

The political economy of social policy implementation: evidence from the decentralization of the RMI in France

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Published online: 12 April 2017
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Abstract This paper studies the political economy of social policy implementation. Analyzing the decentralization of a major French social program, I show that the local political environment strongly shapes subnational implementation choices when implementation and financing are delegated to subnational governments. This is despite the fact that laws and rules governing the program remain nominally national. I find that local executive partisanship and budgetary constraints are correlated with the generosity of benefit administration and investments in active labor market policies. Right-wing executives tend to tighten cash benefit administration, but invest more in active labor market policies relative to left-wing executives. This is consistent with partisan conflict over the relative importance of activation versus decommodification of recipients. Variation in budgetary constraints also gives rise to divergences in implementation, with richer jurisdictions keeping benefit administration relatively generous and investing more in active labor market programs. In the aggregate, decentralization results in tighter cash benefit administration and increased variance in active labor market policy effort. I discuss implications for the study of social policy implementation, the politics of active labor market policies, and differences in benefit take-up.

Keywords Decentralization · Political economy · Social policy · Department · RMI

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Introduction

In social policy as in other areas of state activity, what bureaucracies do on the ground is more than just a mirror image of written policy. Between abstract laws adopted by legislatures and the frontline bureaucrats facing benefit recipients, highly elaborate institutions are required to implement welfare programs.¹ Exactly how this process is organized clearly has the potential to affect substantive policy content and outcomes.² However, implementation is inherently more difficult to observe than policy in laws and programs; hence, it is only rarely the object of systematic empirical research.

There is an increasing appreciation that this gap in scholarly attention is highly problematic. For example, Jacob Hacker has argued that the literature on welfare state retrenchment does not find evidence of retrenchment simply because it looks in the wrong place. This is because it seeks to unearth changes in laws and programs, and ignores “subterranean means of policy adjustment” like increased rejections of benefits by local officials, or “decentralized cutbacks.”³ As a consequence, Hacker argues in modern welfare states “it may become increasingly difficult to judge policy effects simply by reading statute books or examining disputes over policy rules. We will need to look at what really happens on the ground.”⁴

In an effort in this direction, the present paper studies the “subterranean” politics of implementation by examining how the local political environment shapes implementation choices in a major French social program; the *revenu minimum d’insertion* (RMI) or minimum integration income. The program combines cash benefit and labor market integration services, and its financing and implementation were decentralized to subnational governments headed by elected officials in a 2004 reform. Although policy parameters governing the benefit remained national, decentralization did enable officials to affect policy content using “subterranean” administrative measures that affect how easily benefits are accessible for recipients.

I use detailed data on the implementation of the program before and after the reform across all subnational governments to examine the political determinants of implementation decisions. In particular, I hypothesize that under decentralization, two aspects of the local political environment should affect how subnational governments implement national social policy: the partisanship of subnational executives and the budgetary constraints they face.

With regard to the partisanship of executives, research strongly suggests that parties maintain distinct positions on social programs.⁵ Correspondingly, a large body of literature has assessed the role of partisan conflict in the making of social policy, finding that government partisanship is strongly related to policy change.⁶ I

¹ Lipsky (1980).

² To take an extreme example, few would doubt that social protection would be weakened if welfare offices reduced their opening hours to half an hour per week and ceased to be reachable by phone.

³ Hacker (2004), 245.

⁴ Ibid., 247.

⁵ Bakker et al. (2015), Nygård (2006) and Slapin and Proksch (2008).

⁶ Allan and Scruggs (2004), Iversen and Stephens (2008) and Korpi and Palme (1998).

argue that holding constant the formal rules governing policy, this logic should extend to implementation as well: Local partisan executives, if given power over implementation, should be expected to use this leverage to shift policy content toward their preferred outcome.

Analogously, budgetary conditions have been widely used to explain social policy making: Research examining both social policy expansion and retrenchment has frequently emphasized the role of budgetary factors in policy change.⁷ I hypothesize that budgetary considerations should also affect implementation decisions: Subnational executives exposed to more intense budgetary pressure should implement programs with a view to reducing program generosity and curtailing expenditure.

Both hypotheses are confirmed in my analyses of RMI implementation data. Following the decentralization of the program, implementation decisions are strongly associated with local partisanship and budgetary conditions: Conservative executives tend to take administrative measures to suppress enrollment in cash benefits and increase controls of recipients, but expand active labor market policy relative to leftist executives. This, I argue, is consistent with partisan conflict over the relative priority of “activation” (the targeted use of benefits to push recipients onto the labor market and reduce long-term benefit receipt) versus “decommodification” (the insulation of recipients from market pressures through generous benefits).⁸ Budgetary factors also powerfully shape implementation in the expected direction: Executives faced with tighter budget constraints decrease labor market integration spending and tighten cash benefits. Finally, I document the aggregate effects of decentralization, showing that cash benefit administration is tighter and active labor market policy effort much more heterogeneous under decentralized implementation and financing of the program.

The study contributes to the political economy literature on several different levels.

First, it documents that local political environments shape social policy implementation within a nominally national policy, with important repercussions for the substance of social protection. This suggests that theories of policymaking which emphasize partisan and budgetary factors may usefully be extended to the study of implementation decisions—even in contexts featuring relatively strong bureaucratic institutionalization and stringent monitoring.

At the same time, implementation decisions of the type studied here may be an important mechanism driving previous findings relating partisanship to policy outcomes at the subnational level. A growing literature examining the reduced-form relationship between partisanship and policy outcomes in different subnational and local settings using regression discontinuity designs has tended to find partisan effects on policy.⁹ However, what the outcome measures used in these types of studies often capture is a mix of policy setting and the implementation of a given policy. Therefore, it is a priori unclear which mechanisms account for the findings

⁷ Pierson (1998, 2001).

⁸ Esping-Andersen (1990) and Huo et al. (2008).

⁹ Ferreira and Gyourko (2009), Folke (2014), Leigh (2008) and Pettersson-Lidbom (2008).

obtained. By contrast, the research design of the present study allows me to isolate implementation from policy, and results suggest that implementation decisions themselves give rise to partisan divergences in realized policy outcomes.

Second, the study contributes to our understanding of the role of “subterranean” reforms in welfare state retrenchment in France and elsewhere. I show that, along the lines of arguments made by Jacob Hacker and others, relatively unassuming changes to program organization can nevertheless lead to a substantively important weakening of social protection—a finding that might also apply in other contexts characterized by increasing social policy decentralization.¹⁰

Third, the study is the first to conduct a detailed micro-level analysis of the RMI’s reform, providing an opportunity to quell discord about the reform’s effects in the extant literature. Some previous studies relying on highly aggregated data and case studies of a few departments have argued that decentralization “did not translate into divergences or inequalities in access to social policy rights,” and that the “envisaged risk of a politicization of the management principles of the RMI does not seem to have played a role.”¹¹ Likewise, an analysis of CAF data by Avenel suggests that implementation did not become politicized, stating that “the technical and regulatory character of the program (the criteria of which are nationally defined) has ‘neutralized’ the leanings of departmental politics.”¹² These findings contrast starkly with statements in a more theoretical literature, arguing that decentralization has engendered a rupture with the principles of legal equality and national solidarity in favor of the autonomy of territorial units.¹³ However, the existing evidentiary basis for both views is rather thin, leaving the debate at an impasse. The comprehensive analysis of implementation data at the subnational level undertaken here provides strong evidence of politically motivated implementation of the program after decentralization: The leanings of departmental politics do not, in fact, appear to have been “neutralized” by the technical and regulatory character of the program.

The remainder of the article proceeds as follows. The sections “[The RMI and its decentralization](#)” and “[Partisan and budgetary logics in the RMI](#)” explain the program under study, its reform, and the political conflict around its effects. The “[Data and empirical analysis](#)” section describes the results obtained from analyzing the four different data sources on RMI implementation. The final section concludes.

The RMI and its decentralization

Within the French social policy regime, the RMI marked a structural change when it was written into law in 1988. French welfare efforts, grouped under the label of continental, Christian democratic welfare states by Esping-Andersen, had been

¹⁰ Kuhlmann et al. (2011).

¹¹ Thierry (2008) and Pepin and Blandin (2007), 74.

¹² Avenel (2007), 35.

¹³ Destremau and Messu (2008), Donier (2010) and Dubois (2012).

focused on contributory systems of social insurance, based on fragmented funds separated between occupations, and managed jointly by employers and unions.¹⁴ With high structural unemployment in the 1980s, these systems did little for those citizens that had little or no connection to the labor market, resulting in increasing concerns about social exclusion. In 1988, the Socialist government responded with the creation of the RMI, a means-tested cash benefit that guaranteed a certain minimum income (the benefit shrinking with increasing income up to the eligibility threshold) to anyone over the age of 25.

This cash benefit was financed wholly by the national government, and benefit payments were made by the CAF (*Caisse d'allocations familiales*), a national welfare payments agency with local branches. Besides the cash benefit, the RMI law also provided for so-called integration (*insertion*) programs intended to combat social exclusion. As part of this integration program, every RMI recipient was supposed to sign an individualized integration contract (*contrat d'insertion*) with a social worker that would specify a plan of reintegration through training measures, participation in social programs, and job search.¹⁵

These integration programs were organized jointly by the central government and executives at the subnational level of so-called departments (*départements*).¹⁶ Departments are a French subnational administrative and political unit since Napoleonic times. These bodies, of which there are 96 in mainland France, have their own tax revenues, budgets, and elected councils. They are governed by the Council President who is elected by the new council after every council reelection (half of the councilors are replaced every 3–4 years) and who becomes the executive of the departmental bureaucracy, which numbers about 3500 staff per department on average. Departments were responsible for budgeting and financing the integration programs, but a fixed minimum amount of expenditure (17% of cash benefits paid out) was mandated by law in order to prevent departments from saving money on integrating recipients.

Decentralization

Departments and their elected executives became crucial to the RMI when the program was decentralized by a conservative government in 2003.¹⁷ The reform dramatically changed the program's organization by giving departments complete *administrative and budgetary* responsibility over both the cash benefit and the integration parts of the program. The funding of the program as well as all practical decisions about implementation was now in the hands of departments, and specifically in the hands of their elected executives, the departmental Council Presidents.¹⁸

¹⁴ Esping-Andersen (1990) and Palier (2000).

¹⁵ Duvoux (2011), Lafore (2003) and Palier and Thelen (2010).

¹⁶ Bouchoux et al. (2004).

¹⁷ Le Lidec (2011).

¹⁸ Avenel (2007), Inspection générale des affaires sociales (2007), Kuhlmann et al (2011) and Tuchsirer and Join-Lambert (2003).

However, a legislative amendment that would have allowed departments to actually change key parameters of the policy, like benefit levels and eligibility criteria, failed. Therefore, the general legal rules governing the RMI remained unchanged, and benefits and eligibility were still determined by national law even after decentralization.

As a consequence, departments were empowered to make decisions on the implementation of policy, but not about the policy itself. The latitude offered to departments can, with some simplification, be conceptualized as consisting of two dimensions: the tightness of cash benefit administration and the emphasis accorded to recipient reintegration.

As concerns the cash benefit administration dimension, departmental executives had to decide on a whole host of implementation questions following decentralization: They could decide where applicants would be able to apply for the benefit and delineate how they assessed compliance or non-compliance with integration contracts. They also decided whether and how severely to sanction non-compliance with the contract or no-shows at appointments by suspending cash benefits, how to treat administrative errors leading to overpayments, cash advances for expected future benefits in cases of hardship, how frequently to control recipients to verify eligibility, and a host of other issues. These aspects can seem small and mundane when considered in isolation. However, taken together, they can affect the substance of the program, especially in terms of how easy it is for potential recipients to apply for and continue receiving cash benefits.

As concerns the integration dimension of the RMI, spending requirements were lifted, and departments could freely decide on the total budget allocated to integration programs following decentralization. This gave them a free hand to prioritize or deprioritize integration relative to all other areas of department expenditure. Within the integration budget, they could also freely choose which programs to offer: This implied deciding between labor market programs and other social programs less explicitly targeted at returning recipients to work, like health or housing benefits. Moreover, department executives were authorized to independently organize and instruct the department bureaucracy responsible for integration services. Crucially, this includes the definition of integration efforts that would be demanded in integration contracts, the intensity and frequency of follow-ups and meetings, et cetera.

Partisan and budgetary logics in the RMI

I hypothesize that two aspects of the local political environment—the partisanship of local executives and the budgetary situations they face—affect what executives do on the two dimensions of local implementation latitude. In this section, I briefly explain the logic behind these hypotheses.

The partisan cleavage about the RMI program dates back to the moment of its introduction. While the left and right in the French National Assembly agreed on the need for a new social inclusion program, they had very different ideas about the benefits and obligations it should entail. As Eydoux and Tuchsirer describe in their

analyses of the parliamentary records, conservative parties argued that the obligation to integrate fell on recipients. In their view, cash benefits should be the reward given to recipients in exchange for making efforts to reintegrate into the labor market and work.¹⁹ As a deputy from the conservative RPR argued, this required the possibility of “suspending the payment of the benefit if the person does not respect her commitments.”²⁰ For another deputy of the conservative UDF, “the integration contract must be perceived by the recipient as a firm commitment upon which the payment of the benefit is conditioned, since it is essential for the RMI not to become a new form of assistance.”²¹ This worry about a “new kind of assistance” highlights concerns about disincentives and increased unemployment due to social policy that were and are frequently voiced in the debates about social policy in France.

By contrast, the governing Socialist Party in the French National Assembly saw the integration part of the policy as the expression of an obligation of society to integrate recipients instead of only giving them cash benefits. It therefore objected to making benefits conditional on “good behavior” or imposing a work requirement for recipients: Giving aid to recipients took priority over concerns about disincentive effects. A compromise between these positions was eventually found, and the bill that passed did contain a requirement for recipients to sign an integration contract outlining measures they should take to integrate, though only *after* they had first applied for cash benefits.

This partisan cleavage, which accompanied political discussions of the RMI from its inception onward, is best understood as emanating from political conflict about the RMI’s potential to decommodify recipients.²² As Esping-Andersen has argued in developing this concept, a core characteristic of modern welfare states is the extent to which the social rights they grant allow citizens to live without relying on markets. But the extent to which the RMI could decommodify its recipients depended quite directly on the details of its implementation: As a relatively generous cash benefit without an explicit legal work requirement, the RMI could substantially decommodify a considerable fraction of the French unemployed when administered leniently. However, with demanding integration contracts, frequent controls, and tight conditionality of the cash benefit on recipient effort, the very same policy on paper could be geared much more toward recipient *activation* (in the terminology of Bonoli and Gingrich and Häusermann) and have its *decommodifying* effect reduced.²³

I hypothesize that giving partisan departmental executives latitude over RMI implementation effectively allowed them to move policy content closer to their preferred outcome by choosing whether to prioritize decommodification or activation. Importantly for this argument, the departmental party system very

¹⁹ Eydoux and Tuchsirer (2010).

²⁰ Ibid., 7.

²¹ Ibid.

²² Chemin and Wasmer (2004) provide evidence that the introduction of the RMI did have disincentive effects on recipients, increasing unemployment.

²³ Bonoli (2010) and Gingrich and Häusermann (2015).

closely resembles the national party system in France, and party positions are strongly homogeneous across levels of government.²⁴ Consequently, the party affiliation of executives should affect how the RMI was implemented in departments: Right-wing executives should administer cash benefits more restrictively than left-wing ones, and they should insist more on labor market integration effort and conditionality of benefits.

The second aspect of local political environments hypothesized to affect implementation is each department's budgetary situation. Assessing the role of budgetary pressures in the making of implementation decisions requires an understanding of the institutional changes related to local public finance that RMI decentralization engendered. In exchange for being burdened with full budget responsibility for cash benefits and integration, departments were allocated revenue from the domestic gasoline tax. This compensation, granted in the form of a fixed share of gasoline tax revenues, was calibrated to equal the level of spending that had been required in the year before decentralization. Importantly, this revenue allocation was *not* made contingent on the future development of RMI recipients or cash benefits. Any deviation, positive or negative, between this allocation and the real costs of running the RMI program would have to be absorbed by the departmental budget. Departments thus actually became fully responsible for funding in the sense that they could use extra revenue from other sources to increase social spending, but could also use funds not used for social spending on other purposes or to lower taxes.

The fiscal compensation from the gasoline tax turned out to grow much less than the expenditures on the RMI, resulting in a 450 million Euro deficit in the first year.²⁵ In response to this, an additional budget allocation was made to departments for RMI spending from 2006, but its total amount was limited and it never fully compensated departments according to Audit Court reports.²⁶ Nationally, actual RMI costs to departments exceeded the transfers they received by about 13%, adding to their budgetary pressure. In summary, between 2004 and 2008, departments were only partially compensated for changes in their RMI expenditure and suddenly faced real trade-offs between social spending, other spending, and taxation decisions.

These budgetary trade-offs were faced by departmental executives whose budget situations were highly heterogeneous to begin with. In particular, the strength of tax bases and the importance of transfers and mandated expenditure from the national government vary widely across departments. I hypothesize that this should matter for RMI implementation decisions following decentralization: Executives facing higher budgetary pressure should be more likely to use implementation levers—tighter cash benefit administration, decreased investment in integration services—to save on RMI expenditure.

It is worth pointing out that in the lead-up to decentralization, several actors voiced concerns along the lines of the hypotheses above, fearing that implementation

²⁴ In fact, departmental politicians are quite frequently also national politicians in the French Senate or National Assembly simultaneously, a practice called mandate cumulation (*cumul des mandats*).

²⁵ Kuhlmann et al. (2011) and Sénat français (2005).

²⁶ Cour des Comptes (2011a) and Inspection générale des affaires sociales (2007).

decisions could become a function of partisanship and budgetary pressures. For example, in a parliamentary debate about the reform law, the Socialist Party (PS) deputy Gaëtan Gorce expressed worries about allowing executives to decide sanctioning policy:

“If we demand that suspension decisions be subordinated to a recommendation by the local bureaucracy [*instead of a decision by the elected President of the department council*], it’s because we fear that the resources transferred by the national state will not cover the needs and that certain Presidents of departmental councils, having to choose between more firmness in the renewal of cash benefits and increasing their local taxes, will privilege the former option, which would contradict the requirements of solidarity.”²⁷

However, as discussed above, the extant empirical research literature on the subject has not found evidence of politically motivated implementation, concluding that the heavily bureaucratic character of the policy has “neutralized” departmental politics.²⁸ Dissenting research that claims decentralization to have engendered politicized program implementation is almost entirely legal-theoretical in nature and does not engage with the empirical data available. As a consequence, there is at present little in the way of evidence to adjudicate on these competing claims.

Data and empirical analysis

Data

In order to make an empirical contribution to this debate, I analyze four different types of data at the department level. They cover implementation and spending decisions made by departments as well as surveys of RMI program participants. Specifically, I analyze

- an internal administrative survey on the effects of decentralization conducted by the national benefit payments agency (CAF) in 2006,
- the results of an audit of a subsample of local social policy bureaucracies and their links with local governments conducted by the French Audit Court in 2011,
- an administrative panel dataset from the Ministry of Social Affairs covering spending on programs for social and labor market integration of recipients from 1996 to 2008, and
- a cross-sectional survey of RMI recipients conducted by the research unit of the French Ministry of Social Affairs (DREES) in 2006.

The end of the observation period is 2009, when the RMI was amalgamated with other programs into the *revenu de solidarité active* (RSA).

²⁷ Eydoux and Tuchsirer (2010), 11.

²⁸ Avenel (2007).

Some of these sources also contain interesting qualitative data. I adduce these data and explain the quantitative measures in more detail in the respective sections. Throughout the study, I focus on the two dimensions of RMI implementation defined above, namely

- (1) *tightness of cash benefit administration*: the degree to which implementation is favorable to applicants receiving cash benefits, including whether and how strongly receipt is conditioned on behavior
- (2) *importance accorded to reintegration programs*: the intensity of efforts directed at integrating recipients in society and the labor market.

In each of the datasets, I identify the measures that best match with these dimensions and use them as dependent variables.

To measure the partisan orientation of the departmental executive, I use data on the party of the President of the departmental council. Presidents are elected after every new election to the department (when half of all seats are renewed, every 3 or 4 years) and have wide-ranging powers in the local administration. When no single party attains a majority in the council, coalitions form to elect a President, and other offices are given to the party whose candidate is not the President. After RMI decentralization in 2004, the President's powers notably include final authority over all RMI decisions and the preparation of the RMI integration budget. On the basis of the President's party affiliation, I construct both a simple left/right dichotomous coding of departmental governments, and a more nuanced continuous measure of political orientation based on the Chapel Hill Expert Survey.²⁹ For this latter measure, I use the "economic policy" dimension of the expert coding, which maps parties on the left–right spectrum. The measure ranges from 0 (extreme left) to 10 (extreme right).³⁰

To measure budget situations across departments, I use a measure of budgetary pressure that was produced by a French Senate report in 2003, just before the RMI's decentralization. Since the French fiscal system involves massive transfers between levels of government as well as heterogeneities in mandated expenditure, conditional and unconditional grants based on formulas and special programs, measuring a department's budgetary situation is quite complex. The measure developed by the French Senate begins with a measure of the strength of the tax base of the departments and then corrects for transfers and mandated expenditure to arrive at a continuous measure of the budgetary pressure on a department. This measure is dimensionless, and higher values indicate a more favorable budget situation.³¹

It is worth noting that the measures of partisanship and the budgetary situation are almost perfectly uncorrelated with each other (Pearson's R of 0.01). In the regressions below, I include other covariates in order to rule out alternative explanations involving other characteristics of the departments. These include the

²⁹ Bakker et al. (2015).

³⁰ An explanation of the partisan coding, as well as a list of the scores, can be found in Appendix section "Partisanship scores."

³¹ The measure is not available for Paris since its position is institutionally unique.

level of unemployment, the relative size of the immigrant population, population density, and the number of RMI recipients per department, based on data from the statistical agency INSEE.³² Descriptive statistics are available in “[Descriptive statistics](#)” Appendix section, Table 5.

Internal CAF data

I first investigate data from an internal survey of the CAF. As explained above, the CAF is charged with actually paying the cash benefits to recipients and dealing with benefit-related questions and problems. This means that it maintains databases of recipients, receives recipients in its offices, and administers changes to their status or payment modalities, including sanctions or deletions. Although the CAF has regional offices across France, it is part of the national bureaucracy and tasked primarily with implementing national programs.

Decentralization gave departmental authorities the power to demand administrative changes from the CAF. For example, departments could ask CAFs to increase controls on recipients or allow the CAF to accept applications at its offices (instead of requiring applicants to visit the departmental social policy offices). Moreover, if departments wanted to sanction recipients or delete them from the rolls entirely, they needed to do so using a request to the CAF, since it maintains the recipient database. Therefore, regional CAFs are very well informed about their department’s position on RMI implementation, yet they are not politically accountable to them, making them an ideal source of information for the purposes of this study.

The survey I analyze was administered by the national CAF to the management level of all regional CAF offices in 2006. The goal was to find out how decentralization affected the work of the departmental CAF offices, mostly for internal management purposes. The survey was filled out by very senior bureaucrats, typically the director or deputy director of the CAF in each department. These bureaucrats are highly familiar with policy and management issues and relationships with the departmental actors in social policy, though probably somewhat less familiar with the street-level work done by their colleagues given that an average CAF has about 315 staff. Owing to the nature of the survey, responses are available for all but 2 of the CAF offices, and there is almost no non-response (besides “no opinion” answers) on individual questions.

A broad overview of response averages was published, but the full department-level results of the survey were not made publicly available. This means that responses are likely driven by a general concern to demonstrate the good functioning of the local branch to the central national office and desires to advance in the organization, rather than by worries about the scientific or political use of the data. Even more importantly, the results were not shared with departmental bureaucracies,

³² For example, Duguet et al. (2009) document the important differences in labor market opportunities across municipalities. Administrations may take such factors into consideration when making implementation decisions; for example, punitive implementation might be easier to sustain in contexts with more labor market opportunities.

and CAF bureaucrats freely answered questions about their cooperation with departmental bureaucracies.

Six questions in the survey relate to access, conditionality, and integration efforts. Three questions asked about specific measures taken by departments and implemented by CAFs. They asked (1) whether, since decentralization, the regime of controls on recipients was tightened and by how much, (2) whether, since decentralization, demands for temporary sanctions by the department went up or down, (3) whether, since decentralization, demands for permanent sanctions (deletion) by the department went up or down.

Three additional questions attempt to measure overall policy content from the perspective of recipients. They ask (4) whether, from the standpoint of recipients, access to benefits had improved or deteriorated since decentralization, (5) whether, from the standpoint of recipients, the management of benefits had improved or deteriorated since decentralization, and (6) whether, from the standpoint of recipients, integration services had improved or deteriorated since decentralization.

As the reader will have noted, these questions were all phrased to encourage comparison between the pre-centralization era and the time since 2004. Although this design arguably improves the measures over a pure cross section taken after decentralization, it is not explicitly based on comparisons of two independent measurements before and after decentralization. Therefore, the degree to which these measures can succeed at eliminating the department fixed effect in comparison cannot be ascertained.

In the nine cases where there were two instead of one CAF districts per department in 2006, I employed the average response given by the two bureaucrats as the recorded outcome at the departmental level in order to use all available information.

In the national aggregate, the data give several insights into the effects of decentralization. First, the control regime applied to RMI recipients tightened considerably: All offices responded either no change or an increase in controls (Fig. 1).

Similarly, regarding sanctions, the aggregate data suggest that both temporary sanctions and deletions increased but that they did so unevenly across departments (Fig. 2).³³ Overall, these responses are consistent with the hypothesis that decentralization led to a more punitive administration of benefits in the aggregate, though not homogeneously so across locales.

Figure 3 displays results of the questions asking how “from the standpoint of recipients,” the program had evolved since decentralization. These questions are particularly interesting for the purposes of this study since they encourage

³³ Sanctions consist of either a temporary suspension of payments or a quasi-permanent deletion from the file and are typically pronounced based on non-compliance with an integration contract or a delay in supplying required documents. Again, local bureaucracies have ample latitude in interpreting the legal provisions regarding these sanctions and can basically choose not to apply them at all, or to apply them as harshly as legally possible (though legal recourse is possible for beneficiaries). Importantly, the distinction between temporary and permanent sanctions is not extremely clear cut, partly since many temporary suspensions result in permanent sanctions over time and because the precise handling of these sanctions differs across departments.

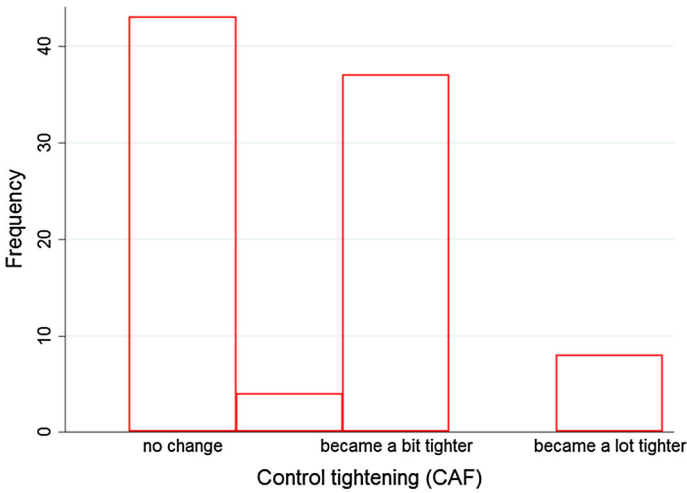


Fig. 1 Frequency of CAF responses to question of whether the control regime tightened since the 2004 decentralization

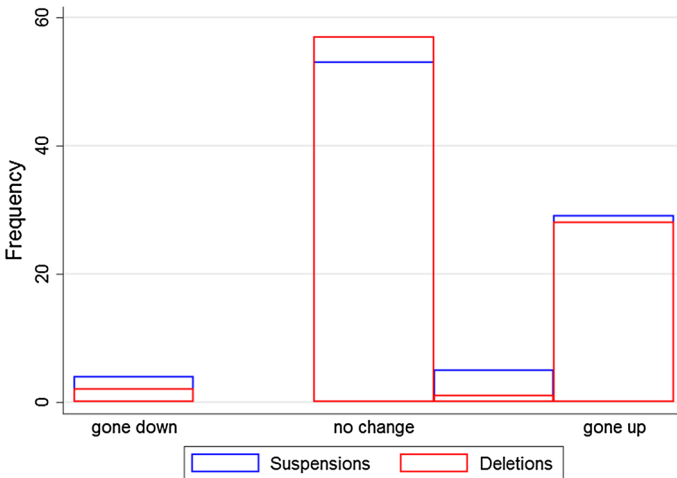


Fig. 2 Frequency of CAF responses to questions of whether temporary (suspensions) or permanent sanctions (deletions) had increased or decreased since decentralization

respondents to produce a comprehensive assessment of policy content. The result shows that on balance, access to benefits and management are judged to have stayed roughly similar. However, they deteriorated in about twenty departments and improved in another twenty. Integration is the exception to this picture; it is judged to have improved significantly in most departments.³⁴

³⁴ However, it should be noted that the CAF is not involved in integration work itself (with some very minor exceptions), and this judgment is therefore to be interpreted as an “outside” judgment of the work



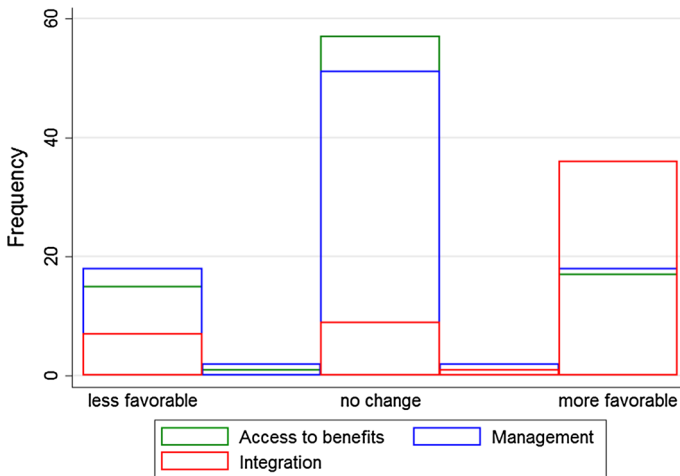


Fig. 3 Frequency of CAF responses to questions of whether from the standpoint of recipients, access to benefits, benefit management, and integration, respectively, had improved or deteriorated since decentralization

In order to test the hypotheses explained above and assess the role of local political environments in RMI implementation, I regress these measures on department executive partisanship and budgetary situation. Tables 1 and 2 contain the regression results for all outcomes. Below, graphs are displayed for the relationships that are statistically significant in those regressions.

Partisanship is strongly correlated with changes in the control regime and recipient's access to benefits. As Fig. 4 indicates, departments governed by right-wing executives appear to have tightened control regimes more drastically than those governed by left-wing executives after decentralization.

Moreover, access to rights is judged to have improved in jurisdictions governed by the left, whereas recipients in the average department governed by conservatives experienced a slight deterioration in access to benefits according to the survey (Fig. 5). Both results are consistent with the hypothesis that partisan executives used their latitude over implementation to move policy content toward their preferred position.

The budget situation in departments is strongly associated with changes in the sanctioning policy and the quality of integration services, as assessed by the CAF. Suspensions of benefits generally increased following decentralization. However, they are judged to have increased relatively more in departments with higher budgetary pressure, as Fig. 6 shows.

Budgetary pressure also appears to have affected the quality of integration services offered to recipients: As Fig. 7 shows, all of the departments that reportedly experienced deteriorations in integration policy score below the median (-2) in the

Footnote 34 continued

of the departmental bureaucracy. Perhaps for this reason, the question on integration is the only one with significant "no opinion" response (by 35 CAF offices).

Table 1 OLS regressions of CAF indicators on budgetary and partisan variables without controls

	Suspensions	Controls	Access to benefits	Management	Integration
Partisan	0.035 (0.042)	0.090 (0.045)**	-0.098 (0.039)**	-0.022 (0.041)	-0.066 (0.067)
Budget	-0.001 (0.001)**	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	0.002 (0.001)**
_cons	0.106 (0.234)	0.121 (0.238)	0.538 (0.212)**	0.118 (0.227)	0.924 (0.376)**
R ²	0.05	0.05	0.08	0.02	0.08
N	90	91	90	90	52

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$ **Table 2** OLS regressions of CAF indicators on budgetary and partisan variables with controls

	Suspensions	Controls	Access to benefits	Management	Integration
Partisan	0.044 (0.042)	0.090 (0.053)*	-0.084 (0.040)**	-0.007 (0.046)	-0.053 (0.079)
Budget	-0.002 (0.001)*	-0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	0.002 (0.002)
Unemployment	-0.008 (0.037)	-0.056 (0.042)	0.028 (0.038)	0.054 (0.054)	-0.030 (0.070)
No. of recipients	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
Migrant share	-0.639 (1.807)	0.506 (2.011)	-0.498 (1.492)	-1.429 (2.244)	-0.005 (3.690)
Population density	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
_cons	0.103 (0.468)	0.499 (0.551)	0.215 (0.423)	-0.331 (0.562)	1.026 (0.830)
R ²	0.06	0.07	0.12	0.04	0.10
N	90	91	90	90	52

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

budgetary pressure variable. Recall that mandatory spending thresholds for integration services were lifted in the reform, allowing departments to freely reduce spending if they so desired. This result from the CAF survey is consistent with the notion that departments with weaker budgets were more likely to make use of this possibility. I investigate spending on integration programs in more detail in “[Integration spending data](#)” section.

The point estimates in Table 1 are robust to the inclusion other covariates as controls in the regression (Table 2). However, standard errors increase in some

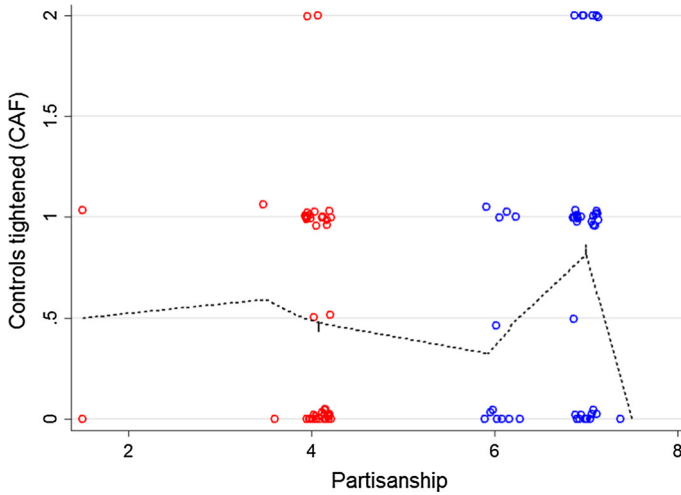


Fig. 4 Partisanship of the department Council President and change in the control regime since decentralization as assessed by CAF bureaucrats. Higher values on the *x-axis* indicate more conservative parties. Lowess regression, observations jittered to make distributions visible

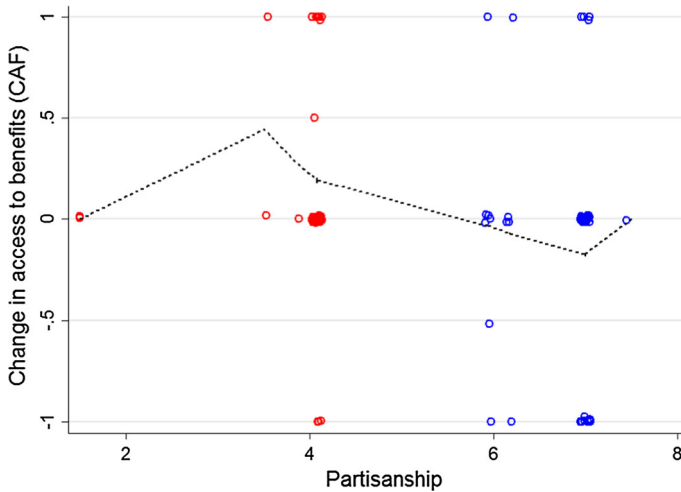


Fig. 5 Partisanship of the department Council President and change in access to benefits since decentralization as assessed by CAF bureaucrat heads. Higher values on the *x-axis* indicate more conservative parties. Higher (*lower*) values on the *y-axis* indicate improved (diminished) access to benefits. Lowess regression, observations jittered to make distributions visible

cases, with the relationship between budgetary pressure and integration services becoming insignificant.

The CAF dataset also contains some interesting qualitative information in administrator's responses to open-ended questions. While the representativeness of

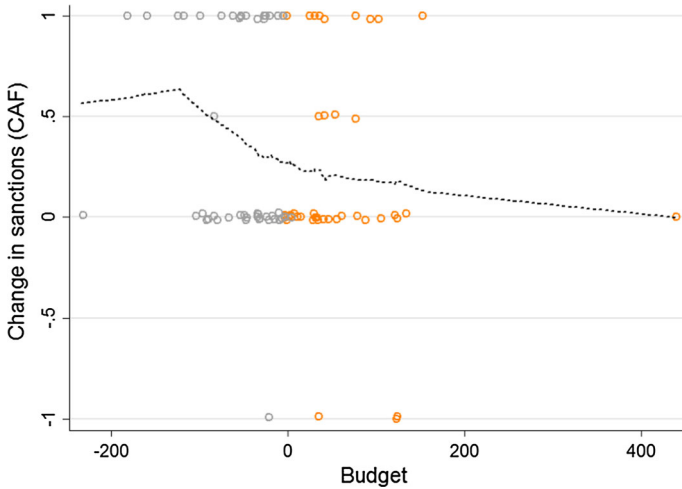


Fig. 6 Budgetary situations in departments and change in sanctions demanded by department according to CAF, in departments with strong (*gold*) and weak (*gray*) budgets (cut at the median). Lowess estimate, observations jittered to make distribution visible

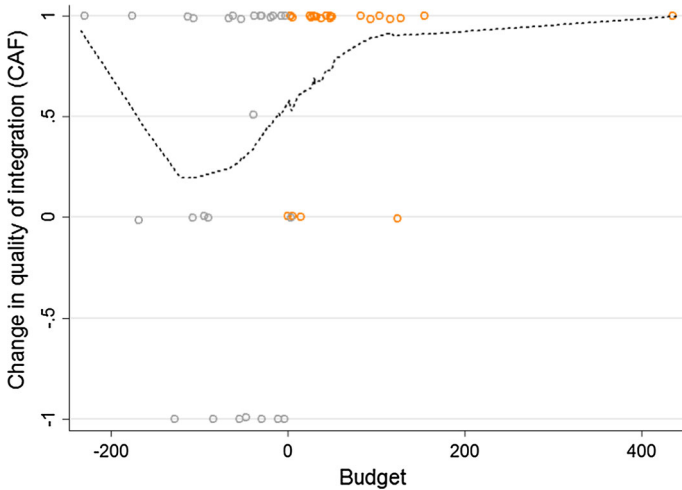


Fig. 7 Budgetary situations in departments and change in quality of integration as assessed by CAF, in departments with strong (*gold*) and weak (*gray*) budgets (cut at the median). Lowess estimate, observations jittered to make distribution visible

these qualitative data is difficult to ascertain, they do allow one to get a perception of the bureaucracy’s view on the RMI and its decentralization.

Based on their responses, quite a few administrators perceive some conflict between the goals of the social policy bureaucracy and those of the local executives. In response to a question about their relationship, an administrator in a department with a leftist executive writes that there are “two logics: One of financial control for



the departmental council, and one of social and equitable administration for recipients no matter which benefits are concerned (for the CAF).” In the same vein, an administrator from a conservatively governed department states that “one notes a particular preoccupation with RMI expenditure on the side of the departmental council generally.”

The imperative to reduce expenditure is at times directly related to implementation decisions taken, notably with regard to the policy of controls. As a manager from one department governed by the left writes, “the reinforcement of the control policy has its origins primarily in the desire to contain RMI expenditures.” Regarding controls, administrators from two conservative departments state that their council has demanded “severely increased strictness of controls.” A third administrator in a department with a conservative executive complains about the council’s demands for additional controls, stating that “the general council solicits us for presumed cases of fraud based on the views of elected officials that are founded not on administrative diagnoses, but on ‘sentiments.’ The CAF should not participate in this approach.” Conversely, in a department governed by the far left, an administrator notes that “aside from outright frauds, the demands for controls are, until now, much less important than before [decentralization].”

Finally, in response to an open-ended question asking bureaucrats whether they have any other remarks they would like to make, an administrator from a department with a conservative executive states rather unequivocally: “the decentralization of the RMI has engendered a rupture with equal treatment for all beneficiaries nationally, and for complex cases.”

Audit Court data

In 2011, after the RMI had already been reformed again and amalgamated with other programs, the French Audit Court audited 17 departments to assess their management of the program and the effectiveness of their integration programs. To this end, it dispatched auditors from regional Audit Courts to the local bureaucracies and requested data and answers to a systematic questionnaire from them. The detailed reports and analyses for the whole of France and individual departments are available publicly and contain both quantitative and qualitative data on the subset of departments audited. Importantly, the manner in which this subset was selected for audit is not known, and it is likely not random. In Appendix section “[Representativeness of the audited departments](#),” I document that there is a high degree of observational similarity between the audited and the non-audited departments.

The most interesting quantitative data gathered by the Audit Court concern the number of sanctions pronounced against beneficiaries. This provides an alternative measure of sanction use, which was also tapped in the CAF data analyzed above. While the distinction between different types of sanctions is not consistently maintained in the data, and observations for many years are not available, one can get an overall estimate of the sanctioning intensity of departmental bureaucracies by averaging sanction rates for the years available and dividing them by the average number of beneficiaries. This results in the average frequency of sanctions per recipient per year. I use the average sanctioning intensity between the years 2004

and 2007, since they correspond to a term of the President of the department council.

Putting these figures in relation to the partisanship of departmental executives reveals a strong positive correlation between the conservatism of departmental executives and the sanctioning intensity of local bureaucracies, depicted in Fig. 8. While there are practically no sanctions in departments governed by the French Communist Party, the average sanctioning intensity in departments governed by the most conservative parties is about 7%. The partisan difference in sanctioning intensity is statistically significant in a bivariate OLS regression (results not shown), though of course the small number of cases should lead us to interpret this cautiously.

Recall that in the CAF data analyzed above, the finding was the inverse: Changes in sanctions, as reported by CAF managers, appeared to be unrelated to partisanship, but strongly related to the budgetary situation. What might explain this divergence?

On the one hand, the CAF measure taps pre-/post-reform changes in sanctions while the Audit Court measured post-reform sanctioning levels. At some level, it is therefore not surprising that the findings are different. Correlations in the cross section might be driven by fixed attributes of departments; analyses of changes net out these department fixed effects and arguably lead to more credible inferences. To the extent that the CAF survey measure succeeds in absorbing the department fixed effect in sanction use, analyses based on CAF data are therefore more credible.

On the other hand, the Audit Court sanctioning measure is much less coarse than the CAF measure, providing administrative data on actual sanction density where it is available as opposed to a simple distinction between stable, increasing, and decreasing sanctions. This would make the Audit Court measure seem preferable, especially if one is less confident about the ability of the survey instrument to net out the department fixed effect. I conclude that the evidence in favor of budgetary

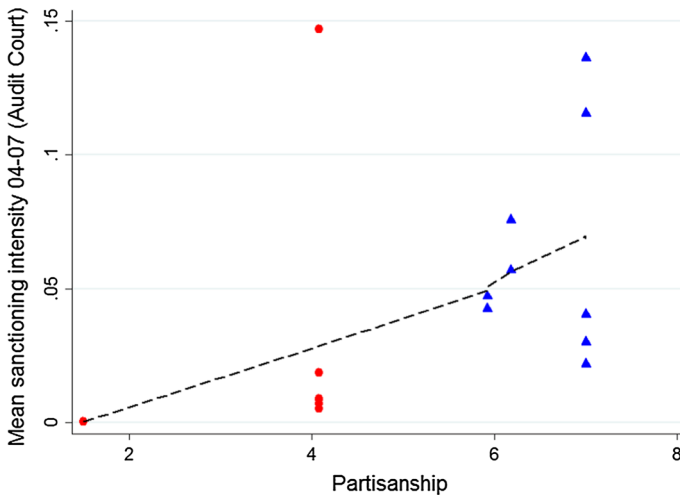


Fig. 8 Average yearly sanctioning rate between 2004 and 2007, by partisanship of the departmental executive (higher values on the *x*-axis indicate more conservative parties)

considerations in sanction use is stronger than that in favor of partisan considerations, but both data sources come with their advantages and disadvantages.

Besides sanctioning data, the Audit Court reports are also noteworthy for the qualitative information they contain on decision-making within the local bureaucracy. The contrast between RMI implementation in two departments in the Paris region offered by the audit reports is especially illustrating. Both Seine Saint Denis, an impoverished department in the northeast of Paris with a long legacy of communist local government, and Yvelines, one of the richest departments in France governed by a succession of conservative parties, were subjects to audits by the Audit Court. In both cases, local administrations used, and in the opinion of the Court, overused their latitude in implementation, but in opposite directions.

In Seine Saint-Denis, the Court observed that the department was not implementing the law requiring departments to monitor insertion contracts and suspending individuals that were to be found in violation with them. As evidence, the report cites two internal papers circulated in the local bureaucracy. One from 2003 notes the “drift which could ensue after the decentralization reform in the context of ever-toughening budgetary requirements which could lead to systematic campaigns to suspend the benefits to beneficiaries without insertion contract or which do not follow every letter of such contract. *For the department of Seine Saint-Denis, adopting these positions is out of the question.* [emphasis added].”³⁵

The second internal position paper cited in the Audit Court report dates from 2006 and elaborates further on the position of the department with regard to sanctions. According to the Court report, “after evoking the obligation of the department to offer every beneficiary an integration contract, the [department bureaucracy’s] paper explains that the establishment of a ‘general obligation to sign an integration contract’ is excluded, since these contracts are ‘senseless and disconnected from the needs of the beneficiaries of public services.’ In conclusion, the paper excludes deleting benefit recipients from the rolls in order to reduce their flow.”³⁶

Until 2007, not a single sanction was pronounced in Seine Saint-Denis. When the department slowly began pronouncing sanctions afterward, it underlined its desire for a preventative approach using warning letters instead of direct sanctions and, vis-à-vis the Audit Court, remarked that information technology problems made it difficult to know which beneficiaries had signed an integration contract, impeding sanctioning.

Such problems did not seem to hinder the Yvelines department, on the other side of Paris, from pursuing a severely punitive sanctioning policy. As the Audit Court report notes, the department completely changed its local decision-making structure in response to decentralization.³⁷ All local offices that had been previously tasked with pronouncing sanctions were deprived of this right, and a new office was created that maintained the sole prerogative over all sanctions in the department. As the report notes, this new office “pronounced almost 1000 permanent deletions from the

³⁵ Cour des Comptes (2011b), 11.

³⁶ Ibid., 12.

³⁷ Cour des Comptes (2011c), 8.

welfare rolls in 2005, 989 in 2006 and 878 in 2005.”³⁸ The Audit Court held in its assessment that these steps were incompatible with the law, and the sanctioning powers were given back to the preexisting local offices in 2008. As the court notes, still in 2008, the internal yearly integration plan for the department contained an “action sheet” entitled “Simplify the suspension procedure for RMI recipients related to the integration contract.”

It is difficult to causally trace these two decisions back to the political partisanship of the decision-makers in departments in the years following decentralization. However, what the reports show quite strikingly is that, despite the same law governing the RMI in all of France, the reality “on the ground” was different for recipients in locales that are less than an hour away from each other by car, and that they were different for reasons that local actors could and actively sought to influence.

Integration spending data

Next, I consider the effects of decentralization on the RMI’s integration programs using spending data compiled from reports issued by the Ministry of Social Affairs. Spending figures are yearly aggregates in constant Euros at the department level. Since the bulk of this spending is directed at labor market and professional integration (i.e., on training and retraining programs and subsidized employment), I interpret spending as a measure of labor market integration effort. As I show in Appendix section “[The composition of integration spending](#),” this interpretation is substantiated by more disaggregated data distinguishing labor market and social integration spending, which is available for a subset of departments from Audit Court reports.

In looking at the spending patterns, it is worth keeping in mind that the reform was in no small part designed to increase departmental integration efforts by giving departments stronger incentives to make recipients successful in the labor market. However, the reform also entailed the elimination of a minimum spending requirement on integration based on the argument advanced by departments that this requirement would be unnecessary once incentives were correctly aligned. Therefore, the effect of decentralization on spending is a priori unclear.

As Fig. 9 shows, the total level of spending stayed on its positive trend from the pre-decentralization era after 2004, without any notable acceleration or slowdown. However, as Fig. 10 shows, the stability in overall spending levels masks a significant increase in regional heterogeneity of spending efforts that ensued in 2004 and after.³⁹ After variation in integration effort between departments was slowly declining since 1996, the coefficient of variation in per-capita spending went from about 0.2 to about 0.45 within only four years following decentralization. Thus, although overall integration efforts did not change from a national perspective, the integration efforts directed at recipients depended much more on their place of residence than they previously had.

³⁸ Ibid.

³⁹ Poutingon (2012).

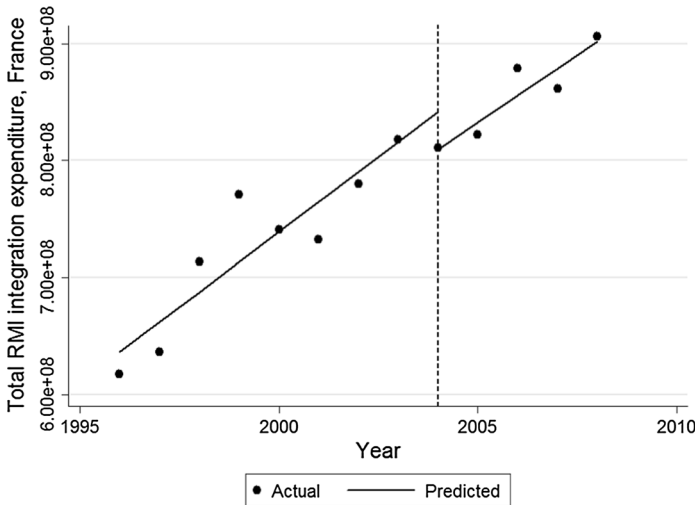


Fig. 9 Total spending on integration of RMI recipients in constant Euros (interrupted time series analysis graph)

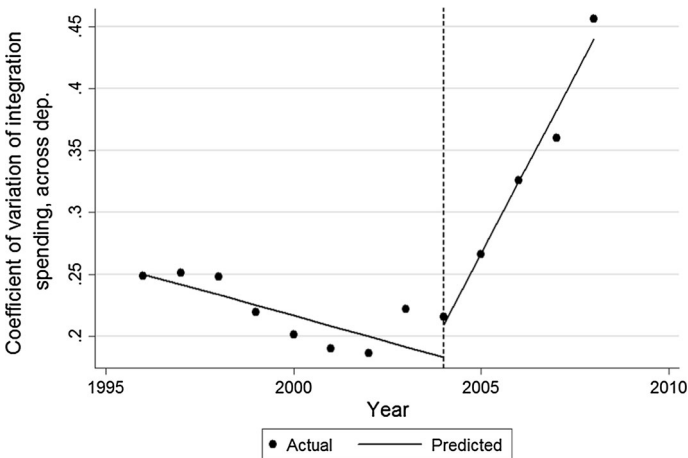


Fig. 10 Coefficient of variation in per-capita integration spending, across departments (interrupted time series analysis graph)

How is this variation related to the local political environment in departments? I first test the hypothesis that the budgetary situation affected spending decisions following decentralization. To this end, Fig. 11 displays a lowess estimate of yearly changes in per-capita integration expenditure in relatively rich (gold) and poor (gray) departments. As the graph shows, pre-reform trends in integration spending were highly similar between rich and poor departments before 2004, but began to diverge notably after the reform. Departments with stronger budgets began to spend more per capita following the reform, leading to significant variation in policy effort

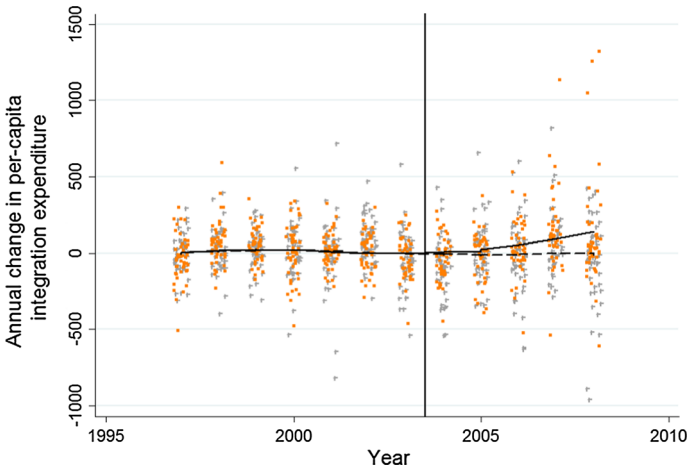


Fig. 11 Year-on-year changes in per-recipient integration spending, in departments with strong (*gold*) and weak (*gray*) budgets (cut at the median). Lowess estimate, observations jittered to make distribution visible

by 2008. This divergence is of substantively important magnitude: While the richer half of departments actually spent slightly less on integration per capita than poor ones in 2003, they spent 34% more by 2008 (1049 vs. 779 Euros per recipient per year).

But the divergence in integration efforts is also related to the political makeup of the local governments that began making independent and unrestricted decisions about integration budgets in 2004. Figure 12 shows that while there were no partisan differences before decentralization, conservative executives appear to have

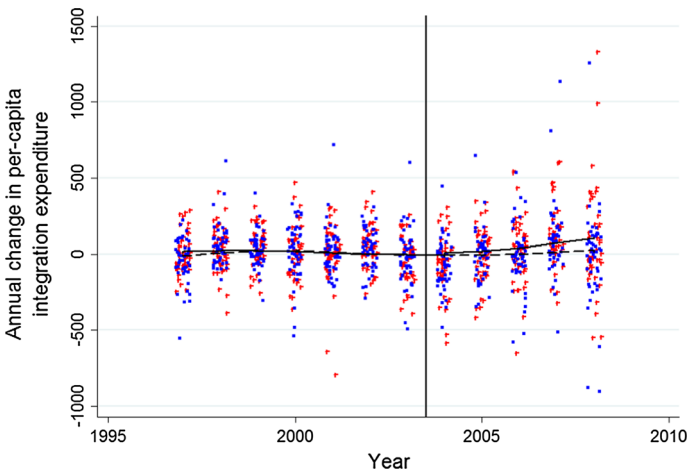


Fig. 12 Year-on-year changes in per-recipient integration spending, in departments with left-wing (*red*) and right-wing (*blue*) executives. Lowess estimate, observations jittered to make distribution visible



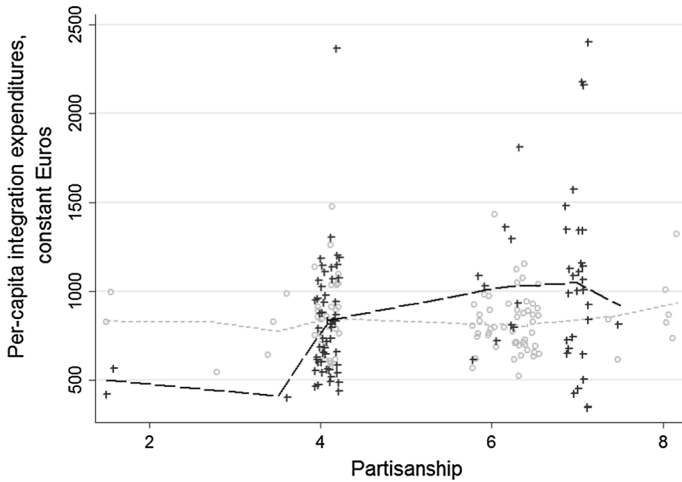


Fig. 13 Integration spending per capita by department and partisan orientation in 2003 (*light gray, circles and fine dashed line*) and 2008 (*black, crosses and long-dashed line*). Higher values on the *x-axis* indicate more conservative departmental executives. Lowess estimate, observations jittered to make distribution visible

increased per-capita spending on integration following the reform relative to left-wing ones.

To demonstrate the role of decentralization in this partisan divergence, Fig. 13 plots integration spending against partisanship before (2003) and after (2008) decentralization. While there was no relationship between partisanship and integration efforts in 2003, conservatively governed departments (higher values on partisan scale) spent significantly more on integration by the end of the observation period in 2008.⁴⁰

To more rigorously assess the role of these two factors in the integration spending divergence, I run OLS regression models of yearly differences in integration spending on explanatory variables including year fixed effects, with and without additional control variables. The main independent variables of interest are the interaction of a post-reform dummy with the partisanship variable and the budget variable. Since partisanship varies over time, I can also control for partisanship separately (Column 2). As Table 3 displays, the coefficient on the budget variable is positive and significant in all specifications. However, the coefficient on partisan orientation, while significantly different from zero in the simplest specification, is slightly attenuated, and its standard error increases, when adding control variables.

⁴⁰ It should be noted that budget situation and department partisanship are not at all correlated in the sample (Pearson's R of 0.01); the two results about budgetary situations and partisan orientations are therefore not mirror images of the same underlying correlation.

Table 3 OLS regression of yearly differences in integration spending per capita on partisanship and budget indicators switched on after 2004 and control variables, per department, standard errors clustered at the department level

	Integration spending	Integration spending	Integration spending
Partisan * post-reform	13.745 (6.549)**	12.415 (7.892)	12.643 (7.911)
Budget * post-reform	0.227 (0.119)*	0.227 (0.119)*	0.203 (0.121)*
Partisan		1.330 (3.511)	2.135 (3.598)
Unemployment			-0.931 (2.296)
No. of recipients			0.001 (0.000)
Migrant share			26.155 (84.761)
Population density			-0.001 (0.001)
_cons	-17.846 (14.256)	-25.308 (26.821)	-27.396 (40.313)
R ²	0.05	0.05	0.05
N	1123	1123	1123

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Survey of RMI recipients from the Ministry of Social Affairs

Finally, I use survey data to assess how recipients perceived implementation of the program after decentralization.⁴¹ The data are from the French Ministry of Social Affairs, which conducted face-to-face interviews with 3600 recipients in 2006, after drawing recipients from a national administrative dataset of individuals who had received the RMI about 14 months before. The analyses below use department-level means of survey responses, weighted by the number of respondents per department to reflect differences in sampling variability.⁴²

⁴¹ Although the survey data are noisy and imperfect, this is an important complement to the administrative data, partly since the categories used in the CAF survey are inherently contested and political. For example, when CAF administrators responded that integration benefits “improved from the standpoint of recipients,” it is far from clear whether the recipients concerned would agree with this characterization, a complication that the technical-bureaucratic language used within the bureaucracy tends to obscure. That being said, the social context of a survey of underprivileged benefit recipients by a government Ministry is also likely to generate artefacts of this kind (Bourdieu 1984). Note that for brevity, I exclude the analysis of a similar survey implemented in (2003).

⁴² This results in about 50 observations depending on the question, since recipients in some departments were not sampled. See Appendix “[Sampling strategy for DREES survey of RMI respondents](#)” for an explanation of the sampling strategy.

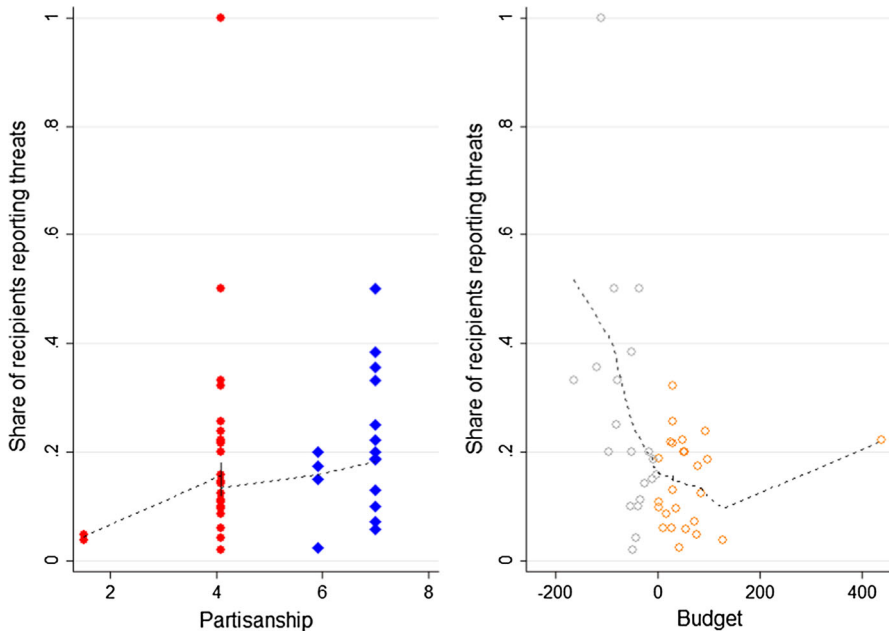


Fig. 14 Partisanship of the department Council President (*left*), budgetary situation of the department (*right*), and the share of recipients that report having been threatened with sanctions during their interaction with social policy officers. Higher values on the y-axis indicate more frequent threats

Perhaps most pertinently, recipients were asked whether they were threatened with sanctions and payment suspensions, either due to their lack of a signed contract or due to their non-compliance with the contract. This is a very direct measure of one aspect of the conditionality of RMI administration. As Fig. 14 shows, sanctioning threats as perceived by recipients appear strongly related both with partisanship (with conservative department executives threatening more) and with budget constraints (with more constrained department executives threatening more).

The survey also asks recipients whether they think that what is demanded of them in terms of integration efforts and the integration contract in return for their receipt of the RMI cash benefit is adequate or exaggerated. The pattern obtained is similar to the one for administration threats, with “exaggerated” demands more likely to be reported in conservatively governed and financially constrained departments (Fig. 15). Finally, I also use the survey data to construct a measure of how frequently recipients visit the welfare office per year on average.

Table 4 presents the regression results for these two outcomes with and without control variables. Without control variables, only the effect of partisanship on the share of recipients reporting exaggerated demands from the administration is significant at conventional levels. This point estimate is robust to adding controls. In models with controls, there is also evidence that sanctioning threats and excessive demands respond to budgetary conditions (in the expected direction), and that office visits are more frequent in conservatively governed departments. These findings,

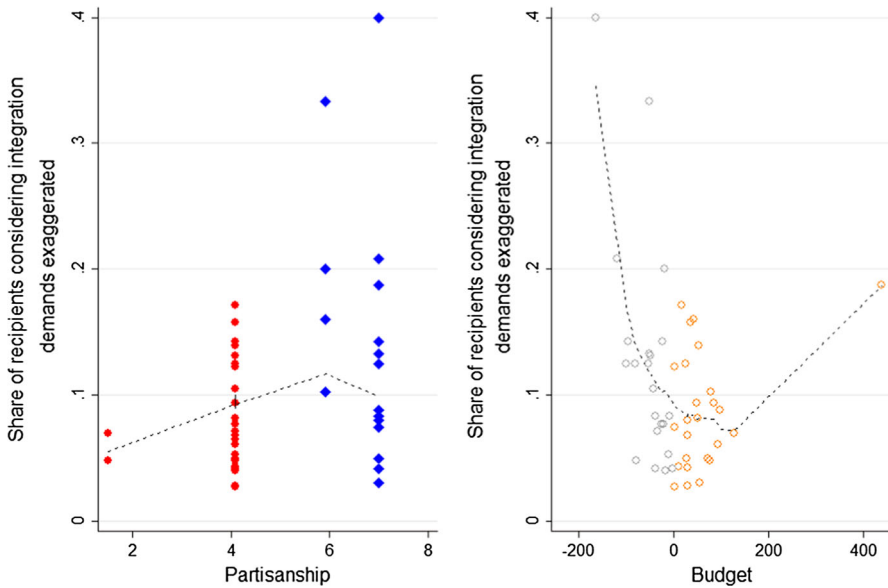


Fig. 15 Partisanship of the department Council President (*left*), budgetary situation of the department (*right*), and the share of recipients that report that demands made on their integration efforts by the administration are “exaggerated”

though cross section in nature and therefore potentially subject to spurious correlations, are broadly consistent with the findings based on administrative data described above.

Conclusion

This study presents the first systematic evidence that RMI decentralization led to the kind of “subterranean” policy changes described by Hacker, with important repercussions for recipients and the degree of decommodification achieved by the policy, but also for the homogeneity of policy toward citizens across the French territory.⁴³

As the study shows, the implementation of the RMI became considerably more heterogeneous across French departments, and some of these divergences are related to two key aspects of the departmental political environment: variations in budgetary pressure and partisanship of the departmental executive in charge of implementation. Specifically, I find evidence that changes in control regimes, integration demands made by authorities, and overall access to benefits are associated with partisanship, and that integration spending is associated with the departmental budget’s condition. The findings regarding sanction use are mixed,

⁴³ Hacker (2004).

Table 4 Cross-sectional OLS regressions of survey responses, with and without controls

	Fraction threatened with sanctions	Fraction considering demands excessive	Frequency of office visits per year	Fraction threatened with sanctions	Fraction considering demands excessive	Frequency of office visits per year
Partisan	0.011 (0.015)	0.015 (0.007)**	0.204 (0.149)	0.004 (0.017)	0.015 (0.007)**	0.271 (0.162)*
Budget	-0.001 (0.000)	-0.000 (0.000)	0.002 (0.002)	-0.001 (0.000)*	-0.000 (0.000)*	-0.002 (0.003)
Unemployment				-0.023 (0.018)	-0.011 (0.008)	-0.071 (0.123)
No. of recipients				-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Migrant share				0.024 (0.423)	-0.491 (0.180)***	11.536 (3.165)***
Population dens.				0.000 (0.000)	0.000 (0.000)***	0.000 (0.000)
_cons	0.150 (0.088)*	0.035 (0.030)	4.413 (0.740)***	0.378 (0.217)*	0.143 (0.080)*	3.786 (1.510)**
R ²	0.11	0.14	0.05	0.20	0.34	0.15
N	45	47	58	45	47	58

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

with the more credible evidence, suggesting that sanction use is related to budgetary conditions.

These findings have several implications for the study of social policy in advanced democracies.

First, by documenting political sources of variation in social policy implementation within a nominally national policy, the study suggests that theoretical explanations frequently hypothesized to account for policy formulation may usefully be extended to questions of implementation. To clarify this argument, it may be helpful to contrast the findings obtained here with a literature on US state politics which finds that state government partisanship predicts how states design welfare programs that they have jurisdiction over. For example, Hill, Leighley and Hinton-Andersson show that states with higher working-class mobilization and democratic political control tended to have higher AFDC benefits between 1978 and 1990.⁴⁴ In a similar analysis, Barilleaux and Miller found partisan differences in state medicaid policy.⁴⁵ The crucial difference between these studies and the present

⁴⁴ Hill et al. (1995).

⁴⁵ Barilleaux and Miller (1988). Another example from in the USA concerns adoptions of Medicare expansion at the state level following passage of the Affordable Care Act, which also follows a strongly partisan pattern.

one is that US state legislators are legally and de facto able to set policy by writing laws defining eligibility conditions and benefit amounts. By contrast, the variation in policy outcomes analyzed here is due only to varying implementation of the very same program; nevertheless, the patterns obtained are broadly similar to those found in institutional contexts where subnational governments are formally enabled to define policy.

Second, the study sheds new light on the sources of political support for active labor market policies. A growing body of research has begun investigating the political determinants of active labor market policy (ALMP) effort, using data on the share of GDP spent on ALMP measures at the country level. This literature has produced both evidence that left-wing governments spend more on ALMP policy, and evidence that partisanship is not associated with ALMP.⁴⁶ While the former set of authors claim that the significant association shows that left-wing governments desire high labor market participation and low unemployment, Rueda argues that social democratic parties have incentives to focus on the constituency of employed and protected “insiders” instead of spending public funds on outsiders, explaining his finding of no association. One of the major problems with interpreting the results from both sets of studies is that they compare aggregate national spending on programs which are extremely heterogeneous.⁴⁷ Another perhaps even more fundamental problem is that spending on any budget category, like ALMP, is mechanically linked to spending on other budget categories through the government’s budget constraint. Thus, the finding of no partisan effects on ALMP in the study by Rueda may be explained by his insider outsider theory of social democracy (“social democrats do not want to help outsiders”), or alternatively, it may be the case that social democrats choose to expand targeted cash benefits rather than active labor market policies when in power (“social democrats do help outsiders, but use other policies”). The decentralization of the RMI allows us to look in more detail at what exactly partisan executives do when faced with trade-offs between different components of social policy. The evidence described above suggests that in the French case, left-wing executives actually decrease spending on the ALMP component of the RMI following decentralization relative to right-wing executives, instead focusing on keeping cash benefits accessible. This is perfectly consistent with partisanship theory once trade-offs between multiple policy goals are acknowledged, but shows that attempts to statistically explain cross-national variation in “ALMP spending” without considering the alternative uses of public money can be highly misleading.

Third, politically induced variation in implementation could help explain the puzzle of low and regionally heterogeneous social policy take-up. Research examining welfare programs in different contexts has found somewhat surprisingly that very large fractions, often around 50%, of the population eligible for benefits do not actually receive any.⁴⁸ Moreover, take-up rates of programs are frequently very

⁴⁶ Huo et al. (2008) and Rueda (2006).

⁴⁷ Bonoli (2010).

⁴⁸ Currie (2004) and van Oorschot (1991).

heterogeneous across regions and over time for reasons that are not fully understood.⁴⁹ The present study suggests that by driving differentials in implementation, political and budgetary factors may explain regional variation in take-up within the same welfare program.

One important caveat accompanying the findings is that it is difficult to empirically disentangle the various aspects of local political environments. For example, while I focus on the partisanship of executives making implementation decisions, it is also plausible that executives respond to the ideological position of their local constituencies when making these decisions. Separating out these two mechanisms, which are not necessarily mutually exclusive, is empirically challenging in the context of this study given data constraints and the scarcity of partisanship switches after decentralization reform. Further research could use more advantageous institutional settings to isolate the precise mechanisms linking local political environments to implementation decisions.

Acknowledgements I would like to thank Justin Phillips, Yotam Margalit and Olle Folke for their continued help and support, and Francesc Amat, Tim Dorlach, Nicolas Duvoux, Andrew Gelman, Anselm Rink and panel participants at the 2015 APSA Annual Meeting for feedback. I am also very grateful to Etienne Wasmer for his feedback and for receiving me at SciencesPo's Laboratory for Interdisciplinary Public Policy Evaluation (LIEPP). In France, Cyprien Avenel, Blandine Destremau, Bernard Dolez, Patrick Le Lidec, Yannick L'Horty, Jean-Luc Outin and Jean-Louis Pepin were immensely generous in sharing their expertise on the subject. I am very indebted to Alexandre Biotteau at LIEPP, Odile Gaultier-Voituriez at CEVIPOF, Michèle Lelievre, Mathieu Calvo and Julie Labarthe at DREES (French Social Ministry), Stephane Donné at the CNAF, Isa Aldeghi at CREDOC, Laurent de Boissieu of france-politique.fr and Patrick Milhe Poutingon for helping me in managing multitudinous data request processes. This project has benefited from funding by the Global Public Policy Network (GPPN), the Alliance program including an Alliance Doctoral Mobility Grant, and a public grant overseen by the French National Research Agency (ANR) as part of the "Investissements d'Avenir" program (reference: ANR-11-LABX-0091, ANR-11-IDEX-0005-02).

Appendix

Descriptive statistics

See Table 5.

⁴⁹ Blank and Card (1991).

Table 5 Descriptive statistics

Variables	(1) N	(2) Mean	(3) SD	(4) Min	(5) Max
CAF (2006)					
Change in suspensions	91	0.302	0.537	-1	1
Change in deletions	88	0.301	0.506	-1	1
Change in controls	92	0.598	0.639	0	2
Change in access to benefits	91	0.0220	0.601	-1	1
Change in benefit mgmt	91	0	0.641	-1	1
Change in integration prog.	53	0.557	0.718	-1	1
Audit Court (2004–2007)					
Sanction intensity	221	0.0450	0.0458	0.000216	0.147
Integration program (Ministry, 1996–2008)					
Per-capita spending on integration program	1222	805.5	229.1	224.1	2,413
Ministry survey (DREES, 2003 and 2006)					
Dif. recipients working	37	-0.0142	0.0717	-0.161	0.135
Dif. contract signed	41	0.173	0.228	-0.321	0.635
Dif. left RMI “	43	0.0394	0.131	-0.244	0.464
Dif. thinks policy devaluing	38	0.0620	0.195	-0.417	0.732
Frequency of visits ('06)	767	5.454	1.530	1	10
Adequacy of demands ('06)	624	0.105	0.0720	0.0270	0.400
Threats of sanctions ('06)	598	0.197	0.165	0.0192	1
Independent variables (1996–2008)					
Partisanship	1222	5.436	1.404	1.500	8.170
Budgetary situation	1209	0.624	84.55	-234	440
No. of recipients	1222	10,410	12,114	450	76,363
Unemployment	1222	8.298	2.078	3.700	15.50
Migrant share	1222	0.0744	0.0462	0.0196	0.299
Population density	1222	564.4	2,513	15	21,602

Partisanship scores

To score the partisanship of parties, I use 2002 the economic policy dimension ratings from the Chapel Hill Expert Survey. The few parties that are not rated by the dataset in 2002 receive, in this order:

- (1) their rating from the closest possible time period outside 2002
- (2) the rating of related parties, for parties that developed from or into other parties over time
- (3) the average rating of parties on their side of the left–right partisan divide, for the few parties where 1 and 2 are infeasible.

Table 6 Observable differences between audited and non-audited departments

	Mean in audited departments (SE)	Mean in non-audited departments (SE)	Different (SE)
Partisanship (04–07)	5.25 (0.39)	5.36 (0.16)	0.11 (0.42)
Budget	14.17 (17.43)	–2.41 (10.07)	–16.58 (20.13)
Number of recipients	14248 (4613)	9864 (1190)	–4384 (4765)
Unemployment	7.58 (0.47)	7.93 (0.17)	0.35 (0.51)
Migrant share	0.08 (0.01)	0.07 (0.00)	–0.01 (0.02)
Population density	574 (375)	562 (307)	–12 (485)

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

The resulting ratings are: PCF 1.05, PS 4.08, PRG 3.5, VERTS 2.75, RPR 5.92, FN 6, UDF 5.92, MoDem 5.92, DL 8.17, UMP 7, MPF 7.5, PR 8.17, RPF 7.42, MDC 2.75, RPR 6.42, MRG 5.41, DVG 3.58, RDG 3.58, DVD 6.18, MLM 6.18, Mouvement libéral et modéré 6.18.

Representativeness of the audited departments

Unfortunately, no information could be obtained about the procedure by which the 17 departments audited by the Public Audit Court were selected. In order to get a sense of the representativeness of the audited departments, I conducted simple t-tests on political and economic covariates across the two samples. As shown in Table 6, audited departments do not appear to be very different from non-audited departments on observed covariates. Importantly, divergences on the budget and partisan variables are substantively small. However, standard errors are not small enough to rule out meaningful divergence in terms of the number of recipients per department: Auditors may plausibly have focused their efforts on departments with a relatively large RMI population.

The composition of integration spending

Throughout the paper, I use aggregate integration spending (per recipient) as an outcome variable since more detailed data on spending subcomponents are not available. However, for the subset of departments investigated by the Public Audit Court, a breakdown of integration spending by function (labor market, social, housing, health) is available between 2004 and 2008. These data come with the caveat that the allocation of spending on programs to these four areas is somewhat arbitrary, a fact which is criticized in multiple Audit Court reports. Inspecting these

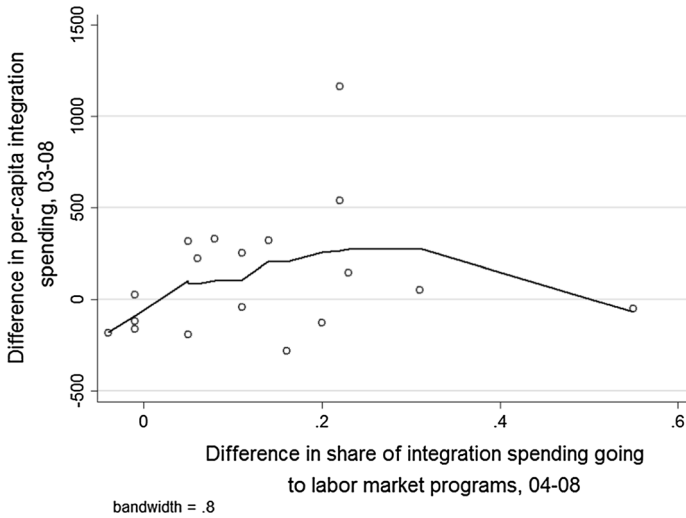


Fig. 16 Change in share of integration spending on labor market integration (between 2004 and 2008, according to Audit Court data) and change in spending on integration (between 2003 and 2008, according to DREES data) at the department level for the subset of departments audited by the Audit Court

data suggests that the share of labor market integration spending in total integration spending is high and rising over time, namely from an average of 58% in 2004 to an average of 71% in 2008.

More importantly since I interpret increases in integration spending as increased effort to reintegrate recipients into the labor market, the data allow me to show that the share spent on labor market integration does not move inversely to the overall amount spent on integration, a possibility which would invalidate my interpretation. As Fig. 16 shows, the opposite is the case: Changes in overall per-recipient integration spending are, if anything, weakly positively correlated with the change in the share of this expenditure directed at labor market integration according to the Audit Court Report. While this is based only on the non-random subsample of departments that were audited, it strengthens the interpretation of spending changes as changes in labor market integration effort.

Sampling strategy for DREES survey of RMI respondents

Summary translation of the survey sampling strategy employed by the DREES

The sampling strategy for the 2003 and 2006 surveys involved three levels of stratification: departments, municipalities, and individuals.

1. Departments were drawn from five strata: (1) the eight departments of the Paris metro area, (2) the six departments with the highest total numbers of benefit recipients. Of these two strata, all departments were selected. Among (3) very urban departments with urbanization above 65% (4) medium-urbanized departments with urbanization between 50 and 65% and (5) rural departments

with urbanization below 50%, 15 departments were picked within each stratum, proportionally to their size in terms of benefit recipients.

2. Within selected departments, municipalities are grouped in three strata: (1) An exhaustive stratum of the four largest municipalities in terms of benefit recipients (all four largest are chosen). (2) Those cantons (subdepartmental districts) or fractions thereof classified as “urban” by the INSEE (national statistical agency). (3) Those cantons or fractions thereof classified as “rural” by the INSEE.

For each department, six fractions of cantons are selected, proportionally to the number of benefit recipients in them: The distribution of fractions of cantons between strata (2) and (3) varies with their relative importance in each department.

Paris is treated separately: 10 of 20 neighborhood districts (*arrondissements*) are chosen randomly with probabilities proportional to their size in terms of the number of benefit recipients: There is no exhaustive stratum.

3. Individuals are systematically sampled on the basis of a dataset sorted by age and gender, within each commune or fraction of canton that is selected.

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