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# **Implementing Allowances for Young People in Difficulty in France: Enhancing Capabilities or Increasing Selectivity?**

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## Abstract

The French '*insertion*' policies for young people have been initially built over a negative principle: the refuse to provide the under 25 with a minimal income. In consequence, strategies have emerged of a use of employment policies to replace this missing security net.

Recently, a monetary allowance was created in order to free the mind of the young people in difficulty, without any resource. Its aim was to ease their access to employment or to vocational training.

In a capability perspective, drawing on the works of A. Sen, the principles of this instrument seem interesting. In effect, looking at its effective implementation – one, which a “situated” framework of public action can develop, and act upon – this tool provides people with effective opportunities, but does not let them alone with. In this respect, apprehending monetary allowances in the light of the capability framework implies to look how can an income strategy be part of a more comprehensive strategy.

It helps understand how, for young people, income security as a right in last resort can be implemented through institutional arrangement and “considered judgement”.

The French approach to “*insertion*” for young people obeys to a problematic of social exclusion. Exclusion is viewed as multidimensional. Unemployment issues go together with issue like: poverty, health, integration and so on (Percy-Smith, 2000). Social exclusion is defined in terms of spheres, whose access is open or not to people (Join-Lambert, 1995). Deprivation is absolute for a young when the right to enter one, at least, of these spheres is, in practice, denied to him

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or her. As we would like to demonstrate, such an approach is a process where public action has several interacting dimensions. Public action appears to be normative, cognitive and pragmatic. In this paper, we try to question such a process through a capability approach. The capability approach has been first developed by Amartya Sen. We will there take inspiration from Sen's approach<sup>1</sup> (which poses theoretical problems of its own into which we will not enter) in order to contrast two interpretations of French youth inclusion policies: a selectivity one based on incentives and means-testing (familiar to Anglo-saxon audience) and a capability one based on improving for every young recipient both capabilities and responsibility. We will focus on one scheme, innovative in our views. This scheme is composed of a network of local agencies created in 1982 (mainly the *Missions Locales*, ML below), the main instruments of which is the programme TRACE (TRACE stands for "Access to Employment Route") and, since 2002, the *Bourse d'Accès à l'Emploi* (BAE). This BAE is a kind of minimum monetary grant given for youngsters under some conditions.

For its innovative character and, given the recent introduction of something resembling to minimum income, the whole scheme seemed to us exemplary to examine in relation with income security and selectivity. We will begin with a rather sketchy history (I) and continue with a short synthesis of preliminary observations (II). Theoretical and practical questions about public policies for young people in difficulty will follow (III) and conclude the paper.

<sup>1</sup> See, for a synthesis, Sen, 1999.

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## 1. Implementing French public action for young people: between social help and employment policies

It is useful to briefly remind the main traditional features of French national programmes of social assistance, in order to contrast the originality of the MLs for young people.

### 1.1 The national “social assistance” context for insertion policies

Two points are of great interest. First, no social assistance is available for the young people under 25: they are dependent on employment programmes which act as substitutes for social assistance, but which do not have a frankly positive impact on employment. Second, it exists a general benchmark against which to contrast inclusion policies in France, the so-called RMI (*Revenu Minimal d'Insertion*). We begin with the RMI.

#### 1.1.1 The functioning of the RMI

French social policies operated through successive *addendi*, pragmatically recognised and progressively implemented. Post-war France thus constantly opened rights to new categories of people. The elderly, the handicapped, etc., received “*solidarité*” monetary benefits in order to compensate their social disadvantages. They were allowed to benefit of social assistance without having to justify of a past paid activity. The latest and more important extension was the creation of the minimal income.

The RMI (the French minimal income) was set up in 1988. Young people under 25 were not entitled to it, except as head of the family or in specific cases (like single mothers). French public authorities are reluctant to institutionalise a

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possible culture of dependency among people who, most often, had never experienced working life (Enjolras et al., 2000: 53). The RMI scheme allows, under means-testing conditions, to benefit of a minimal income even if the person has never worked before. But the counterpart is what the “I” of RMI means: for the recipients to make their own efforts to be included. Local commissions evaluate individual involvement on the basis of files and of personal knowledge acquired by public agents (social practitioners) who participate into them (Astier, 1997). The role of the committee members is actually decisive, as they collectively owe a discretionary power over the allocation. It seems quite difficult to exercise a fair assessment when efforts are no observable. The legal possibility to refuse resources to a needy person on the pretext that her efforts are not sufficient could appear as a severe penalty, whatever the umbrella that covers it (conditionality or enforcement of a contract). Real practices however might differ from official texts, by softening the mechanisms through discretionary use. Both umbrellas have been criticised. The contract that the beneficiary has to sign with the state often was described as a “leonine” one, i.e. one that ties two legal persons with asymmetrical powers. The obligation to be involved into an “insertion project” appeared unjustifiable for claimants whose need has been already recognised. Last, this minimal income has strongly been criticised, as it has let deliberately one part of the population in precarious and exclusion trajectories situations (especially young people).

### **1.1.2 *Employment schemes as a substitute to inclusion policies***

The above critics had never modified the political choices. The young people are considered as being dependent on their family; otherwise they need to find income through work or paid activities by themselves. In fact, employment policies that have flourished since the late 1970s have been largely set up to help young people under 25 having access, directly or indirectly, to paid activities. Various programmes therefore have been created, from training measures to subsidised job programmes, from low-qualified public employment schemes to labour cost reduction programmes, etc. They all offer, or intend to offer, a



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vocational experience, even if the quality of these schemes can be questioned and if their impacts on people's life is very little in general, especially for the least qualified. But their principal characteristic, in many cases, is that they eventually provide recipients with income.<sup>2</sup> As Enjolras *et al.* say, and to sum up:

“one could reasonably ask why, in spite of the evidence above [of their little efficiency], labour market policies have continued to develop over the last decade. The explanation is probably that some labour market policies, and particularly activation policies, act as a *substitute* for missing social policies. This is particularly true for younger people, since social assistance is not made available for young people and social activation policies prevent them from falling into poverty and facilitated the extended transition phase between family dependency and personal autonomy” (Enjolras *et al.*, 2000, p. 66).

Hence the dependency on social assistance, that the legislators wanted to avoid with the RMI, has been replaced by another form of dependency on employment schemes and the massive use of “insertion” policies. Today, 75 per cent of the 16-25 depend in one way or the other on public help and measures, be they still students or concerned by employment policies. There were only 25 per cent of them in 1975 (*Commissariat Général au Plan*, 2001, ch. 2). Moreover, one young person out of two depends on one of the multiple employment measures during a period of 5 years after he or she has left school (*ibid.*). This impressive state-controlled sector of integration, from school system to the productive system is more and more debated, given its limited impact on employment. This is one of the reasons that justified the creation within the programme TRACE of the monetary allowance BAE, to address the lack of resources issue for young people. This was part of a more general hope to put again employment at the centre of the employment policies logic.

<sup>2</sup> This is the recipients' interest. The state's interest is obvious, for the people registered in these programmes leave the figures of total unemployment.

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We will turn now to the French scheme ML+TRACE+BAE that interests us in this contribution and, first, to its history.

## 1.2 From conceptualization to the launching of “insertion” policies

Two structures, the *Missions Locales*, henceforward ML, and the ‘Advisory, Information and Guidance Centres’ (*PAIO*) have been created in 1982. Both constitute places where a large choice of public action supply can be found. These local structures have been focussed on youngsters out of the school system aged between 16 and 18, and up to 25 since 1984. Their essential mission is, first, to inform them about the opportunities of training and employment, and thus the public help available to them in these fields. Second, their mission is to help each of these young to build up, with these tools, a personal trajectory that solves their multidimensional problems of inclusion (or, at least, punctually some of them). From a microeconomic point of view, these agencies can be considered as “informational agencies” (White, 1990). They have also some latitude to manufacture their own instruments (for instance, by using local networks and resources), which complete the national ones. They are complementary to public employment agencies. But they have no connection with unemployment benefit schemes.

What is essential to our purpose is that:

- § these agencies are free of charge for users;
- § their operation is conditioned to voluntary involvement of the young to be helped (everybody is free to go in and out);
- § of a young is going to stay, this involvement develops into a personal project, built with an advisor attached to him or her;

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§ help is multidimensional (finding a job is important, but neither prime, nor exclusive);

§ agencies operate at a local level and at the core of a network of various specialised agencies.

The very interest of these agencies is thus their field of intervention, which gives room for some a priori indeterminacy, with regards to actions to undertake. Put differently, the scale and nature of their intervention are to be defined in each case for each newly arriving young. Beyond, this intervention is in process adjusted by analysing with the young recipient how things are going on for him. At the starting point, only the toolbox made of both national and local instruments pre-exist. The rest is to construct, following the “conventional intention” (Goodin, 1988) behind the French Youth Reception Network. We will develop; part III, our own conception of this conventional intention.

Noticeable, in effect, is that the approach lies in the following affirmation, at the centre of the public report that gave birth to these agencies: “The whole society is implied in this goal: *the young people will be autonomous only if they become responsible*” (Schwartz, 1981, italics added). Autonomy is thus the common good to be pursued. It will be attained only if the deprived young become (individually) responsible. But this requires first the acknowledgement of a collective responsibility in providing them with the resources they need. The author of this report added: “*for some of them [the young people], even if they were given a job, nothing would be resolved*” (*ibid.*). More than twenty years afterwards, this conviction still underlies the action of these agencies and of their personnel. Besides, the law even made it explicit that the MLs should:

(...) provide the young people with a more comprehensive help, *going beyond the professional guidance*, and permitting them to elaborate a project of *social and vocational* insertion and to implement it in each aspect of everyday life” (1982’s Law).

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This is not to say that this “philosophy of public action” had been easily implemented. Many difficulties arose since the very beginning of these agencies. These were (and still are) due to the excessive domination within the French administration (but not only the French one of course) of a top-down approach that separated problems into vertical domains. Each problem (health, vocational training, employment, housing, etc.) is treated apart from others. National and standardised tools are specialised by problem. National institutions that have command on these tools compete each other for power about resources and recipients. They patrol on frontiers. This form of (perverse) co-ordination between administrations can be said “conventional” in the sense that the type of action we describe is mutually expected by each actor (and, also, by private actors and individuals). This does not require to be written. As each actor adapts his behaviour to what he is expecting from others, the process is self-fulfilling and leads to “natural” enforcement. As such, this is a convention between them. All actors are accustomed with and, notably the claimants for finding help navigate between administrative “rocks”. This is what is called, in Storper and Salais (1997), the convention of external state. In some cases documented in the book, this convention is efficient and provides people with adequate solutions. In the case of young people in difficulty to be socially included, clearly this was not. Problems are specific to each person, his biography and trajectory; problems interact. Hence solutions are to be found horizontally and at a local level, through a process of discovery and adjustment. These are outcomes of what we call a convention of “situated state”.<sup>3</sup>

At the birth of these agencies, public administrations already in place were totally persuaded that their traditional way of acting was perfect and the only possible one. The creator of the MLs, Bertrand Schwartz, was exposed to open hostility from these administrations. For instance, he complained to the French 1981 Prime Minister, Pierre Mauroy, that some administrations (namely the Department of Vocational Training) were elaborating, “a monitoring that ought to

<sup>3</sup> More in part III.

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be very structured and institutionalised”. “Such a project will be perceived as technocratic and meaning formal schooling” (which, precisely, these young rejected). He claimed, by contrast, that the failure of policies with regard to youngsters is, above all, due to centrally implementing separated strategies of vocational training, of employment and of social inclusion. “If I have proposed a comprehensive politics of social inclusion led at a local level, this was precisely to prevent these rocks”.<sup>4</sup>

No battle is definitively won. Until now, one must be aware that the MLs are understood as experiments addressed to young people more than as a matrix to reform social policies in general and their operation. The MLs will remain subject to diverse and probably contradictory influences. Some touch of pessimism may be expressed today. Since a long while, French employment policies have been heavily marked by political instrumentalism (how to minimise the figures more than the reality of unemployment) and, what often goes together, with dogmatism. The TRACE scheme could be threatened and its public funding reduced in the immediate future, because its “statistical return” could seem rather bad. Nevertheless, as parts II and III will develop, its practical and theoretical interest is still intact.

## **2. Putting new wine into old bottles. The TRACE programme for young people “in difficulty”**

The TRACE programme is implemented by the same Youth Reception Network we spoke above. It was launched as an important element of the 1998 Law to Combat Exclusion (*Loi de Lutte contre les Exclusions*). This law represents a move towards a fundamental rights approach. It emphasises the

<sup>4</sup> Bertrand Schwartz, Letter to the Prime Minister from 16 November 1981, Archives of Cabinet of the Prime Minister, file 67 (with the exceptional authorization of Fondation Jean Jaurès and Archives de France).

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state's responsibility to ease or permit access to "fundamental rights" (like health, housing, employment, etc.).

## 2.1 The main characteristics

The TRACE programme (the employment side of the Law) provides low or no qualified young people between 16 and 25 with reinforced personalised guidance. In most cases, these beneficiaries were already registered in a local agency of the reception network. This personalised guidance can last up to 18 months. It has been up to now addressed to 180,000 people. As before, it is based on a voluntary involvement of the young, with no compulsion at all. The institution commits itself to give an increased help to the recipients, in a positive discrimination perspective. Local agencies have as their duty that, "once entered in the TRACE programme, the young must notice a change in his or her life. He or she must know what he or she will do during the day, and have the feeling of being taken care differently" (publication of *Délégation Interministérielle à l'Insertion des Jeunes - DIJ*, their national administrative supervisor). Moreover, for the first time a quantitative target was introduced and imposed, in order to guide and control the decentralised action of intermediaries. This target, fixed by the central government services, is that 50 per cent of the people in this programme should be led to steady employment (a permanent job or a contract of more than 6 months) at the end of their course in the scheme. This obviously looks like a new framing for action, somewhat condemning non job-related procedures.

More recently, it has been acknowledged that, in many cases, the lacking of any monetary resources can absolutely undermine the efficiency of inclusion routes for the young people., Given the holes in the French social safety net, an "Access to Employment Grant" (BAE, *Bourse d'Accès à l'Emploi*) was hence created within the TRACE programme. The 1998's law on exclusion was reinforced in 2001. The volume of possible entries in the programme consequently doubled in July 2001 (60,000 to 120,000).

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## 2.2 How is the BAE grant delivered?

The major feature of the BAE grant is that it acts as a benefit on last resort; i.e. where and when nothing more adequate is available for the young person under review. According to the decree (03/01/02), not only “the attribution decision is taken in function of *the active participation* of the young in the insertion steps and actions that are proposed to him or her” (Art. 2, italics added). But also, it is limited to young people that, after test, have no other income sources, whatever they are. Finally, its duration is short and its amount of money very low in order to impede opportunist behaviour and dependent attitudes.

As to be provided with a BAE is a right, every young who meets the conditions and who claims for the BAE must receive it. Nevertheless for a young, keys are participation and awareness of responsibility. “The point is neither to sustain *active* insertion routes nor to provide without *condition* the young people with difficulties with a subsistence income. This is demanding for the young, it must also be for the people who have the responsibility to propose solutions, that is, more particularly, the MLs, their partners and the Public Employment Service” a state notice says. The government has confirmed that *the BAE should not be a minimum income for the youth*. The very aim is to consolidate the financial situation of the young people registered in the programme TRACE, for periods during which they receive no income at all.

Young people who already benefit any type of income such as work wage, paid training, or one of the social incomes we were referring to above - RMI if head of a family, disabled allowance, single parent allowance, notably - are *not* entitled to benefit the grant. The BAE concerns the other participants, the ones who oscillate between paid and non-paid periods. The grant can amount up to a maximum of 900 euros a semester. In practice, the right is open monthly, with a maximum of 300 euros per month. Consequently, at its maximal rate, *it can only be distributed three times a month over a 6-month period*. Knowing in advance this principle, people who decided to claim this benefit are supposed to be aware that they have to find other sources of income for the three other months. This

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principle well underscores the very meaning of the grant - giving minimal resources for the interstitial periods between works or paid training, what entails the need to find such paid periods. A core aspect of the legislator intention is that this *individual* obligation is a *collective* matter, which firmly involves the institution, not only the young person alone. Legal texts say, in effect, that the institution has to help the young to find such work or paid training periods.

For the recipients, the right is opened monthly, on the basis of an individual statement of the resources. The individual's situation is reconsidered each month. A local committee then examines the allocation of the right or not, which functioning is more or less close to the local committees for the RMI. If no income or public subsidy has been provided in the month in question, the grant will be of • 300. In order to take part-time jobs into account, the committee can partially allow the grant. This partial allocation is based on the *weekly* income obtained from the activity at the end of the considered month. If the individual has not perceived any aforementioned income for three (respectively two and one) weeks during this month, *and* if the perceived activity is less than 60 per cent of the net SMIC (the legal minimum wage), the grant will come down to • 225 (resp. 150 and 75), i.e. 75 per cent (resp. 50 and 25 per cent) of the maximal monthly amount. The grant will be null when the young has not communicated the necessary information for the calculus.

### **3. Apprehending monetary allowances in a capability perspective**

It would be easy to interpret this new grant as a refined form of means-tested benefits, far from any income security. There are undoubtedly some aspects that could lead to this type of welfare. Nevertheless we will argue that, due to its embeddedness into the process along with the MLs are accustomed to operate, things are more complex and open the way to fundamental questions. Furthermore, to reconstruct the meanings that “beyond words” public schemes



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truly have requires scrutinizing how they effectively work, in favour or in disfavour of inclusion needs of their applicants.

Autonomy is rooted in the French solidarity tradition<sup>5</sup>. In political discourses, the BAE has been conceived in a “rights and responsibility” scheme. Empowering the young people with more autonomy should render the routes to employment more “active”. However, when empirically looking at the ways through which the scheme (ML+TRACE+BAE) practically operates, “to render the routes more “active”” is likely to be quite different from what the notion of activation conveys today in terms of incentives and individual responsibility. The scheme, according to us, still functions as if it remains governed by the “capability intuition”, that, as remembered above, was at the origin of the Youth Reception Network public action (Farvaque, 2002). Thus to many respects the notion of capability, developed by A. Sen, can be relevant to address the problems of public action and income security in that example.

For public policies to develop these concerns, two priorities, a substantial one and a procedural one, should pave the way. The substantial priority is to ensure that everyone can effectively have the capability to achieve conventionally admitted functioning (see next section 3.1). The second priority specifies the procedure: to stay alongside the actors, and to help them to plan their life and to build sustainable projects. Both are specified in the convention of the situated state (Storper and Salais, 1997). When achieved, these priorities can give birth to a self-realizing process. Making in its procedure the assumption that, potentially, people have the capability required to achieve their ends, this convention of public action creates a structure of qualitative incentives (made of institutional

<sup>5</sup> For instance, jointly with the implementation of the BAE, a public arena was launched at the beginning of 2002 in order to examine the possibilities for an “allocation of autonomy” for people aged 16-25 (see the final report, CNAJ, 2002). Several scenarios were examined. These events might have manifested a will of change toward more autonomy recognised for the recipients. But no final compromise could be reached among the 70 members of this heterogeneous commission. Technically the issue was difficult and full of pretexts for institutional blockages.

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environment, adequate services, monetary allocations, situated evaluations, ...) that progressively makes people effectively capable (section 3.2.).

### 3.1 Inequality of capabilities and social inclusion

According to Amartya Sen,<sup>6</sup> the capability a person has over his or her living lies in his or her effective possibilities to choose freely a life course and to achieve certain “functionings”. These functionings are constitutive of a good life, more or less in line with the Aristotelian sense (see the debate in Nussbaum and Sen, 1993). To achieve functionings means to achieve basic needs (as, to take usual Sen’s examples, being nourished, sheltered, mobile, avoiding morbidity, etc.) and social needs (to take part in the community life, appearing in public without shame, having self-esteem...). In other terms, it means succeeding in achieving a set of “doings” and “beings” (Sen, 1992). The “capability” a person actually has to achieve these functionings is synonym of the freedom he or she has. Put differently, it represents the extent of what the person can *do* and *be*.

The value and quality of inclusion in a given society, thereby, are tied to a “conventional” definition of the basic functionings. These functionings are not some “objectivist” minimalist standards, fixed by a scientific authority external to the movement of the society. These functionings are conventional in the sense that everybody, at a given period and society, thinks, as the fruit of mutual expectations, that they are necessary and that one have reason to value them. Sen, 1983, recalls the example taken by Adam Smith that “in the view to be able to avoid shame, an eighteenth century Englishman has to have leather shoes”. This capability was necessary, “not so much to be less ashamed than others, but simply not to be ashamed, which as an achievement is an absolute one”.<sup>7</sup> To have or not to have the required capabilities is the question to address for judging situations in which help is needed. The capabilities in question are not minimalist ones (having

<sup>6</sup> See the references in bibliography.

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shoes), but the ones everybody in the society under review considers as normal in that given situation (having *leather* shoes).<sup>8</sup> This poses the difficult question of listing the functionings that, in that period and society, are considered as necessary to achieve.

In that perspective, money has the advantage to avoid such a problem and to let it to be solved by individuals. For money as a commodity allows the achievement of a set of an *a priori* undefined number of different functionings, as long as the budgetary constraint is respected. It is different to owe a domestic garden, which permits to produce nutritive goods, or to have the money that permits to buy aliments, presumably in a wider scope of choice. Thus satisfying one's own "nutritional needs" can occur through different strategies of using available money, some requiring more money for current use than others. In all cases, money not only gives choice, but also increases the extent of the choice set. By contrast, if welfare recipients are, above all, provided with a fixed number of predefined services in kind, the absence of money allowance (or its very limited amount) could appear to restrict the choice set of these recipients, hence their individual freedom. Thus, if one limits freedom of choice to the number of elements of the choice set, it can be argued that providing an unconditional minimum income to youngsters is the right way to improve their capabilities. In this (market-based) perspective, providing money, even on a restricted base, through the BAE for young people with no resource at all, could be viewed as a critics of the old ways by which the Network operated. And, beyond, it could be conceived as the first step toward the coming-back (or the expansion) of liberal incentive/penalty activation policies.

Sen has always been aware of the functioning-achievement value of money, if not of its evident intrinsic value (as Cohen, 1993, argued). However, such ideas let aside the main contribution of Sen, that has been to emphasise how much

<sup>7</sup> Sen (1983), p. 159.

<sup>8</sup> Recalled in Salais, 2002.

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people differ in their conversion rate of a given amount of money (or of a given basket of commodities) into valuable functionings (Sen, 1985, 1990). This comes to be decisive for analysing policies and for implementing efficient and fair ones. For instance (keeping our example about food) a young educated to cook (A) will not buy the same products at the supermarket that a totally amateur one (B). The evidence is that the well-being of A will be higher than the well-being of B. Equally, one must note that this seems due to the access of A to a doing (cooking) that B does not have. Cooking offers a larger set of possibilities to improve his/her well-being than buying products with no idea of the potentialities of transforming them into good food. This means that, with the same amount of money, A can do more than B. A has a better rate of converting money into adequate functionings than B. In other terms, A has more capabilities than B. For Sen, enhancing capabilities should be the very target of welfare (and inclusion) policies. It provides people both more effective freedoms of choice (which have a positive value in itself) and, at the end, with more well-being.

Thus, except if we can assess that an equality of conversion rate (in other terms an equality of capabilities) has been reached among people to be helped in their social (or employment) inclusion, monetary provision cannot be truly synonymous with real freedom. It will mislead to regard the delivery of money as an *a priori* sufficient condition for welfare. In generalizing (perhaps too abruptly), it follows that, the most often; income security requires money (at a level to determine) plus some things more. That people differ in their conversion possibilities is not a reason why they should not be provided with a certain amount of monetary resources. But such monetary allowances are nothing but an element of a more comprehensive opportunities set. This set of possibilities has to be constructed by public action, combining state and non-state resources and actors. Access to this set (or some subset) has to be guaranteed to each.

A capability model for welfare provision does not put the focus on the nature of the instrument by itself (in-kind, monetary, etc.) but rather more on its appropriateness and adjustment to the specificity of the personal situations to deal with. This means that access has to be calibrated and adjusted to the situation of

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future claimants. This point raises the question of selectivity into a capability approach.

### **3.1.1 *The dangers of selectivity***

There are dangers in the search of appropriateness, namely discretion and ex ante selection.

In a context of asymmetrical power (an individual claim confronted to a collective organization relying upon large resources and upon complex rules), it is very easy for the provider to exercise a discretionary and arbitrary power. Choosing what he prefers on the basis of criteria obscure to the claimants and calibrating help at his discretion are likely to be very tempting. This is the reason why formal and general rights, guaranteed by law, are considered as preferable. Nevertheless the problem of these rights is how to really enforce them, given the initial inequality of capabilities between future recipients. Some will profit of mobilizing such rights, because they have individual resources to make them effective; most often the majority cannot. Hence the priority assigned to public action of restoring equality of capabilities. But effectiveness of such a priority requires adequate practical devices to evaluate situations and individual trajectories.

The second danger is ex ante selection. Frequently, public policies are composed of a relatively great number of specific measures, notably of different schemes targeted in direction of specific audiences (or categories of claimants). There is often a kind of implicit (and sometimes explicit) hierarchy between these schemes. In the case of employment policies, for instance, one can find, at the top, schemes targeted to the most employable and, at the bottom, to the least employable (above some threshold). The distribution of claimants between the schemes is achieved (by local public agencies in France) through an ex ante evaluation of individual employability, the “best” schemes being reserved to the supposedly “best” claimants and so on, along the schemes. Problems arise when,

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as usual, there are fewer places than candidates, which means selection at the entrance of each scheme. In such rationing, providers try to ex ante maximise the number of people susceptible of finding a job at the end of the scheme under their command. The reason is that managers are very often somewhat rated in function of the percentage of recipients being employed, this rating conditioning the extent of the funding and the number of places offered to them the following year. “Good” schemes and “good” recipients” are those who are expected to maximise this rate of return. Perverse effects result in that the objective and effort of agencies are no more enhancing the capabilities of their users, but to maximise their rating, hence selecting at the entrance the expected most capable users. This selection effect can lead to more exclusion than less.

### **3.1.2 *What solutions against selectivity?***

Against discretion and ex ante selection, there are no miracle solutions, but several lines of thought. One line is to implement procedural rights that render possible and, to some extent, efficient the participation of recipients to their evaluation and to the definition of the specific help they need. Codes of conduct and professional ethics to respect favour such approach. This also could be done by rights to ex post contest the decisions taken by the scheme’s officers. Rights can be attributed to recipients or only to representatives (unions, associations, etc.). Such contests may require special jurisdictions or arbitration courts. The existence of such courts can prevent in advance arbitrary behaviour, because it will soon appear for scheme managers that such behaviour will be costly, thus they will prefer in most cases to avoid it. Courts act more as ex ante discipline than ex post correction. Some schemes in France are provided with such rights for claimants, for instance unemployment benefits or special schemes for helping people to create their own business.

Another line of thought is to involve into the scheme’s operation and resources a number of actors, public (coming from several administrations) and private, for instance associations, municipalities, more largely members of the civil society. Commissions to instruct claims become plural. If their members

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work with seriousness and objectivity, the plurality of concerns and of criteria can lead to true deliberation. It can shed light on some relevant aspects of the situation of the claimants that, otherwise, would not have been perceived by using a single set of criteria. A “considered judgement” can be developed and progressively learnt by such commissions. It will thus favour a fair selection and an efficient definition of the help required. For instance, family associations can insist on some aspects of the family life while health civil officers will help to shed light on health deficiencies. Other criteria than employability are then introduced that have to be composed with other criteria. As one knows, family or health problems can impede the return to employability and to employment, more surely than a supposedly lack of competencies.

However, whatever the “technical” optimality of procedures and criteria, welfare provision always implies between their actors (public and private actors, and potential recipients) mutual expectations (i.e. shared conventions) about what is fair and efficient for the state to do (or not to do) in the circumstances and for the people under review. This is especially visible in our TRACE scheme that emphasises for young people the value of autonomy.

Applying a theoretical framework developed in Storper and Salais, 1997, to this special case, we will argue that implementing a capability approach requires a specific type of state action, that of a “situated state”.

### **3.2 The capability approach and situated state**

In a convention of a “situated state”, the common purpose is to foster the autonomy of agents. This is achieved through a process different from the standard answers, liberal or interventionist. As Storper and Salais note,

“[The situated state] views the *general common good as a situation in which actors have autonomy of action*. Autonomy is defined, not with respect to the individual’s procedural rights, as in liberal-contractual theory,

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but (in addition to those rights) with respect to collective action and the rights of groups to deploy different action frameworks in co-ordination with each other. The state's role is to ensure that these frameworks of action and practices of co-ordination are treated with respect. (...) The general common good, in other words, is directly linked to the extent to which the state and its policies *grant actors the freedom and resources* needed to draw on diverse possible frameworks of efficient economic action (p. 212, emphasis added).

Therefore, in such a process of public action, people are secure about the fact that, if necessary, the state will do something tangible and, if possible, efficient for helping them. They are not abandoned to their individual and limited resources as in the liberal “absent”<sup>9</sup> state. Nor they are taken in charge through general and abstract categories as in the “external” state (of which the French state, as recalled part I, is a good example). However what they can expect from the state has to be defined within the specific situation they have. Answers to implement are not *a priori* definable, because developing effective autonomy (and not only a formal one) depends of the singularities of the situation to be dealt with. The precise content of actions to undertake and of resources to deliver has to be discovered through the collective (and cooperative) unfolding of the situation.

For instance, for young people participating to the TRACE scheme, though the final global objective can be getting them a job, developing autonomy may mean more job offers available, or a better school system, or transportation facilities; or the discovery of what job and what employer, and so on. Similarly, the provision of monetary allowance cannot be isolated from the situation, from the person at stake, nor from the public device of which it is part. The BAE, for instance, is a package: monitoring plus grant. The grant provision is first meant to *secure* the pathway to employment. It is delivered, if ever it is, after the process to come back to employment has been launched, with its qualitative aspects

<sup>9</sup> Absent or “residual” if one takes the Esping-Andersen's typology of welfare states.



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dedicated to the young at stake. The focus is put elsewhere than on incentive effects. The guidance towards employment is antecedent to monetary help. *Money comes last and not first*. It proves useful only if it is accompanied by additional services. For instance, access to a personal housing, central for autonomy and inclusion, may need extra money to remain able to pay rents. But it is insufficient. Having personal housing needs real and durable capacities to gain income by his own through work and to endorse the personal responsibility to hold a house.

All the above features, according to us, are specific of a “situated state”. To be aware of this type of public action requires, not only to look at the political philosophy by which schemes are justified, but also, above all, to observe the ways by which, practically, the schemes are put into operation by its participants. Beyond, the assumption to test is that such a “situated state” tends to act along a capability approach. For they have in common the premise of personal autonomy and the ambition to improve real autonomy (in other terms, those of Sen, effective freedom).

Formal and abstract rights belong to an “external state”, while the mix incentives / penalties participate of an “absent state”. A capability approach appears to require a “situated state”.<sup>10</sup> Autonomy means capability, i.e. potentialities to effectively achieve ends that the person or the actor has chosen. By such, it also means that actions are posed in continuity with actor’s identity, capability and goals. As a manifestation of his freedom and will, his actions cannot be considered as separated from him; they are part of its personal development. The necessary outcome is that coordination in a society toward some common good or general interest (the responsibility of which being a major attribution of the state) cannot be achieved by the state alone. The state must acknowledge that to achieve its ends for the sake of society it has to leave room to

<sup>10</sup> See Farvaque and Raveaud, 2002, for connecting the concepts of situated state and of capability approach more in detail. They propose several forms of situated action, one clearly based on capabilities, the other one closer to a incentive-based approach. This helps understand the differences between “local” and “situated”.

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autonomous actions from individuals and from collective actors. This is conceivable if and only if people develop capability to act and co-ordinate themselves toward such collective ends. Reciprocally – and there resides the virtuous circle to attain - to develop such capability through a process of learning, people must be placed in a situation where, due to the expectations of other participants (state's representatives among them) they cannot do anything else but to commit themselves to act in the expected direction.

What is true at a global level is also true at a local one. Inclusion into society or into a job (the common good we are talking about in this paper) cannot be achieved unless persons at stake develop capability to do so by them. If not, public resources would have been wasted. For the state and for all participants, this requires creating a situation (both materialised by diverse objects, rules or schemes of action and incorporating expectations) in which incentives are endogenous to the collective game and to the course of action that are developed in that situation. Several conditions have to be fulfilled, again not in an *a priori* way but endogenously created along the process. Among them, one can quote: an equality in consideration among participants whatever their level of resources and potential power; the refusal of any *a priori* description of the claimants that will lead to exclusion of those considered as unable to develop capabilities; generating an atmosphere of trust. Ultimately - another main difference, with regards to external or absent states - a fair and efficient social inclusion cannot only proceed from the optimality of the rules and schemes, whatever the model. It requires the creation of mutual expectations, in other terms of conventions between participants. As underlined above, to be enforced, these conventions require procedures of evaluation, democratically debated and, if necessary, subject to evolution. It also needs procedures of contest and fair instruction of these contests.

## 4. Conclusion

To conclude, we will come back to our empirical object, implementing allowances for young people in difficulty in France. To what extent these

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allowances obey to a capability approach as defined above, both in their operation and in the conception of the state they mobilise? What can one learn about income security as a right?

Essential to such a perspective is the absence of selectivity at the entrance of the process, taken as a whole. Every young who decides by him to put the door of a ML or of a PAIO is free to do so. And he or she will be welcome. His needs will be inquired; the same for defining with him the services he requires. Admission into the scheme is voluntary; so is the decision to stay or not durably after. As counterpart of such personal commitment, the agency and its personnel commit themselves to afford him the best helps suited to his situation. Not only with regard to labour market and job, but also to housing, health, urgent needs... even if the ultimate goal is job inclusion. This will be done by mobilizing the network of local agencies in charge of these different domains; hence the involvement of a lot of public and private actors around each young and his trajectory, an involvement that tends to ensure the “considered judgement” we spoke about. All of this seems to us, after empirical monographs in some of these agencies, follow a capability approach to a large extent.

So does the deliverance of the BAE monetary allowance. The means-test being satisfied, the young is free to claim it or not. It comes as help in last resort. It cannot substitute to services in kind, but comes as an extra. We cannot say of this allowance that it obeys to a principle of selectivity and of exclusion. The relevant feature is the forward-looking condition. A young who activates the right to this allowance in advance knows that it is limited in duration (nine months) and in times (three times). That means for him that the scheme and, by deduction, himself are expecting that he will succeed in his inclusion. It creates an atmosphere of mutual expectations. What we observed in our monographs is the self-fulfilling aspects of such atmosphere. What occurs is some learning of a rational behaviour? Not in a simplistic standard conception (as in neo-classical economics), but something as a capability to plan future actions and to rightly format them, ultimately to project oneself in the future. The very paradox is that such rationality cannot be learnt through the monetary incentives and penalties in

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favour of which the standard economics advocates. By contrast, it needs time security and an environment composed of institutional schemes, public resources, trust and conventions, all factors considered as inefficiencies by standard economics.

There are failures, of course, and rigorously assessing how far a capability approach is achieved remains to be done. That is the same for inquiring into the type of state action implemented. The political future of this scheme could be uncertain. The ways by which TRACE scheme is operating, however, oppose, in the activation debate, the actions or offers “you can’t refuse” (Lodemel and Trickey, 2000). Rather than to “activate” the people, hence, the grant principle is to give increased effective freedom to act. Both interpretations have indeed something to see with the idea of rendering the policies “active”, but the philosophical and practical captures of *acting* differ.

The operation of the scheme under review pleads in favour of income security as a right. The need to add monetary grant to the public equipment for young inclusion demonstrates that services in kind, the best suited they are, are not enough to enforce autonomy in all circumstances. Income security as a right *in last resort* is necessary. But its fairness and efficiency require more than formal rights. It requires collective institutional arrangements that help people enter into a process of effective learning of capabilities. By such they gain effective freedom to act (and, also, they gain capability to plan and to act rationally). Implementing such arrangements must obey to precise and severe requisites. They have to have at their disposal a large range of tools, from services in kind to money. Judgements about claimants have to be plural, deliberated, contestable and revisable through explicit procedures. They are to be situated. For answers to implement depending of the singularities of the situation to be dealt with, the ways of developing effective autonomy have to be discovered through the collective (and cooperative) unfolding of the situation. Finally, implementing a capability approach in line with Sen’s works (that could ensure income security) requires further reflections about state actions and the variety of their feasible forms. The opposition between state and market and the debate about their

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respective merits are too crude to be really relevant. It calls for analysing and of theorizing other forms of state action, the ones we label in this paper as “situated states”.



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