



WILCO

Welfare innovations
at the local level
in favour of cohesion

LOCAL WELFARE IN FRANCE HOUSING, EMPLOYMENT AND CHILDCARE

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1. GENERAL BACKGROUND

1.1. Structure and development of the French welfare state

The French welfare regime is composed of two different and complementary parts: a social security system, managed by social partners (trade unions and employers), and a social assistance system, managed by the state. The social security system is divided in four pillars: unemployment insurance, health insurance, retirement pensions, and family benefits. With the exception of the latter branch, the salaried workers in the private sector who contribute to the general regime are entitled to social benefits. Independent workers have their own medical and retirement insurance system, while civil servants have their own specific regime of social protection.

The French system of social protection has usually been classified in the group of conservative corporatist welfare states in the prevailing welfare regime typology (Esping Andersen 1999). The reference to the continental model for characterising the French welfare regime is usually presented in terms of the historical unification of the various corporatist social insurance systems after the Second World War and by the importance of horizontal "categorical solidarities" (Palier 2007) rather than vertical redistribution within the whole population. Entitlement to social rights and access to employment, health, and retirement insurance regimes depends mainly on the professional and employment status of workers, and family ties and related benefits rather than on citizenship. Funding is mainly based on obligatory social contributions rather than taxation. Retirement pensions and unemployment benefits are proportionally calculated on the basis of employee contributions. The management of the various social security offices is in principle under the responsibility of social partners (trade unions and employers) rather than the state.

The generalisation of the social protection system historically produced a shift from voluntary contributions through self-organised mutual aid funds to obligatory social contributions for all workers. However, the French protection system remains fragmented in a juxtaposition of different professional regimes (Palier 2010).

The historical Bismarckian features of the French social protection system have to be understood within the Republican solidarity tradition of the French social state (Enjolras *et al.* 2001; Barbier and Théret 2004). The proclamation of a "national debt" to the poorest citizens in society, inherited from the French Revolution, makes it possible to explain more clearly why work inclusion and social cohesion are perceived in France as the results of national solidarity rather than individual responsibilities. A person who is not covered by the social security system, and is qualified in terms of an income cap, is entitled to social assistance directly financed by the state. Lone parents, disabled persons, and the long-term unemployed have been progressively entitled to different social benefits and have the right to a minimum income. Benefits have been conceived as an obligation for the community to enable people to live without the need to generate income by employment in the labour market.

The classification of France in the Esping-Andersen model has often been contested (Barbier and Teret 2004), and differences with Germany have been noted (Merrien 2010). French Family policy (see part 4 of this report) based on a mix of redistributive family benefits and childcare facilities has often been cited as more universalistic than conservative, and more favourable to a higher participation of women in the labour market. Regular interventions of the state in the regulation of labour market policies and employment norms, as a substitute or compensation for the fragmented and weakly

representative social partners, are another difference from the "corporatist-conservative" ideal-type.

1.2. Degree of centralisation

There are four levels of administration in France: National, Regional, *Departmental*, and communal. Each ministry has its own agency at the regional and *Departmental* levels. Each *Region* and *Department* has a "*Préfet*" who represents the national government and coordinates state agencies. The state system co-exists with locally elected bodies including 26 regional councils (regional level), 101 general councils (*Departmental* level) and 36,000 municipal councils (communal level). These bodies have their own administrative agencies, and reserved fields of intervention, as well as areas of jurisdiction which overlap with those of the state.

In European comparisons, France is usually ranked in the group of unitary states in contrast to federal or regional states (Pasquier 2011). From the "absolute monarchy" to the Republic including the Napoleonic Empire, France has often been represented as a kind of ideal-type of centralised state and administration where political power and sovereignty are not shared with local governments. In this top-down approach to local governance, local authorities have little autonomy with respect to national priorities and policies, decisions made by representatives of public administrations, and the conditions for gaining access to state funds.

As the main European countries, French territorial organisation has undergone profound transformations over the last twenty years via a process of decentralisation. In 1982, the political status of the *Regions* and *Departments* were recognised by law with the transfer of several domains of intervention from the state administrations to locally elected councils. Economic development, regional planning, regional transport (rail), education (high school), vocational training, and research and innovation were attributed as main "competences" of the 26 regional councils. Social and inclusion policies, education (junior high school), roads and rural planning were transferred to the 101 *Departments*. Moreover, the decentralisation process has promoted new territorial levels such as "inter-communal structures" (inter-municipal links) and the "agglomeration community" (metropolis). This process of "localising public policies" has been developed through diverse contractual procedures between the state and local authorities for setting common objectives and defining shared resources. In 2004, decentralisation was introduced in the French Constitution. The statement on the "decentralised organisation" of the French Republic was added to article 1.

The limits of the French decentralisation process

After thirty years of decentralisation, a debate on the limits of the current French territorial organisation emerged at the end of the 2000s with several reports and propositions coming from specific Commission (the Balladur Commission) and the national parliament. Among the limitations of decentralisation, the most frequently mentioned are:

- Increasing complexity and fragmentation of the different levels of governance. The fragmentation of competences and missions at multiple levels seems to have resulted in confusion in terms of responsibilities, lack of clarity in the decision-making process, administrative redundancies, extra bureaucratic costs, and a politically complex institutions for electors and citizens (Rémond 2011).
- The inappropriate size of communes and *Regions*. Many of 36,000 communes are too small (in 14,000 communes there are less than 300 inhabitants) to have the minimum human resources and budget needed to deal with their legal missions

adequately. French *Regions* are of an intermediate size in Europe (Pasquier 2011). Despite growing areas of competence and budget, they are considered to be too small to compete with German "Länders", Spanish and Belgium regions, or to be partners in national policies.

- Many areas of competence and responsibilities have been transferred from the state to local authorities without proportional budget compensation. Combined with the decrease in tax resources following the financial crisis of 2008, some local authorities are now in a critical financial situation.
- The absence of a political and legal hierarchy within the different administrative levels (Behar and Estebe 2011). Neither the *Regions* nor agglomerations have control over or regulation procedures vis-à-vis the other levels.
- The limits of multi-level governance in a territorial organisation where each local government acts locally as a sovereign "small nation" (Behar and Estebe 2011), whereas it partly depends on redistribution and equalisation mechanisms for its own financial resources.

Based on these observations, some plead in favour of more profound decentralisation, which they feel is incomplete at the present time, while others propose to correct its negative effects such as the growing inequalities between different territories (French *Regions, Departments, and cities*). These debates must be understood in a context in which the organisation of these territories involves a major political divide between, on the one hand, the right-wing French President, national government, and Parliament, and, on the other hand, nearly all of the *Regions, most Departments, and many big cities* which are headed by left-wing politicians.

Recent reforms and the new architecture organising French territories

The goals of the 2010 reform of local government agencies are as follows:

- To meet international competition better and reform the local tax system by suppressing the local business tax, which had been the main tax collected by local authorities from businesses. Replaced by a local economic contribution paid by the state to local governments, this measure has made many locally elected officials fear that their local government offices will lose their financial autonomy.
- To generalise "*intercommunalités*" (intermunicipal links) and promote the creation of metropolises. This law strongly encourages local authorities to group together on the basis of a policy fostering cooperation and mergers at two new levels (intermunicipality and metropolis).
- To elect territorial councillors who will replace the current elected members of general and regional Councils current general and regional councillors. This choice was made instead of eliminating some of the *Departments or Regions*. The creation of a new official (territorial councillor) is supposed to help to achieve political convergence, simplify the administrative activities of the *Regions and Departments*, and make it easier to set up multi-level governance.

It is still too early to anticipate the institutional results of the 2010 reform of local government agencies. Opinions are divided concerning the transformations it may bring about. The most optimistic experts speak of a "silent revolution in local government" (Behar and Estebe 2011). They highlight the originality of the French reform, which now favours a bottom-up approach intended to streamline (Levrat 2011) a multi-level form of governance, which encourages local authorities to group their resources or even to merge on a volunteer basis. This constitutes a break with the top-down method of

decentralisation, in which the French state usually imposed the contractual framework for cooperation among the local institutions. Others are more pessimistic (Rémond 2011; Sadran 2011), and fear that strengthening "inter-communality" and creating large metropolises, without removing other local authorities (*communes*, *Departments*), will make local French governance more complex rather than simplifying it.

Decentralisation and social cohesion

Decentralisation made local authorities major players in terms of social policies in areas such as social assistance, inclusion policies, allocation of minimum guaranteed income, social aid for children, maternal and infant protection, and professional training.

Two principal difficulties remain. First, particularly complex mixed local governance, which is sometimes too fragmented by institution or service (cf. Part 4 on childcare), and for which the local organisation remains highly dependent on state priorities and funding (housing, employment policies, cf. Parts 2 and 3). Over the past years, local authorities have developed expertise and services empowering them to achieve real social innovation. Nonetheless, they do not always succeed in having their innovations supported nationally or in influencing the major national policy framework.

The second difficulty concerns the disparity in the financial means allocated by local authorities to social cohesion policies. This situation is partly the result of the great inequalities in resources among the local authorities, despite the fact that mechanisms have been put into place to balance these resources. We must also highlight the great financial difficulties encountered by many General Councils (*Departments*) to fund really significant benefits such as the Active solidarity Income (RSA) and the Personal care allowance (APA). In a context marked by growing social needs and limited funds being attributed by the state, many *Departments* find themselves in a critical financial situation today.

1.3. Trends

Changes in governance

From the original ideal of "social democracy" to the present governance of the social protection system, the main evolution has been the weakening position of social partners and trade unions faced with state initiatives (Nezosi 2010). The social security system implemented after the Second World War has attributed a substantial place to trade unions in the management of its different national funds (health, employment, retirement, and family). This characteristic feature of the corporatist welfare regime has been progressively challenged by the growing presence of the state. First, the importance of an "administrative elite" within the decision making process of the different social protection offices has made the social partners more and more dependent on administrative assessment and technical expertise. Second, the different deficit reduction programmes and the proposed structural reforms have been mainly elaborated over the last thirty years between the central government and the Directors of social security offices. The reform of the governance of the health insurance service in 2004 illustrates to a certain extent the marginalisation of trade unions by attributing a predominant role to (or further empowering) a General Director of the National health insurance office, who is now directly named by the central government. Finally, the annual elaboration of the law ensuring the financing of the social security system by the national parliament, as well as the creation of various independent offices, are the signs of social partners' loss of influence in the governance of the French welfare regime.

However, "paritarism", which is defined as the co-management by representatives of unions of employers and employees, remains active to a certain extent. The recent possibility in the labour code of a termination of employment contract by mutual consent between employer and employee was the result of negotiations between social partners. In addition, the persistent lack of social dialogue in France has to be related to some regular collective contentions and mobilisations concerning social protection reforms, especially the recent retirement reforms.

Retrenchment policies and a dualistic system

Faced with socio-economic changes (pressure from economic globalisation in terms of competitiveness, higher participation of women in the labour market, structural unemployment, and the growing number of atypical and precarious jobs) as well as socio-demographic transformations (ageing population, diversification of family models...), governments have tried to make the existing social protection system more efficient via retrenchment policies (Pallier 2006). Reforms were introduced to reduce the level of social insurance benefits (for instance a lower rate of reimbursement for medical acts or prescription medications), to restrict the conditions of eligibility to social insurance rights (for instance the introduction of "degressiveness" in the employment benefits in 1992 or the increase in the minimum retirement age from 60 to 62 in 2010). Such reforms have often been presented by policymakers as the 'only way' to consolidate or even save the social protection model.

The consequences of these retrenchment policies have made the welfare regime increasingly dualistic (Palier 2010), with a growing percentage of the population (young adults, long term unemployed, lone mothers...) that is no longer well covered by the social insurance system and depends on national solidarity schemes such as a minimum income allowance. Moreover, French households are more and more obligated to purchase complementary health insurance or private retirement pensions in order to compensate for the reduction in welfare benefits. This situation has been increasing inequalities in the access to and level of reimbursement of social benefits, making a divide between those who can pay for complementary or private insurance and those who have no other choice than accepting the reimbursement rate legally set by the national social security office.

Is the dominant social insurance model being challenged by the new age of social assistance?

During the Fordist period, characterised by full-time employment and the generalisation of wage-earner norms in the division of labour, the success of the social insurance system progressively marginalised the assistance schemes targeting those who were unable to work or were discriminated against in the labour market (the poor, physically and mentally disabled, and ill persons).

Structural changes, such as long-term unemployment, the rise of atypical and precarious job as well as social exclusion and new social risks (dependency for ageing populations) have limited the process of making the social insurance system universal and opened a new age for basic universal solidarity schemes. Several institutional changes can be highlighted:

- The diversification of funding of social security with the combination of a massive reduction of employer contributions to reduce the cost of low skilled jobs and the creation in 1991 of the generalised social contribution (CSG), a tax on most incomes, which is not only based on wages. Although France remains one of the European countries where social contributions are the main source of revenues for the social security system, their percentage has decreased since

the beginning of the 1990s (Theret and Barbier 2004), while the percentage of fiscal resources has increased.

- New social rights and benefits implemented in the name of "national solidarity" in response to the growing percentage of the population excluded from the social insurance system. New poverty in the 1980s, employment exclusion in the 1990s, and the working poor in the 2000s could be considered as three waves in policy debates questioning the ability of the French social protection system to cover the new social risks related to "employment exclusion" and precarious working conditions. Among the most important reforms, we can mention the adoption of the "Minimum Guaranteed Income" (RMI) in 1988, which was considered to be a right to a minimum amount of income (around half of the minimum wage), combined with an "insertion contract" providing access to targeted jobs and social programs. This safety net within the French welfare system was replaced by the "Active solidarity Income" ("RSA") in 2009. For those without work, the value of the RSA is equivalent to the current value of the RMI. The expected "added value" of the RSA is to guarantee that recipients can have sufficient means to live (above the poverty line) when they return to work, even if only for a few hours per week or for a very limited period. By facilitating a degressive combination between the RSA allowance and income from work, the RSA has been presented as much more of a work incentive than the RMI by "making work pay" and "avoiding the poverty trap".
- Implemented in 2000, the Universal Medical Coverage (CMU) plan provides basic access to free medical care for French residents not covered by the health insurance regime. The Personal Care Allowance is another allowance granted according to the dependency level of elderly persons and their personal care requirements. This allowance should be used towards the actual needs of the beneficiary whether he or she resides at home or in an institution.

Rooted in a republican discourse on national solidarity, all these reforms have had an effect on the balance of the French social protection regime by reinforcing the percentage of non-contributory social benefits mainly financed by taxation and regulated by the state or local authorities (*Departments*). Such developments could be interpreted as the introduction of some Beveridgian features (Barbier and Theret 2004) within the French continental welfare regime. Some reforms such as the reduction of the amount of social benefits, the growing influence of complementary and private insurance or residual means-tested benefits could be interpreted as an adaptation to the neo-liberal agenda. Others such as the universal and vertical redistribution of family allowances, as well as the creation of new social rights (CMU, APA...), including new beneficiaries on a more universal basis, are closer to a socio-democratic model.

Economic crisis and reforms of the welfare state

It is still too early to assess the impacts of today's financial and economic crisis on the French social protection system. In terms of its institutional characteristics, it has not brought about any major changes. However, it has strengthened or on the contrary somewhat undermined the reforms that are in progress. At the beginning of the crisis, the "French welfare state model" seemed to be strengthened in its role as a "social shock absorber" intended to offset the brutal increase in unemployment and situations of social exclusion. The current period, which is dominated by the euro crisis and the reduction of public debt, may re-orient debates on the issue of how to fund social protection when faced with significant pressure to control or even decrease social spending.

Some reforms concerning the issue of social cohesion can be put into perspective.

First, the pension reform: its principal measure increased the legal retirement age from 60 to 62, and the number of years of social security contributions to 41 to qualify for full pension benefits. It resulted in a major protest movement in 2010. Besides the absence of any discussion on other possible sources of funding, such as additional income contributions or social VAT, many unions felt that the reform was not fair for categories of people who are the most vulnerable in the labour market. The principal losers are women who experience interruptions in their careers and work in part-time jobs, the young and those over 55 whose rate of employment is quite low, and manual workers who began working at a very young age, and whose life expectancy is 7 years less than that of executives. In the current situation in which the financial markets are putting pressure on states' public finances, the pension reform has been presented by the French government as evidence of its responsible governance.

Due to the brutal increase in unemployment (from 7% to 9.4% in 2011), the crisis slowed down the expected effects of some reforms, such as that of the national jobs agency (see part 3) and its merging with the unemployment insurance funds. Presented as a fundamental tool for an active labour policy, internal management problems combined with the brutal inflow of unemployed people have put the staff of this new public employment service (*Pôle Emploi*) in a difficult position, particularly in terms of following up on the long-term unemployed and minimum income (*RSA*) recipients. Each *RSA* recipient has the obligation to look for a job and is legally bound to register at the public employment service, which was presented as the major change introduced by the Active Solidarity Income (*RSA*) plan. However, this plan was implemented at a moment when *Pôle Emploi* was not able to provide individual and specific support to those categories of people in their efforts to reintegrate successfully into the labour market.

Another consequence of the deteriorating employment situation is the accentuation of "stop and go" policies in terms of subsidised jobs for the long-term unemployed and recipients of the minimum income allowance. The increases in the number of "integration contracts" (or back-to-work contract) in "work integration social enterprises" and subsidised contracts in the third sector, at the end of 2008, were suddenly reversed by government in 2010. This quantitative, top down policy pays little attention to the consequences of contra-cyclical measures on the sustainability of the activities developed, the quality of the services provided, or back to work pathway created by social enterprises and non-profit making organisations.

Finally, it is also interesting to mention that the crisis has not called into question the agenda of extending competition rules to social services of general interest by opening up the sector to for-profit making enterprises in key sectors, such as aid for the elderly and childcare. In France, many social services are provided by non-profit organisations. In a European framework, characterised by the application of the European service directive and a reform of public procurement policies, more and more local authorities are relying on the tender process instead of direct partnership or government subsidies to manage their social services. Given the financial difficulties facing many local authorities today, a great number of professionals fear that this competition-based approach is nothing but a sly operation for streamlining social policy budgets.

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2. THE FIELD OF HOUSING

2.1. Demand and supply

The French housing model is structured by three dominant forms of tenures. Home ownership is the most common form of housing tenure (57.8%, see table 1) placing France in an intermediary position in the OECD ranking (Rolland 2010). Recent governments have encouraged access to private property and private rental investment in the last decade by various tax incentives and direct support in a context marked by historically low rates of interest. Despite a progression of 7% between 1984 and 2009, the level of owner-occupation remains far below the rate in a market-based liberal regime characterised by a low degree of decommmodification of housing (Barlow and Duncan 2004) or of the Southern European home-ownership regime (Greece, Spain) with a small rental sector. The French housing mix includes both a significant private rental sector (almost a quarter of the dwellings, table 1) and a well-developed social housing sector. It is worth noting that co-operative housing has not been developed contrary to countries like Sweden.

France has sometimes been classified in the corporatist or intermediary regime of housing because of this absence of dominant forms of housing tenure and state interventions encouraging and regulating both individual and collective housing.

Table 1. French Housing Stock in 2009 (in millions of homes)

<i>Owner-occupiers</i>		16,106		57.80%
first-time buyers	5162		18.5%	
non first-time buyer	10,944		39.3%	
<i>Tenants</i>		11,743		42.20%
private rental sector	6,600		23.70%	
social rental sector	5,143		18.5%	
<i>TOTAL main housing units</i>		27,849		100 %
secondary housing units		3181		
vacant housing		2115		
<i>TOTAL ordinary housing</i>		33,145		

Source: INSEE housing survey 2009

A structural shortage of decent and affordable housing

Although France endorsed housing as a legal right in 2008, its housing policy is not able to provide an adequate amount of decent and affordable dwelling so as to meet emerging and diversified needs. Despite an increase in the number of new constructions between 2004 and 2007, the level (305,000 in 2009) is far from the government's objective of 500,000 of new housing units per year. The supply has been driven at first by individual and private housing building since the middle of the 1990s. Beyond the quantitative shortage, the promotion of access to property and schemes for private rental investment combined with a lack of new social housing units is considered inappropriate by many experts and civil society organisations¹ for providing all households access to decent housing corresponding to their needs and financial capacity.

During the last decade, *access to home ownership* has been one of the main priorities of housing policy through several schemes such as various preferential loans, (interest free loans), tax credit of loan interest (repealed in 2011), and personal housing support. However, access to credit remains restricted in France compared to others countries like the United-Kingdom (Bugeja 2011). Practices such as subprime loans, mortgage credit,

¹ For instance, the Abbé Pierre Foundation.

variable rate loans, and very long-term loans are forbidden or strictly regulated. This prudent loan policy explains why, in the context of a housing market bubble in the 2000's, followed by the financial crisis, home ownership remains unrealistic especially for young and low-income households. The "universal home ownership" perspective is nothing but political rhetoric considering the institutional features characterising the French housing system. Recent policies have not succeeded in reducing the structural, generational, and social inequalities in the access to property, which is strongly related to the family life circle (Bugeja 2011).

A tax exemption policy to encourage private property rental

There have been a series of advantages for the development of a private property-for-rent investment policy based on tax exemptions. Private investors are awarded tax rebates on the condition that the new housing unit is rented, and that the monthly rent is capped in function of the geographical zone. The scheme supporting rental investment has been modified recently in response to criticism on the inadequate geographical locations of the new private rented housing units, which are not always built in large cities where the housing shortage is sometimes dramatic. However, the increase in the stock of rented dwellings in the private sector has not been sufficient to counter the overall trend toward higher rent in the private sector during the last decade.

In the context of a slight increase in household income, the share of expense on housing in the household budget has steadily risen. Housing prices have raced ahead of earnings, doubling between 2000 and 2008, while average incomes rose only 25%. The financial insecurity of tenants has increased the percentage of household income devoted to housing in 2010: 47.8% in private housing for a single person with a salary equivalent to the minimum wage (*SMIC*), and 27.6% in social housing according to a simulation carried out by the Abbé Pierre Foundation.

The revaluation of *the various forms of support given to low income tenants* has not been sufficient in comparison with the continuing increase in rent and charges for utilities. *Personal allowances*, such as personal housing benefits (*Aide Personnelle au Logement*, *APL*), housing benefit (*Allocation Logement*) and temporary housing benefit (*Allocation Logement Temporaire*) are specific housing allowances that have a limited impact on personal solvency. Managed by the family allowance system, these allowances are conditionally paid to tenants and first-time buyers in function of their resources. In 2004, 4.7 million households were concerned.

In addition, the conditions for selecting tenants are increasingly demanding and discriminatory. It has become harder and harder for many of the "working poor" to find a permanent dwelling. The housing crisis is an opportunity for "sleep merchants" to offer *insalubrious and substandard housing at exorbitant rents* to people having social, administrative, and/or economic difficulties. Such housing is bought up on the cheap, particularly in degraded co-owned properties or deprived urban areas.

A tense situation in the social housing market

The obstacles preventing home ownership, as well as the tight situation in the private rental market, have resulted in decreased residential mobility between the private housing market and the "social" housing sector. Due to the eligibility requirements for social housing, along with the goal of attracting tenants from different social backgrounds, there is a growing demand for social housing, which can be observed in the longer waiting lists and lower vacancy rates.

Social landlords, whether public, private or not-for-profit, allocate social housing for an unlimited period in function of Article L.441 of the French Construction and Habitation Code, which sets general criteria concerning *the social characteristics of applicants*, such as level of resources, present housing conditions, composition of the household, distance from place of work, and distance from spouse. Legislation gives priority to *four categories of potential tenants*: the disabled or families caring for disabled persons; persons who are poorly housed, disadvantaged, or encountering particular housing difficulties; persons staying or temporarily housed in transitional shelters or housing; poorly housed persons returning to work after a long-term period of unemployment. In terms of access to social housing, *France is considered to be a "generalist model"* (Ghèkière 2007). The existence of a maximum income ceiling is the main difference with the "Universal model", but the level is sufficiently high to provide housing to people from a broad spectrum of social and income categories rather than to the most vulnerable groups as is the case in the "residual model."

Social housing benefits from a special financing circuit as well as direct subsidies. The state's support for the construction of social housing comes in the form of several special loans: The *Prêt Locatif à Usage Social, PLUS* (standard rental property loan), the *Prêt Locatif Aidé d'Intégration, PLAI* (rental property loan for social integration), the *Prêt Locatif Social* (social rental property loan), and the *Prêt Locatif Intermédiaire* (intermediate rental property loan). These loans are pre-conditions for obtaining the subsidies paid out within the framework of the Employers Construction Effort Participation scheme (*Participation des Employeurs à l'Effort de Construction*), which is based on a 1% housing tax on wages. Social housing promoters can also access loans from the *Caisse des dépôts et consignations* (a state-run financial institution), conditional on having adequate savings. Local and Territorial Authorities contribute to financing investment by means of grants or real estate contributions. The social housing landlords also invests capital stock to ensure balanced operations and affordable rents.

During the last 10 years, there have been several significant political and legislative changes concerning social housing². However, this legislative arsenal has not always had the expected impact in terms of improving and diversifying the social housing stock offer. The 2000 Law on Solidarity and Urban Renewal (*Loi de solidarité et au renouvellement urbain*) is a good example. This Law sets a quota for social housing according to the size of the municipality with the objective of promoting better social mix in urban cities. However, many prosperous Communes of more than 3,500 inhabitants prefer to pay an insufficiently dissuasive fine rather than fulfil the obligation to invest in new social housing construction.

Contrary to other European countries, *the social housing stock has not declined in recent years*. With 5.1 million social dwellings (18% of total housing stock), France is in an intermediary position in Europe with less social housing units per inhabitant than the Netherlands or UK, but more than Germany or Italy (Levy-Vroelant and Tutin 2007). However, in the context of a housing crisis, the improvement of the social housing stock is considered to be insufficient and poorly adapted to people's new demands stemming from changes in the family structure (increase of single-parent families) and job insecurity in the labour market.

First, there is *under-production of affordable social or registered-landlord housing* for French households. 119,842 rented social housing units were financed in 2009 (Ministère du

² Law on Solidarity and Urban Renewal in 2000, Urbanism and Habitat Law in 2003, Law of Orientation and Programming for the City and Urban Renovation, Social Cohesion Plan in 2005, National Housing Commitment Law in 2006, Enforceable right to housing law (*Loi Droit Au Logement Opposable*) and, in 2009, the Law of Mobilisation for Housing and the Struggle against Exclusion.

Logement 2009), compared with 1,000,000 social housing requests, including 550,000 requests from social housing tenants (transfers). Second, there is *greater financial insecurity among social housing tenants and applicants* due to a 29% increase in rental prices between 2000 and 2010³.

In recent years, the construction of new social dwellings has not been a high political priority in comparison with public support for the private rental sector, which has benefited from more and more state subsidies (Levy-Vroelant and Tutin 2007). There is less emphasis on the provision of traditional social rental housing and more on providing a range of affordable tenures. The recent decline in the global contribution of the state in social housing is partially compensated for by investments made by local authorities and social housing operators. Despite regular uncertainties in the level of state investment, it is not yet possible to talk of a process of "residualisation" of the social housing sector for France.

2.2. Structure of the administration

Political priorities for housing and funding decided by the state

The Housing Ministry is a state department within the Ministry of Ecology, Sustainable Development, Transport and Housing. This Ministry deals with social housing, housing benefits, the quality and level of integration of accommodation, and the industrial policy applied to the housing sector. The housing policy aims to promote home-buying, regulate the housing market, improve the energy efficiency of housing, combat energy insecurity, simplify access to social housing by the use of a single application form, promote the implementation of the Enforceable Right to Housing, renovate deteriorating neighbourhoods, and reduce the number of homeless people by establishing a public accommodation and housing access service. The funds allocated to housing policy projects and the conditions governing implementation are decided each year by the Finance Act, to contribute to the financing of social housing or to investment in the rental sector.

Implementation of the housing policy at various levels: the role of local governments and public agencies

The French government's housing policy is implemented in each *Region* by the Directorate for Environment, Planning and Housing⁴ (DREAL) and its Department for Energy, Climate, Accommodation, Housing and Planning⁵, and in each French *Department* by the Department for the Environment, Planning and Housing⁶ (DEAL).

- In each *Region*, the Regional Prefect divides the funds between the *Departments* that make up the Region. In each *Department*, the Departmental Prefect allocates the funds. Each region sets priorities in respect of housing to be considered by the Prefect, the Regional Council being consulted on the distribution of state funds. Each region has the potential to complement state funds with grants, loans, interest subsidies, loan guarantees, or subsidies for land acquisition, and to undertake an aid programme.
- Each *Department* defines the priorities to be considered by the Prefect, and the General Council provides advice on the distribution of state funds. Each Department draws up, with the state, the Departmental Action Plan for the

³ *Connaître les Loyers et Analyser les Marchés sur les Espaces Urbains et Ruraux*, <http://www.clameur.fr/>

⁴ Direction Régionale de l'Environnement, de l'Aménagement et du Logement

⁵ Service Energie climat habitat logement aménagement des territoires

⁶ Direction de l'Environnement, de l'Aménagement et du Logement

Housing of Disadvantaged People⁷ (PDALPD) which sets the objectives to be achieved for each housing area in the creation and provision of an additional supply of housing. The *Department* finances the Housing Solidarity Fund⁸ (FSL), and has the potential to agree to loans, grants or loan guarantees for social housing organisations or to undertake the provision of land or buildings.

- *Communities of municipalities*⁹ define the housing priorities according to the *Schéma de Cohérence Territoriale (SCoT)* [comprehensive zoning and development plan], and adopt a Local Housing Plan (*PLH*) - a compulsory plan for metropolitan districts and towns. The priorities are taken into account by the Prefect when allocating funds through agreements concluded for implementing *PLHs* and awarding building subsidies. The groups of communes have an obligation to favour the construction of social rental accommodations, and have the potential to award loans, subsidies, and loan guarantees to social housing organisations as well as to make land available.
- The *Communes* set priorities in respect of housing and are obliged to involve themselves in rented social housing construction and to conform with obligations set out in Article 55 of the *loi SRU (solidarité et au renouvellement urbain)* [Law on Solidarity and Urban Renewal] which sets a quota for social housing according to the size of the Commune and its built area. The Communes have the potential to contribute to the financing of social housing. The Communes grant permission to build.
- The *Caisse d'Allocations Familiales (CAF)* [Family Allowance Office], a joint body, is the executive authority as regards the allocation and management of Housing Benefits. The state or its agent, the *CAF*, and the social landlord draw up an agreement so that tenants of social housing can obtain personal benefits.
- *Housing Action* which collects the Housing 1% linked with *Participation des Entreprises à l'Effort de Construction* (Employers Construction Effort Participation scheme) is one of the agencies involved in investment subsidies for the construction of accommodations and social housing.
- The mission of the *Agence Nationale pour l'Habitat (ANAH)* [National Housing Agency], a French public corporation, is to implement the national policy for the development and improvement of the existing private housing stock by providing subsidies for energy improvements in housing occupied by owners with modest means.
- The *Caisse de dépôts et consignations* (a state institution for the management of public funds)¹⁰ is the main funding body for social housing in France.

Limits to the decentralisation movement

In France, two movements are taking place concurrently: A movement of concentration with centralising and controlling of the management of budgets and the appropriation of state funds, in the first place. A movement of decentralisation by establishing agreements for allocating building subsidies to the *Communities of municipalities* in charge of setting up operations and accounting for the use of funds, in the second place. The willingness to develop a national policy and the willingness to build and develop a local policy for housing are resulting in a deadlock between a national objective and a local objective.

A regional or local decision makes use of public and private resources to develop programmes that are suitable for the needs of the communities knowing that the public and private funding bodies, and banking institutions are constrained either by national

⁷ Plan Départemental d'Action pour le Logement des Personnes défavorisées

⁸ Fonds Solidarité Logement

⁹ Communauté de communes

¹⁰ www.caissedesdepots.fr

regulations or by market conditions which restrict their initiatives. The national government retains the initiative in terms of the regulation of funding; local governments are constrained by rules or ongoing reforms without necessarily having the financial capacity linked to the capacity to raise taxes in order to develop local policies.

European Union rules and French housing policies

The European Union has no legal jurisdiction in respect of housing, and the principle of subsidiarity applies (i.e., French housing policies prevail). Nonetheless, there are connections between European and French institutions through the implementation of the FEDER (European Regional Development Fund) for programmes to upgrade heating and insulation in social housing in France and to house vulnerable groups¹¹. The Social Union for Housing¹² (SUH) is represented at the European Union and is involved in the European debate in the framework of the Internal Market Commission for the contracting of services, the Competition Commission for the system of state aid for social housing, and the Commission for the future of the social cohesion policy (*Regio sur l'avenir de la politique de cohésion*). France participates in the CECHODAS¹³ (European Federation of Social, Co-operative, and Public Housing).

2.3. Housing in relation to social exclusion

The housing crisis, deteriorating accommodations, and social exclusion

The housing crisis has been causing social segregation in the local area, through over occupation of public and private housing, the maintenance of a degraded private social rental housing stock, difficulties of access to social rental housing, difficulties in purchasing social housing among poor households, and the existence of large numbers of impecunious property owners.

Around 10 million people, out of a population of 65 million in France are affected by a housing crisis caused by soaring real estate prices, the Abbé Pierre Foundation, a respected housing Charity, said in its 2011 annual report on Poor Housing¹⁴. Some 3.6 million people have nowhere to live or are living in very poor, sometimes insalubrious conditions. Of that 3.6 million, 685,000 are homeless or very poorly housed, and 85,000 live in shacks or temporary structures. Over the past decade, tent-cities have mushroomed around Paris and other cities. Moreover, according to an estimation of the Abbé Pierre Foundation, 86,600 "Travellers" have no access to a place to live on a properly equipped site. The national Observatory for poverty and social exclusion¹⁵ reports that 2,900,000 people live in housing lacking in modern standards or in overcrowded situations, with 127,000 people affected by both of these shortcomings concurrently. In addition, 3,380,000 households are in a situation of energy insecurity (INSEE 2006). More and more owners and house-buyers are experiencing difficulties in making payments. A further 5 million people risk finding themselves without a place to live in the short or medium-term according to this same estimation.

¹¹ www.euhousing.org

¹² www.ussh.org

¹³ www.housingeurope.eu

¹⁴ www.fondation-abbe-pierre.fr

¹⁵ www.onpes.gouv.fr

Housing market and segregation process

In France, housing strategies are driven by a combination of two processes: social aggregation and segregation. Wealthy households live more and more in urban city centres where the inhabitants have a high social status, which helps to push up property prices. Households with medium or low financial resources have no other choice than looking for peripheral urban and suburban neighbourhoods where property prices or rent are lower. They have few opportunities to live in areas benefiting from a more prestigious social image.

A housing market that is restrictive in terms of access to property, combined with a scarce and expensive rental supply, and a social housing stock that is full to capacity, together with changes in society have worsened the social fragmentation of urban neighbourhoods. These gentrification and segregation processes have created ruptures in the residential trajectories forcing those of modest means or in insecure situations to resign themselves to living in housing and neighbourhoods which they would have not chosen. "Gentrification" is a general trend in parts of the larger French cities by the middle classes embodying their desire to share their neighbourhood with people similar to themselves. Housing is becoming a major cause of the current malaise among the middle classes (Cusin and Juillard 2010).

Urban concentration and ethnic segregation

France has a long history of urban immigration. Foreign populations have settled in the main French cities, and in areas near the border especially in the south of France. Some 29% of immigrant households live in the social rented sector, compared to 14% of non-immigrants (Levy-Vroelant and Tutin 2007: 75). Ethnicity statistics in France are not available to measure objectively the phenomenon of ethnic urban segregation. The issue is covered indirectly through figures reporting on area-based urban policies intended to fight against social exclusion. In 2006, 4.4 million people were living in Sensitive (deprived) Urban Areas (ZUS) - i.e. 7% of the French population. 17.5% were foreigners, 10.2% had been granted French citizenship (Chevalier and Lebeaupin 2010).

The opening up of social housing to households of immigrant origins in order to help with family entry and settlement, the slowdown in the construction of social housing between 1980 and 2000, and the increase in unemployment due to the decline in low-skilled employment, are causing communities of immigrant origins to become concentrated either in neighbourhoods characterised by isolation, lack of services, and a high level of stigmatisation, or in old, deprived neighbourhoods in town centres or elsewhere. The riot in French suburbs during the autumn of 2005 could be interpreted as a revolt in response to the gap between the egalitarian promises of French republican principles and the real "urban relegation" of descendants of the recent waves of immigration. However, the concentration of ethnic minorities in neighbourhoods characterised by a high level of unemployment, growing informal economy, and low social capital does not mean that the young French people of foreign origins who succeed professionally cannot achieve residential mobility.

2.4. Recent developments

The recent financial and economic crisis has accentuated the difficulties plaguing the French housing sector. The young and the poor have been the most severely affected, particularly in the big cities and coastal areas, where one third of the population lives. Housing has become more and more expensive over the course of the past decade, eroding

purchasing power. The deteriorating labour market has increased financial insecurity, as demonstrated by the existence of poor workers who do not earn enough to rent an accommodation. The number of people faced with unpaid rent concerns not only the poorest categories of the population. The shortage of rental housing, i.e., housing with rent that is affordable to households located in the areas where economic activity provides job opportunities, has put created a higher degree of selection and discrimination in terms of access to housing. Social housing has become the only housing solution within the means of the households with modest resources. The difficulty in producing housing with rent that is affordable to low income households, associated with the extremely expensive price of land, and the decline in the contribution of the state to fund the building of social housing has created fractures within urban territories. The intensive building of houses in the semi-urban area and countryside has continued, leading to the isolation of low income households, who wish to become home-owners, from urban centres.

The enforceable right to housing: promises and realities

Following media-led pressure involving the housing association sector, the 2008 enforceable right to housing (so-called DALO law) established a system of legal recourse for persons who are unable to access decent housing of their own, and who qualify for social housing. The state guaranteed the right to decent individual housing, transforming an obligation to provide resources into an obligation to produce results. Beyond general principles, several reasons explain the fundamental weaknesses making it hard to apply. It depends on the capacity of the state to make use of preventative policies regarding substandard housing and to create a supply of affordable housing to address the current shortage. The difficulty of enforcing the DALO law confirms the mismatch between supply and social needs. Moreover, the eligibility criteria and application procedures are lengthy and complex discouraging many households looking for emergency housing solutions. In 2009, 122,500 units were available compared to the estimated number of 530,000 potentially eligible households (Briand and Rougerie 2008). Finally, the effectiveness of the enforceable right to housing can be questioned, since only a minority of the households declared as having "priority" by the mediation commission could finally be re-housed within the legal delay.

Urban renewal and access to accommodation for low income households

Urban renewal has been carried out by the Urban Renewal Agency within the framework of the 2004-2013 urban renewal programme. The initial aim of the plan affecting deprived urban areas and deteriorating older neighbourhoods is to redefine them in urban, social, and economic terms. It concerns 490 urban districts, 4 million inhabitants, 220,000 renovated housing units, 75,000 homes built, public facilities, and urban infrastructure. In addition, the urban renewal programmes are developing neighbourhood-based urban management to bring the inhabitants into the processes of defining urban services and land acquisition. One of the most ambitious programmes whose initial objectives will not be completely achieved due to the inadequate financial resources allocated to the programme. In addition, all the destroyed dilapidated social housing units have not been replaced by the same number of new units, so some displaced tenants must move to others areas.

The possibility of buying housing is an issue in terms of increasing the availability of social housing and developing the residential mobility of households with modest means. The specific schemes over the last 10 years, such as the €100,000 house and the €15 per day house, which would make housing affordable, have been organised on the basis of the housing assistance reform (interest-free loans or *Prêt Social Location Accession* (PSLA) [Loan for low-income people for Renting or Purchasing Housing]. For the moment, these

schemes for facilitating access to property for low income households have had varying impacts. Another example is the programme for privatising part of the social housing stock with around 10,000 social dwellings sold of the 40,000 initially expected by the government.

Sustainable development: energy efficient accommodations and eco-neighbourhoods

To meet sustainable development requirements, the Grenelle Environment Round Table, on the basis of the law of 12th July 2010, is pursuing energy efficiency objectives both through the implementation of a technological revolution in the construction of new housing, and by speeding up the overhaul of heating and insulation in the stock of older housing. To take into account the needs of rural areas and households with the most modest means, an energy insecurity plan for 2010-2017, "Living better" aims to assist 300,000 households in a state of energy insecurity through the *Fonds National d'Aide à la Rénovation Thermique* (National Fund for Heating Improvement Assistance) with a total fund of €1.25 billion. To satisfy environmental requirements and meet the needs of those concerned by housing quality, regional governments are setting up or creating environmentally friendly urban areas, new forms of urban development that are being called "high-density towns".

Trials in participative and co-operative accommodations, self-built and self-renovated housing

On the initiative of groups of inhabitants, whether organised in networks or otherwise, alternative types of collective housing are being developed, in the form of participative housing, co-operative housing, and inhabitants' co-operatives with or without the assistance of local and regional governments. In order to offset increasing building costs and provide solutions to help improve the energy efficiency of housing and other buildings, assisted self-build and self-renovation systems are being developed, as well as experiments with eco-housing that would accommodate low income households. Regional and Local Governments as well as promoters of a Social and Solidarity-based Economy are taking up initiatives or launching experiments in order to devise and support innovative solutions.

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3. THE FIELD OF EMPLOYMENT

First of all, it is worth drawing attention to some difficulties and controversies on how unemployment statistics are reported in France. As far as job seekers are concerned, two principal organisations publish statistics on employment: *Pôle emploi* (French national employment office), on a monthly basis, and the INSEE (French national institute of economic and statistical information), quarterly.

Pôle emploi, which is in charge of handling job applications and offers, only provides statistics on the basis of the number of job seekers registered in its files, which are divided in six categories. The INSEE's reporting standard is based on the International Labour Office's (ILO) definition. Our analysis will be based mainly on this source so that international comparisons can be made more easily.

While there are two sources of information, neither of them deals with the issue of the ethnic origins of job seekers. The French Law on Computing and Personal Freedom forbids the gathering of information in which ethnic or religious origins appear, except for in a few precise cases. This legislation defends the republican principle of equality, according to which people are born free and equal in the eyes of the law, and cannot be differentiated on the basis of their origins. One statistical drawback is that it does not enable job discrimination based on ethnic origins to be quantified. Although propositions have been made to reconcile these principles (Commed 2010), they have not yet resulted in broad-based surveys, and there is no political or scientific consensus with regard to them. Nevertheless, it is possible to approximate how frequent of this type of discrimination is by means of statistics on immigrants, the nationalities of job seekers, and even their home addresses.

3.1. Demand and supply

Unemployment figures

In the fourth quarter of 2010, according to the ILO, the unemployment rate in France was 9.6% of the active population. In metropolitan France (i.e., excluding French overseas territories), it was 9.2% of the active population, or 2,602,000 people. Women were more affected by unemployment than men (9.9% compared to 8.5%). Unemployment was particularly high among the young (15-24 years old): 22.3% compared to those 25-49 years old (8.5%), and people over 50 (6.3%). The rate of underemployment (ILO), that is persons working part time who would like to work more, was 6%. It affects women (8.8%) more than men (3.7%) (INSEE 2011 b: 1). The *ACDC collective*¹⁶ has estimated that there are 830,000 additional persons who would like to work, but have not taken the necessary steps to apply for a job through the *Pôle emploi* office.

The development of part-time work, particularly for women

In 2009, more women had part-time jobs than men (29.8% compared to 6% for men), and the total amount of people working part time was 17.3%. These rates are slightly below the European averages (31.5%, 8.3%, and 18.8%). Part time status has also been significantly higher for the young (23.2% of those with a job) and those over 50 (19.2%) than for the group of 25-49 years old (15.9%) (www.insee.fr). 5.5% of the working population had a part-time job and would have liked to work more (1.25 million employees). 75% of those

¹⁶ The *ACDC collective* (other unemployment figures) includes statisticians, *Pôle emploi* union members, and associations supporting the unemployed. It was created to challenge the official statistics published during the 2007 presidential campaign, and has announced that it is resuming its activities in March 2011, fourteenth months before the 2012 vote.

concerned were women. The percentage of under-employed people was far greater among the least qualified workers, who had the most insecure jobs, particularly in the cleaning and retail sectors. In all, 9% of women employees were in "involuntary" part-time job situation, compared to 2.5% of men. This rate was 13.9% for women without a degree, 12.9% for those under 29, 13.1% for office workers (clerks), and 16.4% for women of foreign origins (French Inequalities Observatory). More than one female immigrant out of three had a part-time job, and manual workers were the most strongly affected: 37% had a part-time job, compared to 27% for other socio-professional categories (INSEE 2008: 4).

Unemployment rate of foreigners and ethnic discrimination

In 2009, the unemployment rate of foreigners was 17.8% (17.9% for women, and 17.5% for men). For European Union Nationals it was 9%, slightly above the average, while for non-European foreigners it was 23.5%. There were 225,000 unemployed people in this group, whereas among EU Nationals there were only 55,000. Different types of discrimination have a cumulative effect in terms of access to jobs. Likewise, the surveys carried out among the young generations show that the unemployment rate after three years of "working" life is twice as high when one of the parents was born in Sub-Saharan Africa (21%), the Maghreb (20.1%), or Turkey (19,6%) than when both parents were born in France (10.2%) (Céreq, *Enquêtes Génération* [Generational Surveys] 1998).

In 2009, more than 60% of the unemployed were office workers (clerks) or blue-collars workers. The unemployment rate for office workers was 8.7%, and 13.2% for blue-collars workers; while among the latter, the unemployment rate for unskilled workers was 20.8%. Most of the office workers (clerks) were women with jobs in the service sector, whereas the blue-collars workers were mostly men with jobs in the manufacture sector (in factories and in construction companies).

Subsidised job schemes

There are many different kinds of subsidies for jobs, including subsidies given to companies when they hire new employees, the exemption of social insurance contributions, and funding for training. Priority is generally given to specific "target groups", such as long term unemployed, minima income beneficiaries or the young. The jobs can be either for profit companies or in the non-profit sector for associations, local government agencies, public corporations, and so on.

At the end of 2009, there were nearly one million subsidised jobs in the for-profit sector and 241,000 in the non-for-profit sector. In 2008, men depends more often on subsidised jobs more than women (61.7% versus 38.3%) and those under 26 (72.3%), particularly via training programmes. On the other hand, subsidised jobs in the non-for-profit sector are more likely to be held by a woman (68.6% of them), and by older workers. The other measures concerned training courses for 334,000 workers, and early retirement programmes, which exempted unemployed people from looking for a job and concerned 390,000 individuals at the end of 2009. In all, 2 million people were targeted by the principal measures concerning employment policies at that time (57% were women, 64.3% were less than 26, 25.9% were 26 to 49 years old, and 9.8% were over 50).

Informal labour market

Few studies have been carried out in France on the informal labour market. The organisation in charge of collecting social charges estimates that it represents 3 to 6% of France's gross domestic product. It can be studied on the basis of the total number of "employees" identified as committing infractions by work inspectors, tax authorities, and

social security and customs officers. Although this figure more than doubled between 2005 and 2008, it still only represented 28,000 employees at that time. Five main business sectors have been identified in which most of these checks are performed: construction and public works, hotels, cafés and restaurants, services to companies, entertainment, and seasonal farm work. The fight against informal labour is sometimes combined with measures against the illegal presence of foreigners in France. Supporting the development of home personal services is another way to fight against undeclared labour by decreasing the cost of labour, and by simplifying the administrative paperwork needed to legally employ somebody at home. The measures drafted in favour of self-entrepreneur status were partly conceived with that aim in mind.

3.2. Structure of the administration

France's public employment office, which aims to create jobs, promote professional training, and fight unemployment, is basically a state body despite the recent reforms it has undergone.

The founding of Pôle emploi (French employment office) and its missions

The reform of the public employment service adopted in 2008 included the creation of Pôle emploi, a public administration, created by combining the *Agence nationale pour l'emploi (ANPE)* [French National Employment Agency] and the *Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce (Unedic)* [French national organisation managing unemployment benefit schemes]. The ANPE was a public establishment in charge of managing job offers and applications, and helping job seekers in their quest to find a job. The Unedic is an association managed by various professional partners (employees' unions and employers' organisations), which is in charge of paying out unemployment benefits. *Pôle emploi's* missions are 1) to welcome and register job seekers, 2) to pay benefits to eligible job seekers, 3) to assist job seekers in finding a job until they succeed, 4) to prospect the labour market in connection with companies, 5) to help companies in their recruitment processes, and 6) to analyse the labour market.

French Regional Departments for Work and Pensions and "Maisons de l'emploi"

Another reform stems from the fact that various state services have been combined (industry, tourism, consumer rights, labour and so on) giving rise to *Directions régionales des entreprises, de la concurrence, de la consommation, du travail et de l'emploi* or *Direccte* (Regional Departments for companies, competition, consumer rights, labour and employment). These Departments' local offices make sure that labour rights are respected in companies, inform and advise people about their labour rights, and offer subsidies to help facilitate employment and professional training. In addition, they implement an active employment policy aimed at companies, and participate in getting people back to work and promoting professional training.

Taking inspiration from various local experiences, in 2005 the French government created the *Maisons de l'emploi*, which play the role of combining the actions of public and private partners, notably by enabling associations of local government agencies to implement employment policies at the local level. Their overall objective is to optimise the services provided to job seekers, employees, and businesses by 1) anticipating all of the needs in the local area in terms of jobs, which they link to the training needs; 2) informing, orienting, and making it easier for people to find a job or to find a new job when they are unemployed; 3) helping employers manage their human resources, and promoting or facilitating the founding of new companies and the transmission of companies. They bring together people from the Public Employment Service, and possibly, the *missions locales*

d'insertion pour les jeunes (local offices that help young people find jobs), and those working on the *plans locaux d'insertion et d'emploi* (local plans for social reintegration and employment). Businesses, associations, and organisations that promote the founding of new businesses are also invited to participate. Most of the time, local representatives preside over these locally-based organisations.

A targeted policy exempting social insurance contributions

French employers contribute to finance the social security programme, including health care and unemployment insurance. Employment policies seeking to reduce the cost of labour have put into place several measures aimed at exempting employers from paying the entire social contribution, especially for low wages and long term unemployed, but also tax exemption for the first employee hired, and even the activities concerned, such as exemptions for various home care services.

Social reintegration through work associations and enterprises

Reintegration through work organisations are usually associations, but they can be private companies. They conclude agreements with the French government to obtain subsidies and some exemptions of social security contribution for disadvantaged risk-groups of workers on the labour market. These "work integration social enterprises" (Davister *et al.* 2004) employ long term unemployed for a limited amount of time (transitional jobs) in order to help them become reintegrated into the labour market. In 2008, on average 112,000 people were employed by these organisations: 30,450 in the *ateliers et chantiers d'insertion (ACI)* (reintegration workshops and sites), 13,130 in the *entreprises d'insertion (EIs)* (integration companies), 59,106 were placed by "Associations intermédiaires" (intermediate voluntary organisations), and 10,146 by temporary work integration enterprises. In the *EIs*, employees usually work full time, whereas they work part time in the *ACIs*, and are placed for very short periods of time in the intermediate associations and temporary work integration enterprises.

French Regions, professional training, and additional "subsidised jobs"

Local government agencies also have a role to play in employment policies even if they are not part of the public employment service. The 22 French "Regional councils" are in charge of handling questions linked to training and economic development. Most of these "Regional councils"-each according to its own procedures-, also implement specific subsidised employment scheme named "*emplois tremplin*" (springboard jobs). A "Springboard job" is a subsidy that the regional council may grant employers recognised as being of social usefulness (non for profit organisations, work social enterprises, sometimes cooperatives) to help them create jobs with permanent employment contract (CDI). This policy was initiated by the left-wing "Regional councils" in reaction to the French government's decreasing support as of 2002 for the *aides à l'emploi* (job subsidies scheme) in the public and non-profit sector, particularly the *emplois jeunes* (youth jobs scheme).

French Departments and the management of the Revenu de solidarité active (RSA) (Active Solidarity Income)

The 100 "General councils" are in charge of managing the social policies and to implement *RSA*, the last major reform of minimum income. Active Solidarity Income (RSA) was created in June 2009 to 1) complement the incomes of those who earn the lowest wages, 2) encourage people to work while ensuring they will have additional resources when they are first going beginning to back to work so that they will earn more than the minimum social benefits, 3) have a single contact person during their job hunt process, and 4)

simplify the minimum social benefits system by combining the single parent allowance and the minimum guaranteed income (*RMI*). RSA could be considered as major social welfare reform.

Job seekers whose unemployment benefits are expiring, are oriented towards the *RSA* and must be assisted by the "General council" officers. Today, one of *Pôle emploi's* objectives is to enable each job seeker to have a personal contact to assist him or her in the job hunting procedures. With the rise of unemployment in 2008, these personalised mentoring missions have proven to be difficult to achieve, and sharing these missions between the "General councils" and *Pôle emploi* may raise some problems of governance.

3.3. Access to the labour market

Long term unemployment

Men and women rate of long term unemployment are similar. 35.6% for men and 35.3% for women have been unemployed for more than one year and 16.6% for men, and 16% for women have been unemployed for more than two years. There are significant differences according to *age*. The percentage of long term unemployed is lower for the 18-24 age group (26.5%) than the 25-49 (34.4%), and than workers over 50 (51.6%). The proportions are similar for workers who have been unemployed for more than two years: 8.5% for those under 25; 15.7% for the 25-49 year olds, and 29.6% for those over 50. Taking into account important difference of percentage between women over 50 seeking jobs (26.9%) and men (32.3%) of the same age (32.3%), some questions whether long-term unemployment among women does not lead to inactivity (INSEE 2011 a).

All socio-professional categories are affected by periods of unemployment that last for more than one year: 29.8% of the unemployed in intermediate professions; 31.7% of unemployed executives and those in upper white-collar jobs; 34.3% of unemployed office workers (clerks); 34.5% of unemployed blue-collar workers, and especially 43.7% of the unemployed people who have never worked.

The persistence of male-female wage inequality

In 2006, in companies in the private sector with 10 employees or more, average total gross pay for women was 27% less than for men. The gap is 16% when the total gross hourly pay rate is used as the indicator of comparison (in this case the effect of part-time work is not taken into consideration) (DARES 2008: 1). The difference in terms of the amount of time worked is the principal factor explaining the gap. Women work five times more in part-time job than men. Their total remuneration is logically lower. In addition, the working time of men is further increased by the overtime hours they work. However, if we compare full-time employees, women still earn 19% less (French Inequalities Observatory).

These wage discrepancies also reflect in some way the different roles played by men and women in the workplace. Less women have executive or managerial positions, and they are also less often in skilled-labour positions. The salary gap is the highest among the oldest employees and those with the highest degrees. It is also significant among executives (30.7%) and workers (21.2%). Meanwhile the smallest wage gap is among office workers (clerks) (6.1%), a job category where women are over represented. "If differences in position (executive/manager, clerk, blue-collar worker), experience, qualifications, and sector of activity are taken into consideration, nearly 10% of the gap remains unexplainable. This difference in pay can be understood as a purely discriminatory practice by employers with respect to women." (French Inequalities Observatory). Other factors

may partially explain this situation, such as the family situation, degree, or career interruptions, "involuntary" part-time jobs.

Access to stable and decent income: a generational gap

The young are more and more discriminated in terms of level of wages. In 1975, 50 year old wage earners made on average 15% more than 30 year old wage earners. In 2000, the gap had broadened to 40%. In 1977, 30 to 34 year old wage earners made 1.5% less than the average for all wage earners; in 2000 they were earning 10% less. For the French Inequalities Observatory, "partly due to unemployment, the fruit of economic growth, which has slowed down since 1975, has been given to those over 45. Reading this situation from a generational perspective enables us to understand that the young who had favourable conditions in the past have become older citizens who can savour their lives today thanks to their job seniority. Today's young people are more negatively affected than other age groups by the stress arising from the lack of job opportunities".

Ethnic and spatial discriminations

On average, total income for non-immigrant households is 46.6% higher than for immigrant households. The immigrants' lower wages are linked to their jobs positions, and to their lower qualifications. Non-immigrant men with part-time jobs earn 10.3% more than immigrant men in the same conditions, while non-immigrant women earn 28.7% more than immigrant women. The latter usually work as cleaning ladies, jobs for which there is a low number of hours and which require very low qualifications. Other factors count, such as discrimination and the fact that two-thirds of the immigrants have not acquired French nationality and therefore cannot apply for some government sector jobs (French Inequalities Observatory).

The unemployment rate for people living in "deprived urban areas" (ZUS) was 22% in the third quarter of 2010. It has been rising sharply for the past two years: up more than 6% since the first quarter of 2008 (DARES 2011). Young people living in working class neighbourhoods are "plagued by an unemployment rate twice as high (35.7%) as that in other neighbourhoods in the same city (17.6%)". The reasons generally cited have to do with a lack of qualifications and discrimination (IGAS 2010: 17-18). Having a degree is less of an advantage in the sensitive neighbourhoods: 11% of the inhabitants in "deprived urban areas" (ZUS) who have a university degree are unemployed, compared to 5.8% of the inhabitants who have the same degrees but live in other parts of the city. "The middle classes have been fleeing these neighbourhoods in record numbers; these areas are plagued by many social problems, and it is increasingly difficult for people to find a job there, due to the over representation of people from a working class background, immigrants, young people, and people with only a basic degree or no degree at all. The 'neighbourhood effect' is exacerbated by an 'origins effect': the gap observed is also a consequence of discrimination. Job applicants are stigmatised by the address on their CVs, and employers and temporary agencies also sort applications more or less explicitly on the basis of the applicants' 'ethnic' origins" (French Inequalities Observatory).

3.4. Recent developments

Social mobilisation in relation to employment issues

In recent years, several key problems have stirred up resentment in the French society in relation to employment. The major national protests concerning employment policies were above all reactions to the current governmental policies. For instance, the CPE (First Employment Contract), which was adopted in 2006, resulted in massive protests. This

measure was intended for people under 26, and it made provisions for a "trial period" which would enable the employer to break the contract without stating the reasons during the first two years, so that employers would recruit young people more readily. This law was eventually repealed due to massive protests by high school and university students. The government's idea to make employment contracts more flexible ran up against the French people's attachment to the permanent employment contract (*CDI*). More recently, in 2010, the reform that modified the retirement age caused major protests before ultimately being adopted. The goal of this reform is to increase the employment rate of those over 50, which is low in France compared to the other European countries, because of the important measures that facilitate pre-retirement in company restructuring operations and the exemptions to look for a job handed out by *Pôle emploi*.

The debates on job insecurity

Other subjects have been hotly debated without, however, giving rise to such protests. The implementation of the Active solidarity income (*RSA*) measure, for people eligible for minimum social benefits and the working poor, was mainly debated by researchers and at the French parliament. This measure, which has already been described above, is intended to do away with the poverty traps that make the unemployed prefer income from social assistance to income they would make by working. In addition to the criticism about whether or not these poverty traps actually exist (Clerc 2008: 136-52), there is the risk of seeing temporary jobs become permanent situation (Gadrey 2008), freeing the employers from their responsibility to improve the quality of the jobs, since the local communities provide additional income for those doing these "underpaid" jobs.

Another measure put into place by the French government concerns self-employment status, which aims to simplify the paperwork required to become one's own employer by exempting those concerned of certain social charges. The insecurity this measure creates for the self-employed was criticised, as were the risks that it would be a substitute for salaried employees in the sense that some companies would prefer to call on the services of self-employed individuals, because it is more flexible and less costly to do so than to hire new employees.

A final governmental measure was introduced in 2007 in the aim of limiting public spending, and it should have a significant effect on employment and how the public services will be organised, because it stipulates the replacement of only one civil servant out of two who retire.

Industrial jobs were very significantly affected by the 2008 financial crisis

The crisis had a major impact on the industrial sector with more jobs lost in the north-east of France than in the south (INSEE 2011). Temporary jobs were the first ones affected, then manual jobs. In response to these layoffs, the *Contrat de transition professionnelle (CTP)* (professional transition contract) was put into place on an experimental basis in some specifically defined labour market areas, the *CTP* concerns employees facing a layoff in a company in which there are less than 1,000 employees. It is of a maximum length of 12 months, and it aims to monitor a person's professional transition by means of mentoring activities, training courses, and internships in companies or public organisations. Throughout the duration of this contract, the person with a *CTP* receives compensation equal to 80% of his or her former gross wages.

"Stop and go" policies in terms of subsidised jobs

Along with these measures, aiming to offset the effects of the crisis, new tax credits were created to encourage the creation of subsidised jobs, particularly in the non-profit making sector. This push for more subsidised jobs was then stopped in order to limit its negative impact on the public deficit. These "stop and go" policies on this type of jobs is nothing new. It is linked to political turnarounds caused by a bad economic situation - the public and associative sectors are used to cushion jobs crises - but it is also linked to orientation of the political parties in power. Right-wing parties prefer to support the creation of jobs in the profit-making sector, whereas left-wing parties have historically speaking also launched subsidised jobs programmes in the non-profit making sector. Finally, in the goal of limiting the impact of tax niches, exemptions on social charges were cut back within the framework of human services programmes, but to a very limited degree compared to the lost revenue they represented for the state.

Local initiatives in terms of jobs and social reintegration

Several local innovations in terms of jobs and social reintegration which are part of social and solidarity-based economy could be mentioned. New forms of coops have been created. "Activity and employment Coops" facilitate new business start-up and creation of jobs through the adoption of the statute of entrepreneur-salaried in a collective and secure environment. Another statutory innovation in recent years in France has been the creation, in 2002, of a new legal form: that of "collective interest cooperative society" (*Société Coopérative d'Intérêt Collectif*, or SCIC). The SCIC is a private, collective-interest organisation; this new form of co-operative undertaking brings together employees, users, voluntary workers, local and regional authorities and any other partner wishing to work together on a given local development project. Around 200 SCICs have been created.

Finally, in the field of work and social reintegration, the innovation in governance rules has been the introduction of social clauses in local public procurement process that stipulate the contract should provide added social value. For instance, a contract could ensure that the long-term unemployed from the local community are employed or to do it by calling on reintegration through work organisations.

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Observatoire des inégalités : www.inegalites.fr

4. THE FIELD OF CHILD CARE

4.1. Demand and supply

France has a long tradition of government intervention in the field of childcare. Unlike other European countries which have considered that taking care of young children is a private family affair, France has progressively developed a specific and complex family policy since the end of the 19th century. Without going into details, the result of this historical policy process can be summarised in 3 institutional characteristics:

A family-friendly welfare state

The French legacy of a large scale family policy is based on the recognition of the rights of families to care for their relatives. It includes family allowances to partially compensate the cost of having more than one child, a lone-parent allowance, and children supports for child care (see below). In addition, maternity leave, paternity leave and parental leave are considered as a basic right for families, together with tax schemes (quotient familial) for expenditure on children. From a historical pro-natalist orientation, French family policy has integrated new objectives in the last thirty years, in particular to conciliate Work and Family Life (Letablier 2003).

A universal pre-school childcare system of "écoles maternelles" for children from 3 to 6

Implemented at the beginning of the 20th century, "écoles maternelles" could be considered as a "quasi-public service". There are several reasons for this: the coverage rate is almost 100% in the age group 3 to 6, the facilities are free of charge for parents (exactly like primary school), they are open full time, the pedagogical orientations and programs are under the responsibility of the Education Ministry and the teachers are public state employees.

Responsibility for childcare shared between family and society for the age group 0 to 3

The French model is based on the idea that childcare responsibility is shared between the state and the family. In France, more than 60% of children under 3 years old are in the care of their family, generally the mother, who remains the primary carer (Fraisie *et al.* 2006; Ananian and Robert-Bobbée 2009). 20% are primarily under the responsibility of a childminder ("*assistante maternelle*"), 11% are in a collective service (crèche), 6% at "*école maternelle*" and only 1% in home care services.

Despite the French tradition of supporting childcare services for 0 to 3-year-olds, the present situation remains characterised by a shortage of places. However, the trend is towards continual growth in the provision of formal and organised childcare services, particularly within large urban areas. The supply in terms of number of places and diversification of services remains more generous compared to similar European countries (Germany, Italy, Spain, and the United Kingdom).

Considering the mix of French family policies combining financial benefits to families and daycare services, the rhetoric promoting parents' "free choice" - between taking care of their children themselves or using external non-family solutions - is a frequent component of political and institutional discourse on the family despite periodic scientific and political controversies concerning its effectiveness. In many cases, the shortage of places, together with the unequal affordability and geographical distribution of childcares services, leads to families having to resort to the only solution available to them.

In comparative European research TSFEPS, France has been characterised as having a relatively advanced process of diversification of daycare services as well as types of providers for children under three years old.

Regulated and funded provision of individual care: the French route to diversification?

One of the main specificities of this diversification is the importance of regulated and subsidised individual care. By individual childcare we mean childcare in the home of the childminder ("*assistante maternelle*") or parents (home childminders and babysitters). This is the most widespread formal care system, covering 20% of the 0 to 3 age group. In 2008 (Pélamourgues and Thibault 2010), 412,100 childminders had signed a legal agreement out of a number of available places evaluated at 769 060. The "*Complément mode de garde - Assistante marternelle*" is a special family benefit for parents who employ a childminder. Between 2003 and 2009, there has been a continual increase (+16%) in the number of beneficiaries (+ 100,000) of this public support for individual care (Clément and Robert 2011). The importance of individual day care could also be explained by a movement to professionalise childminders in order to make the work more attractive, the possibility of using it as a part time and complementary solution to family care, and better geographical coverage with a presence in 26000 municipalities (Bideau *et al.* 2009).

Supporting a high level of childminder provision could be interpreted as a specific institutional approach compared to Scandinavian care systems dominated by standardised public and collective services and Southern European countries where individual care is mainly informal. Even though individual provision is less regulated than collective care, central governments have supported a process of registration and professionalisation of childminders and have for a long time partially subsidised family demand through significant specific benefits. More recently, although less widespread except among upper-class homeowners living in urban centres, the employment of home childminders has also been encouraged through the implementation during the 1990's of income tax exemptions in the name of fighting against moonlighting. Only 1% of young children are covered by home daycare services.

"Crèches" or collective childcare services

The "*Equipement d'accueil des jeunes enfants*" (EAJE) is the administrative category for collective care services usually named "*crèches*" by parents. In 2008, there were 10,520 EAJE in France, with a capacity of 349,799 places (Pélamourgues and Thibault, *op.cit.*). Despite the growing position of collective care provision in the preferences of parents, only 10% of early young children have access to this kind of formal service.

Behind the generic term of collective provision, French childcare policies have stimulated a significant movement of diversification during the last thirty years. Traditional full time public services managed by municipalities are still dominant but in the last twenty years new kind of services and providers have emerged.

Diversification of providers and management

Two-thirds of EAJE are managed by local authorities, mainly municipalities. Third sector initiatives (associations, parental initiatives) have played an increasing and innovatory role in childcare. During the 1980s and 1990s, revitalisation of the local childcare services has been primarily linked to the growth of associations. As consequence, one third of EAJE (26% of the places) are now managed by not-for profit organisations. However, new public management rules and the recent promotion by the government of for-profit solutions have created a less favourable environment for third sector initiatives.

More recently, government incentives have been implemented to support for-profit management of childcare facilities. "*Crèches d'entreprises*" (in-house childcare services for company employees) and "*Entreprises de crèches*" (companies specialising in the creation and management of childcare provision) have expanded considerably during the last 5 years even if the private sector remains marginal (2%) in the total "crèche" supply.

Diversification of services

Historically, collective childcare was standardised as full-time time service. Over the last twenty years, part time and occasional care (*halte-garderie*) as well as "*crèches multi-accueil*", which combine full-time and part-time places, have been widely promoted. And the same time, parental initiatives (crèches created and managed with the participation of parents) as well as "familiar crèche" (collective activities of childminders monitored by professionals) have contributed sufficiently to increasing supply to be taken into account in the statistics. The latest type of daycare service promoted by the government is the "micro-crèches".

The demand for childcare services

The present parental arrangements for taking care of their children are rarely the result of a "choice" between different solutions on the basis of their initial preferences. The final caring solution is a combination of subjective and objective factors. Analysing parent's preferences on the basis of their declarations is not an easy task. Surveys show that the level of satisfaction with the type of care is fairly high. Unless there are major problems, parents rationalise their care solutions in retrospect as being satisfactory overall. It shows how difficult it is for parents to accept and admit that they have not succeeded in finding the best solution for their child.

The statistical estimation of potential care needs also has its limitations. Considering the number of children under three years of age whose parents are both working, the National Observatory for early childcare calculates that 60% of under-threes will potentially require some form of individual or collective care. But such a figure, as noted by the experts, does not take into account the constraints which could affect some parents, who are obliged to give up work or cannot find the form of childcare suited to their needs. The estimate demand of 60% should be compared with the percentage of 45% of under-threes currently "covered" by one or more formal systems of care for young children.

Finally, the "fragmented governance" of various forms of care (individual and collective) among different institutions and "providers" (municipal, associations, for profit businesses) makes it very difficult to estimate local demand and to manage it on a large scale. In practical terms, there is for instance no single standard waiting list or application form for all the places in a Commune's crèches. In practice, parents sign up at a number of places offering private or public care in the hope that they will obtain a place. In addition, it is difficult to estimate local demand for places with child-minders in anything other than a general way based on the increase in fees or the increasing selectivity in terms of the parents' profiles.

Despite these methodological difficulties in assessing demand, there is a fairly general scientific and political consensus in agreeing that there are insufficient childcare places given the need to balance work and family life.

Early Child Care Allowances

Child care support is organised through the *Prestation d'accueil du jeune enfant* (PAJE) [Early Child Care Allowance], which was set up in 2004. PAJE covers 91.7% of children under 3 years of age and was provided to 2,280,000 families in 2009 (Clément and Robert 2009). It includes a number of benefits, as follows:

- A special payment at birth or at adoption, payable subject to family resources in the seventh month of pregnancy or as from the arrival of the child at the home of the adoptive family. In 2011 the lump sum is 903.07 euros.
- A basic allowance (Ab) of a monthly amount of 185.87 euros, payable, subject to family resources until the child is three years old. 84.2% of families receive this benefit. The benefit is increased for single-parent families.
- A *complément de libre choix d'activité*¹⁷ (CLCA), a kind of parental leave for parents who interrupt or reduce their paid work to look after a child less than three years old. This allowance can be paid for in full or in part. The benefit is paid on condition that the parent has previously been in paid work.
- A *complément optionnel du libre choix d'activité* (COLCA) is a parental leave allocated to a parent who decides to stop working completely after the birth of a third child for a maximum duration of 12 months. It provides the option of parental leave that is shorter but better paid than the CLCA.
- A *complément de libre choix du mode de garde* (CMG) is a childcare benefit paid when parents who were actively employed choose to have their child looked after at home or, as is more frequently the case, by a registered childminder. It includes social security contributions and part of the employee's pay, up to a limit which varies depending on the household's income. The payment is reduced by half while the child is between the ages of three and six years. The value of the CGM varies between 395 euros for a single parent to 790 euros for a couple.

In 2009, about 11.7 billion euros were allocated to the PAJE. This total has doubled since 2005. The PAJE has prompted an increase in partial parental leaves compared with complete leaves, which has decreased during the 2000s. It has also favoured individual childcare, with 716,000 families receiving childminder support (childminder CMG) in 2009, and to a lesser degree home child-care, which, however, involves far fewer families (67,500).

4.2. Structure of the administration

Contrary to the pre-school system ("*écoles maternelles*") which is mainly state-funded and regulated, the governance of childcare systems in France is highly complex. Three main institutions are mainly involved: National and local family allowance fund (CAF) responsible of the allocation of family benefits and investment in childcare provision, local municipalities for the funding and running collective services ("*crèches*") and General councils ("*départements*") for the agreement and quality authorisation either for individual or collective care.

¹⁷ Supplementary benefit for freedom of choice of activity

The national family allowance Office (CAF): a specific institution dedicated to Family and childcare policies

For children under three, the "*ministère des solidarités et de la cohésion sociale*" develops the main orientations of family policies, including childcare priorities, in collaboration with the national family allowance fund (*Caisse Nationale d'allocations familiales*). One of the specific features of France is that family policies form one of the pillars (together with unemployment insurance, health insurance and retirement insurance) of the social protection system. As consequence, family policy is largely funded through mandatory employer and employee contributions. Resources are allocated by the *Caisse Nationale d'allocations familiales* (CNAF), which is managed by the various social partners under the control of state. The 123 decentralised CAFs are significant and institutions specific to France, covering the entire national territory and providing a degree of geographical continuity with regard to family policies. As consequence, the implementations of local childcare facilities are not possible without CAF agreements and funding. However, the role of the decentralised CAFs is principally the control and distribution of benefits to families and the allocation of resources for financing childcare facilities. CAFs do not directly implement and run childcare services.

The predominant role of municipalities for running "crèches" and general councils (Départements) for quality regulation

The creation and development of collective day care considerably depends on the will and investment of the municipalities concerned, introducing major urban and rural disparities due to various factors such as political orientation, size and budget of the local authority, and the degree of urbanisation. In other words, the creation of collective services generally depends on a formal agreement between the CAF and the municipality. The "*Contrat enfance jeunesse*" is the main governance tool used to develop childcare facilities. It is a formal agreement for 4 years generally signed between the CAF and the municipality (sometimes with the General Council or a private company) based on a shared diagnosis of local childcare demand, common objectives for developing local supply and respective funding commitments.

Finally, childminder agreements and quality authorisation for crèches fall under the competences of the General Council, "the department". Parents are not always aware which of these three institutions is ultimately responsible for childcare policies at the local level. This question is a serious governance issue. While there are strong institutional incentives and social pressure for creating locally formal childcare places, there are no legal obligations for local authorities to deliver places in response to a right-to-childcare for any children under three.

Governance of childcare diversity as a challenge for social cohesion

But the complexity of French governance of childcare services is also related to the high degree of diversification of services described above. Firstly, the governance mechanisms of individual care and collective care are very different and managed through parallel channels. Governance of individual child care options is much more market-oriented with direct and public financial support for parental demand through specific allowances or tax exemption for home care services. Prices and arrangements may vary locally according to the supply of childminders, the demands of parents and the quantity of other formal childcare solutions. In situations of monopoly and shortage of places, in some localities, childminders are in a position to choose the profile of the parents (with a high preference for traditional working times) and impose their prices. The first consequence: a high

dispersion of monthly childminders (Tesson *et al.* 2010) vary between 545 euros for the 25% least well paid and 1,103 euros for the 25% most fortunate. The second consequence of this fragmented governance system of childcare services is that municipalities have little possibility to regulate individual care - the main formal solution for parents - in their own town.

Secondly, the decision making process for funding and running collective provision ("*crèches*", "*halte-garderie*", "*crèches parentales*") is quite long, depending on political and technical arrangements between various stakeholders : institutions (CAF, municipality and General council) and also various providers (municipal employees, non for profit organisations, for profit companies, parental groups...).

The main consequence of this mixed but fragmented local governance of childcare is the difficulty of setting a transversal local childcare policy. Without multilateral and negotiated governance, it is very difficult to deal with major social cohesion issues such as the absence of a shared approach to parents' needs and demands, social polarisation between collective and individual care, lack of coordination between municipal, non for profit and for profit supply, unequal quality of services, and the fragmentation of professional statuses and staff qualifications (Eme and Fraisse 2005).

Role of private for-profit and non-profit organisations

The Association sector plays a significant and increasing part in the supply of early childcare as service provider. However, its role in the co-production and diversification of a local supply of services, which was significant in the 1980s and 1990s, has been weakened in recent years by more restrictive public rules for management and funding and also by the governmental priority to support a for-profit private supply. While non-profit organisations are recognised "providers" at the local level, they are rarely considered as partners in the local governance of young childhood. The main officials and allocators of funds in respect of the policy for early childhood (CAF and municipal services) do not always agree to include associations in the drawing up of local "childhood and youth contracts". Furthermore, it is not always easy to get parents and professionals involved, beyond the promotion of their local projects and initiatives, in overarching issues affecting policies for early childhood. Recent arrivals in the sector, for-profit private enterprises are potentially better integrated as actors in local governance, as they can sign a "childhood and youth contract" directly with the CAF.

4.3. Access to child care

Affordability

Vulnerable situations are partially taken into account in the national priorities for early childcare. The prevention of situations of poverty and the incentive to social diversity form part of the official objectives. But their implementation faces locally practical difficulties with a lack of places in collective childcare (*crèches*), which are the only form of childcare to actually include these priorities in their admission criteria. In other words, it is very rare in cases of individual care by child minders -- the principal type of formal care in France -- to include priorities of access for the target groups.

In *crèches*, some categories of the population are given priority, such as children in lone parent families. In addition, recent measures have favoured the inclusion of disabled children. However, the lack of places in relation to demand often forces municipal governments and the heads of the establishments to make decisions that do not always favour the most vulnerable. Unemployed mothers for example are rarely given priority

over those in work. Furthermore, working part-time rather than full-time makes access to crèches more difficult. Full-time care is still the most common situation (Micheau *et al.* 2010). Finally, unusual working hours (which affect jobs done by women with few or no qualifications in particular) are often incompatible with the opening hours of the majority of establishments.

The inclusion of the children of immigrant families does not form part of the priority criteria for the policy on early childhood. However, some innovative initiatives do exist, often originating from associations, which can for example combine the care of infants, parental support, and teaching immigrant women to read, under the same roof.

An unequal geographical distribution

Despite the existence of family allowance funds throughout France, there are widespread geographical differences in access to the supply of childcare services. Admittedly these differences are less than in countries where there is no national childcare policy and where the supply of services depends solely on the unequal funding of regions and municipalities. Whether in terms of the number of places or of the range of services, the geographical coverage of care for children from 0 to 3 years of age does not match that for "écoles maternelles" (3 to 6 years) or primary schools. The mixed governance described in the previous section partly explains the geographical differences.

Place of residence is one of the principal factors explaining the solution adopted by families between care by a childminder or at a crèche (Fraisie *et al.* 2009). In rural or peri-urban areas, the parents often have no choice apart from individual care or care by another member of the family, due to a lack of a supply of collective childcare nearby. It should be recalled that collective childcare only exists in 3800 Communes, compared with 26,000 for child minders. In other words, places at crèches are mainly concentrated in the main urban centres, which also have a wider range of services. But aside from this general tendency, there are regional characteristics (Clément and Muriel 2003). The supply of collective childcare (crèches) is greater than average (11%) in the South and in the Paris region, whereas the number of child minders is highest in the West. Although they are not very widely spread, the use of a home care employee is highly concentrated, in particular in the Paris region due to the over-representation of executives and people in upper white-collar jobs.

The *lack of places in deprived urban neighbourhoods* is due more to an unequal distribution than to an overall lack of places at crèches and an inequality of access to individual care. Varying their fees according to an income scale, crèches are the service most economically accessible to households of low income in urban areas. Use of a child minder is still too expensive despite the specific allowance, and a home-based childminder is out of reach of parents who are unable to benefit from government tax incentives. Individual childcare increases with the level of income, which results in a strong social polarisation in access to childcare facilities. However, faced with the inequalities relating to individual childcare, there is no real compensatory policy to promote the creation of places at crèches in deprived neighbourhoods. A final deciding factor for mothers living in deprived neighbourhoods, the admission criteria for crèches still mostly favour children whose mothers are in full-time work, while unemployment, part-time work, and unusual working hours affect mothers in deprived urban neighbourhoods in particular.

Social polarisation of childcare services

Research (Fraisie *et al.* 2008) on the factors determining parents' solutions to childcare reveals a social polarisation of childcare services in France. Four situations can be identified:

- Households where the mother is an executive or in an intermediate profession, has a degree and lives in a major urban centre. These households have a certain amount of room for manoeuvre in their choice of care for their child, not only regarding the possibility of using a paid external service, but also in the choice between individual and collective childcare.
- Households living in rural areas who have no choice apart from individual care or care by another family member, due to a lack of collective care nearby.
- Households of low income with a full time working mother, living in a large or medium-sized city, for which the main form of care that is economically accessible for their child is the crèche.
- The final category is that of mothers in families with a combination of difficulties associated with work (part-time, atypical working hours, temporary contract, low pay, and unemployment) and marital situation, who give up work to raise their child.

Various qualities of services

The mixed and fragmented governance which is locally predominant raises the question as to guarantees that a high-quality service can be developed. Whether the French will choose increasingly to favour individual care is still in doubt due to concerns over the quality of the services provided, despite an improvement in the status of child minders and a tightening-up of the requirements for training. In addition, encouraging parents to take on a child minder at their home makes it more difficult to control and evaluate the quality of the service. On the other hand, even though collective care is subjected to stricter procedures for approval, monitoring, and control, the development of multiple care may have an impact in terms of the quality of care from an educational and psychological point of view, while occasional care is intended to fill the gaps in planning. The objective is often the optimisation of management and places occupation, to the detriment of the objectives of early-learning activities and the quality of the care itself.

4.4. Recent developments

High birth rate and consensus on childcare policies

The childcare policy has not been the subject of much controversy in recent years. No doubt because it has been put forward as one of the factors explaining the higher level of population growth in France in the 2000's (the fertility rate for France was 1.98 in 2009, putting it in the second rank within the EU). This is a debatable point because the institutional basics of the French policy on families have not changed markedly. A complementary explanation suggests that with the family-friendly welfare state, a majority of French families still consider that conciliation between working life and family life is not only desirable but possible.

The impact of crisis and the debate on public service for early childhood

While the economic crisis has not yet affected the structure and the budget of early childcare policies in France, it has delayed the emerging debate on the opportunity of a public service for early childhood. In any case it has caused Nicolas Sarkozy's promise (2007) to institute an enforceable childcare right to disappear from the political agenda. In the perspective of the recommendations of Esping Andersen "to invest in early childhood", the idea that increasing public spending for childcare facilities constitutes an investment in the future is more difficult to defend in a context where the public debt reduction has become the budget priority for the French government.

A public service presupposes that a number of conditions are satisfied: recognition of the right to a childcare place for all children under three; provision of the same information to all parents; clarification of the responsibilities of different local childcare institutions so that parents have a main point of contact ; re-balancing family policy expenditure in favour of collective childcare; and finally adjusting CAF funding in order to a better compensation of for geographical inequalities in respect of childcare.

The third sector has been particularly creative in the emergence of new services: parental initiatives, childcare and support for immigrant families (multi-cultural crèches), childcare for children whose parents are undergoing reintegration into employment, flexible and occasional childcare, childcare with atypical opening and multi-services structures, out-of-school childcare, rurally-based services. Social innovations in childcare services are promoted by some third sector umbrella groups such as UNIOPSS. However, new public management rules, the constant drive for efficiency in public spending and the emergence of public procurement for delivering childcare facilities do not always create a favourable environment for innovative bottom-up initiatives .

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THE WILCO PROJECT

Full title: Welfare innovations at the local level in favour of cohesion

Acronym: WILCO

Duration: 36 months (2010-2013)

Project's website: <http://www.wilcoproject.eu>

Project's objective and mission:

WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The results will be directly connected to the needs of practitioners, through strong interaction with stakeholders and urban policy recommendations. In doing so, we will connect issues of immediate practical relevance with state-of-the-art academic research on how approaches and instruments in local welfare function in practice.

Brief description:

The effort to strengthen social cohesion and lower social inequalities is among Europe's main policy challenges. Local welfare systems are at the forefront of the struggle to address this challenge - and they are far from winning. While the statistics show some positive signs, the overall picture still shows sharp and sometimes rising inequalities, a loss of social cohesion and failing policies of integration.

But, contrary to what is sometimes thought, a lack of bottom-up innovation is not the issue in itself. European cities are teeming with new ideas, initiated by citizens, professionals and policymakers. The problem is, rather, that innovations taking place in the city are not effectively disseminated because they are not sufficiently understood. Many innovations are not picked up, because their relevance is not recognised; others fail after they have been reproduced elsewhere, because they were not suitable to the different conditions, in another city, in another country.

In the framework of WILCO, innovation in cities is explored, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of particular socio-economic models and the result of specific national and local cultures. Contextualising innovations in local welfare will allow a more effective understanding of how they could work in other cities, for the benefit of other citizens.