Activating the unemployed and modernizing the Public employment services. French institutional dynamics and current challenges

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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, French activation strategy has been extended through the provision of intensive and continuous support to the unemployed. More recently, French PES went through significant reorganisations: end of the National employment agency’s (ANPE) monopoly on job placement, increased competition between institutional actors – in the non-profit and public sectors as well as in the for-profit sector – and the fusion between the ANPE and the national unemployment insurance joint (bi-partite) institution (UNEDIC1).

Our paper addresses the modernisation of French employment policies and services through an exploration of both the French activation strategy and the dynamics of public employment services. It aims at revealing emerging regulatory schemes regarding both the activation of the unemployed and the governance of the PES: How does the new activation strategy affect the labour market segmentation – specifically the segmentation of the unemployed? How does the reorganisation of labour market institutions reshape the governance of public employment services and influence the action of the PES actors? Are French employment policies and institutions gaining in coherence?

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 (Amparo Serrano 2004, Barbier et al. 2006, Amparo Serrano P., 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 (Balmary 2006, Tuschszirer 2006, Ferracci 2007) we try to question emerging

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

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regulatory schemes. Our empirical research provides us with precise illustrations as to the effects and challenges of recent employment policies and PES reorganisations.

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 examine, on the basis of selected institutional examples, some effects of recent institutional changes in France, revealing a mix of rationalisation and incoherence. Finally, the paper will demonstrate that the French system, as compared to other European systems, remains both complex and segmented, and is still likely to produce social inequalities.

2. The French activation regime in a comparative perspective

An activation strategy is governing employment policies in France and in Europe since the beginning of the nineties. However, despite the wide acception of activation in its principle 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 (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 focuses on a binary and dual representation opposing two activation models: the liberal and the universalistic (or social-democratic) one, 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 an attitude of confidence in market forces (liberal model) versus 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 with the labour market, which, per se, are assumed to yield social equity and efficiency. ALMPs as well as social policies thus take on a limited role, restricted to inciting individuals to seek work, 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 close to actual minimum wages ».

According to Barbier (2006), the literature tends to oppose the “generous” versus the “punitive” approach, or “soft” and “hard” activation. In the same spirit, Amparo Serrano (2004) distinguishes

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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 (Béraud and Eydoux 2007, Balzani et al. 2008).

3 Active labour market policies.

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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) aims at improving employability for the unemployed 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 compensation levels and duration for the unemployed (“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 or corporatist 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 or corporatist countries are not always analyzed 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 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 (Orianne refers to the theory of Amartya Sen 2000).

The Anglo-Saxon liberal model of activation, as analysed by Orianne, 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 these assets in a way that encourages individuals to do so. The idea is to prevent the unemployed from adopting a passive attitude and to support them to become “actor of their own life” and “undertaker of themselves”. Referring to the terminology used by Gautié (2003), Orianne calls “patrimonial individualism” this conception of the individual as characterized by his property. According to this conception, 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 Orianne, rather corresponds to the “transitional labour market” approach developed by G. Schmid in

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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 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.
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. This activation model 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), this 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 social State” in Europe?

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 (see for instance 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, Amparo 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 Amparo Serrano 2004, Conter 2007), and the interpretative framework of an “active social state” (ASS) is becoming a reference for implementing European employment and social policies. According to Vandenbroucke (1999), who is a promoter of the ASS5, the aim is to uphold a fully active society “without giving up the former ambition of social State, i.e. an adequate social welfare”. The active social 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 of 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

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5 Vandenbroucke was Ministry of Social Services in Belgium (1999-2003).
to adapt their demands and their capabilities (employability) to changing labour market conditions. 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 his conclusion of a collective book on the topic (Are activation models converging in Europe?), Amparo 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 Amparo 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 different regimes of social protection. As a goal, a method or a principle, activation gives way to large differences closely related to the diversity of social protection models.

2.3. What kind of activation in France?

French activation strategy recently shifted: personalized support and counselling provided to the unemployed have been generalized since the beginning of the 2000’s. This tendency can be seen as reflecting a new compromise, between a liberal conception emphasizing individual responsibility and financial incentives and a social-democratic orientation concerned with universalism and State responsibility regarding employment matters.

Researches on the topic underline the mobilization of a liberal argument, “making work pay”, which appear as a leitmotiv in recent French employment policies. L’Horty (2004) suggests that 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 work. According to L’Horty, 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 orientation towards an “active social State”, this new policy emphasizes work supply (encouragement and incentives to work) rather than work demand (cuts of labour costs) and includes not only the unemployed but also beneficiaries of social minima’s in activation programmes. This orientation interrogates the responsibility for employment and social solidarity: to what extent authorities still carry the responsibility for proposing an employment or a replacement income to the unemployed? This question was asked during the debate concerning the implementation of the Minimum activity income (RMA).

Accroyd certain authors, European Employment Strategy joins the same path than promoting idea of workfare when it constrains unemployed people to accept an employment, even if this last one is not linked to qualification or previous wage, with the menace to lose their rights to be compensated if they refuse employment (Dubois, 2007, Lebaron and Schultheis, 2007).

The « new paradigm of social intervention based on activation (...) enables a responses to be given to both liberal arguments (reduction of public expenditure, strengthening the free play of market) and social democratic arguments (condition of institutionalization of solidarity). Activation gives rise to questions which transcend this ideological division between the principal of social equity (favourable to state intervention as a means of protecting against risk) and the principle of economic efficiency (favourable to rolling back the state) » (ibid., p.507)

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).
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 beneficiaries in poverty”.

Since 2006, job search support takes the form of a new process that replaces the former Personalised action plan PAP implemented in 2001: the definition of a Personalised project for returning to employment (PPAE) and a monthly personalised support (SMP) (see Box 1).

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<tr>
<th>Box 1: The Personalised project for returning to employment (PPAE) and the monthly personalised support (SMP)</th>
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<tr>
<td>During the first appointment, the ANPE advisor helps the unemployed to define their personal project according to their qualifications, experiences, family situation, etc. and to define a job search support profile: “type 1” is “accelerated job search” for the unemployed that are considered as immediately employable, “type 3” corresponds to “accompagnied job search” for the unemployed considered as not (immediately) employable”, and “type 2” is “active research” for the unemployed considered as having an intermediate profile. After three months of unemployment, the unemployed benefit from the Monthly personalised support (SMP) and meet their personal referent every month. After one year of unemployment, they have a priority for subsidised contracts, such as the “professional contract” or training.</td>
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In general, rights and duties of the unemployed and the assisted are changing: 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 and take into account training programs. Since 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 contracts such as the “apprenticeship contract” or the “professional contract”. The unemployed also must comply themselves to any control. Control and sanction have been reinforced through the law for social cohesion in 2004: 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 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 since 2005 a significant increase in the number of persons crossed off the unemployment list.

The French activation strategy thus increased the duties to look for a job for the unemployed. In turn, the unemployed essentially gained a right to job search support… that poses questions as to the means dedicated to this new right. These means are essentially the means of the Public employment services, in particular the ANPE and its agents in charge of job 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 withdrawal of the State in employment and social policies. Following Erhel and Zadjela (2004), we may rather plead for a “path dependency” effect: the comparison of public expenditures for employment in France and other European countries as Denmark, Germany or Great Britain, shows a remarkable continuity in the State commitment (Eydoux 2006): 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 and in the guarantee of generous unemployment benefits.

3. Institutional change in France: between rationalisation and inconsistency

Recent inflexions of French activation (namely the generalization of individualized support for the unemployed) have been associated to other changes such as the reshaping of public employment services (PES) and the redesigning of unemployment benefits. Both changes appear as an attempt to rationalize the functioning of public employment services and to improve their efficiency. These changes however contribute to reshape the labour market segmentation in a relatively inconsistent way since they do not attenuate the labour market segmentation and statutory inequalities among the unemployed.

3.1. Restructuring the public employment service

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, Balmary 2004, Cahuc et Kramartz 2005, CERC 2005, Cour des Comptes 2006) still underline 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. The law for social cohesion of January 18th 2005 and the new tri-partite convention signed between the State, the Public employment agency (ANPE) and the Compensation system (UNEDIC) contribute to a restructuring of the PES.

First, the law for social cohesion puts 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 is 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 in France opposing tenants of an increased privatization of employment service in behalf of economic efficiency and defenders of public services in the name of social cohesion and equity. This change 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 extends 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

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.

Source: Mathieu Béraud, Anne Eydoux
consequence, new actors are included.

**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 Balmary (2006) puts it, the law for social cohesion has a strong political sense: by extending the definition and scope of the PES, it establishes that the State does not assume the exclusive responsibility for the labour market situation and that employment of public (*i.e.* common) 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. 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) (Béraud and Eydoux 2008).

For instance, the temporary work agency Adecco now tries to diversify its services: formerly subcontracting with the ANPE for competencies and vocational capacities assessment, the temporary work agency developed in 2006 new activities such as coaching and job-search support. It now also addresses to the assisted (beneficiaries of the RMI) by cooperating (and contracting) with local authorities in Paris (Conseil général). These changes essentially reflect a diversification strategy from the part of Adecco: its most important clients still are firms rather than employment institutions, and its main activity remains temporary work. On the contrary, a traditional actor in the non-profit sector, the association “Retravailler” (“Back to work”) suffers both from the evolutions of vocational training (shorter, market oriented, training periods) and job search support and, from the increased competition in this market. The association feels threatened by private temporary agencies subcontracting with the UNEDIC as well as by the AFPA.

As a consequence, extending the PES does 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 has decided to favour their reunion through a new contracting process.

Actually, contracting is far from being the only way to deal with the complexity of the French PES: The law for social cohesion not only redefines PES but also goes a step further in suggesting a matching or a fusion between major institutions of the first circle, namely the ANPE and the
UNEDIC. The fusion aims at providing the unemployed with job search support and unemployment compensation in a single institution and preventing them from going from one institution to another to gather information and 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 concerning the unemployed that different authorized institutions may use (mainly the ANPE and the Unedic).

Implementing this institutional change appears complex, as shown by our empirical investigations in Employment houses in 2007. It first poses 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 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 to every question concerning unemployment compensation, job search, training, etc. that could be asked by the unemployed coming for the first time. Yet this handbook deals with technical problems, but did not solve institutional difficulties. In most cases the first questions asked by the unemployed relates to their entitlements to unemployment compensation… and the director of the ANPE local agency complains about the fact that ANPE agents are paid to do the work of Unedic agents. Difficulties are thus 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 asking 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 should be soon effective (December 2008)…

Recent restructuring of public employment service tends to reduce institutional complexity in the first circle of French PES (but also creates 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 for these actors. At the same time, the recent redesigning of unemployment benefits did not reduce the complexity of the French unemployment compensation system and the resulting segmentation and differentiated treatment of the unemployed.

### 3.2. Redesigning unemployment benefits

The French compensation system for the unemployed is dual and divided into two schemes: (1) the insurance scheme, administrated jointly by 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 aid 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 (see Table 1).
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Table 1: The insurance and solidarity schemes, social aid

<table>
<thead>
<tr>
<th>Unemployment compensation system</th>
<th>Social aid</th>
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<tr>
<td>Insurance scheme</td>
<td>Solidarity scheme</td>
</tr>
<tr>
<td>UNEDIC / ASSEDIC Social partners</td>
<td>Administration</td>
</tr>
<tr>
<td>Insurance benefits are linked to previous occupational earnings and paid for a limited period of time</td>
<td>Principles</td>
</tr>
<tr>
<td>Employers' and workers' contributions</td>
<td>Financing</td>
</tr>
<tr>
<td>Unemployed, who have lost their job</td>
<td>Beneficiaries</td>
</tr>
<tr>
<td>A single benefit-paying agency, ASSEDIC</td>
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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 previous 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 “minimum integration income” (RMI). This segmentation generates inequalities between the unemployed or assisted, young unemployed are in particular often excluded from the insurance and solidarity scheme (because of their insufficient employment references) and from the social aid (the minimum age to benefit from the RMI is 25 years).

Recent change of the unemployment compensation system did not reduce this segmentation. 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). Thus 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 of the unemployed were affected: some of the unemployed who were rejected from the insurance scheme were eligible
to the solidarity benefits or to the social aid, thus deteriorating the State budget. Thus, access to the solidarity benefit also hardened, rejecting again some beneficiaries to social support. The activation of the assisted (receiving solidarity benefit or social support) 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. Now, the Active solidarity income (RSA) which is at an experimental stage but should be generalized in 2009 aims at “making work pay” for the assisted.

If the French activation strategy now also applies to the assisted (and non only to the unemployed), the institutional segmentation of social protection for the unemployed and the assisted goes along with important differences in the way they are activated.

### 3.3. Reshaping the labour market segmentation

Recent change in both the activation of the unemployed and the institutional frame of French employment services raises questions as to the segmentation of the French labour market.

Are we witnessing the construction (or reinforcement) of a dual system with intermediaries in the private sector dealing with the unemployed considered as having the higher employability and public or non profit intermediaries dealing with the unemployed having 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, but 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 and are as such liable to have a low employability.

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 there is a reduced segmentation: it rather contributes to reshape the labour market segmentation. The segmentation is not primarily institutional (with various institutions dealing with different categories of unemployed) but statutory. The unemployed remain segmented into distinct categories for job support (depending on their evaluated distance to employment) as well as for unemployment compensation (depending on their entitlements as former workers). According to their entitlement to unemployment compensation (insurance, solidarity or minimum social income), they benefit from different support and from different employment and training policy measures. Some employment subsidies or training are dedicated to insured unemployed, while beneficiaries of the solidarity allowance or of the minimum social income RMI are oriented to other specific measures. The fusion between the ANPE and the Unedic does not put an end to these differences – and to the unequal treatment of the unemployed. Moreover, recent changes do not include local authorities (Conseil généraux) that are incited to develop their own methods to support the beneficiaries of the RMI to return to employment.

Thus, recent institutional change in French activation reflects an attempt to rationalize the first circle of French PES and to introduce increased competition between other operators. But former inconsistencies of the French system still remain: the governance and coordination problem has not been solved and the statutory segmentation still produces unequal treatment of the unemployed and the assisted.

### 4. Conclusion

Recent adaptations of the French activation strategy show a shift towards a more “preventive” logic with the generalisation of personal support for the unemployed. This logic focuses on the personal
responsibility of the unemployed regarding their employability and job search: their duties and control have been reinforced. At the same time, the State maintains its responsibility through activation programs. However, since the public effort dedicated to active labour programs did not significantly increase, the results of this strategy bearing essentially on the means of public employment services has been affected by the economic slowdown. French activation strategy thus remains midway between a “liberal” one, focusing on the individual responsibility of the unemployed and dedicating few efforts to active (as well as passive) labour market programs and expenses, and a “social-democratic” one, referring to the States’ commitment and dedicated important resources to active as well as passive expenses and programs.

French recent activation strategy also includes major institutional reforms of the public employment services – that will soon lead to the fusion between the ANPE, in charge of 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 many resulting inefficiencies. However, they do not put an end to the institutional complexity or to the governance problem of French PES, nor do they cope with the statutory segmentation of the unemployed and the assisted, and with their differentiated and unequal treatment. These problems remain the current challenges of French PES.

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