

THE POLITICS OF IN-WORK BENEFITS: THE CASE OF THE 'ACTIVE INCOME OF SOLIDARITY' IN FRANCE

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Abstract

In-work benefits have been introduced in a number of Bismarckian welfare regimes in a context of austerity despite being targeted at politically weak constituents and representing a deviation from prevailing welfare institutions. This paper addresses this puzzle by looking at the introduction in 2008 of an in-work benefit scheme in France, the Active Income of Solidarity. The analysis reveals that this reform was the result of a cross-cutting alliance between the conservative party and employers as well as parts of the socialist party and the union movement. The alliance was possible thanks to actors' multiple interpretations of the reform. The reform was difficult to oppose given its support by experts and public opinion and because it entailed an increase in revenues for low-income workers.

Keywords: In work benefits, France, labour market reform, Bismarckian welfare regimes, unions.

Introduction

In work benefits are historically associated with liberal welfare regimes. They first appeared in the United Kingdom in 1971 (Family Income Supplement), in the United States in 1975 (Earned Income Tax Credit), and in Canada in 1978 (Working Income Tax Benefit). Ireland and New Zealand followed suit in 1984 and 1986, respectively. Recently, a number of continental European countries have also introduced in-work benefits and tax credits (Adireksombat and Jinjarak, 2009). This new wave of reforms introducing in-work benefits is interesting in a number of respects.

First, whereas there is a sizeable literature on the emergence - and effects - of these policies in liberal welfare regimes such as the UK and the US (e.g.: Clasen, 2007; Taylor-Gooby, 2004; Eissa and Hoynes, 2004; Blundell and Hoynes, 2004), there are comparatively few studies of the political determinants of in-work benefits in Bismarckian welfare regimes. Second, in contrast to countries with liberal welfare regimes, the introduction of in-work benefits in continental European countries represents a deviation from their Bismarckian welfare institutions. Indeed, these policies are financed through taxes rather than social contributions, they are managed by the State rather than social partners (Palier, 2002; 2010; Palier and Martin, 2007), and they subsidize work while attempting to break away from the ‘welfare without work’ problems (Scharpf and Schmidt, 2000). Given the significant institutional deviation that in-work benefits represent in Bismarckian welfare regimes, the literature on these policies in the UK and the US cannot be expected to hold *a priori*.

Third, in light of the emerging literature on insider-outsider divides, these reforms are interesting because they *prima facie* benefit outsiders with little political influence, such as

workers on low-income and in precarious jobs. The current literature stresses how workers in permanent well-protected contracts - the insiders – are indifferent or antagonist to the interests of outsiders in precarious jobs or in unemployment, and hence share radically different labour market policy preferences (Rueda, 2005; 2006). As a result, neither left wing parties nor trade unions will push for pro-outsider labour market policies in countries where the insiders have little chances of becoming outsiders themselves. Bismarckian welfare regimes are generally seen as particularly unresponsive to the interests of outsiders because insiders are well-insulated from the risk of unemployment given highly protective employment regulations (Emmenegger et al., 2012; Rueda, 2007; Clegg, 2007). The expectation from this literature is therefore that outsiders are marginal to the electoral strategies of both the right and the left in Bismarckian welfare regimes because insiders' interests are unaffected by outsiders' welfare. If this is so, why do governments in these regimes introduce in-work benefits despite the low political weight of low-income workers?

Last but not least, in an era of permanent austerity (Pierson, 2001) characterized by attempts at welfare state retrenchment, in-work benefits represent a surprising - and so far unexamined in this light – case of welfare state expansion. Existing literature on labour market reforms stresses that passive labour market policies are 'activated' and funds channelled towards active labour market policies (Clasen and Clegg, 2006; Daguerre, 2007). Given the popularity of the welfare state, redirecting existing funds towards active labour market policies may be more politically feasible than outright retrenchment (Taylor-Gooby, 2001). It is also theoretically possible that policy makers anticipate that in-work benefits will be fiscally neutral given the expected increase in employment that these reforms often aim to achieve.

This paper therefore asks the question why in-work benefits are introduced in Bismarckian welfare regimes despite expectations to the contrary in the current literature. This question is addressed by taking the case of France, which, in many respects, represents a least likely case for in-work benefits to be introduced. These programs depart from the contributory nature of its welfare regime (Esping-Andersen, 1990). French unions are not representative of the outsiders that in-work benefits target and workers in regular contracts have high levels of employment protection legislation that insulates them from unemployment risk. In such a context, parties should therefore favour the interests of insiders, workers in regular contracts, at the expense of the unemployed and workers in temporary contracts (Rueda, 2007).

One of the most recent and innovative labour market initiative in France (L'Horty, 2008) transformed the pre-existing minimum income benefit scheme into a fully fledged in-work benefit program, the 'Active Income of Solidarity' (*Revenue de Solidarité Active* - henceforth RSA). This reform is therefore instrumental in investigating the puzzle of in-work benefits in Bismarckian welfare regimes. This paper argues that the reform was based on a shared premise that existing policies were inappropriate and a common belief based on expert evaluations that the RSA represented an improvement. The reform then entailed multiple objectives, which allowed diverse political actors to support the reform for different reasons. My findings also show that this reform was at least implicitly driven by electoral considerations. Indeed, the principles that are embedded in the objectives of the RSA reform, for instance that people should work were widely shared by the French population. While unions and the left were less enthusiastic towards the reform than the right and employers, they found it hard to oppose the introduction of a policy that would *prima facie* benefit precarious workers.

The analysis of politicians' rationales, rhetoric and position towards the reforms is investigated through an analysis of parliamentary debates, voting records and political parties' position papers. To determine the public opinion of the French electorate towards the objectives of the RSA reform, the argument relies on various surveys. The argument is also supported by ten semi-structured interviews on changes in labour market policies in France carried out in 2011 with social partners and civil servants.¹ The next section discusses the background to the reform, how the new policy works and its effects so far. The preferences of political parties and of unions as well as employers towards the RSA are then examined in the second and third sections, respectively. The last section concludes.

I: The origins, design and effects of the RSA reform

Origins and justification

Numerous labour market reforms were introduced in the last three decades in response to the particularly high political salience of unemployment - in particular of youth unemployment – and social exclusion (Lefresne, 2000). However, employment policy in France was not seen to satisfactorily address the French unemployment problem. Most notably, changes in the French labour market, the high rate of long-term unemployment and increased conditionality of the French unemployment benefit system resulted in an increasing number of unemployed workers not being eligible for benefits. As a result, the government introduced various minimum income benefit schemes to address this issue. A minimum income benefit for adults with disabilities (*Allocation d'adulte handicapé*) opened the way in 1975. This was followed in 1977 by the introduction of the Single Parent Allowance (*Allocation de Parent Isolé*), in 1984 by the

Allocation Spécifique de Solidarité and in 1988 by the introduction of the *Revenu Minimum d'Insertion* (RMI).

While minimum income benefits ensure that those not covered by unemployment benefits are eligible to receive income support, various studies have emphasized disincentive effects that French social policies create for unemployed workers (L'Horty, 2008; Bonnefoy et al., 2008; Deroyon et al., 2008). Simulations stressed the adverse employment effects of current social policies that sometimes imposed marginal taxation of over 100% for minimum income benefits recipients moving from unemployment to work (Padieu, 1997; Bourguignon and Bureau, 1999: 33, 34). Disincentives effects were also shown to be even greater if all local social policies were taken into account (Anne and L'Horty, 2002). This is because in addition to various national minimum income schemes there were also a wide range of 'secondary social benefits'. These include *ad hoc* benefits such as the 'Christmas premium' (*Prime de Noel*), and subsidized electricity, local benefits delivered by departments such as housing and mobility support (Anne and L'Horty, 2002: 50). Taken together all these secondary social benefit often represent the equivalent of 20% of poor households' income (ibid: 56). For minimum income benefit recipients, taking into account all social benefits result in a net income loss when starting a part time job, regardless of household type (Anne and L'Horty, 2008).

Recognition of these problems are reflected in reform trends towards 'making work pay' in France (L'Horty, 2008; Palier, 2002; 2010). In 1998, the law against social exclusion made it more attractive for recipients of means tested benefits to go back to work (Bonnefoy et al., 2009). The Housing benefit scheme was then reformed in 2000 to prevent 'inactivity traps' (L'Horty, 2008: 53). In 2001, the Jospin government created a negative income tax, the

‘Premium for Employment’ (*Prime Pour l’Emploi* - PPE). Though still marginal in its effects, the PPE was emblematic of a “shift in labour market thinking” (Barbier and Fargion, 2004: 266).

However, the introduction of the PPE did not guarantee that it would always be financially beneficial to return to work (Denis and L’Horty, 2012: 85). Similarly, ‘make work pay’ policies were deemed insufficient, as the monetary reward to go back to work for a household with one child remained low (CERC, 2004). Various parliamentary reports by Laurent Wauquiez (Wauquiez, 2005) and Valérie Létard (Létard, 2005) confirmed this dissatisfaction by decision makers with current social policies. This dissatisfaction provides the necessary condition for an innovative reform which can only be politically viable where “previous recipes have clearly failed” (Palier, 2004: 118). The commission “Family, vulnerabilities and poverty”, which was created in 2005 by request of the Ministry of Solidarities, Health and family, first proposed the RSA. Social workers thereafter played an important role in pushing for the RSA and were supportive of its underlying logic (Interview DGEFP, 2011).

The government appointed Martin Hirsch, who himself came from the associative movement, and more strikingly was an important socialist figure, to the post of ‘*Haut commissary aux solidarités actives*’. In this role, he was asked to look into possibilities for reforming the existing minimum income benefit system by July 2007. His proposals provided the foundation for a law later that year (21st august 2007) allowing departments to start experimentations. The RSA became legislation on the 1st of December 2008 under the law number 2008-1249 and was implemented in June 2009 (Paul, 2009).

Aims and design

The RSA, like other welfare-to-work programs, aims to address a number of problems such as labour force participation and in-work poverty. More specifically, it aims to (1) guarantee to its beneficiaries sufficient means of subsistence, (2) encourage the continuation of - or return to – a professional activity, and (3) help the social insertion of its beneficiaries (Loi n°2008-1249, 2008: article 1, author's translation). To fulfil these goals, the RSA guarantees to all persons, able or not to work, a minimum income while ensuring that working adds extra net income.² Programmatically, the RSA incorporates the previous 'Lone Parent Benefit' (*Allocation de Parent Isolé* - API) introduced in 1977 and the 'Minimum Integration Income' (*Revenu Minimum d'Insertion* - RMI) introduced in 1988 (Concialdi, 2009), but leaves unchanged the only other existing welfare-to-work program, the PPE (Delors and Dolle, 2009).

The initial estimate for the cost of the measure at the time of its inception in 2005 ranged from six to eight billion Euros. This amount was reduced significantly to about 3 billion by its main proponent, Martin Hirsch. The final budget was then set to 1.5 billion and the measure was to be financed *via* the creation of a new tax on capital and property (Lhernould, 2009). In 2009, the amount received under the RSA scheme ranged from 406 for someone living alone with no children to 966 Euros for someone living with a partner and two children, respectively.³

In practice, one must distinguish between different types of RSA schemes.⁴ The *RSA socle* concerns people with no work activity and is paid by the department, while the *RSA activité* targets those that do have a job but earn less than a certain threshold and is financed by the government. Within these two categories, one can further identify the *RSA Majoré*, which is paid to lone parents, and the *RSA Jeunes actifs*, which covers those under 25, with no children,

and that have worked at least two years in the last three years. In 2009, about 1.5 million households were RSA recipients and their number increased to about 2 million by the end of 2011. In these 2 million, about 1.5 million households receive the *RSA socle* and the remaining 469,000 the *RSA activité*. If one counts dependent partners and children, there are 4.3 million people covered by the RSA (Isel et al., 2011: 1, 3).

Between continuity and innovation

The RSA embodies elements of continuity with pre-existing minimum income benefits but also certain innovations. The RMI was instituted in 1988 by the left, with the aim to promote the return to a decent employment allowing the conditions for a sufficient standard of living to be fulfilled. This was a significant innovation at the time, and by 2007 the RMI covered 1.15 million people (Mongin, 2008: 434). The RSA inherits certain objectives present in the RMI, for instance the aim of ensuring a minimum standard of living and of promoting employment.⁵ More interestingly, the ‘right and duties’ approach of the RSA which generated opposition from various actors, was already present in the RMI (Lødemel and Trickey, 2000) under the so called ‘insertion contract’, though one could argue that it was never really enforced.⁶ Moreover, even under the RMI scheme, people already combined their income from work with 100% of the RMI in the first three months of employment and 50% of the RMI in the subsequent three quarters (Legislation, 1988).

Despite certain elements of continuity, the RSA introduces non-trivial changes and embodies some genuine innovations. First, it blurs the frontier between programs aimed at people who cannot work and those that are in work. Second, the benefits received from *RSA activité* while working are kept at a higher level (62%) than in the RMI and they are permanent

(Delors and Dolle, 2009; Lhernould, 2009). Third, the RSA is accessible to people already in (low pay) work that have not first gone through periods of non-employment. Fourth, the move from the RMI to the RSA represents a shift from ‘reciprocity’ in the individual contract between the recipient and the government to conditionality where beneficiaries have to accept an ‘adequate’ job, and asymmetry where beneficiaries can be sanctioned but not the agency (Delors and Dolle, 2009).

The unconditional nature of the RMI was also undermined by the RSA which introduced a much stronger obligation to search work than was previously the case (Barbier, 2012). The public employment agency did not have the capacity to sanction non-compliance with the ‘insertion contract’ (Barbier, 2011: 52) and was previously seen to contribute insufficiently to the reinsertion of RMI recipients (Gomel and Méda, 2011: 22). By contrast, the agency will now have to accompany the RSA recipients (ibid: 22) and RSA recipients are now expected to register at the French agency (Eydoux and Tuchsirer, 2011: 106). In cases where the recipient does not comply with his or her ‘personalized project to access employment’ the president of the department can decide to remove access to the RSA (Bourgeois and Tavan, 2010: 126).

The comparison between the RSA and the PPE is also instructive. On the one hand, the RSA embodies principles that were already present in the PPE introduced earlier by the left. For instance, it was based on the idea that “even if it didn’t have any effect in terms of incentives to return to work, it is not legitimate for a person that starts working to lose money” (Interview DGEFP, 2011). On the other hand, the RSA differs from the PPE, as the latter “did not start being paid at the first hour worked” (ibid). In addition, RSA receipts are more immediate than the PPE, which topped low-income workers’ wages only at the end of the fiscal year, and is now targeted on the household rather than the individual (Bourgeois and Tavan, 2010: 125; Bonnefoy

et al., 2009: 88). Finally, the RSA is also more redistributive than the PPE. Specifically, studies estimate that the RSA benefits the first three deciles of the income distribution much more than the PPE does (ibid: 128) and 65% of the RSA *activité* goes to the first two income deciles (Allegre, 2011: 33).

Effects and perceptions of the RSA since its introduction

Two successes of the RSA policy so far are noteworthy. First, simulations suggest that for most RSA recipients in most departments, the reform ensures that the return is financially profitable, in contrast to the *status quo ex ante* (Denis and L'Horty, 2012: 111). Second, the RSA also has positive distributive implications with the first three deciles of the income distribution benefiting from the scheme the most (Bourgeois and Tavan, 2010: 128). The RSA also seems to have led to important savings for the government. The new capital and property tax raised more funds than were necessary to finance the cost of the newly introduced RSA. In parallel, the introduction of the RSA led to a reduction of PPE payments as low-income workers see their income rise with the RSA (Serverin and Gomel, 2012).

However, a number of failures can also be identified. First, contrary to expectations, the rate of return to work of RSA recipients is not higher than it was for RMI recipients and share of recipients registered at the public employment agency is not significantly better: in 2010 31.5% of RSA recipients were registered with the public employment agency compared to 24.7% of RMI recipients in 2008 (Serverin and Gomel, 2012: 15). While departments see the RSA as being effective for those in or close to employment, they doubt the RSA's effects for recipients that are more disconnected for the labour market (Galtier, 2010: 286).

Second, many people who are eligible for the RSA do not claim it. This is particularly the case for recipients of the RSA *activité*, whose registered recipients are far fewer than the number of eligible people. A consequence of this low take up rate is a significant reduction in the RSA's potential redistributive effects (Serverin and Gomel, 2012). Third, the RSA failed to significantly reduce the fragmentation of minimum income benefits in France. While policy makers had initially intended to merge all previous minimum income and in-work benefits (ASS, RMI, AAH, PPE), the RSA only merged the RMI and the *Allocation de Parent Isolé* (Barbier and Knuth, 2011). Fourth, the budget structure is also unsatisfactory, with departments being unable to finance the RSA *socle*, while the government fund responsible for financing the RSA *activité* is unable to spend the totality of its funds (Serverin and Gomel, 2012). This is all the more problematic given that the recipients of the RSA *socle* are 'collateral victims of the RSA' (Duvoux, 2011: 14; Périvier, 2008) as their situation has not improved relative to what it was under the RMI.

These limitations of the RSA are consistent with existing studies on benefit recipients' behaviour and the problems they face in accessing the labour market. Financial incentives may not be primordial in this respect as a significant amount of minimum income benefit recipients return to employment even when this entail a net reduction in their income (Gomel and Méda, 2011: 19). Recipients of minimum income benefits also stress the lack of job offers and adequate training as more substantial issues (Alberola et al., 2009) and rarely identify financial reasons and inactivity traps as the main barrier to their return to employment (Deroyon et al., 2008: 8).

II: Political parties converging towards in-work benefits

The value of work in Sarkozy's campaign and program

The RSA reform occurs against the backdrop of a deeper shift in the dynamics and politics of social policy in contemporary France. To understand the RSA reform first requires placing it in the context of unemployment, which represents a policy priority for all political parties. Concerns about unemployment in the French population are high and increasing: in 1989, about 50% of respondents believed unemployment would increase and by 1996, this share had risen to 70%. In 1996, more than 90% of respondents believed public policies aimed at reducing unemployment are either of limited effectiveness or not effective at all (DARES, 1998: 2). In 2006, unemployment was given the highest score with 43% identifying it as a priority for public policy (DREES, 2008: 9).

Moreover, the RSA reform also cannot be understood without considering the broader electoral strategy and political program of Nicolas Sarkozy.⁷ Three features are in this respect particularly crucial: how the RSA reform is part of a broader rhetoric surrounding the '*valeur du travail*', how the president's commitment to the reform was embedded in an electoral strategy of triangulation, and how the reform intersects with other legislative developments present in the law on *Travail, l'Emploi et le Pouvoir d'Achat* (TEPA).

Sarkozy's campaign revolved around the promotion of the 'value of work' and its opposition to 'welfare dependency' (Milner, 2012a: 290). The RSA's aim to increase the financial gains of returning into a job was therefore seen to achieve the twin objective of reducing dependency and poverty by increasing work incentives (ibid: 295) which fitted well with the presidential motto 'work more to earn more' (Barbier and Knuth, 2011). Sarkozy further

framed the need to break away from inadequate social assistance policies as part of his promise that he would represent a ‘rupture’ with the past (Barbier, 2012: 22). This declared rupture with pre-existing policies would later prove crucial for the RSA reform by ensuring its “broader resonance [in its]... implicit critique of conventional social provision”(Clasen and Clegg, 2003: 362). In its focus on social injustice and its emphasis on the value of work, the RSA reform can also be seen to neutralise potential opposition to the reform from both the Socialist party and the more traditionalist and conservative part of the electorate (Milner, 2012a: 301, 302).

Sarkozy won the second round of the presidential elections on the 6th of may 2007 with 53,06%. In the parliamentary election that followed in June, the right won a clear majority. Both the national assembly and the Senate ended up being controlled by the conservative party supporting Sarkozy, the *Union pour un Mouvement Populaire* (UMP), with a 55% majority in the assembly, while the *Parti Socialiste* (PS) had 35%. The TEPA law, passed in august 2007, introduced the legal basis for the experimentations of the RSA and defined the reform’s aim (Mongin, 2008: 444). The RSA was therefore introduced in a law that was emblematic of Sarkozy’s presidency (Milner, 2012a: 293; Cahuc and Zylberberg, 2009) The RSA law would then mostly generalize the scheme that the TEPA law started at the experimental level (Freyssinet, 2010: 88). The RSA reform can also be seen as a strategy to compensate for the other –less popular - components of TEPA: the exoneration of overtime pay, the ‘fiscal shield’ capping the maximum taxes that wealthy individuals could pay, and the reductions in inheritance tax (Laurent, 2011).

Sarkozy’s aim to promote work by ensuring additional work yields extra revenue dominated the framing of the debates on the RSA reform in the assembly. The parliamentary report by MP Daubresse for instance stressed that the RSA represented a shift in the conception

of the relation between work and welfare: “The ambition of the RSA is to move beyond the opposition between income derived from work and income derived from welfare receipts” (Gomel and Serverin, 2009: 14; author's translation). The RSA’s goal of promoting work unfolded through both ‘sticks and carrots’. While Hirsch argued that with the RSA “employment is the rule” for recipients (Eydoux and Tuchsirer, 2011: 100), he also recognised that this could not be the case “if working does not result in a raise of his or her income” (Hirsch and Wargon, 2009: 37).

The RSA reform: a cross-partisan consensus?

Prior to the RSA reform, the degree of agreement between the socialist party and France’s right wing UMP was quite high. The RSA was even among the proposals of the socialist presidential candidate in 2007, so that both the socialist and conservative candidates adopted the RSA reform in principle (Duvoux, 2011: 13). Martin Hirsch, who developed the measure (Livre Vert, 2008), was originally a leading member of the PS and held several government positions when the left was in power from 1997 to 2002.

The consensus that parliamentary debates displayed over the RSA reform was also striking (Eydoux and Tuchsirer, 2011: 100). Hollande, at the time first secretary of the PS, declared in reaction to the reform that socialists and the left “have been listened to”, while Martine Aubry, ex-employment minister, contended that “this reform goes in the right direction” (Le Monde, 2008). Last but not least, Michel Rocard, former socialist prime minister from 1988 to 1991, and prime instigator of the RMI, argued that the RSA was “the logical continuation of the RMI” and was “very content that it is coming back” (Mounier et al., 2008). It is noteworthy

that Michel Rocard belonged to the right wing of the socialist party and that the RMI had been piloted in some centre right departments.⁸

The details of the vote in national assembly (see Table 1) are also indicative of a strong degree of support for the RSA with fifteen times more votes in favour (306) than against (20). The high number of voluntary abstention (197) suggests however that the consensus was not total. Table 2 presents a breakdown of voting records by parliamentary group. This reveals voting followed party lines very closely. The main actor that had initiated - and was in favour - of the RSA was the UMP where 279 voted in favour, 11 abstained and only 1 voted against. The opposition to the reform came mainly from the Communist Party, with 16 out of the 20 votes against the reform coming from this group. Most of the PS abstained (177) with only three voting against and three voting for the law.

< Table 1 about here >

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In many respects, the RSA therefore represents an unusual phenomenon of ideological convergence in the field of labour market policy. To an extent, there has always been a degree of continuity in French labour market policies between left and conservative government (Palier, 2002). However, this continuity was less marked in the field of in-work and minimum income benefits since both the RMI and the PPE had been introduced by socialist governments. In addition, this degree of agreement across party lines on the RSA reform is also surprising given the low political salience for both the conservative and socialist parties of the outsiders this reform targets.

Outsiders in France are not likely to be politically important both because of their heterogeneity and their electoral under-representation. Voting participation rates in parliamentary elections have fallen from slightly above 80% in 1978 to about 60% in 2007.⁹ Outsider groups such as the young vote less, and within them the less educated and unemployed vote even less (Muxel et al., 2005: 22). In the 2002 election, 34% of the 18-24 age group did not vote compared with 26% for the 50-64 age group. Other outsider groups are also less likely to vote. For instance, in the 2007 presidential election, characterized by fairly low levels of abstention, 25% of the unemployed did not vote compared to 20% for manual workers, 18% for private sector employees, 13% for public sector employees, and only 9% for those with higher education (Muxel, 2007: 5). If the left increasingly disregards outsiders' interests, the right may move to attract these workers (Rueda, 2007). However, given these low participation rates, it is not clear why the right would be concerned with outsiders' fate.

Given the low political salience of outsiders in France, I argue that the relative cross-party consensus over the RSA is the result of three factors. First, the RSA can be seen to embody elements consistent with both the right's emphasis on increasing incentives to work and the left's preference for helping excluded workers. For instance, while Bernard Perrut (Compte rendu, 2009: 7), the French MP of the right wing UMP argued that the RSA's goal was to "incite the return to work by putting an end to 'dependency'", the left saw it as a way to fight social exclusion. The parallel with earlier reforms that constituted institutional deviations from the Bismarckian welfare regime, such as the RMI and *Contribution Sociale Généralisée*, is apparent. Like the RSA, these latter reforms had been supported by a vast majority of the relevant actors, which allowed the reform to be successful (Palier, 2000). Similarly, to reconcile potentially diverging interests among political parties and social partners, the RSA reform like its

predecessors has to be sufficiently 'polysemic' (Palier, 2004: 118). Contradictory interpretations of the reform are necessary for contradictory interests to agree on the reform (Palier, 2000: 134).

Second, the introduction of the RSA was framed as a non-ideological reform supported by a shared reading of the problems and 'facts based' policymaking. Specifically, the RSA was tested for five months (December to April 2007). The average rates of return of recipients under the RSA and the RMI were then compared between test and control departments: this rate was 2.92% in test zones compared to 2.25% in control zones (Barbier, 2012: 16). The experimentation approach strengthened the proponents of the reform. For instance, Martin Hirsch declared that "we are basing ourselves on results, facts,... not on ideology" but on "experiments" that show that "the rate of return to employment in test zones is 30% superior to that of control zones" (Serverin and Gomel, 2012: 24).

The presumed scientific proof that the experimentation of the RSA worked was thereafter mobilised in the parliamentary senatorial debates. It is noteworthy that the evaluation report to the parliament decided to put a disproportionate emphasis on a statistically significant 30% difference between the test and control zones (Barbier, 2012: 16) whereas the results of the evaluation were much more varied and ambiguous in their conclusions (Gomel and Méda, 2011: 15, 16). The parliamentarians did not contest the presumed effectiveness of the RSA and the only criticisms concerned the duration of the experiment and the number of departments that had been involved.¹⁰

Third, the RSA also represented a shift in the electorate's preferences towards labour market reforms, which was then reflected by dominant political parties. At the time of the reform, the majority of the electorate was particularly concerned by social exclusion. In a 2007

survey , 83% of respondent thought poverty and social exclusion had increased in the five years preceding the survey (DREES, 2008: 34). More respondents ranked poverty and exclusion as a problem that should be a public policy priority (20%) than insecurity (11%) and the future of pensions (8%) (ibid: 37).

Moreover, social norms acted as constraints on policy changes because politicians fail to pass reforms that run counter to the “beliefs of large section of voters” (Clasen and Clegg, 2003: 363). The respondents’ assessments of the causes of social exclusion seem to mirror strongly the objectives of the RSA reform. Indeed, nearly 50% of respondents in 2007 identified the lack of willingness to work as a cause of poverty and social exclusion (ibid 35). In 2007, 97% believe that receiving the RMI should be conditional to searching a job, 83% that recipients should take part in work that promotes the general interest and 93% argue it requires making efforts at social insertion (DREES, 2008: 37).

The evolution of the respondents’ assessment of the adverse effect of the RMI on recipients’ behaviour also support a shift in the electorate’s perception of minimum income benefits. Between 1989 and 2003, the share of respondents that think the RMI risks reducing the incentives for recipients to search for work increased from 29% to 53%, while those that believed it is a necessary policy for recipients to survive (*pour s’en sortir*) fell from 69% to 44% (ONPES, 2004: 40). Between 2000 and 2007, the share of respondents believing that receiving the RMI should be conditioned upon certain requirements increased from 76% to 86%.

Enduring conflict lines

However, the degree of consensus among different political parties should not be overstated. First, opposition to the reform by both the extreme left and communist party was

palpable. In their view, the RSA by subsidizing low pay work, *de facto* encourages precarious employment and by implication discourages full time (well paid) work (Compte rendu, 2009). In a way, this was already recognised by the initiators of the reform, not least social workers:

“Social workers, which in any case have abandoned any hope concerning job quality, tell themselves that it’s been 20 years and that we’re not going to ensure job quality, so the scheme must work from the first hour” (Interview DGEFP, 2011).

Moreover, members of the communist party argued that “the RSA seems to us to be problematic as it rests on the liberal dogma of the ‘lazy unemployed’” and “endangers the existence of the SMIC [minimum wage regulation] by encouraging the proliferation of precarious and low paid jobs” (Compte rendu, 2009: 5, 21). Opponents to the reform also pointed out that it did little to address the declining purchasing power of recipients over time. As economist Gajdos argued at the time, the amount for a single person with no children receiving the RMI fell from 34.9% of the median income in 1990 to 30.1% in 2007, a trend that the RSA will not reverse (Gajdos, 2008).

Second, among the main political parties, differences existed and partisan distinctions are clearly identifiable. This is most apparent in the case with respect to funding. The measure was to be financed *via* the creation of a new tax on capital and property tax. The budget allocated to the RSA has been the subject of criticisms by the PS. For instance, in a note by Gaëtan Gorce (2009: 2, 3), socialist national secretary for social exclusion, argued that funding for the RSA was insufficient. The left also denounced the fact that the new tax would be borne predominantly by the middle class rather than the wealthiest individuals in the presence of the ‘tax shield’ limiting total tax paid by an individual to 50% (Lhernould, 2009). Within the ranks of PS, the

aforementioned issue of funding provided a sufficient reason for most party members to abstain from voting in favour of the law.

Some members of the UMP¹¹ also criticized both the introduction of the new tax and the fact that it applied to capital gains. The Member of Parliament (MP) Mariton deemed it “unacceptable”, the MP Myard argued “new savings” should have been made instead of introducing a tax and the MP Luca regretted “the influence of certain socialist ministers” and a “preposterous” announcement which would “only lead to more capital flight” (Le Monde, 2008). The logic underpinning such reservations is straightforward and is best illustrated by a comment by former right wing minister Alain Lambert: “I am surprised that we raise taxes to finance the RSA” ... “If we had done a clean-up in the considerable amount of French social expenditure, we could have found internal resources to fund it” (France 24, 2008). It is striking that the issue of funding represented one of the few real conflicting points between the two main parties.

III: United employers, conflicted unions

While the electoral dimension is certainly important to understand the preferences of parties towards the reform, it is also informative to consider the position of French social partners. The overall picture in France is one of adversarial relations between social partners (Levy, 1999). Consistent with this, this section shows that the position on the RSA reform of employers and unions are indeed different and partly mirror the position of political parties. In addition, the experience of the RSA, like other reforms circa 2008 and 2009 do not suggest that social partners privilege the protection of insiders while being mostly indifferent to the fate of outsiders left in the hands of the government (Freyssinet, 2010).

United employers

There are two main employers' organisations. The Movement for French Companies (*Mouvement des Entreprises de France* – MEDEF), by far the largest employers' organisation, was in favour of the RSA, while expressing doubts about the funding mechanisms (Lhernould, 2009). The reason for this support is linked to the MEDEF's perception of the previous RMI's failings regarding incentives to go back to work:

“The RSA...was a good thing. Because our position before with the RMI, was that it was a subsidy to assistance but that there no incentives to return to work. We are always in the same logic to put back on the labour market the totality of the active population that is able to work to respond to companies' needs.”...“the RSA is a good thing insofar as it creates incentives to go back to the labour market.”(Interview MEDEF, 2011).

The second biggest employers' organisation, the *Confédération General des Petites et Moyennes Entreprises* (CGPME) aims to represent small and medium companies. Though they did not position themselves officially on the RSA, an interview with officials of the organisation revealed that their endorsement of the measure was less enthusiastic than that of the MEDEF. While they agreed with the principle to incite people to go back to work, they favoured reducing existing benefits rather than subsidizing work:

“Our position is that one must pay attention to accumulation of social benefits, to ensure there is not an excessive gap with income stemming from work”....“We are not against the RSA, we simply stress that every time a new social benefit is created, we put the standard of living from worklessness closer to those of work. The principle is positive, in the sense that it increases revenues from work..., but it bothers me that faced with a situation where the difference between

benefits and low income is too small, it is compensated by increasing revenue from work instead of decreasing social assistance”(Interview CGPME, 2011).

A third, smaller, employers’ organisation concerns only temporary work (PRISME). This reform is directly relevant to the temporary sector, which is a sizeable and important sector in France. By 2000, 15% of workers were in temporary contracts.¹² Like other employers’ organisations, they stress that raising incentives to work is appropriate (Interview PRISME, 2011). All employer organisations were therefore broadly supportive of the RSA. This position is part of a broader trend towards increased acceptance by employers of labour market activation. Increased fragmentation within the ranks of the French employer organisation in the 1990s altered their labour market policy preferences. Service sector employers gained more influence at the expense of the historically more important metalworking federation (Woll, 2005). The greater importance of service sector employers was determinant in the turn to activation of unemployment insurance since 2000 (Clegg, 2011).

The overlap of preferences on the RSA reform between employers and the conservative party in government is also noteworthy. The rationale for their support was cast in terms of ‘inciting returns to work’ and reservations both focused on funding and its reliance on capital and property tax. Thus, the relative convergence between forces of the left and those of the right is probably more tilted to the right, with the preferred solution of the employer often taken as the proposed policy choice when the right wing rules.

The difficult outsider politics of unions

The union movement in France is historically fragmented with different unions competing for workers in similar industries, having different ideologies and links with different

political parties (Scharpf and Schmidt, 2000: 319). There are five main trade unions with representative status (i.e.: that can sign collective agreements with employers).¹³ Among these five unions, the most important are the General Confederation of Work (*Confédération Général du Travail* – CGT) and the French Democratic Workers Confederation (*Confédération française démocratique du travail* – CFDT).

Reflecting changes that occurred within the employers' organisation, trade unions also became more attuned to the interests of precarious and unemployed workers since the 1990s. This stemmed partly from the appearance of grass root organisations of unemployed workers, and the recognition that the condition of atypical workers had to be improved given the tremendous expansion of temporary and part time work in France (Interview CGT, 2011a; Interview CGT, 2011b; Interview CFDT, 2011b). This shift is apparent in the area of unemployment benefit insurance. Whereas reforms of unemployment benefit systems have traditionally sheltered full time permanent workers at the expense of those on more precarious contracts, the 2009 reform of unemployment benefits reduced the required contribution period from six to four months (Clegg and van Wijnbergen, 2011).

However, despite this shift towards greater attention to precarious workers, unions have generally been worried about the potential risk that the RSA would lead to a multiplication of low paid work, since the RSA facilitates the provision of low paid jobs for employers and increases the number of people in a low pay trap (Lhernould, 2009):

“In the union movement, there was opposition stemming from the idea that the RSA was going to deteriorate job quality. This was the first critic, a risk that we don't know about but that we can

easily imagine, it doesn't seem impossible as a fear that the reform results in people accepting jobs with extremely short working hours" (Interview DGEFP, 2011).

Given the scepticism of trade unions towards the RSA reform, two factors proved crucial to explain their lack of more forceful opposition to the reform. First, Sarkozy has shown a strong willingness to push through reforms in his mandate regardless of unions' approval. As a result, unions are on the defensive, and hence tend to focus on protecting their institutional prerogatives even if this entails greater activation (Clegg et al., 2010; Freyssinet, 2010). Second, the terms of the debate on employment policy between unions and the State at the time were undergoing significant evolutions. Specifically, as Milner (2012a: 297) has argued "state intervention in reorganizing employment services within the context of a broader policy discourse of activation has arguably had the effect of shifting the position of...most of the trade union confederations".

However, there were also some differences between the positions of the two main union confederations towards the RSA. The most forceful opposition came from the CGT whereas the CFDT had only some mild reservations. These differences are partly driven by fundamentally distinct strategic orientations of the two trade union confederations concerning social dialogue and different position within the social insurance system. Most notably, the CFDT favours dialogue with employers at the national level, and chairs the management of unemployment insurance funds (Milner, 2012b: 227). By contrast, the CGT is historically a manual workers union with Communist roots and is ideologically opposed to cooperation with the government and employers.

The CGT was mostly concerned about the potentially deleterious effects of the reform in the absence of certain safeguards and policies that promote 'good quality' jobs. For instance,

Maryse Dumas, national secretary of the CGT, argued they would only support the RSA reform if it involved measures that "sanction companies that use insecure and part-time jobs" and introduced "social and economic policy that promotes employment and the quality of jobs." (Lhernould, 2009). The RSA was also criticised for stigmatizing the unemployed (Naton, 2009). The opposition of the CGT to the reform therefore stems from both its reading of the effect of the measure and more strategic considerations. Specifically, pushing workless people into precarious jobs is opposed for ideological reasons (i.e.: the CGT is against atypical contracts), but also because of the adverse effect the CGT predicts the promotion of atypical contracts may have for the whole of the workforce (Tsakalotos, 2004). In addition, the CGT was faced with a dilemma:

"The creation of the RSA represents a problem for us. On the one hand, we agree that for every additional hour worked the worker must earn more, which seems logical to us. On the other hand, this reform also makes very low quality jobs more available... and attractive...whereas these jobs do not allow employees to live." (Interview CGT, 2011a).

Despite its reservations, the CGT found it hard to oppose the reform effectively both for strategic and ideological reasons. With respect to strategy, the "use of mass demonstrations accompanied by one-day strikes as a major strategy to put pressure on the government"¹⁴ means opposition cannot be undertaken costlessly. Organising opposition to a reform thus requires a significant level of disagreement with government policy, which can only be reached when policy infringes directly upon union members' interests. This was not the case for the RSA and thus opposition could not be mobilized, especially in a context where many more significant reforms (e.g.: in pensions) were being rolled out by the Sarkozy government.

The CFDT was generally more favourable to the RSA. Annie Thomas, national secretary of the CFDT "regrets that the discussions focused on funding. The content of RSA and its

implementation are what's essential and will require mobilizing everyone: companies, local authorities, social services and the state.” (Lhernould, 2009). The union also identified perverse effects with the design that lead to insufficient take up rates:

“We are ...favourable...because with the RSA...we obtained that there would be a degree of ‘insulation’, the employer does not know [that the worker is a recipient].”...”but this creates another problem today, namely that there is an ‘under-consumption’ of the RSA because workers do not know the legislation” (Interview CFDT, 2011a).

A division can be observed in the union movement between those that agree with the principle but would have liked to see more, such as the CFDT, and those that are against the principle for ideological reasons but could not oppose monetary transfers to precarious workers in practice such as the CGT. Within the union movement, the oppositional stance of the CGT is often shared by *Force Ouvrière* (FO), while the more accommodating and reformist stance of the CFDT is traditionally shared by the CFTC and the CFE-CGC. Similar divisions in the union movement can be observed with respect to most reforms of the 2000s (Palier, 2010: 94, 95).

The difference in the position of the CGT and CFDT towards the RSA is therefore part of a distinct stance towards precarious contracts within the union movement more generally. Whereas the CGT has consistently advocated for outlawing atypical contracts, the CFDT operated a shift in its position at the beginning of the 1990s. The shift followed the recognition that the long lasting presence of precarious contracts in the French economy called for better regulations and rights of workers in these contracts. As a result the CFDT created its temporary work federation and attempted to negotiate with the temporary workers’ employer organisation the improvement of precarious contracts (Interview CGT, 2011a; Interview CFDT, 2011a). The reformist shift in the CFDT’s position and its greater willingness to negotiate with both the

government and employers' organisations has over time partly forced the CGT to reconsider its stance. For instance, the CGT now implicitly accepts the existence of atypical contracts by advocating additional taxes on those contracts (Freyssinet, 2010).

The heterogeneous preferences of outsiders' organisations

The emerging literature on dualisation (Rueda, 2007) stresses the possibility that unions that encompass mostly well-protected regular workers may not defend the interests of outsiders or at the very least may not be expressing their positions. It is therefore important to consider organisations that are concerned with outsiders more directly to identify their preferences and whether they suggest the reform is indeed pro-outsiders as its advocates suggest. As proxies for outsider organisations, I now consider in turn the federation for interim work of the CFDT, the French student union, and the CGT group of the unemployed. The federation for interim work of the CFDT seemed to share the positive assessment of the employer organisation for the sector (the PRISME) discussed earlier. They also tended to emphasize the improvement with respect to incentives, the fact that the RSA reform was going in the right direction, and the support from file and rank:

“The advantage of the RSA is that it creates clear incentives to return to work.”...“Before the RSA, a recipient of the RMI together with all social benefits he was eligible for had the same standard of living as a worker on minimum wage. There was an aberration”;

“The RSA may not be sufficient but it at least values work”;

“On the principle, our union members and representatives are in favour of this measure”

(Interview CFDT, 2011b).

The only problem that the temporary work federation of the CFDT identified concerned implementation, with less people resorting to the measure that could have been hoped for: “In practice, there is a problem of implementation. Compared with prior expectations concerning the number of eligible people to the RSA, there does not seem to be a sufficient uptake” (*ibid*). Thus, precarious workers seem to be favourable to the measure. Interestingly, this does not appear to be the case of students and even less so of unemployed workers. The student union (*Union nationale des étudiants de France*) thought the new measure would not create additional jobs and was particularly opposed to the age restriction¹⁵ which limits the coverage of the program to people older than 25, for those with no children and who have not worked two years in the last three:

“Under 25 years old, you’re not eligible to the RSA, so most young people are not entitled to it.” ...”The RSA, like the RMI before it, are policies that do not create employment” (Interview UNEF, 2011)

In contrast to union organisations that represent precarious workers, the CGT group that was created specifically to represent unemployed workers was more sceptic that the RSA represented a positive step for unemployed workers. It instead stressed the tension between the potentially positive effect of the reform on the standard of living of the least well-off workers and the fact that supporting the reform would represent an implicit acceptance of minimum income benefits, which they oppose for ideological reasons:

“We are not against the RSA because, now it exists” and because “from the moment we give something to someone who doesn’t have a lot,...we can only be in favour of the policy”. However, “for us, demanding an increase in minimum income benefits legitimates their existence. We don’t want more minimum and in-work benefits, we want everyone to earn the

equivalent of a salary sufficient for them to live decently, whether they have a job or not”(Interview CGT, 2011b).

It is striking that different outsider organisation share vastly different assessments of the reform. Union federations representing the interim sector such as CFDT temporary work federation were favourable, whereas the national student union and the CGT group for the unemployed were much more opposed. Thus, while the measure improved the lot of low-income workers, it did little for those excluded from the labour market, and this may be reflected in differences in outsider groups’ preferences towards the RSA.

Conclusion

Table 3 summarises actors’ main positions with respect to the RSA. Actors’ preferences towards the RSA were fairly dispersed both within parties, across parties, and between parties and social partners. However, when the time of the vote came, one can observe within groups alignment of voting behaviour, with the right and centre voting massively in favour, the left abstaining and the communist party providing the only clear opposition in the parliament.

Social partners divisions partly mirror those of political parties, with the notable difference that unions are marginally more reserved than the PS. Unions were not overall enthusiastic, though none had strong oppositions. In many respects, the position of CGT reflects that of the communist party, which can be explained by the *de facto* historical links between the two. Similarly, the CFDT seems to be closely aligned to the PS. Employer organisations were mostly favourable to the reform in line with the conservative party’s position.

< Table 3 about here >

The findings therefore support the potentially paradoxical result that presumably pro-insider parties such as the PS and UMP implemented a pro-outsider policy, while an outsider party such as the communist party and outsider organisations such as UNEF opposed it. This raises the question of whose interests the RSA is really serving. Indeed, an additional split seems apparent with respect to outsiders' organisations. While the RSA reform improved the lot of low-income workers who were therefore supportive of the change, it did little for those excluded from the labour market that were as a result more critical of the RSA. The current evaluation studies of the RSA also suggest it increases the financial incentives of moving from welfare-to-work but does little to make workless RSA recipients better off than under the RMI.

The RSA represents an important milestone in the drive towards in-work benefits and 'making work pay' in France. A number of conclusions stem from the analysis. First, the RSA embodies both elements of continuity and innovation compared to its predecessor the RMI. It embodies both principles and elements that were present before and significant changes. Second, though one can identify real *ex ante* disagreements between different interests and actors, voting records indicate some degree of convergence on the RSA in practice. This should be understood against the backdrop of a strong political majority by the proponents of the measure and the wide appeal of the reform. The reform's multiple objectives (reducing in-work poverty, ensuring minimum standard of living, and inciting work activity) partly explain this wide appeal. The notion that work should be promoted and that inactivity is problematic are beliefs that also seem in line with the French population's survey responses.

Third, the reform's clear rationale in terms of solving well-recognized problems with pre-existing social policies and its anchoring on experiments as well as evaluations played a key role in creating support by most members of the left and right supporting the measure. While the left ultimately abstained to express disagreements with insufficient funding of the reform, they could not oppose it outright. Opposing a reform that entails a net benefit to low-income workers proved politically difficult for the socialist party.

Fourth, though social partners in some ways mirror the positions of political parties, some splits within camps can be observed. Employers were mostly supportive of the reform, rationalizing their preferences along similar lines as the conservative party. Unions such as the CFDT were either weakly against, as the PS was in choosing to abstain, but for slightly different reasons, or quite strongly against such as the CGT. However, the CGT was faced the dilemma that while they opposed the principle of the RSA for ideological reasons, they found it hard to oppose a measure that *prima facie* benefited low-income workers.

The case of the RSA therefore raises the question of whether the left can ever oppose effectively reforms that involve welfare state expansion. Most of the power resource approach (Korpi, 2006) sees welfare state expansion as being by definition in the interest and supported by labour, but this is not necessarily the case with respect to all welfare state policies. This explains why certain active labour market policies may for instance be supported by right wing parties (Vlandas, 2013). Even where welfare state policies may undermine the interests of workers, it is hard for left wing parties and trade unions to effectively oppose them.

Tables

Table 1: Record of the vote concerning the RSA

Vote N°	Date	Object of the Vote	Results		
			In favour	Against	Voluntary abstention
210*	08/10/2008	Law concerning the generalization of the RSA	306	20	197

Source: Online voting records of the French national assembly. Can be accessed at:
<http://www.assemblee-nationale.fr/13/scrutins/jo0210.asp>

Table 2: Voting records of different parliamentary groups

Parliamentary grouping:	Ideology	For	Against	Abstain
Groupe Union pour un mouvement populaire	Right wing	279	1	11
Groupe socialiste, radical, citoyen et divers de gauche	Left wing	3	3	177
Groupe Gauche démocrate et republicaine	Extreme left wing	0	16	4
Groupe nouveau centre	Centre right	21	0	1
Non affiliated	N/A	3	0	4

Source: Online voting records of the French national assembly. Can be accessed at:
<http://www.assemblee-nationale.fr/13/scrutins/jo0210.asp>

Table 3: Summing up the positions of the main actors

Type of actor:	For	For (with weak reservations)	Weakly against certain aspects	Against
<u>Political Parties:</u>	Most UMP	Centre right	Most PS	Some PS, PC
<u>Social partners:</u>	MEDEF, PRISME	CGPME CFDT federal	CFDT confederal CFE-CGC CGT	CGT unemployed Most UNEF
<u>Others:</u>	Social workers			HALDE

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Notes

¹ Specifically, representatives from the three main French trade unions (CGT and CFDT) at both the confederal and federal levels and from all three employers' organizations in France (MEDEF, PRISME, CGPME) were interviewed to determine their assessment and position towards the RSA reform. Two civil servants, based in the employment and work ministries, were also interviewed to investigate their readings of the reform and their analysis of the political logic that underpinned it.

² The Article 1 of the Law on the RSA n° 2008-1249 states: "It guarantees to all individuals, whether they are able or not to work, to receive a minimum income and to see their resources increase when the revenues they derive from work rise. The recipient of the Active Income of Solidarity has a right to a social and professional help aimed to facilitate his or her sustainable return to work" (Loi n°2008-1249, 2008).

³ Source: Caisse d'Allocation Familiale (CAF) website, accessed on the 31st February 2009 at:

<http://www.caf.fr/wps/portal/particuliers/catalogue/metropole/rsa>.

⁴ See the French ministry for Social Affairs and Health: <http://www.social-sante.gouv.fr/le-rsa,2302/le-revenu-de-solidarite-active,2279/> [last accessed in August 2011].

⁵ Title 1, Article 1 of the law 88-1088 on the RMI: "Any persons living in France, which revenues do not reach a minimum income level, and who commits to participation in certain activities required for his professional insertion, has a right to a minimum income of insertion".

⁶ In 2000, only half of the RMI recipients were covered by an 'insertion contract' (Delors and Dolle, 2009).

⁷ I would like to thank an anonymous reviewer for stressing the relevance of Sarkozy's broader electoral and programmatic strategy for understanding the RSA reform.

⁸ I would like to thank an anonymous reviewer for this point.

⁹ See <http://www.france-politique.fr/elections-legislatives-1978.htm> for 1978 and <http://www.france-politique.fr/elections-legislatives-2007.htm> for 2007.

¹⁰ See the interventions by Christophe Sirugue (socialist party) on the 5th of septembre 2008 and by Hervé Mariton (UMP) on the 25th of September 2008 (Gomel and Serverin, 2009: 22, 23).

¹¹ See for instance the interview of Claude Gueant at: <http://www.francesoir.fr/actualite/societe/entretien-claude-gueant-secretaire-general-l%E2%80%99elysee-29574.html>.

¹² OECD statistics website, section on temporary employment as percentage of total employment.

¹³ The five unions are the Confédération General du Travail (CGT), the Confédération Française du Travail (CFDT), the Confédération Française des Travailleurs Chrétiens (CFTC), the Confédération française de l'encadrement - Confédération générale des cadres (CFE-CGC) and *Force Ouvrière* (FO). Note that the 2008 Law on representativeness will for the first time alter this state of affairs. By 2012, only unions which are representative, as determined in professional elections, will be able to sign agreements with employers. This will fundamentally alter the set of incentives of unions and some unions may lose their representative status.

¹⁴ Source: EIRO website, accessed at: http://www.eurofound.europa.eu/eiro/country/france_1.htm

¹⁵ “Du côté des étudiants (Unef, Confédération étudiante, Fage), on considère au contraire que les conditions de l’extension du RSA sont trop restrictives.” (Source: <http://www.republicain-lorrain.fr/fr/permalien/article.html?iurweb=2031455>)