist activation differs from the third way stressed by Giddens and, as stated by Oriane, rather corresponds to the "transitional labour market" approach developed by G. Schmid in Germany and B. Gazier in France. Within the transitional labour market framework, the issue is not (only) to "equip" individuals for the labour market, but rather to equip the labour market for the individuals in order "to ensure new rights to citizens and to extend their real freedom". The "transitional labour market" thesis, like the third way approach, gives a central place to the individuals and insists in mobility opportunities (transitions between employment and non employment) that could be permitted by a new institutional framework. It does not however consider employability as an individual matter, but as a social construction where the State has a role to play, by ensuring opportunities for individuals to enhance their skills.

The dynamic of corporatist activation also raises major questions as to its permanence or its evolution towards a more liberal regime. For instance, recent trends of French activation demonstrate a shift from a "curative" to a "preventive" approach in line with the European employment strategy (EES) orientations. On the one hand, this shift is a liberal one because it implies both restricted access to unemployment compensation and intensified control, but on the other hand, the generalization and intensification of support to the unemployed may also be regarded as reflecting a social-democratic approach. In others words, if there is a tendency to make the unemployed increasingly responsible for their unemployment (through reduced compensation rights), it does not mean that there is a collective dismissal: the unemployed still have access to (relatively generous) unemployment benefits and to active programs aiming at increasing their capabilities to look for paid activities.

2.2. Toward an "active welfare State"?

Experts underline the contribution of Europe (together with the OECD) in the formation of a new framework for employment and social policies, in a normative as well as cognitive way (Lahusen 2007, Bonvin, Moachon 2004, Barbier 2006). European institutions, especially through the European employment strategy (EES), have contributed to popularise new concepts such as activation, employability, incentives, unemployment trap, *etc.* European discourses not only express decisions but also bear justifications of these decisions. It contributes to the formation of common representations or pictures of reality (Crespo, Serrano 2004) that are influencing member States in the conduct of their employment policies (Barbier, 2002).

Activation may be considered as the cornerstone for European social policies (Barbier 2006; Crespo and Serrano 2004, Conter 2007), and the interpretative framework of an "active welfare State"

transitional labour market approach often refer to the Danish model, it could be the same theoretical framework for both the "corporatist" and the "social democratic" approaches.

(AWS) is becoming a reference for implementing European employment and social policies. According to Vandenbroucke (1999), a promoter of the ASS⁵, the aim is to uphold a fully active society “without giving up the former ambition of welfare State, *i.e.* an adequate social welfare”. The active welfare State approach relies on a preventive logic aiming at enhancing individual participation into employment, as opposed to a passive and curative logic that only compensates for social risks and exclusion. It appears as a compromise between the OECD (liberal) approach and a social-democratic (universalistic) approach of activation. Together with the liberal conception of the OECD, the ASS approach criticizes passive spending and promotes financial incentives, work values and individual responsibility of the unemployed and the assisted. The ASS approach insists in the need for a new balance between flexibility and security, between rights and duties. In line with a liberal perspective, the ASS approach interpret unemployment benefits as disincentives to work and promotes control and penalties for the unemployed who would not actively seek for a job or refuse to participate to active programs. The unemployed are thus invited to adapt their demands and their capabilities (employability) to changing labour market conditions⁶. However, State’s responsibility (the promotion of activation programs and quality employment services), social cohesion (the fight against inequalities and discrimination) or job quality are common preoccupations of the ASS and the social-democratic approaches.

Does the European Employment Strategy produce a convergence of member state’s social policies in Europe? The question is still in debate. In her conclusion of a book on the topic (*Are activation models converging in Europe?*), Serrano shows that no consensus exists between researchers or experts: while some stress persistent differences across member States, others consider that there is a process of convergence. According to Serrano, this dilemma may be resolved by accepting the fact that activation can be a method, a project, an ethic or an ideology. As an ideology (as a set of representations and justifications), activation is achieving a synthesis between the “social equity” principle (in favour with State intervention as a mean to protect against risks) and the “economic efficiency” principle (in favour with rolling back the state). As a goal or a method, activation gives way to large differences closely related to the diversity of social protection models.

2.3. What kind of activation in France?

Important change have occurred in France regarding labour market policies and institutions. These changes can be seen as reflecting a new compromise, between the liberal conception emphasizing individual responsibility and financial incentives and the social-democratic approach concerned with universalism and State responsibility regarding employment matters.

Liberal arguments are mobilized in both policy and institutional reforms. The first one focuses on the unemployed and the assisted rational behaviour and promotes incentives to favour their return to work. Incentives are primarily financial: “to make work pay” has become the new leitmotiv that governs the redesigning of unemployment and assistance benefits. Others incentives take the form of a coaching process: the generalization of personalized support and counselling provided to the unemployed and the assisted in order to support their return to work. More generally, as L’Horty (2004) puts it, there is now a “new policy *for* employment” (as opposed to the traditional “employment policy”) rethinking the link between employment and social protection in order to sustain work supply and to promote employment for the assisted (whether job-seekers or not) as well as for the unemployed. In this framework, activation goes through an intensification of personal support and financial incentives to encourage the unemployed and the assisted to return to

5 Vandenbroucke was Ministry of social services in Belgium (1999-2003).

6 According to Dubois (2007), Lebaron and Schultheis (2007), the European Employment Strategy promotes a kind of *workfare* when it constrains the unemployed or the assisted to accept a job or to loose their entitlements to compensation or assistance, even if this job is not linked to their qualification, their past experience or wage.

work. The new goals of employment policies in France can be expressed by slogans such as “to make work pay”, “to reassert the value of work”, “to encourage the return to employment”, “to discourage inactivity”. In accordance with the European strategy (the “active welfare State”), this new policy emphasizes work supply (job search support and incentives to work) rather than work demand (cuts of labour costs) and includes not only the unemployed but also the assisted (beneficiaries of social minima) in activation programmes⁷.

The second argument also relies on financial incentives and economic rationality but focuses on employment institutions and frontline workers. The assumption is that PES and frontline workers do not behave optimally and that new procedures (profiling) and organisational change (marketization, appeal to private operators, financial incentives for frontline workers) are liable to improve the economic efficiency (and the unemployed return to stable employment) of the system (Ferracci 2007). According to this assumption, activation goes through formal procedures and routines, such as profiling, and organisational change, consisting mainly in the introduction of subcontracting and outsourcing procedures that partly transfer the implementation of employment policies to private operators and introduce an increasing competition among employment intermediaries. At the same time, assessment procedures tend to make frontline workers more and more responsible for the rate of return to work of the unemployed or the assisted that they support.

The French activation strategy thus increases both frontline workers responsibility for employment and the unemployed and the assisted duties to look for a job. If the unemployed and the assisted gained a right to job search support that poses questions as to the means dedicated to this new right. These are essentially the means of the Public employment services, in particular frontline workers in charge of job search support. Since the means dedicated to public activation programs (subsidised employment and training) did not significantly increase, the French activation strategy has been particularly vulnerable to the economic slowdown. However, we cannot speak of a significant State withdrawal from employment and social policies. Following Erhel and Zadjela (2004), we may rather plead for a “path dependency” effect: the comparison of public labour market expenditures in France and other European countries as Denmark, Germany or Great Britain, shows a remarkable continuity in State commitment (Beraud, Eydoux 2009): France continuously ranks at an intermediate position between Denmark (social-democratic activation) and the United Kingdom (liberal activation). In the United Kingdom, employment expenditures are minimalist, essentially active, and focus on administrative employment services, revealing the primacy of the “work first” logic. In Denmark, public expenditures represent a largest percentage of the GDP and appear more diversified, demonstrating a wide public commitment in the integration of the unemployed or the assisted as well as in the unemployment compensation system.

3. Recent reforms of the French activation regime

The French activation regime have recently been through an ambitious and rapid process of reforms that led some experts to speak about a “brutal acceleration of history” (Dupeyroux 2005). Major changes go in three directions: the redesigning of unemployment and assistance benefits, the generalization of personalised job search support for the unemployed and the assisted and the reshaping of public employment services (PES). These changes participate to a rationalisation process that encompass employment programmes as well as employment institutions and aims at improving their economic efficiency. Their actual efficiency remains however debated.

⁷ Note that there is an exception for parents (mainly mothers) of children under three years who are still encouraged to withdraw the labour market to take care of their children (through the PAJE-CLCA).

3.1. Redesigning unemployment and assistance benefits to “make work pay”

Unemployment and assistance benefits are segmented and source of differentiated treatment for the unemployed. Recent change aim both at redesigning existing benefits to improve their economic efficiency through a “making work pay” strategy.

The French bismarckian unemployment compensation system is dual and divided into two schemes: (1) the insurance scheme, administered by the UNEDIC (social partners) and financed through workers’ and employers’ contributions, that offers conditional insurance benefits which amount and duration are linked to previous occupational earning and experience; (2) the “solidarity” scheme, administrated and funded by the State, that offers conditional means-tested and lump-sum benefits to workers who have no (more) rights to the insurance. Social assistance providing assistance against poverty is institutionally separated from the unemployment compensation system, but strongly related to it, as it plays the role of a third step in the social protection of the unemployed. In this bismarckian system, social assistance developed in the 1970's and 1980's to respond to new social risks such as family breaks or long term unemployment: the Lone parent allowance (API, Allocation de parent isolé) was created in 1976 and the Minimum integration income (RMI, Revenu minimum d'insertion) in 1989; both have been replaced in June 2009 by the Active solidarity income (RSA, Revenu de solidarité active) (Table 1).

Table 1: Unemployment compensation and social assistance

Unemployment compensation system			Social assistance
Insurance scheme		Solidarity scheme	Assistance against poverty
UNEDIC Social partners	Administration	The State	CNAF (National family fund) Social partners
Insurance benefits are linked to previous occupational earnings and paid for a limited period of time	Principles	Solidarity benefits are fixed amounts, means tested, with renewable time limits	Assistance benefits are means tested according to the household’s structure and income. The RSA is formatted to “make work pay”
Employers' and workers' contributions	Financing	State budget (Solidarity Fund)	Local taxes and State budget
Unemployed with sufficient employment references	Beneficiaries	Unemployed with sufficient employment references who have exhausted their rights to insurance benefits	Inactive or unemployed aged 25 years and more, (household’s resources) and / or lone parents
	A single new operator: Employment counter		CNAF is the benefit-paying agency

Source: Eydoux A. (2003).

As a result, the treatment of the unemployed is segmented, reflecting in a way the labour market segmentation: while those who have sufficiently contributed to the insurance scheme benefit from an insurance compensation which amount is linked to previous occupational earning and which

duration refers to their past occupational experience, the unemployed who have exhausted their rights only benefit from a lump sum in the solidarity scheme if their former occupational experience is long enough, they may otherwise receive social aid, mainly in the form of the so-called “Active solidarity income” (RSA)⁸. This segmentation generates inequalities between the unemployed or assisted, young unemployed aged under 25 are often excluded both from unemployment compensation (insurance as well as solidarity because of their insufficient employment references) and from assistance benefits (RSA), but have a priority access to some active measures.

Recent change in the unemployment compensation / social assistance system demonstrate a willing to give increasing incentives to work to the unemployed and the assisted. First, in 2001, the insurance benefit has been reshaped, reflecting a new compromise between social partners: the Single diminishing allowance (AUD) became the Return to employment allowance (ARE) which is no more diminishing along time. At a time when (2000) the labour market was getting better, employers were expecting that individual support to the unemployed would help reducing recruitment difficulties and unemployment. In this context, the end of the diminishing allowance was seen as a return for the efforts made by the unemployed, a return that would be financed by the (expected) reduction of the unemployment rate. However, the labour market situation rapidly deteriorated and so did the budget of the UNEDIC (Insurance scheme). In 2003 and 2006 the access to insurance benefits hardened while the amount and duration of insurance allowances diminished, contradicting the compromise of 2001. As a consequence, the second (the solidarity scheme) and the third step (social aid) of social protection were affected: some of the unemployed who were rejected from the insurance scheme were eligible to solidarity or to assistance benefits. Thus, the access to solidarity benefits also hardened, rejecting some beneficiaries to social assistance. The activation of the assisted (recipients of solidarity or assistance benefits) since 2003 takes place in this context: First, the Integration contract – minimum activity income (CI-RMA) aimed at offering them a (part-time, low paid) job. Then, latest reforms of unemployment benefits (December 23, 2008) and assistance (generalisation of the RSA in June 2009) focus on a “making work pay” strategy that aim at reducing threshold effects for the unemployed and the assisted who return to employment.

The impact of the “making work pay” strategy measured in terms of rate of return to work remains disappointing and controversial, as illustrated most recently by the assessment process of RSA experimentations (Gomel, Serverin 2009). The actual economic efficiency of the “making work pay” strategy that relies on the individual (economic) rationality of the unemployed and the assisted turns out to be unsatisfying. Moreover, the institutional and statutory segmentation of the unemployed and the assisted is maintained.

3.2. Extending job search support

The second change in French activation strategy is the generalisation of personal job search support to the unemployed and to the assisted. Since 2001, every registered unemployed benefit from a personal support through the Personalised action plan (PAP) implemented by the National employment agency ANPE. Since 2006, the PAP has been replaced by a new process: the definition of a Personalised project for returning to employment (PPAE) and a monthly personalised support (SMP) (see Box 1).

8 The RSA has replaced the Minimum integration income (RMI) and the Lone parent allowance (API) in June 2009 in order to activate every assisted, including lone parents with children under 3 years who were formerly exempted from work obligations (Eydoux, Letablier 2009).

Box 1: The Personalised project for returning to employment (PPAE) and the monthly personalised support (SMP)

During the first appointment, the ANPE advisor helps the unemployed to define his/her personal project according to his/her qualification, experience, family situation, *etc.* and defines a job search profile: “type 1” is “accelerated job search” for immediately employable persons, “type 3” corresponds to “accompanied job search” for not (immediately) employable persons, and “type 2” is “active research” for those considered as having an intermediate profile. After three months, the unemployed benefit from the Monthly personalised support (SMP) and meet their personal referent every month. After one year, they have a priority for training or subsidised contracts.

Since June 2009 with the generalisation of the Active solidarity income (RSA), personalized job search support has been extended to every employable assisted who benefit from the RSA, whether registered as a job seeker or not. Even lone parents (essentially mothers) former recipients of the Lone parent allowance (API, Allocation de parent isolé also replaced by the RSA) are now eligible to job search support – frontline workers must take their family constraints into account.

Together with the extension of job search support, there is a general shift in rights and duties for the unemployed and the assisted: the obligation to look for a job and to accept a proposition is strengthening since the beginning of the 2000's. The unemployed have to demonstrate active job search, to accept job search support and training programs as well as any job corresponding to his/her past qualification and professional capacities, paid at a normal wage rate and compatible with his/her capacities in terms of geographical mobility. Since 2001, the effective qualification and professional capacities of the unemployed are considered as decreasing with the unemployment duration. Since the law for social cohesion in 2005, the unemployed must prove continuous job search, have the duty to accept jobs that are not necessarily linked to their past training and experience, or subsidized training such as the “apprenticeship” or the “professional” contract. The unemployed also must comply themselves to every control. Control and sanction have also been reinforced through the law for social cohesion: first, sanctions are now graduated according to the “fault” of the unemployed in order to extend their application, second the ANPE and the Unedic (now the Employment counter) take part in the control and sanction process that was formerly in the hand of the Ministry of employment's decentralised services. As a result, there has been a significant increase in the number of unemployed crossed off the job-seekers' list. The recent reinforcement of work obligations and job search support for the assisted may have the same impact on the number of registered assisted – but the crisis may on the contrary challenge the implementation of work obligations for the assisted.

This activation policy interrogates the responsibility for employment and social solidarity: to what extent authorities still carry the duty to propose a (quality) employment or an income to the unemployed or to the assisted This question was asked during the debate concerning the implementation of the Minimum activity income (RMA). For instance, M-T Joint-Lambert (2003) underlined the fact that “there is here a risk that the duty of integration (now bearing on the individuals) prevails on the rights to compensation, even though the new employment contract is a part-time one, and even though it may, considering its construction, continue to lock up its beneficiaries in poverty”.

3.3. Restructuring Public employment services

The diversity and institutional complexity of intermediaries in the French labour market have long been underlined (see for instance Baron *et al.* 1994). Recent official reports on the topic (Marimbert 2004, Balmay 2004, Cahuc et Kramartz 2005, CERC 2005, Cour des Comptes 2006) still point out a governance problem in the French Public employment service (PES) and resulting inefficiencies.

Several trends have contributed to make Public employment services more complex and segmented: the outsourcing of services (job-seekers support and placement) to various subcontractors and the decentralization of employment and vocational training institutions – these institutions sometimes hardly communicate at the regional and local level. Recent changes in the definition of Public employment services reflect the preoccupations expressed in official reports regarding the complexity and the inefficiencies of French PES.

First, the law for social cohesion of January 18th 2005 has put an end to the ANPE's formal⁹ public monopoly on job placement, allowing every employment intermediary, whether public, non profit or private (such as temporary work agencies), to participate in job placement – as long as services to the unemployed remain free and non discriminatory. The ANPE has been allowed in its turn to create affiliated companies that deliver specific chargeable services to firms and compete with other private intermediaries (like temporary work agencies, human resource or recruitment agencies). This change has raised debates opposing tenants of an increased privatisation / marketisation of employment services in behalf of economic efficiency and defenders of public services in the name of social cohesion and equity. It also provoked conflicts in employment institutions: on March 29th 2007, more than 43% among the 28 000 ANPE agents were on strike, in fear with the deconstruction of the PES and with the risk of unequal treatment of the unemployed.

Second, the law for social cohesion has extended the scope of public employment services by defining three circles (Box 2). There was no legal definition of PES before, and only a “public service for placement” formally existed. The new PES not only includes job placement but also unemployment compensation, integration into employment, vocational training and job-search support. As a consequence, new actors have been admitted.

Box 2: The three circles of French PES

The law precisely distinguishes three institutional “circles”:

- the first circle corresponds to the hard core of the PES that includes the State employment and vocational training services (under the direction of the French Ministry of employment: the DGTEFP and DDTEFP), the AFPA (National association for vocational training) the National employment agency (ANPE), and the National joint unemployment compensation fund (UNEDIC), thus formally recognized as being part of the integration process of the unemployed into employment;
- the second circle is composed with organizations that *contribute* to the PES, *i.e.* local actors such as municipalities, associations such as the so-called “Missions locales”, in charge with the social and economic integration of young unemployed knowing specific difficulties (low qualifications, social exclusion, *etc.*);
- the third circle regroups a range of organizations that *may participate* to the PES: any public or private organization that provides services aiming at job seekers' integration into employment - it may as well be associations in the non profit sector as private temporary agencies or the new private placement agencies, subcontracting with institutions in the first circle, such as the ANPE or the UNEDIC.

As Balmory (2006) puts it, the law for social cohesion had a strong political sense: by extending the definition and scope of the PES, it established that the State does not assume the exclusive responsibility for the labour market situation and that employment is a matter of public (*i.e.* general) interest, justifying that various actors join in a common effort. However, this extension of the PES goes along with an increasing competition between intermediaries in the labour market. Private actors in the profit sector, such as temporary work agencies or human resources agencies, try to increase their role by contracting with the ANPE or the Assedic (now the Employment counter).

9 This monopoly was shared with municipalities and other institutions working with the ANPE; it was essentially formal because many actors used to participate to job placement.

Private actors thus challenge traditional associations in the non profit sector whose position now appears more delicate, especially in the field of vocational training where the UNEDIC is gaining in importance and gives the priority to the labour market demand (short-term vocational training corresponding to firms needs). Moreover, extending the scope of PES did not solve the governance and coordination problem faced by the many actors involved in the implementation of employment and vocational training policies. At a local level, actors sometimes find innovative solutions to improve their coordination, but the complexity remains. At a national level, the ANPE, with about 4000 subcontractors also decided in the past few years to favour their reunion through a new contracting process. (Béraud and Eydoux 2008).

In December 2008, the law went a step further through a fusion between two major institutions of the first circle (namely the ANPE and the UNEDIC) into a single one, the Employment counter (Pôle emploi). The fusion aims at providing the unemployed with job search support and unemployment compensation in the same place and preventing them from going from one institution to another to gather information or to benefit from adequate support. The reunion of services was at first experimented through new institutions called “*Maisons de l’emploi*” (“Employment houses”) that regroup (in principle in the same building) institutions from the first and second circles, most often ANPE and Mission locale, sometimes with the AFPA or the UNEDIC, or with organisations belonging to the third circle, such as temporary work agencies. This matching also has a tool: the DUDE (Dossier unique du demandeur d’emploi / the unemployed single electronic file) containing all relevant information regarding the unemployed that different authorized institutions may use.

Implementing this institutional change turned out to be complex: our empirical investigations in Employment houses in 2007 give an illustration of this complexity. It first posed technical and practical problems. At the time of our inquiry, the electronic file DUDE was not available for every worker in Employment houses, limiting in practice the possibility to ensure a common reception of the unemployed. In an Employment house in Brittany, workers from different institutions (ANPE, Mission Locale, Unedic) had to work together to establish a handbook to be able to answer every question regarding unemployment compensation, job search, training, *etc.* that could be asked by the unemployed coming for the first time. Yet this handbook dealt with technical problems, but did not solve institutional difficulties. In most cases the first questions asked by the unemployed related to their entitlements to unemployment compensation... and the director of the ANPE local agency complained about the fact that ANPE agents were paid to do the work of Unedic agents. Difficulties were also statutory: in Employment houses, workers belonging to different institutions, with different qualifications and competencies, different working and employment conditions (in particular different wage levels) were asked to do more and more the same work. When interviewed in 2007, directors of both the ANPE and the Unedic did not believe in the feasibility of the fusion between both institutions at a national level because of these existing statutory differences (and potential inequalities) between workers of both institutions. Nevertheless, the fusion and the creation of the new operator have been effective in December 2008... in a very conflictual context, still aggravated by the economic slowdown and the increasing number of unemployed registering to the new Employment counter.

If the recent restructuring of French PES tends to reduce its institutional complexity in the first circle (creating statutory inequities among professionals), it however includes new actors in the third circle and leads to increasing competition among these actors, without solving the governance and coordination problems. At the same time, the expected economic efficiency of private actors and market competition remains debated, as shown by recent experimentations comparing the efficiency (service cost and rate of unemployed who return to work) of PES (the ANPE) and private operators (the so-called “new operators” or “private operators for job placement” like Altedia or Ingeus) in job search counselling (Béhagel *et al.* 2008).

4. Securing labour market transitions?

Recent changes in both the activation strategy and the institutional framework of French employment services raise questions as to the reshaping of the French labour market and the securing of labour market transitions.

Are we witnessing the construction (or reinforcement) of a dual system where intermediaries in the private sector deal with the unemployed considered as having the higher employability while public or non profit intermediaries care for those who have a lower employability? This is only partially the case. Intermediaries in the private sector, such as human resource agencies, rather support unemployed with diploma or with professional qualifications. Nevertheless, some private actors in the profit sector, such as interim agencies, have recently signed an agreement with the ANPE to deal with unemployed who are beneficiaries of the minimum income RMI (now integrated into the new Active solidarity income RSA).

Does the increasing competition between public and private (in the profit as well as in the non-profit sector) contribute to reduce the labour market segmentation? The fact that private actors in the profit sector now also support unemployed with a low employability does not mean that the labour market segmentation is reduced. The segmentation is not primarily institutional but statutory. Until recently, the unemployed have been segmented into distinct categories for job support (depending on their estimated “distance to employment”) as well as for unemployment compensation (depending on their past employment experience). According to their entitlement to unemployment compensation (insurance, solidarity or assistance), they used to benefit from different support and employment or training programmes (Tuchszirer 2008a). One of the orientations of the new institution Employment counter is to realize the unification of both services and programmes (Tuchszirer 2008b). The systematic registration of the RSA recipients at the Employment counter goes in that direction (Dujol, Grass 2009). However, the maintenance of existing statutory differentiation in the new convention of insurance benefits shows that this process of unification remains fragile (Béraud, Eydoux 2009).

Do recent reforms secure the labour market transitions for the unemployed? This was one of the ambitions of the Individual right to training (DIF) in 2004, or of the New recruitment contract (CNE) in 2005. These reforms did not fully fulfil their promises regarding security. The DIF hardly secures training rights for precarious workers while the CNE turned out to be a precarious contract (Gomel *et al.* 2007). The law for the modernisation of labour market in 2008 also aims in principle at securing labour market transitions and incomes for the unemployed or the assisted. However, improvements in that direction are marginal for the unemployed and the assisted and the law rather promotes flexible employment contracts.

5. Conclusion

Recent adaptations of the French activation model show a shift towards a more “preventive” logic with the implementation of a “making work pay” strategy coupled to the generalisation of personal support to every unemployed or assisted. This logic focuses on their individual responsibility regarding their employability and job search. At the same time, the State maintains its responsibility through activation programs. French activation strategy thus remains midway between a “liberal” strategy, focusing on individual responsibility and dedicating few efforts to active (as well as passive) labour market programs, and a “social-democratic” one, referring to States’ commitment and devoting important resources to active as well as passive programs. Since public expenses for active labour programs did not significantly increase in France, this strategy essentially relies on the means of public employment services and is liable to be negatively affected by the economic

slowdown and the increasing number of job seekers.

French recent activation strategy also includes major institutional reforms of public employment services, the last one being the creation of the Employment Counter (Pôle Emploi) resulting from the fusion between the ANPE in charge with job-search support and the integration of the unemployed into employment, and the Unedic responsible for the unemployment compensation system and the financing of the insurance scheme. These institutional reforms aim at reducing the complexity of PES and coping with the governance problems and the resulting inefficiencies. Yet they do not put an end to the institutional complexity or to the governance problem of French PES, and their results in terms of economic efficiency are still debated.

Other challenges of recent reforms were flex-security and equal treatment between the unemployed and the assisted. But equal treatment and security remain the unfulfilled promises of these reforms. While equal treatment is to be implemented for activation measures, the social protection of the unemployed and the assisted remains segmented. Despite several tentative reforms aiming at developing flex-security, the security of labour market transitions for precarious workers is still hardly ensured.

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