

The enormous consequences of unemployment are imposed on societies. This study examines the world unemployment problem by looking at the policies and programs of the country of France and the state of Texas. The research will review the institutional structure of French and Texas labor markets in order to analyze their influence on job creation for small companies. A second area of study will be to assess the French and Texas taxation policies in order to determine their contribution to the infant mortality of small companies. An additional research purpose is to evaluate the capacity the French and Texas unemployment compensation programs in order to judge their ability to provide a uniform amount of assistance for unemployed people. Working hypothesis will guide the course of this study. The report asserts that the French unemployment compensation system provides a more uniform amount of assistance to unemployed people. Additionally, it is hypothesized that the French system provides better protection for the hardest to employ. Because of the cost of this assistance, it is theorized that the French social tax system and labor market influence contributes to the infant mortality of small businesses. Interviews and document analyses are used to validate these assumptions.

Chapter One

Introduction

The numbers of the unemployed are growing in North America and across Europe. Governments struggle as they face the economic consequences of dually receiving taxes as well as implementing unemployment compensation programs. For this reason, unemployment is a world problem and policies and programs concerning the unemployed should remain a viable subject of continuous exploration. The purpose of this chapter is focus on the enormous consequences that unemployment has on societies. This is done in order to support the justification for continued exploratory research in to this field. The chapter will also provide the research purpose as well as summarize the chapters that follow.

As previously stated, the effects of non-work have enormous consequences for the government in question. Studies from the United States show that a 1 percent increase in the unemployment rate deprives the federal treasury of 25 billion dollars through lost tax revenues and increased spending in unemployment, food stamps, and welfare payment programs (Baumer, 1985:1). Additionally, continued unemployment contributes to the cycle of welfare dependency. American research has indicated that daughters from families, who received governmental assistance, were much more likely to participate in the welfare system later in life (US House, 1996: 1). The National Center for Policy Analysts has determined that while about half the people who are poor remain poor for about 2 years, more than half the welfare recipients would remain in poverty for about 10 years (National 1997: 1).

In the book *Inflation and Unemployment in the Modern Society*, Thorkil Kristensen indicates that the growing interdependence of national economies provides a reason to regard the unemployment process in a global perspective (Kristensen, 1981: 101). The author suggests that there is a need to view unemployment on the terms of a world problem. In most governments, however, unemployment policies have been studied and implemented within the sovereignty of a narrow national scope.

Research purpose

This study examines the world unemployment problem by looking at the policies and programs of the country of France and the state of Texas. While researching the unemployment programs of different governments, it must be noted that international comparisons of benefit regimes are usually made difficult by differences in coverage, the

duration for which benefits are payable and eligibly conditions across countries (Bean, 1994: 592).

The focus of this study, therefore, is not to compare and contrast the policies of separate governments. Rather, this is an exploratory investigation designed to gain better knowledge of the existing policies and programs that are in place. Exploratory studies are essential whenever a researcher is breaking new ground, and they provide the potential for new insights into a topic for further research (Babbie, 1998: 91).

The research is three-fold. The first purpose is to review the institutional structure of French and Texas labor markets in order to analyze their influence on job creation for small companies. The second purpose is to assess the French and Texas taxation policies in order to determine their contribution to the infant mortality of small companies. The third purpose is to evaluate the capacity the French and Texas unemployment compensation programs in order to is to judge their ability to provide a uniform amount of assistance for unemployed people.

Chapter summaries

Chapter two provides an overview of a word unemployment problem.¹ The chapter reviews the historical settings that have contributed to the rise in unemployment, provides definitions, and focuses on effects that technology and innovation has had on unemployment levels. Chapter three provides an introduction into the unemployment

¹ The report uses the term 'problem' to describe the current unemployment situation. The world unemployment situation, the French unemployment condition, and circumstances involving US/ Texas unemployment, are presented as the world unemployment problem, the French unemployment problem, and the US/Texas unemployment problems respectively. The reason for this is not to state dissatisfaction

problem for the United States. The chapter will examine the welfare reforms of 1996, which led to the program Temporary Assistance for Needy Families (TANF) replacing Aid to Families with Dependent Children (AFDC). Chapter four focuses on the Texas Unemployment problem. The chapter focuses on the Texas Workforce Commission (TWC) and the programs that the organization implements. Chapter five provides an introduction into the French unemployment problem. Different programs and policies that the French have implemented in order to assist the unemployed will be shown.. Chapter six contains the conceptual framework and methodology. This chapter will present the method of data collection. A table that operationalizes the conceptual framework will be included. Questions that were constructed for the interviews will be presented as well as the interview population and selection process. Chapter seven is the results chapter. The information that was derived from interviews and document analysis will be summarized and then discussed in detail. Chapter eight concludes the study with a summary of whether the research supports each of the four working hypotheses. After the findings are summarized, recommendations for enhancing further research will be presented.

with a particular government's policies or programs. Rather, the terminology is used to emphasize the costs that unemployment has on each respective government.

Chapter Two

The Unemployment Problem

Introduction

The factors that have contributed to the growing world employment problem are similar in nature. The purpose of this chapter is to provide insight into these factors as well as seek to provide a working definition of unemployment. The effects of technology growth and innovation on unemployment will also be discussed.

Trends in world unemployment

Structural unemployment

The start of the manufacturing industry prompted two fundamental changes in society. For the first time in history, a working class began to develop. As a result, businesses started to proactively seek workers who had higher levels of employable skills.

This first trend influenced what is now referred to as structural unemployment. Structural unemployment occurs when people suffer job loss because employers do not demand their skills (Baumer, 1985: 7). In this respect, it has become the structurally unemployed who have consistently placed the highest financial burden on governments.

Cyclical unemployment

The second direction focused on the growing importance of investment in buildings and machinery. Suddenly, owners of business had to balance the need for this investment against the normal operations of the business. This equalization resulted in the development of a business cycle that has naturally prompted periods of rising unemployment (Kristensen Thorkil, 1981: 63).

The second trend is referred to as cyclical unemployment. Cyclical unemployment occurs when people temporarily lose their jobs because of declines in economic activity (Baumer, 1985: 7). Consequently, the cyclical unemployed are the groups who are usually unemployed for the shortest period of time.

Definitions and terms

BLS definitions

The Bureau of Labor Statistics (BLS) serves as a statistical resource to the Department of Labor. The organization is the principal fact-finding agency for the national government in the broad field of labor economics and statistics. The BLS collects, processes, analyzes, and disseminates essential statistical data. The recipients of this information include: the American public, the U.S. Congress, other federal agencies, and state and local governments (Bureau of Labor Statistics, 2001: 1).

While providing information to these separate entities, the BLS uses terminology based on the definitions that are used for the official national estimates obtained from the Current Population Survey (CPS), which is conducted by the US Census Bureau.

Adherence to standard definitions, between separate governmental organizations, allows for accurate comparison of different unemployment levels.²

The Geographical Profile of Employment and Unemployment for October 2000, is a report which is published by the BLS. (US Bureau of Labor Statistics, 2001: 4). The document contains the following definitions:

Labor force This term includes both the unemployed and employed.

Unemployed These are members of the civilian labor force who are defined as all people 16 years and old and over who did not work during the week that a particular survey was taken, but who had specific efforts to find a job within the previous four weeks and were available for work

Job losers This definition includes people whose employment ended involuntarily and people who were laid off. Job leavers include people who quite voluntarily.

Reentrants The term describes people who previously worked at a full-time job lasting two weeks or more but who were out of the labor force prior to beginning to look to work.

New entrants Describes people who never worked at a full-time job lasting more than two weeks.

Other definitions used

Small business For the purposes of this study, the term refers to a company that has 10 or less employees.

Infant mortality For the purposes of this study, the term refers to a company ceasing operations within the first 3 - 5 years of operation.

² In addition to testing the conceptual framework, the interviews will also be used to try and determine if different 'definitions of unemployment' are used by the separate administrators. Any significance resulting from this inquiry will be included in chapter seven.

Technology growth and innovation

Technology growth and innovation have also continued to contribute to a world unemployment problem. Whether the innovation consists of a new product or a new method of production, one of the results maybe that a certain need can be satisfied with less labor than before (Kristensen, 1981: 91). On a global scale, the result is that millions of workers find that they no longer compete with the cost, efficiency, quality, and speed of delivery that is achieved by automated manufacturing (Rifkin, 1995: 5).

In *The Jobless Future; Sci-Tech and the Dogma of Work*, Stanley Aronowitz and William DiFazio write about the elimination of the workforce in modern society. In addition to discussing the aspects of unemployment, the effects of underemployment in a modern society are mentioned as well. The authors assert that “technology change and competition in the world market guarantee that increasing numbers of workers will be displaced and that these workers will tend to be rehired in jobs that do not pay comparable wages and salaries” (Aronowitz and DiFazio, 1993: 3).

Underemployment decreases the potential tax base, which a government could use to generate needed financial resources. Additionally, underemployment erodes away at the skills of the workforce. For these reasons, both underemployment and unemployment are both growing concerns of governments in the wake of increased technological manufacturing.

As governments look for answers to the growing jobless problem, it has been suggested to view unemployment on the terms of a world problem. In *Inflation and Unemployment in the Modern Society*, Thorkil Kristensen, indicates that the growing

interdependence of national economies provides a reason to regard the unemployment process in a global perspective (Kristensen, 1981: 101).

Chapter three presents the US unemployment policy. The Chapter will discuss the national unemployment problem and the welfare reforms that have been implemented. The chapter will also introduce the unemployment problem of individual states.

Chapter Three

The US Unemployment Problem

Introduction

The national unemployment rate for the United States was calculated at 4.9 percent for the month of August 2001 (US Bureau of Labor Statistics, 2001: 1). This level appears low when compared to the levels of other Western European countries. Upon further inspection, however, the American government's ability to adequately provide compensation for the nation's unemployed is questionable. The purpose of this chapter is to provide background information for the US unemployment policy. Traditional programs and form of assistance policies will be discussed. Additionally, the chapter will provide a background into the welfare reforms of 1996.

The national unemployment problem

Within the boundaries of the United States, the groups that require the largest amount of public assistance are in the urban setting. These areas are traditionally comprised of poor people, who are primarily mothers and low-skilled single men (Darby, 1996: 252). The current unemployment programs that are incorporated have done little to target these depressed areas.

The fundamental reason for this inequality can be traced to the weak efforts that the American system has taken in an attempt to address the nation's unemployment problem. Governments in the United States have done less to reduce the risks of

unemployment, raise fewer revenues to support programs, spend less money on existing programs, and impose fewer restrictions on the uses of property than do comparable nations (Robertson and Judd, 1989: 1). As a result, assistance programs fail to adequately support the bottom level of the unemployed.

Welfare reforms

Temporary Assistance for Needy Families

In 1996, the US implemented a radical welfare reform policy. The Personal Responsibility and Work Opportunity ACT of 1996 was legislation that was designed to substantially reduce the use of public assistance, increase employment and earnings, decrease out-of wedlock birthrates, and increase marriage rates (Blank, 1997: 169). The passing of the legislation changed the way traditional forms of assistance were delivered.

Along with the welfare reforms of 1996, the American system of providing monetary assistance has changed. Aid to Families with Dependent Children (AFDC) had long been the primary cash assistance program available to poor single mothers and their children. The program was initially enacted as part of the Social Security Act of 1935 (Blank 1997: 170).

The program Temporary Assistance for Needy Families (TANF) replaced AFDC on July 1, 1997. At that time, the policy focus shifted. Welfare policy was transformed into a policy that emphasized employment.

TANF is a federal program that allows states broad flexibility to spend their welfare funds. The assistance comes in the form of a block grant that gives states flexibility and greater responsibility for designing and implementing programs to help

poor families with children move from welfare-to-work (Texas Workforce Commission, 2001: 1).

State control

The intended effect of TANF is to give the states almost complete control over the design of their public assistance programs. States can use TANF money for any program that accomplishes the purposes of the block grant. Programs can include providing assistance to needy families, ending the dependency on welfare, preventing and reducing out-of-wedlock pregnancies, and the formation of two-parent families (Blank, 1997: 171).

Under the law, states are required to ensure that a set percentage of recipients participate in work activities that will count toward meeting a state's required work participation rate. The law allows states the choice to define each category and description of work activities (Texas Workforce Commission. 2001: 6).

A state cannot use TANF funds to provide assistance to a family for over 60 months. There are, however, exceptions that allow a state to continue benefits beyond 60 months for up to 20 percent of the case level based on hardship or domestic violence.³

Additionally, states can continue to provide state funding to assist people after federal time limits expire. (Texas Workforce Commission, 2001: 5). This is really one of the most prevalent changes brought on by the new reforms. Under AFDC, any family that met the predetermined eligibility requirements was provided with assistance according to established rules and regulations. Under TANF, states have choice in how they configure incentives to get recipients into paid employment (Blank, 1997: 171).

Public works projects

The New Deal

The use of public works projects, to help employ the jobless, has been incorporated in the American arsenal for over a century. The birth of the system is really credited to President Roosevelt and other New Deal reformers. Although, the program never abandoned providing services to poor people, the New Deal was distinctive in the fact that it devised a strategy to give money away in an acceptable manner (Darby, 1996: 296).

Public works projects serve this purpose by directly putting the jobless to work. Devoting spending toward public works projects became an attractive alternative for the national government. “Politically, it was more desirable to offer the unemployed work than to give them ‘handouts’ (Weir, 1992: 29).

As the economy improved, the focus of public work projects began to change from efforts to stimulate the economy to plans that would attract private business. In 1961, the Department of Commerce established the Area Redevelopment Administration (ARA). The role of the organization was to provide technical assistance, loans and grants to local governments for public projects (History, 1975: 11).

The EDA

The 1965 Public Works and Economic Development ACT replaced the ARA with the Economic Development Administration (EDA) (History, 1975: 12). The new organization continued to provide federal assistance to localities. The process provided

³ The 60 month time period would incorporate being an active participant in both the Choices and Welfare-

federal grants and loans for areas that formed partnerships in order to stimulate economic development in depressed areas (History, 1975: 12).

The assistance was given out under the belief that public capital investment can expand the productive capacity of an area, by increasing the productivity of existing resources (Munnell, 1992: 191). From 1965-1975, that the EDA channeled nearly 2 billion into public works projects. These projects were restricted to communities with low family incomes or unemployment rates significantly above the national average (History, 1975: 12).

Reform changes

Modern forms of public investment include: highways and streets, transit systems and airfields, schools and hospitals, water and sewage systems, as well as electric and gas facilities (Munnell, 1992: 190). By examining the effects of capital investment, it has been noted that public capital investments have had positive impacts on several measures of state economic activity. These include output, investment, and employment growth (Munnell, 1992: 192).

In compliance with the welfare reforms of 1996, the EDA is guided by the basic principle that distressed communities must be empowered to develop and implement their own economic development and revitalization strategies. Therefore, the EDA works in conjunction with state and local governments, regional economic development districts, public and private nonprofit organizations, and Indian tribes (Economic, 2001: 1).

Some of the problems that the EDA assists with are associated with long-term economic distress. Additionally, the organization offers support for recovering from the

to-Work program. The Welfare-to-Work program will be discussed in chapter four of this report.

economic impacts of natural disasters, as well as the closure of military installations and other federal facilities (Economic, 2001: 1).

Unemployment insurance

Unemployment insurance has traditionally consisted of income support programs that provide temporary replacement of a worker's prior wages and salaries. The American unemployment insurance system was financed jointly by employer contributions made on behalf of employees and state revenues. Additionally, the federal government provided grants and loans to state governments (Baumer, 1985: 7).

Unemployment insurance has traditionally had a six-month time limit on benefits (Darby, 1996: 271). This time period could change from state to state. Benefit amounts were uniformly calculated based on the amount of past work of the unemployed applicant and also differed from state to state.

The aspect of having a prior work requirement contributed to the problem of the American system. Specifically, the unemployment compensation system remains uneven. Unemployment insurance was designed for people who lose their jobs. Because of this, people who voluntarily quit their jobs are ineligible for the assistance.

Additional criteria means that benefit payments were based on previous earnings (Baumer, 1985: 7). Therefore, the existing program did not provide for all unemployed people who are currently in the United States. Those who had no prior work experience are often left out of the system.

Job creation programs

Welfare-to-Work

In addition to unemployment compensation, job creation programs have been used to help transition the unemployed into the current workforce. These programs have usually provided jobs in state and local government. Based on their immediate success in finding work for the jobless, job creation programs have always been a popular political alternative.

Even with the trend toward decentralization, there have been limited openings within state and local governments. In an effort to continue to find work for the unemployed, the government began to implement programs designed to get the jobless working in the private labor market. The programs focused on education, job preparation, and immediate job placement.

The focus of these reform efforts, called welfare-to-work programs, occurred during much of the 1980s. The evidence to date shows that the programs have had positive and effective gains. A study conducted by Susan Tinsley Gooden and Margo Bailey showed that former welfare-to-work recipients had higher job retention rates than do employees that have not been non-welfare-to-work recipients (Gooden and Bailey, 2001: 88).

Mandatory work programs have achieved strong government support because such programs reach the most reluctant recipients (Darby, 1996: 266). As a result, the Family Support Act of 1988 mandated that all states run welfare-to-work programs (Blank, 1997: 170). Research has also shown that programs offering education can also achieve results comparable to those that stress immediate job search. The success of

these educational enhanced programs is dependent on the fact that the period of education does not persuade the recipients from going to work.

Evidence to date shows that such work force programs, which combine increased education and skills, do little to bring the recipients out of poverty (Darby, 1996: 235). In *Reducing poverty in America: View and Approaches*, Judith M. Gueron describes a scenario whereby a work force applicant had gotten a GED; acquired subsidized work experience and appropriate vocation skills; improved her decision making ability and problem solving skills; and had even arranged for child care (Darby, 1996: 238). In this respect, the applicant used the program to its utmost advantage.

Unfortunately, when the applicant tried to secure employment, she found that the jobs that were offered in her area had low wages and little benefits. The applicant would actually be better off if she continued to stay home and receive assistance. Gueron notes that “the irony for the director for the program was that she knew that the program had succeeded when the young women was able to calculate the complicated benefit-cost equation that work versus welfare represented and felt a responsibility to ask how she could put her family to risk by going to work” (Darby, 1996: 238). The ramifications of this scenario are not isolated to a specific case. In many urban areas, the only jobs that exist are low paying service jobs (Darby, 1996: 343). Studies have shown that in several metropolitan areas, there appeared to be fewer job openings that applicants of low skilled were able to work (Blank, 1997: 174).

Reform changes

The Welfare-to-Work Block Grant was authorized in 1997 in response to the welfare reforms (Texas Workforce Commission, 2001:7). The block grant became a system where funding is targeted towards the hardest-to-serve, most disadvantaged TANF recipients. Potential participants have usually experienced long-term welfare dependency and have barriers to employment such as substance abuse, poor work history, and low education levels (Texas Workforce Commission, 2001:7). The program also targets non-custodial parents who receive TANF and people who have lost time limits (Texas Workforce Commission, 2001:7)

The US Department of Labor has distributed over 2 billion dollars since the incorporation of the block grant, by the (Texas Workforce Commission, 2001:8). Like other forms of TANF assistance, individual states can use their discretion and utilize the funds to provide activities such as on-the-job training, subsidized employment, and work experience. Additionally, funds may be directed toward post-employment education and training or toward the necessary services that are needed for a person to achieve and maintain self-sufficiency (Texas Workforce Commission, 2001:8).

Evaluating the reforms

Continued unemployment contributes to the cycle of welfare dependency. American research has indicated that daughters from families, who received assistance, were much more likely to participate in the public assistance system later in life (US House, 1996: 1). The National Center for Policy Analysts has determined that while about half the people who are poor remain poor for about 2 years, more than half the welfare recipients would remain in poverty for about 10 years (National 1997: 1).

On August 22, 2001, the Personal Responsibility and Work Opportunity Reconciliation Act reached the five year mark. It was a time period that holds vital importance since the bill imposed a five-year lifetime limit on assistance to welfare recipients. The limit will kick in this year for tens of thousands of families (Welfare Reform's, 2001: 1).

The measures aimed at getting people off assistance and into jobs are generally deemed a success. At its peak in 1996, AFDC had a caseload of 4.55 million families. The caseloads are now less than half that (Welfare Reform's, 2001: 1). There is, however, speculation that the success has been largely confined to the easily employable recipients, and that much of the reduction in caseloads is a result of this group profiting from the booming job market. In the article titled "A Happy Anniversary for Welfare Reform?", Lisa Oliphant states, "when the economy slows, caseloads are likely to surge again. And judging from the states' recent willingness to go soft on time limits and work requirements, it is unlikely that recidivism will be effectively prevented when jobs start to disappear" (Oliphant, 2001:1).

As for those who have left the rolls and found employment, most still remain deeply entangled in the public safety net. Statistically, few former recipients are earning enough to support their families on wages alone. In fact, two-thirds of former welfare families continue to turn to government for assistance in meeting their health care, food, child care, transportation and housing needs (Oliphant, 2001: 1).

Mothers on welfare often have to choose whether to pay for housing, utilities, childcare, or food. Since reform was enacted, emergency food assistance programs across the country have seen a 76 percent increase in requests (Gillis, 2001: 1). While

caseloads have been cut by an average of 50 percent, there's only been a two percent decrease in poverty (Gillis, 2001: 1).

The last five years were economic boom years. As the economy sinks into a period of decline, the continued ability of the program to facilitate the welfare-to-work transition will be strained. The persevering success of TANF will depend on the continued availability of employment vacancies.

The remainder of this chapter focuses on the private labor market. Material is presented that shows the “work first” concept that the United States has used in continuation with its traditional reliance on the on the private sector. The chapter will conclude by noting some of the economical consequences, this policy has had on the individual states.

The private market

Ultimately, the economic well being of any community depends on the financial performance of business. The private labor market has the ability to provide both employment and income for citizens and taxes for government (Robertson and Judd, 1989: 8). The United States has traditionally relied more on the private labor market to absorb existing labor than have other European countries.

David b. Robertson and Dennis R. Judd discuss the political courtship that has been reserved for business. The authors conclude that “in comparison to other Western democracies, America’s political structure made America policy makers especially reluctant to intrude on business, more willing to accommodate business needs, and more

cautious about initiating public programs to rectify the risks and inequalities that have resulted from market capitalism” (Robertson and Judd, 1989: 8).

This dependence on business to assist with the nation’s unemployment problem has also contributed to the fundamental weakening of the government’s public support system. Governments in the United States collect and spend less money than most European states in regards to public benefits.⁴ The Western European governments impose a heavier tax burden, but the revenue is used to create more inclusive and generous public services and benefits (Robertson and Judd, 1989: 58)

From the American perspective, the lack of a public safety net is apparent when one focuses on the individual constituents that make up the public. In *Reducing Poverty In America: Views And Approaches*, Michael Darby notes that there are other issues that arise when looking at the government work force programs (Darby, 1996: 272). It is rarely steady workers who are shut out of jobs. Perhaps, this is because there is evidence of substantial learning disabilities among the welfare population that relate to literacy and job training (Blank, 1997: 173).

The problems of the unemployable are compounded when one considers that they are often located in economically depressed areas. With little national assistance, states are forced to look for solutions to reduce the costs of growing unemployment. This process has often resulted in competition were states have been forced to lower tax rates in an effort to attract private business.

The welfare reforms of 1996, has allowed for additional sources of funding to be appropriated for local innovation grants. States, such as Texas, have used the funds to

initiate private enterprise development programs. The programs are an attempt to assist with the creation and continued operation of the privately owned business. The goals of these projects are to assist small businesses who do not meet the eligibility requirements for conventional loans (Texas Workforce Commission, 2001: 4).

Individual states

Separate states have two distinct problems when dealing with unemployment. The first issue focuses on the large economic disparities that exist among the states. The second problem revolves around the need to independently finance unemployment programs. Balancing these two uncertainties has resulted in increasing economic competition among different states.

Robertson and Judd address this issue when they affirm that, “the American system of unemployment insurance, which is funded by taxes on employers and administered through the employment service, intensifies the competition and puts pressure on states to minimize taxes” (Robertson and Judd, 1989: 108). The results of this state rivalry increase the financial burdens of the unemployment compensation system. Reductions of taxes leave less money to help finance any program that the state may have.

The disparity among the economies of the states also contributes to the unevenness of the payments of any income support programs. During periods of economic recession, the federal government often passes legislation to extend benefits past the twenty-six week period. However, for states there is more flexibility. Even

⁴ The term ‘governments’ refers to the federal, state, and local governments that formulate the

when the national unemployment rate is low, certain states with high unemployment may pass a law extending benefit payments (Schuyler, 1993: 67).

Chapter four focuses on the state of Texas. The material will depict the national and traditional ideology that is inherent part of the policy making within the state. Additionally, programs to assist the unemployed are presented.

Chapter Four

The Texas Unemployment Problem

Introduction

The purpose of this chapter is to provide a background on the unemployment compensation programs and policies within the state of Texas. The chapter introduces the reader to the Texas Workforce Commission and to the Choices program. Additionally, the steps that applicants go through as they enter the program will be discussed.

The state of Texas

Traditional ideology

The state of Texas is unique in comparison to other states within the country. There is a national and traditional ideology that is inherent to the citizens of Texas. This philosophy can be traced back can to the incorporation of the state.

On May 14, 1836, a treaty was signed with Mexico that granted Texas independence. The United States and several European countries recognized Texas as a sovereign nation. Annexation with the Untitled States was initially discussed, however, it would not be until October 13, 1845 that Texas became incorporated into the union (Bedichek, 1982: 13). By that time, the population tripled in size.

The period of national sovereignty has clearly contributed to an individual and traditional political identity. This ideology was evident even during the end of the nineteenth century and continues to influence politics. It has been asserted that “the

historical experience of Texans had forged a distinctive regional subculture that was to influence politics, even to this day” (Bedichek, 1982: 21).

Employment and growth

Adding to the feeling of sovereignty, the Lone Star State is unique in its abundance of natural resources. The mining of these assets has contributed to a strong state economy. If Texas were still an independent nation, it would be ranked as the eleventh largest economy in the world (Texas Economy, 1998: 1).

The state’s unemployment rate was recorded at 4.7 percent in July 2001 (US Bureau of Labor Statistics, 2001: 7). It is the lowest level seen since the fiscal year 1980. The rate of job growth has exceeded the nation’s rate for every year in the 1990s (Texas Economy, 1998: 1).

Much of this growth as resulted from the fact that the state’s economy has added 200,000 jobs. These positions have contributed to a represented a growth rate of 3.1 percent. The national figure at the time was 2.5 percent (Texas Economy, 1998: 1).

The Texas Workforce Commission

Historic background

During the 1980s, the state of Texas recognized that the system of job training and employment services did not address the needs of job seekers or the state’s employers. The former system failed to provide workers who were sufficiently skilled to keep up with rapid technological advancements in the workforce (Strategic, 1998: 3). This awareness helped facilitate the implementation of reforms.

The Texas Workforce Commission (TWC) was created in 1995. The agency works in conjunction with twenty-eight local work boards in order to assist with the state's work force. Each work board includes representatives from business, labor, education, community-based organizations, human services, vocational rehabilitation, child care, and other community organizations (Strategic, 1998: 4).

Organizational focus

The primary concentration of the agency has been to meet the immediate needs of the unemployed as well as put the structure in place that would allow for the development of a highly skilled and productive workforce (Duncan, 1996: 242). In 1995, legislation created multiple local workforce development areas that were subject to different workforce training and placement needs. These special areas are designated as unique economically integrated labor markets (Strategic, 1998: 4).

In order to meet the needs of the unemployed, TWC is responsible for providing workers with education, skills, and training. Access to labor market information is also provided. The goal of this assistance is to enhance workforce employability and earnings.

Additional responsibilities include ensuring that tax revenues are spent officially and effectively. The agency also directly assists people who are entering the workforce. The efforts of the agency are concentrated on people who are receiving public assistance, displaced homemakers, and students returning from school to the labor force (Duncan, 1996: 242).

Since its incorporation, TWC has implemented successful programs. The US Department of Health and Human Services (HHS) is currently awarding a performance

bonus award for superior results in welfare reform. The states of Texas as well as twenty-eight other states are receiving the award. The bonus award is based upon top performance of job placement for welfare recipients ready to enter the workforce (Texas Award, 1998: 1).

Choices program

Program background

When the Workforce Investment Act was signed into law in August 98, the attempt was to rationalize a wide variety of federal job training programs. This allowed the states to integrate welfare unemployment compensation and training into one seamless system of public assistance reform. The act calls for states to apply a workforce concept to the use of federally funded programs (American, 2001: 1).

With the implementation of the welfare reform of 1996, the state of Texas began to incorporate the Choices program. The system is targeted toward recipients of TANF assistance. The focus of the program is on employment and training, and the curriculum is operated under a work first service model (Texas Workforce Commission, 2001: 1).

Employee participation

Applicants are introduced to the program when they first apply for TANF assistance. The first point of contact is at the HHS. From there, the applicants are directed to a Workforce Development Center for an introductory program which is called Workforce Orientation for Applicants (WOA).

The WOA is an hour-long session that introduces the applicants to the center and shows them the services that are offered. These include access to labor market

information and access to resources that assist with securing employment. Additionally, the WOA session instructs the applicants on what they are expected to do after their TANF gets certified (Ju, 2001).

As recipients enter the program, they are introduced to the concept that government assistance is intended to be a time-limited benefit. The program promotes the ideology that Texans are ultimately responsible to support themselves and their families. The importance to work, and the scope of workforce services, and resources that are available to each applicant is stressed (Texas Workforce Commission. 2001: 2).

After the WOA session is over, applicants begin an Employment Planning Session. This process is an introduction to the Choices program in order to begin assessment of each recipient's employability (Texas Workforce Commission, 2001: 2). The Employment Planning Session is a 4 hour period where the applicants are essentially enrolled in the Choices program (Ju, 2001).

As the session begins, participants are assigned a case manager. The role of the case manager is to assist the participants with developing service strategies that will allow them to find and retain jobs and upgrade skills in order to remain employed. Participant service strategies may vary based on an applicant's education level and work experience.

During the Employment Planning Session, each participant has their math and reading levels tested. This process helps determine their individual service plan and the kind of classes or workshops that might benefit them. Also, for participants who want to get their General Educational Development (GED) degree, there is a program through

community colleges that allows each to study and take the test at workforce development sites (Ju, 2001).

Other assistance

There is a separate form of educational assistance that is part of the Workforce Investment Act (WIA). This assistance will pay for up to 2 years of education and finance an associate degree. As part of this program, participants are assigned an additional WIA case manager who is in charge of the training aspect (Ju, 2001).

Other forms of assistance that are given to clients normally include their TANF grant, food stamps, and Medicaid. The TANF grant is a form of monetary assistance that is determined by factors such as: family size, education level, and work experience (Ju, 2001). Clients are coded as either being mandatory for the Choices or exempt. If they are caring for a sick child, they may be exempt. In this case, they still may volunteer for the program and receive free child care assistance (Ju, 2001).

Program enforcement

Recipients are expected to begin seeking employment immediately after the Employment Planning Session is completed. The minimum work requirements are 30 hours a week for single parents and 35 hours for two parent families (Texas Workforce Commission, 2001: 2). Statewide quotas are in place to make sure that these requirements are enforced. For TANF assistance, 45% of the clients must be working a 30 hour week work (Ju, 2001). To meet this requirement participants could be either looking for work, work training, or actually working (Ju, 2001) .

Those who have not found employment are responsible for making a designated number of employment contacts per week. In the event that a recipient is unable to locate employment within a reasonable time frame, the Choices case manager may determine the additional services needed to prepare the applicant for employment. Short-term employment preparation activities may include additional job skills training, work based training, and subsidized employment (Texas Workforce Commission, 2001: 3).

People, who are not actively participating in the program, are sanctioned. The first sanction for a single parent household is a 78-dollar deduction from their grant. The first time they are sanctioned, the deduction only lasts one month. The second time they are sanctioned, the deduction lasts 3 months and the 3rd time, the deduction lasts 6 months (Ju, 2001).

Chapter five introduces the French unemployment policy. The Chapter begins by discussing unemployment from a European perspective. French unemployment and factors that have contributed to the increase in joblessness are also presented.

Chapter Five

The French Unemployment Problem

Introduction

The purpose of this chapter is to provide background on the French unemployment policies and programs that are currently in place. The chapter begins with an examination of the European employment problem. This is followed by introducing some of the programs that the French have incorporated. Factors that contribute to French unemployment levels will be presented. The Chapter ends by examining a summary table of the differences between the French and Texas systems.

The unemployment problem for Europe

Low growth rate

During the 1950s and 60s, Western Europe experienced strong industrial and economic growth, which was facilitated by the newly rebuilt economies. By, as early as 1970, it was apparent that the economic growth had stopped. As a result, there was an increase in unemployment across the continent. Since the middle of the 1970s, no major European country has succeeded in lowering its jobless rates below 10 percent (Aronowitz, 1993: 46).

The factors that have contributed to the European employment problem are compelling. Many analysts agree that there seems to be a number of adverse developments that have contributed to existing levels of unemployment (Bean, 1994:

614). The consequences of this evolution has meant that more than one in ten Europeans are left out of the labor force (Bean, 1994: 573).

Some policy makers point to the fact that Europe has suffered a noticeable acceleration in the rate of growth of the population of working age (Glyn, 1988: 194). This trend, however, is similar for other capitalist economies. Many of which, have lower unemployment rates.

Labor market regulation

Other aspects of the debate focus on European labor market regulation. Labor market regulation is usually put in place to protect employees from arbitrary, unfair, or, discriminatory actions on the part of employers. In doing so, the arrangement may raise the effective cost for firms that employ workers (Nickell, 1997: 66).

Labor market legislation also increases employment cost through policies that are designed to protect the worker. Policies such as mandated severance pay and the required period of notice before dismissals can occur, are generally greater in Europe than the United States (Bean, 1994: 595).

In order to help address the growing unemployment problem, the Organization for Economic Cooperation and Development (OECD) has begun to advise member countries on specific policies that should be followed. Much of the thrust of policy advice that has been to enhance labor market flexibility. This is addressed by reducing hiring and firing costs, limiting union power, and improving job retention (Bean, 1994: 615).

Long-term unemployment

Unemployment in Europe has been associated with workers experiencing longer spells of unemployment rather than more frequent spells of a given length (Bean, 1994:

576). While US long-term employment has remained low, more than half of all European unemployment in 1989 was classified as long-term with a duration of over one year. The long-term figure represented only a third of all European unemployment in 1979 (Ljungqvist, 1998: 515).

In addition to long-term unemployment, European countries seem to have encountered greater problems adjusting to the effects that modernization has taken on each economy. The remainder of this report will focus on France. There will be a discussion about the current unemployment situation and the programs that have been in place in order to address existing problems. Additionally, some of the factors that contribute to the unemployment rate for France will be presented.

The unemployment problem for France

European perspective

There are a couple of reasons to view the French unemployment problem from a European perspective. First of all, the nation's unemployment has mirrored levels seen in surrounding countries. Like Europe, France has suffered a stagnant economy. Growth was slightly more than one percent during the year of 1997. The unemployment rate for that period peaked at 12.7 percent (Cohen, 1997: 66).

The second reason focuses on the growing ties that now bind the European governments. Although the country is a sovereign government, France has increasing ties with other countries within the European region. France is a member of the European Union (EU) and the Organization for Economic Cooperation and Development

(OECD). The country holds a permanent seat on the United Nations Security Council (Cohen, 1997: 67).

Single currency

Growing integration has increased the amount of monetary transactions that take place across connecting economies. To facilitate this exchange, European countries have opted to share a single currency. The euro is expected to be a single currency for transactions. The euro will be the currency of almost 290 million consumers within the 11 participating single nations of the EU (CNN, 2001:1).

The new Euro notes and coins will be valid in all twelve participating countries. The notes, will come in denominations of 5, 10, 20, 50, 100, 200 and 500 Euros. Each denomination will be a different size and will be common to all the Euro countries, but each country issues its own coins, with one side common to all areas, while the reverse side varies from country to country and may contain national or cultural images (The Euro, 2001: 1). The entire process is expected to become legally tender on July 1, 2002 (France, 2000: 1443).

Continued integration

Original French support for European integration focused on the construction of a common market. The primary goal was to protect French farmers (Zysman, 1977: 855). Now, however, European integration is beginning to provide an unequivocal resource that the French have used to address other points of economic concern.

In January 1988, France and the Federal Republic of Germany signed on an agreement for defense and economic cooperation. The pact not only had historical significance, it set the groundwork for increased unification of both nation's militaries.

In May of 1992, France and Germany established a joint defense force called the “Euro-corps” (France, 2000: 1442).

To an extent France has been able to use this partnership as a method of assisting with the nation’s unemployment problem. By allowing Germany to take a larger role in the defense of the region, France has been able to focus more revenue toward the public assistance programs that that country has in place.

Unfortunately, increasing European integration has not been able to address the issues that France has had with the country’s unemployment problem. For more than twenty years, France has implemented numerous programs to designed to decrease the levels. The government is continuing to look for new and innovative ideas to address problems that still exist.

Shorter work week

A recent proposed solution that has been initiated by the French government is that the businesses workweek is reduced. This was implemented in an attempt to relieve much of the economic burden that businesses incur as a result of high taxation. French officials believe that the shorter workweek is central to the government’s job creation policy (France, 2000: 1440). The program is an attempt to create 300,000 jobs among young people (Blocker, 1998: 1).

Policy makers state that the hiring of additional workers will significantly reduce welfare compensation. These monetary savings will significantly cancel out any additional costs the government might have to pay (Rifkin, 1995: 232). Therefore, in

February 1999, legislation was passed to shorten the maximum workweek from thirty-nine to thirty-five hours.

Although the program has been in place for a short time, the preliminary results are promising. Unemployment declined to just over ten percent in November of 1999. The government asserts that the shorter workweek is responsible, and that the program has preserved up to 120, 000 jobs (France, 2000: 1443).

The call for a shorter workweek is spreading throughout the rest of Europe. The Commission of the European Union and the European Parliament have both publicly advocated this method of addressing the area's unemployment (Rifkin, 1995: 224). There is also call for the program be implemented within the United States. American analysts argue that there "is an urgent need for a sharp reduction in the work week from its current forty hours- a reduction of at least 10 hours" (Aronowitz, 1993: 347).

Job insertion and unemployment compensation programs

The social system

After studying the French unemployment compensation programs, it is clear that there is a high level of government interaction and influence within the unemployment system. This aspect is identical to the level of government power of other European countries. The American unemployment system, however, remains more decentralized, and even local and state governments have less impact on the lives of people within their communities.

The reason for this deviation exists largely as a result that the scope of influence that the French and other Europeans have allowed their national governments to hold.

The citizens in these countries are more familiar than Americans with the notion that the national government plays an independent role in their lives. As a result, the European governments seek continuous administrative, legal, bureaucratic and coercive systems in order to structure relationships between civil society and public authority. The same governments also attempt to structure many crucial relationships within civil society as well (Robertson and Judd, 1989: 7).

In order to achieve these goals, many European countries have two different layers of income floors for people who do not contribute to the labor market. The bottom layer is made up of guaranteed social benefits that are given regardless of work history. The other layer is usually linked to previous income. This method is similar to that incorporated by the United States. Additionally, both sources of compensation involve a combination of governmental assistance and employer taxation.

Research from the United States, has indicated that the length of the benefit period has a greater impact on the exit rate from unemployment than does the benefit level. Empirical studies have indicated that an increase in the potential benefits of one week is associated with an increase in the average spell of unemployment of one day (Siebert, 1997: 52).

The length of benefit duration times also has adverse effects on an unemployment compensation system. Unemployment benefits reduce the fear of unemployment and directly increase upward pressure on wages of working employees. Also, these benefits 'reduce the effectiveness' of unemployed individuals to be potential fillers of vacancies, by allowing them to be more choosy" (Nickell, 1997: 67).

Longevity of benefits becomes detrimental by increasing the idle time of the unemployed. Workers, who lose skills because of a prolonged period of unemployment, will be picky in terms of offers that they accept. Before giving up generous benefits, many unemployed will want to find a pay range that will compensate for any skill loss (Ljungqvist, 1998: 530).

Job creation

Reducing the generous benefits has proven to be problematic. French politicians fear that any restructuring of the benefit system would be political suicide (Blocker, 1998: 1). As a result, the government has sought ways to get the jobless employed.

In addition to modifying the work week, there has been an considerable amount of jobs created of public sector. It is estimated that there are currently five million public sector jobs (Blocker, 1998: 1). In the absence of total public employment. The French government has created the Collective Utility Works Program. The program pays more than 350,000 French, a monthly salary in return from performing work in either the non profit or public sector (Rifkin, 1995: 276).

Additionally, benefit programs have been developed with the goal of achieving a faster transition into the workforce. Every month, one million French collect what is known as the RMI. The acronym stands for the minimum revenue for insertion. It amounts to around \$ 400 dollars and is the French basic level of aid. The RMI was introduced in the 80s as an effort to encourage insertion into the labor force by forcing people to look for work (Cohen, 1997: 69).

In order to address the problem of those who are unable to work, policy makers are linking the idea of a social income to a agreement by the unemployed to perform a

community service. This French plan to provide a guaranteed income in return for an arrangement to perform a community service will likely be taken up by other European countries. The merits of this proposal is that it allows a government to provide both income and work in the absence of formal employment” (Rifkin, 1995: 262).

The French labor market

The high level of unionization has contributed to the costs of unemployment in two distinct ways. The first influence resulted in a continuous increase in the French minimum wage to the average wage ratio. The same wage distribution has remained fairly stable for the United States. (Fitoussi, 1994: 59) There is growing concern that minimum wage legislation may cause workers whose marginal product is valued at less than the minimum wage to be preeminently unemployed (Fitoussi, 1994: 59).

As the minimum wage raises, employers may find it more difficult to hire specific workers who are not able to contribute to the business in order to earn the increased wage. A study conducted by Jean-Paul Fitoussi performed Granger casualty tests to verify whether current changes in the real value of the minimum wage influences the future changes in the real average hourly wage of all workers.⁵ The study found evidence that high minimum wages have caused greater unemployment among young unskilled workers. There was, however, no evidence that high hourly wages had any influence on overall unemployment (Fitoussi, 1994: 62).

⁵ (Fitoussi used data collected from the United States, the United Kingdom, and France. The study used 192 monthly observations on the 1977-1992 interval. Tests were conducted employing 3, 6, 12, 24, and 30 lags of the independent variable. Significance levels were set at 5 percent.

The second consequence of unionization focuses on the increased costs that are incurred from employee protection. These expenses are associated with increased hiring and firing costs. As a result, the government has begun to look at offering temporary employment contracts, which allow employers to limit a work contract to a specific period.

There is ambiguity about the French view for labor market restrictions. To date, little has been done to alter the institutions that have created inflexibility in labor markets. The restrictions are feared to cause unemployment, but the French seem unwilling to give them up (Siebert, 1997: 42).

Social taxes in the French system

The unemployment period is very similar across the both the United States and European economies. European economies have more dispersion in the duration of unemployment spells as indicated by the amount of long-term unemployment at any time (Ljungqvist, 1998: 529). This duration can be attributed to a higher social tax system.

In the US economy, the high rate of unemployment dies out quickly because unemployed workers have an increased tendency to search for jobs that are less than their earnings loss (Ljungqvist, 1998: 534). In the French economy, however, not only are the workers entitled to generous benefits, the higher tax rate makes it less attractive to look for and accept a job (Ljungqvist, 1998: 540).

The reduced incentive to work is aggravated by high effective marginal tax rates for the transition of social assistance benefits to market reform. In some European countries, earning one dollar of income results losing in one dollar in benefits (Siebert,

1997: 51). The evidence on payroll taxes is that the major burden of costs is typically shifted on to workers in the long run, thereby, nullifying their impact on unemployment (Nickell, 1997: 66).

This concludes the background information for the report. Chapter five will focus on the conceptual framework and methodology. The chapter will present tables that operationalize the conceptual framework of the study. Table 5.1 contains a summary of some of the differences between the French and Texas systems.

Table 5.1 Comparison of the Texas and French employment policy environments

Criteria	France	Texas
Unemployment rate	2.37 million (Aug 01) 8.9% (Jul 01)	7 million (Aug 01) 4.7% (Aug 01)
Hours in Work Week	35	40
Governmental Assistance	Unedic RMI	Choices Welfare-to-Work
Duration of Benefits	Unedic - depends what you paid into the system. RMI - there is no limitation	Unemployment Comp - depends what you paid into the system Choices and Welfare-to-Work combined - 5 years
Percent of employees who are unionized	10%	10-12%
Education or training provided through the system	APCE	Workforce Investment ACT
Other benefits:	subsidized child care job training transportation assistance other assistance	subsidized child care job training transportation assistance other assistance

Chapter six presents to conceptual framework and methodology that was used in this research. The interview sample and selection process are provided as well. Problems with the research design are provided.

Chapter Six

Conceptual Framework and Methodology

Introduction

The purpose of this chapter is to introduce the conceptual framework of the study. The methodology that will be used to collect the research will be presented as well. The chapter provides the population of the study in addition to the schedule of when the data was collected.

Introduction to the conceptual framework and methodology

This research is a comparative case study. The goal is to explore the unemployment structures of the country of France and those of the state of Texas. This is an investigation designed to gain better knowledge of the existing policies and programs that are in place.

The research is aimed at reviewing the institutional structure of French and Texas labor markets in order to analyze their influence on job creation for small companies. Additionally, the research purpose is to assess the French and Texas taxation policies in order to determine their contribution to the infant mortality of small companies. Finally, the report attempts to evaluate the capacity of the French and Texas unemployment compensation programs in order to judge their ability to provide a uniform amount of assistance for unemployed people.

The research design will consist of interviews and document analysis. Babbie points out that there are several advantages to having questions administered by an interviewer. These include a higher response rate since interviews can guard against confusing questions or responses. Additionally, interviews allow the interviewer to observe the respondent (Babbie, 2001: 258).

Conceptual framework

The original intent of this study was to utilize categories that define what are ‘good unemployment polices and programs’. The report would compare the French and Texas systems to that benchmark. After researching the background on the Texas and French unemployment policy environments, it was decided that the conceptual framework to be used for this research project will be working hypothesis.⁶ This study requires this instrument since working hypothesis are diagnostic tools that are useful for any problem that falls outside of normal operating procedures (Shields 2001: 59). As the research is breaking new ground, working hypothesis will be used to guide the investigation.

Working Hypothesis I

⁶ As I researched the material, I surmised that it would be difficult to ideally compare French and Texas unemployment polices and programs. There are fundamental differences between the social systems of each country which must be taken into consideration.

The development of the four working hypotheses was a gradual process.⁷

Working hypothesis I focuses on the French and Texas unemployment compensation programs. The premise seeks to focus the research in order to try and determine the amount of uniform assistance that each system provides. Working hypothesis I is stated as:

WH: The French unemployment compensation system, compared to the US/Texas unemployment compensation system, provides a more uniform amount of assistance to unemployed people.

Governments in the United States have done less to reduce the risks of unemployment, have risen fewer revenues to support programs, spent less money on existing programs, and imposed fewer restrictions on the uses of property than have comparable nations (Robertson and Judd, 1989: 1). As a result, the United States government has traditionally developed programs on the assumption that all recipients have the capacity to work (Darby, 1989: 278).

The fundamental problem with this approach, is that these programs have done little to assist those who had diminished capacity. In contrast, the French government offers a basic level of aid that reaches a larger share of citizens who are not considered to be steady workers (Cohen, 1997: 69). In this respect, unemployed workers are compensated regardless of prior work history.

⁷ The process to develop the working hypothesis took time. During the initial stages, I was in continuous contact with David Capes and Dr. Patricia Shields. Each person helped guide me during the formulation of the project, however, there was a difference of opinion about the content of the hypotheses. David Capes wanted the tools to guide the research toward specific areas that are of importance to the European administrators. Dr. Shields wanted assumptions that could be rejected or accepted based on the research data. As I continued to email both in attempt to reach a compromise, I jokingly thought of myself as having to serve two masters. Another consideration that I had, was not giving any interviewees the impression that my research was an attempt to scrutinize a particular system. To overcome this, I constructed the working hypothesis so that they are equally pro and con for each system.

Working Hypothesis II

The second working hypothesis focuses the bottom tier of the unemployed population. The tool directs the investigation toward determining which system provides better protection for hardest to employ. Working hypothesis II is stated as:

WH2: The French unemployment compensation programs, compared to the US/Texas unemployment compensation programs, provides better protection for the bottom tier of the unemployed population.

Many European countries have two different layers of income floors for people who do not contribute to the labor market. The bottom layer is that of social welfare benefits. These forms of assistance were originally intended to protect those who are old and people who are physically unable to work.

Such entitlements had been part of the French unemployment compensation program since 1989 (Siebert, 1997: 50). These programs are capable of assisting more of the nations' destitute. "France with a demographic profile almost identical to the United States, not only meets the needs of its elderly population, but is also regarded as a model nation of children's health and welfare" (Wisensale, 1999: 14).

It is evident that the United States unemployment compensation program have failed to reach the lowest levels of society. Even with a low national unemployment rate, the figures tend to be misleading. Employment is often 20 to 30 percentage points higher for the general population than among the poor members of society (Darby, 1989: 255).

Working Hypothesis III

The third working hypothesis focuses on the social taxation policies that are levied on small companies. An attempt is made judge the contribution that each system's taxation policy has on the failure of small businesses. Working hypothesis III is stated as:

WH3: The French taxation policy, compared to the U/S Texas taxation policy, leads to more infant mortality of small companies.

In the last two decades, a number of European countries including France and Belgium have lost industrial jobs at a very rapid rate of 2.4 to 3.8 percent within a year (Glyn, 1988: 197). Critics of the French employment system argue that what is currently needed, to facilitate job growth, is a limitation the social taxes that are levied on employees (Blocker, 1998: 2). Competition among states has made this same restructuring less detrimental to the American governments. Some states have promoted lower wages, discouraged unionization, and kept taxes low as an effort to attract business (Robertson and Judd, 1989: 13).

Working Hypothesis IV

The fourth working hypothesis focuses the research toward labor market regulation. The goal of the assumption is to determine if there are resulting costs that contribute to small business mortality. Working hypothesis IV is states as:

WH4: The institutional structure of the French labor market, compared to the institutional structure of the US/Texas labor market, has resulted in a lower creation of jobs by small companies.

An analysis of labor market regulation reveals the fact that a number of European Community countries have relatively generous minimum wage provisions which have increased during the seventies and eighties (Bean, 1994: 595). In France, only about 10

percent of workers are union members. In spite of this fact, union bargaining covers the wages of over 70 percent of all workers (Nickell, 1997: 62). Table 6.1, is the operationalization chart that depicts the working hypotheses and research method.

Table 6.1 Linking the conceptual framework to the literature and the modes of inquiry

<p>WH2: The French unemployment compensation programs, compared to US/Texas unemployment compensation programs, provide better protection for the bottom tier of the unemployed population.</p>	<p><i>Interview</i> Lynda Morgan Emily Ju Yael Trevino Christine Gouasdon Jean-Pierre Blache</p> <p><i>Document Analysis</i> Five-Year State Workforce Invest. Plan</p>	<p>Siebert, 1997 Wisensale, 1999 Darby, 1996</p>
<p>WH3: The French taxation policy, compared to the US/Texas taxation policy, leads to more infant infant mortality of small companies.</p>	<p><i>Interview</i> Jean-Pierre Blache Frederic Boulard Christophe Estay</p> <p><i>Document Analysis</i> Texas Unemployment Compensation Act French documents</p>	<p>Ljungqvist, 1998 Glyn, 1988 Blocker, 1998 Robertson, 1989</p>
<p>WH4: The institutional structure of the French labor market, compared to the institutional structure of the US/Texas labor market, has resulted in a lower creation of jobs by small companies.</p>	<p><i>Interview</i> Jean-Pierre Blache Frederic Boulard Christophe Estay Caroline Gadou</p>	<p>Bean, 1996 Nickell 1997 Fitoussi, 1994</p>

Methodology:

Interviewing justification

In order to achieve the interview, there is a need to travel to France in order to access public administrator’s opinions about their unemployment compensation system. A general lack of knowledge about the French language means that an assisted interview is the best way to get good information. Interviews are also useful in helping the researcher discover other significant sources of evidence (Yin, 1989: 85). Since one of the goals of this study is to provide for the potential for new insights into a topic for further research, interviewing may help formulate this area.

Interview question construction

The interview questions were open-ended and designed generate discussion about unemployment compensation programs. The interview questions follow the format that shown in Appendix A.⁸ Appendixes C - L contain the actual interviews which are arraigned in alphabetical order by last name.

Interview sampling

The selection process encompassed a couple of nonprobability sampling techniques. David Capes was assisting me with the choosing of the interview participants.⁹ Purposive sampling was used to select administrators who were qualified and had knowledge about the unemployment polices and programs.

Snowball sampling was also used in interview selection for the French system. The initial interview was scheduled with Mr. HUREL, Director of the APCE (Agency Fostering Creation of Business).¹⁰ During the interview, I was referred to Christine Gouasdon, Director of ANPE (National Agency for Employment).

The interviews that were conducted in Austin Texas, were a result of snowball sampling. My initial interview was with Emily Ju. From that initial interview, I was referred to Yael Trevino. Ms Trevino provided referrals to Steven Bridges and Lynda Morgan. Steven Bridges referred me to Karen Fields.

Interview schedule

⁸ Since this research has no statistical analysis, I was concerned that I would not be asking the right questions. The trip would be a one-time shot to get the needed information. I prepared the questions in Appendix A. and sent them to Dr. Shields and David Capes. After gaining approval, I used this template to guide me through the interview process. Since the interviews were for exploration, other questions were also used in order to facilitate open discussion.

⁹ David Capes is a consultant and researcher for the University Montesquieu in Bordeaux. I originally met him while I was taking an independent study coarse which allowed me to travel to Bordeaux in 2000.

Interviewing people at different locations around France and Western Europe meant that I had to coordinate each subject's availability time, with the routine logistics of travel-such as transportation and lodging. After a continuous negotiation process with David Capes, the proposed schedule was finalized.¹¹

The proposed schedule was set as follows:

August 13th and September 4th in Austin Texas.

Interview 1 : Administrative official(s) with a Capital of Texas Workforce Center
Interview 2 : Administrative official(s) with a Capital Area Workforce Development Board

September 17th and 18th in Paris, France

Interview 3 : Administrative official(s) for the Department of Employment and Solidarity
Interview 4 : Administrative official(s) for the National Agency for Employment.
Interview 5 : Administrative official(s) for the Agency for the Creation of New Companies.

September 20th and 21st in Bordeaux, France

Interview 6 : Administrative official(s) for a youth center.

Interview 7 : Administrative official(s) for the National Agency for Employment.
(at the regional level)
(Proposed schedule continued)

Interview 8 : Professionals working at the Center for Regional Development.

September 24th and 26th in Brussels, Belgium

Interview 9 : Administrative official(s) for the Commission of Social Affairs of the

¹⁰ This interview was very brief. I was provided an overview of the organization APNE, however, the information could not be used to test or reject any of the hypothesis. Mr. Hurel thought that Christine Gouasdon could better address the study and arranged for the interview.

¹¹ David originally scheduled interviews in Belgium and in Spain. By interviewing these areas, I would be able to get regional unemployment information. The original intent of this report was to place France within a united Europe. In doing this, my hopes were to make the French system more compatible to the Texas system. My wife would later reject the interview schedule. She felt that the added travel would be too expensive and time consuming. These added interviews would take away from the 'working vacation' that I promised her when we first discussed the ARP idea. Reluctantly, I agreed with the third master and made changes to the original schedule.

European Union.

October 1st and 4th in Austin, Texas

Interview 10: Administrative official(s) with a Capital of Texas Workforce Center

Interview 11: Administrative official(s) with Gary Job Corps Community.

Amended schedule

Three days before my flight was to leave for Europe, terrorists attacked the United States. The interview schedule that David and I had worked on for so long was suddenly in peril. Not only was the prior schedule jeopardized, the psychological pressure of witnessing the televised attacks, threatened to undermine the desire to travel abroad. Fortunately, the interviews were rescheduled for a week later, and there was little change to the previous itinerary.¹² A total of 18 interviews were conducted. Table 6.2, on the following page, contains a list of French administrators who were selected as interview subjects.

Table 6.2 French administrators involved in interviews

Interviewee	Title	Organization
France		

¹² Everyone was extremely generous with their time. An administrative official from the EU even agreed to meet me at the train station as my train was passing through Belgium. The stop would allowed for a quick interview, however, other problems prevented me from accepting this offer. I felt that the generosity that was afforded me represented the sympathy and solidarity that has been generated since the Sept. 11th attacks.

Jean-Pierre Blache	Charge' de mission (Director)	Ministry of Employment
Caroline Gadou	Chef de mission adjointe (Assistant head of mission)	Ministry of Employment
Christine Gouasdon	Charge' de mission (Director)	ANPE (National Agency for Employment)
Frederic Boulard	Responsable Animation Economique (Person in charge of economic stimulation/activity)	Aquitaine Regional Chamber of Commerce and Industry
Christophe Estay	Pofesseur de Strategie Responsable de Departement (Professor of strategy, head/in charge of department)	Bordeaux School of Management
Jean-Luc Haensler	Director	
Jean-Claude Baccomo Chapolard	Concealor (Councilor)	
Oliver Briand	Concealor	Mission Locale
Olga Bioperier	Concealor	(APNE)
Michele Darroman	Concealor	

The administrators, who are located in Texas, are not precisely representative of the titles of the administrators who were chosen for France. There is symmetry, however, in that Texas administrators have identical duties to assist those who need unemployment compensation services. Table 6.3 provides the Texas organizations in more detail.

Table 6.3 Texas administrators involved in interviews

Interviewee	Title	Organization
Texas		
Emily Ju	Lead Career Specialist	Capital of Texas Workforce Center

Yael Trevino	Program Specialist	Capital Area Workforce Development Board
Lynda Morgan	Program Specialist	Regional headquarters for Austin Region of the Department of Health and Human Services.
Karen L. Fields	Career Advisor	Gary Job Corps Community
Steven Bridges	Lead Career Specialist	Workforce Investment Act

Represented organizations

As previously noted, the interview recipients were selected because of purposive sampling. The primary reason that the administrators were selected was because they work within the sectors that decide policies and provide unemployment benefits. An interview was conducted with representatives of the APCE. This interview was conducted with Francois Hurel, who holds the Delegate General, and Francoise Charbin who holds the title of Expert. The interview was brief and focused on the role of the APCE, or Agency for the Creation of Enterprises. Since this interview was not used, the APCE is not represented in the report. Table 6.4 and 6.5 shows the French and Texas organizations, that were used, in more detail.

Table 6.4 French Organizations Represented In Interviews

Organization	Service Delivery
Ministry of Employment and Solidarity	Governmental organization involved in formulating and regulating unemployment compensation laws

ANPE	National Agency for Employment - this is a governmental organization that oversees 100 agencies around the territory. Unemployed people go to the APE in order to receive employment information and services that may help them receive a job
Aquitaine Regional Chamber of Commerce and Industry	Aquitaine is a regional area of 2.9 million inhabitants Located in the south of France, the area is rich in wine production and various forms of industry
Bordeaux School of Management	University Montesquieu in Bordeaux, France
Mission Locale	Organization that helps youth with all aspects of job search

The organizations that are located in Texas are not precisely representative of the organizations that were chosen for France. There is symmetry, however, in that Texas organizations have an identical commitment for the implementation and delivery of unemployment compensation services. Table 6.5 provides the Texas organizations in more detail.

Table 6.5 Texas Organizations Represented In Interviews

Organization	Service Delivery
Capital of Texas Workforce Center	Applicants are directed to a Workforce Development Center in order to receive employment information and services that may help them receive a job

Capital Area Workforce Development Board	Workforce development board help design and implement local polices. Each board includes representatives from business and community-based organizations
Regional Headquarters for Austin -Department of Health and Human Services	Applicants first apply to this organization when they are seeking TANF assistance. They are selected for the Choices program.
Job Corps	Governmental volunteer residential training and education program for unemployed, undereducated, low income people aged 16 - 21

Documents Analysis

The documents used to assist the research were chosen based on their ability to provide information about current rules and regulations. In examining the Texas system, the goal was to acquire documents that represented both federal and state regulations that are currently part of the state’s system.

The French material was selected based on the capacity to have it translated. In this respect, the ability to pre-screen the material for study relevance was hampered.

Table 6.6 introduces the documents that were studied.

Table 6.6 Documents used to assist Interviews

Research Methodology	Sources
Document Analysis	
Texas System	Strategic Five-Year State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 and Wagner-Peyser Act
Texas System	Workforce Investment ACT Titles I, III, and V
Texas System	Texas Unemployment Compensation Act

French System	France Initiative Reseau Activity Report 1999
French System	Association For the Right to Economic Initiative Activity Report 1999
French System	Federation of CIGALES Activity Report 1999
French System	Network Undertake Statement of Activity for 1999
French System	France Active Activity Report 1999

Problems with the study

The weakness of this study centers on the fact that interviews must be coordinated and assisted by a person who can speak both French and English. Therefore, the study encompasses not only the time of the sample subjects, the time for David Capes to coordinate the selection process was required as well.¹³

Additional weaknesses concern the possible sample of the study. Ideally, this report should include purposive sampling. The population would be comprised of public administrators who are able to provide definitive information concerning the formulated working hypothesis. It is possible that the study sampling may be composed by relying on available subjects. In this case, public administrators and other officials that have agreed to volunteer their time for an interview session.

¹³ The time requirement grew on several occasions when David would email me with possible questions about the selection process. I would have to get clarification and email back so that he could proceed. This process of communication was similar during the working hypothesis development stage.

Translation of material poses a problem with study. The material that will be collected during the European interview process will probably be written in French.

Translation will require time and in accurate translation may occur.¹⁴

Chapter seven presents the results of the data collection process. The chapter provides tables that summarize the research findings. Problems with the data collection process are given.

¹⁴ My original intent was to translate everything myself with a dictionary. However, the vast amount of written material I received negated this. Fortunately, I have a colleague who is able to speak French, and we bartered about the price of his assistance. After negotiating the payment of two cases of Heineken, I commissioned the friend to translate some of the material. Unfortunately, I never had the time or financial resources to get the majority of the material translated. There was also the possibility of the colleague developing a drinking problem should the attempt to translate the entire amount of material had been undertaken.

Chapter Seven

Results

Introduction

This purpose of this chapter is to test the four working hypotheses. Information is presented that evaluates the capacity the French and Texas unemployment compensation programs in order to judge their ability to provide a uniform amount of assistance for unemployed people. The chapter also rates the two systems on their ability to provide greater protection to the hardest to employ. Additionally the research will assess the French and Texas taxation policies, and the effects of French labor markets in order to determine their contribution to the infant mortality of small companies.

The results

Uniformity of assistance

The information collected would reveal that neither the French or Texas system provides a uniform amount of assistance to unemployed people. Caroline Gadou, an official with the Ministry of Employment explained that benefits are made in proportion to the amount of work that people have done in the past. Also, the amount of benefits are determined by how much a former worker has made in the past.

In this way, the French unemployment insurance system is similar to the Texas policy. Christine Gouasdon, an official with the National Agency for Employment

(ANPE), commented further on the systems lack of uniformity. “Because Unedic only covers about 70 percent of working people, the additional 30 percent can register at ANPE but they will have no resources from Unedic.¹⁵ These people can only receive RMI.¹⁶ And, while RMI is for people older than 25, there is nothing for people less than 25, unless they have previously worked and paid into the Unedic system” (Gouasdon, 2001).

The interview with Caroline Gadou, provided information on other developments in the French system that contributes to a lack of uniform compensation. In 2000, a new convention was formulated by Unedic, trade unions, employers, and the government. The agreement set new measures for jobless people to use while they are looking for employment. An additional 3,000 more agents were hired at ANPE in order to assist jobless people. These people were hired as case workers for the unemployed. The applicants now had to sign a contract between themselves and the ANPE. The contract does serve as a personalized tool that would focus on the applicant’s research for employment (Gadou, 2001).

The interviews with Texas officials (Emily Ju about the Choices program, Yael Trevino about the Welfare-to-Work program, Steven Bridges about the Workforce Investment Act,) and Mission Locale about their youth outreach programs, revealed that the systems used an independent contractual agreement with an assigned case worker.

¹⁵ Unedic is an association managed by representatives of trade unions and employers. Unedic has a large amount of authority which helps them build new rules. In every region, jobless people are registered by Unedic before they go to the ANPE for assistance with job searching. ‘Unedic’ is also used as a reference to the actual unemployment compensation payment, which is the context of this sentence.

¹⁶ RMI is minimum revenue for insertion. It is monetary assistance provided by the social security services. The minimum amount is about 2,500 francs a month, but it can be higher when there are children, or when both parents do not have a job. The amount depends on social situations.

Section 663.200 part (a) of the regulations governing the Workforce Investment Act (WIA) states:

Intensive services are listed in WIA section 134(d)(3)(C). The list in the Act is not all-inclusive and other intensive services, such as out-of-area job search assistance, literacy activities related to basic workforce readiness, relocation assistance, internships, and work experience may be provided, based on an assessment or individual employment plan.

Based on the information that was collected, it is impossible to tell if French programs provided a more uniform amount of assistance than US / Texas policies.

Information that was collected from both interviews and document analysis provided information that rejects the hypothesis. Table 7.1 displays the results.

Table 7.1 Uniformity of assistance

Working Hypothesis:	Research Method:	Results:
WH1: The French unemployment compensation system, compared to the US/Texas unemployment compensation system, provides a more uniform amount of assistance to unemployed people.	Interviews Document Analysis	Rejected

The information collected suggests that all polices reviewed, are designed in order to meet individual needs. The lack of uniformity is considered essential in order to conserve resources as well as target specific groups. The next section examines if the French programs offer better protection to the unemployed.

Bottom tier protection

The second working hypothesis affirmed that the French unemployment compensation system would provide better protection for the bottom tier of the unemployed. Information that was collected from interviews and document analyses supports this assumption. The basic level of protection that the French program offers is testament to the government's strong social policy.

The interviews that were conducted in order to research the TANF Choices and Welfare-to-Work programs revealed that these programs are not intended to assist all members of the unemployed population. Lynda Morgan, program specialist at the Regional headquarters for Austin Region of the Department of Health and Human Services, noted that TANF or Temporary Assistance to Needy Families, is designed to assist people who have children. In order to receive TANF assistance, applicants must have children. A person who is young and single could not receive the TANF grant. (Morgan, 2001).

Interviews with Emily Ju and Yael Trevino reveal that the Choices and Welfare-to-Work programs have time limits. It is possible that these time limits could be detrimental to the bottom tier of the state's unemployed. Choices program participants get a maximum of 36 months. Applicants can qualify for 12, 24, or 36 months depending on their education level. (Ju, 2001)

Once participants reach the 36 month period, they will not receive assistance through the Choices program. Currently, these people may be eligible for the participation in the state's Welfare-to-work program. While the Choices program works with the entire TANF population, the Welfare-to-Work program is a grant that works with a smaller segment of the population. The assistance targets people with the most

barriers to obtaining employment . It also works with people who have exceeded their Choices time requirements. Combined, the two programs allow benefits for a five year time period. Pass that period, there is no assistance provided from the programs. This year, the Texas Welfare-to-Work program will be phased out, which will decrease the amount of time that the difficult to employ can receive assistance.

The interview with Yael Travino revealed that in Austin, getting people jobs is not difficult. The Austin area has seen continuous economic growth. The struggle for the program, has been to keep people working. Social issues and personal problems such as sick children often create conflict with work (Travino, 2001).

The success in helping Choices and Welfare-to-Work finding employment can also be attributed to the work of the workforce development centers. In Austin, there are three centers that support a vast array of services that are directed toward members of the unemployed community. Another source of people falling through the system could result from the uneven geographical distribution of Choices services across the state, which may leave some rural recipients with limited assistance. More than 150 counties with about 17 percent of the state's TANF adults do not have workforce centers with full service Choices programs.

Appendix M. contains data from the Five-Year State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 and Wagner-Peyser Act. The graphs depicts the state-wide distribution of Texas Workforce Centers. An additional graph shows growth patterns in these areas. The material shows that areas like the Brazos Valley, with only one workforce development center, has seen a significant change in the area growth pattern.

The interview with Christine Gouasdon focused on the RMI program. The program targets people at the very bottom—the people in exclusion.¹⁷ The recipients range from young people, who lack of work experience, to older people whose qualifications are no longer up-to-date with technology. The minimum amount is about 2,500 Fr a month, but it can be higher when there are children, or when both parents do not have a job (Gouasdon, 2001).¹⁸ The amount depends of social situations. There is no time limit. The commission set the limit at 6 months, however, if a person needs it longer, they can have it.

Jean-Pierre Blache, an official with Ministry of Employment, commented on the social effects of the RMI program. Mr. Blache stated, “...we have many programs, such as RMI, that are protecting the unemployed and it is expensive to provide these types of protection. There has been many efforts to find solutions to the problem, but every year the social security system is in the red” (Blache, 2001).

Appendix N contains pay information from a non profit and a public sector job in France. This is compared with pay information from a non profit and a private sector job in Texas. The information is provided to show the difference in employee payroll deductions.¹⁹ Table 7.2 presents the differences.

Table 7.2 Examples of employee deductions

French System Deductions	Texas System Deductions

¹⁷ This is a term used by the French that refers to the people with the most barriers to employment.

¹⁸ Fr stands for the French currency. French franks have an exchange of around 6.8 to the US dollar.

¹⁹ This list is not all inclusive. There is some information that my colleague could not translate.

Additionally, it should be noted that this appendix is not a representation of the exact amount and total deductions that would be imposed on each system. This information is used as a representation of how much the French pay into the nation social system.

Ordinary illness	Social Security tax
Health insurance	Medicare tax
Widow's insurance	Federal income tax
Old age with ceiling	Health -Dental
Old age w/o ceiling	Life support
Income maintenance	
Supplementary retirement	
Payroll insurance	
Work related accident	

This information is included in order to stress the amount of social support that the French and other Europeans have allowed their national governments to hold. As previously noted, the citizens in these countries are more familiar with the notion that the national government plays an independent role in their lives. As a result, the French citizens are willing to take a larger commitment helping finance that role. Table 7.3 displays the results of the interviews and document analysis.

Table 7.3 Bottom tier protection

Working Hypothesis	Research Method	Results
WH2: The French unemployment compensation programs, compared to US/Texas unemployment compensation programs, provide better protection for the bottom tier of the unemployed population.	Interviews	Supported
	Document Analysis	

Next the research focuses on the infant mortality of small companies. Social taxation policy was examined in order to judge its detriment to the growth of small

businesses. Additionally the effects of labor market regulation on small businesses was investigated.

Taxation policy

In France, social taxes take a significant portion of the business earnings. Because of this, small business have very small residual income. Jean-Pierre Blache stated that all social taxes are fixed and small business must pay regardless of there size or profit. The administrator provided an example where each month employees pay 22 percent of their salary toward social taxes. Employers also pay 30 percent of the employees' salary for social charges. "It is very expensive, therefore, the social tax is the primary reason for failure of a small company "(Blache, 2001).

Frederic Boulard, who is an official with the Aquitaine Regional Chamber of Commerce and Industry, had this to say about social taxes "when you start your own small business now in France, you benefit from a number of tax reductions (as well as from a range of state-backed loans and subsidies) right at the start, but the taxes slowly build up along the first years and most observers reckon that the social taxes that come to full effect in the third year do represent a tricky stage, especially for those very small enterprises that are devised as a means of self-employment " (Boulard, 2001).

Christophe Estay, a professor of strategy with the Bordeaux School of Management, equally stated that "after three years and with more employees, the problem becomes more important." (Estay, 2001)

Documents obtain from the interviews are presented in Appendix O. This information is included to show the level of assistance that different entities offer small

companies during their initial years. The *France Active* report provides information into the amount of assistance in loans, subsidies, and networks that are set up to help small companies during their infancy stage. The *Network Update* provides information on the networks of associations that have used financial resources to assist creators of business. The CIGALES report shows the contributions made on behalf of the Investors Club for Local and Alternative Management of Interdependent Savings. The A.D.I.E document shows the different types of projects and beneficiaries who were awarded assistance.

Since the social burden is not the same for companies in Texas, the social taxes are not as large. Appendix P. contains material from the Texas Unemployment Compensation Act. The information provided shows that rates are not fixed, nor are they excessive. The Tax Rate Table details the employer contributions.

The employer's tax rate is:

0.00%	0.1%	0.2%	0.3%	0.4%	0.6%	0.7%	0.8%	0.9%
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Information collected from interviews and document analysis supports the working hypothesis that states that the French taxation policy leads to more infant mortality. Table 7.4 displays the results.

Table 7.4 Taxation policy

Working Hypothesis	Research Method	Results
WH3: The French taxation policy, compared to the US/Texas taxation policy, leads to more infant mortality of small companies.	Interviews Document Analysis	Supported

The last working hypothesis centers on the effects of labor market regulation and the influence on small business growth. None of the documents, which were collected, contained information about labor market costs. The information used to tests the hypothesis is a result of interviewing.

Labor market influence

The information obtained from interviews did not support this hypothesis. Jean-Pierre Blache, Frederic Boulard, and Christophe Estay all believed that unionization did not result in a lower creation of jobs by small companies. Christophe Estay stated that by definition, small companies are usually composed of 10 people or less. Unionization does not really impose costs at that level (Estay, 2001).

While unionization was shown not to influence the creation of jobs by small companies, there was evidence that unionization has imposed costs on other aspects of welfare reform. The new contractual agreement system that France has recently implemented was bogged down in negotiation. Caroline Gadou explains "...for trade unions, it was difficult to accept these new measures. There is a question of control. This is a very new system, the contract negotiation took eight months" (Gadou, 2001). The results are recorded in table 7. 5.

Table 7.5 Labor market influence

Working Hypothesis	Research Method	Results
WH4: The institutional structure of the French labor market, compared to the institutional structure of the US/Texas labor market, has resulted in a lower creation of jobs by small companies	Interviews	Rejected

Problems with research.

After returning back from Europe, it became apparent that one cassette was missing. The tape contained the interview with Frederic Boulard, and Christophe Estay. Accompanying me were David Capes and Mark McNaught. The interview consisted of around two hours and contained relevant information that applied to my hypothesis.

Also, tape contained about a 30 minute interview that had been conducted David Grub and Laura Bardone, The two are administrators who work with the Organization for Economic Cooperation and Development (OECD). The interview information from Frederic Boulard, and Christophe Estay is based on follow up correspondence.

Another problem with this study involves the lack of information on programs that are designed to assist small business that start up in the Texas area. Through interviews and documents obtained in France, ample information was gathered about different kinds of guaranteed loans, subsidies, and other credits that aid small businesses. In order to make an accurate comparison to the Texas system, more information about the programs that assist small business in Texas should have been researched.

This could be accomplished by trying to obtain interviews with the Small Business Administration, Austin Area Urban League, and other non profit organizations that are around the Texas area. While this may help develop a wider frame of knowledge, it can not be ascertained if the added information would change any of the hypotheses. Working Hypothesis III and IV relate to business activities. The information that is used to test these hypothesis is based on strong respondent judgment.

The information obtained on labor market costs was also insufficient. No document information was collected on labor market costs. It would have been relevant to this study, to determine the size of the company that begins to experience problems do to regulatory expenses. Information on Texas labor market costs was also not collected.

Chapter eight presents the conclusion of the report. The material provides a summary of the research findings. Options for future research on the topic are also offered.

Chapter Eight

Conclusion

Introduction

The purpose of this chapter is to summarize the research findings. The research purposes will be restated and a summary table is presented. New insight gained by the research and possibilities for further study are given.

Research purposes revisited

The propose of this research was exploratory. The first purpose is to review the institutional structure of French and Texas labor markets in order to analyze their influence on job creation for small companies. The second purpose is to assess the French and Texas taxation policies in order to determine their contribution to the infant mortality of small companies. The third purpose is to evaluate the capacity the French and Texas unemployment compensation programs in order to is to judge their ability to provide a uniform amount of assistance for unemployed people.

Summary of results

The report adequately assessed the French and Texas taxation polices and determined that the French system was more detrimental for infant mortality of small enterprises. Additionally, the study was able to evaluate the French and Texas unemployment systems in order to judge their ability to provide a uniform amount of assistance for unemployed people. The study did not, however, adequately investigate

the French and Texas labor markets in order to analyze their influence on job creation for small companies. Therefore two of the three research purposes were achieved.

The basic level of social assistance that the French unemployment compensation program provides, allows for a clear distinction between the Texas and French systems. The RMI is a system that is designed to "reach the people in seclusion". The monetary assistance that it provides is small, however, it is a form of assistance that has no defining termination period. In this respect, the RMI provides better protection for the bottom tier of the unemployed.

Financing this basic level of protection is expensive. A review of the information that supports the third working hypothesis shows that some of the costs of social charges are reflected in the infant mortality of small companies. Ultimately, other social costs are born because of the basic level of protection as well. The RMI probably contributes to people abusing the system. People can be choosier in the types of jobs they select and the time period that they chose to move into the workforce. The French system realizes that a certain amount of people will ultimately abuse the system, however, the tradeoff is acceptable in order to have a basic level of protection that is directed toward the larger amount of the population of the country. Table 8.1 presents a summary of the research findings.

Table 8.1 Summary of Research Findings

Working Hypothesis:	Research Method:	Results
<p>WH1: The French unemployment compensation system, compared to the US/Texas unemployment compensation system, provides a more uniform amount of assistance to unemployed people.</p>	<p>Interview Document Analysis</p>	<p>Rejected</p>
<p>WH2: The French unemployment compensation programs, compared to US/Texas unemployment compensation programs, provide better protection for the bottom tier of the unemployed population.</p>	<p>Interview Document Analysis</p>	<p>Supported</p>
<p>WH3: The French taxation policy, compared to the US/Texas taxation policy, leads to more infant infant mortality of small companies.</p>	<p>Interview Document Analysis</p>	<p>Supported</p>
<p>WH4: The institutional structure of the French labor market, compared to the institutional structure of the US/Texas labor market, has resulted in a lower creation of jobs by small companies.</p>	<p>Interview</p>	<p>Rejected</p>

New insight

In addition to researching these areas, I discovered several factors that I had not previously known about. The first factor is that the French and Texas systems are very similar in the way that they are organized and conducted. In the Texas system, recipients apply at the Department of Health and Human Services (DHHS). From this organization, qualified applicants are referred to the Texas Workforce Commission to be incorporated in the Choices program. In a similar fashion, French applicants apply for assistance at Unedic. This agency refers the qualified applicants to the ANPE in order to receive services.

Case workers are employed by both systems in order to provide personal assistance and guidance to job seekers. In both systems, work is the ultimate goal. Contractual agreements are signed that commit the participant toward finding and securing employment at the earliest opportunity. Both systems are identical in the fact that the services provided are multifaceted, designed to meet several needs in order to facilitate the success of finding and maintaining employment. Additionally, each system is designed so that multiple entities will work together in order to provide coordinated services.

Future research

There are several options for future research on the topic. An interesting option would be to study the same programs and policies at a future date. Both the French and Texas systems have unique attributes that warrant a further study. The TANF program was implemented in 1997 with a 5 year mandatory time limit. Since the time

limit will begin to take effect this year, it would be interesting to collect information on the level of people whose time has expired while they were receiving assistance.

Many administrators claim success for the US and Texas systems based on the amount of people who have left the public assistance ranks. The five-year time period in which the reforms have been in place, has followed a period of economic growth in the United States and in Texas. A viable form of research could possibly be a continued study of the US and Texas unemployment systems. The effects of the TANF programs could be revisited in order to gauge their effectiveness during periods of economic recession.

The French unemployment compensation system has recently undergone a profound change. For the first time, recipients of public assistance will have to sign contractual agreements that seek to commit them toward finding employment earlier and while they are under the supervision of a case worker.

The passing of such reforms was difficult. The various labor unions that speak for the individual rights of both employers and employees had a difficult time of accepting the notion of a forced contractual agreement. A further study could follow the implementation of these contractual agreements. As France enters a period of probable economic downturn, it would be interesting to see if the use of the contractual agreement gains power or receives added criticism.

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Appendix A. Interview question construction

Working Hypothesis 1

The French unemployment compensation system, compared to the US/Texas unemployment compensation system, provides a more uniform amount of assistance to unemployed people.

- Q.1.1. What types of programs are offered for those who have worked and are beneficiaries of allocation by the Society Joining Unions of Workers and Companies for the Unemployed (ASSEDIC)?
- Q.1.2 What types of programs are offered for those who haven't work for a long period and have ceased to be beneficiaries of ASSEDIC allocations?
- Q.1.3 What types of programs are offered for those who are in the RMI Program?
- Q.1.4 What types of programs are offered for those who are aged between 16 (end of compulsory schooling) and 25 years (age for being beneficiary of the RMI program)?
- Q.1.5 How are these programs evaluated?
- Q.1.6 How often are these programs evaluated?
- Q.1.7 By which institutions are programs evaluated?
- Q.1.7 According to which criteria are these programs evaluated?
- Q.1.8 What types of changes are made as a result of evaluations?

Working Hypothesis 2

The French unemployment compensation system, compared to the US/Texas unemployment compensation system, provides better protection for the bottom tier of the unemployed population.

- Q.2.1. What are the different levels of the unemployed population (define unemployment)?
- Q.2.2. What are the programs that are offered at each level?
- Q.2.3. At which level is there the greatest chance at receiving training and education?
- Q.2.4. Do programs provide training and or education specific to the current and future

skill requirements demanded by employers?

Q.2.5. How are the programs coordinated?

Q.2.6 What kinds of institutions are concerned by the amount of coordination?

Q.2.7 Are these programs part to a nation-wide or regional plan?

Working Hypothesis 3

The French taxation policy compared to the US/Texas taxation policy, leads to more infant mortality of small companies.

Q.3.1. What is the taxation policy directed toward small companies and large companies?

Q.3.2. Do these taxation policies have a larger adverse effects on small companies than on larger companies?

Q.3.3. Are there programs in place to help facilitate growth of small business during a company's infancy?

Q.3.4. What kind of difficulties do you observe in the context of your accompaniment of small business entrepreneurs?

Working Hypothesis 4

The institutional structure of the French Labor market, compared to the institutional structure of the US/Texas labor market, has resulted in a lower creation of jobs by small companies.

Q.4.1. Concerning this program/policy. Do you believe that regulatory barriers and administrative burdens should be minimized?

Q.4.2. What are the changes that could be implemented to achieve this?

Q.4.3. Are there programs and polices in place to limit regulatory barriers for small businesses to employ unemployed workers?

Q.4.4. How are these programs monitored?

Q.4.5. How to you evaluate the effectiveness of these programs?

Appendix B. Texas statewide goals and objectives

Goal 1. A dynamic integrated and ever-improving business driven workforce development system where employers and individuals have ready access to a network of information and services respective to their unique employment needs.

- a. Local Workforce Development Boards will assure the leadership and responsibility for ensuring business-driven workforce development services that meet the needs of local employers and individuals.
- b. Local Workforce Development Boards will expand employer and individual participation in the workforce development system.
- c. Embrace local control and support employers and individuals by minimizing regulatory barriers and administrative burdens.
- d. Embrace and support the use of technological advances in electronic communication to facilitate workforce development and employment objectives.
- e. Local education entities, local Workforce Development Boards, and other system partners will work with each other and with employers to provide timely training and educational programs specific to current and future skill requirements of employers.
- f. Facilitate coordinated, customer-friendly eligibility determination and service delivery.
- g. Provide user-friendly, universal access to employment, education, and training information and support services that enable employment at the earliest opportunity.

Goal 2. An operational, comprehensive system-wide set of performance measures to monitor, evaluate and improve the effectiveness and accountability of the workforce development system.

- a. System partners will utilize the statewide workforce strategic plan in developing state and local strategic plans.
- b. System partners will establish, implement and utilize performance measures and benchmarks to monitor and assess the workforce development system's ability to achieve its objectives.
- c. System partners will identify and implement improvements based on annual assessments from stakeholders regarding system efficiency and effectiveness.
- d. The Texas Council on Workforce and Economic Competitiveness will prepare and distribute a system-wide annual evaluation of the implementation of the workforce development system strategic plan.
- e. Local system partners that consistently meet or exceed performance standards will, where possible and in compliance with applicable legislation, be considered for rewards and incentives as well as for greater flexibility and waivers of certain federal and state requirements.

Goal 3. Texans have access to obtain literacy, education, and workplace skills necessary for self-sufficient employment, employment advancement and life-long learning.

- a. Assist adult Texans to improve their literacy, math proficiency, and critical thinking skills to the level necessary for employment.
- b. Develop initiatives to increase the proportions of Texans who complete a post secondary degree, high school diploma, GED or other recognized credential.

- c. Develop initiatives to increase the proportion of Texans who complete a workforce preparation program, enter employment with earnings gains and/or continue in education and training.
- d. Develop initiatives to decrease expeditiously, through employment at a self sufficient level, the proportion of Texans who need public assistance or unemployment insurance.

Goal 4. Workers have the educational and occupational skills for employment advancement in meaningful, challenging and productive, higher-skilled, higher-wage careers.

- a. Implement and refine system for the development, recognition and use of industry-defined and recognized skill standards to facilitate the performance of participants in higher-skilled, lower-wage demand occupations.
- b. Establish a post secondary only skills certification system which links industry-defined and recognized skill standards, workforce education, and probability of credits.
- c. Improve the long-term employability of participants by providing workforce education and training opportunities to upgrade occupational skills that result in demand occupations.

Goal 5. Texas youth are empowered with knowledge, skills and behaviors necessary for employment and economic independence in highly-skilled, higher wage careers and lifelong learning.

- a. Develop initiatives that work toward increasing annually the proportion of the total students entering the sixth grade that receives a high school diploma within seven

years.

- b. Develop initiatives that work toward increasing annually the proportion of Teas youth entering and completing post secondary education.
- c. Develop initiatives that work toward increasing annually, the proportion of post secondary entrants requiring recommendation.
- d. Develop initiatives that work toward increasing the percentage of employed youth in higher-skilled, higher-wage occupations.
- e. Continue to support local youth councils and the development and sustainability of regional school-to-career Partnerships and voluntary school-to-Careers initiatives.
- f. Develop initiatives to increase the proportion of secondary and post secondary students enrolled in and completing Tech Prep and other proven, high-quality career preparation programs and transitioning to post secondary institutions.

Taken from pages 13 -15 of the Strategic Five-Year Workforce Investment Plan For Tittle I Of The Workforce Investment Act of 1998 And The Wagner-Peyser Act.

Appendix C. Interview: Blache

Q- Can we begin this discussion by talking about some forms of assistance that are offered to people who want to start a business?

R- In France, there are many forms of help, such as tax credits, loans, economic risk counseling. These types of assistance are offered at the national, regional, and local levels. At the national level, there is assistance with social taxes.

Q- What are the amounts of these types of assistance?

R- In 2000, 80,000 people were given this assistance at cost of 1, 090 million francs. This assistance was directed toward large enterprises. New enterprises also use it.

R- There is also assistance for unemployed people. Tax credit for social benefits. Also, it is provided for young people who are self business people, Who have a small enterprise. In one year, 39,000 people are assisted a cost to the government is 1000 million francs. This credit is for all social insurance, accident, helpful assistance.

Q- Do these forms of assistance have to be paid back?

R- No, companies so not have to pay tax credit back. This is during the 1st year. During the 2nd year they would pay back a portion of social taxes, say 40,000 francs. During the next year, they pay 50,000 of social taxes. This continues until they reach the 5th

year and pay full social tax. This system started in July 2000 at the national level. The levels are city, departmental, region and national. There is another system that offers financial assistance. The French call this prima. The system pays 40,000 francs that is put into the account of an enterprise. It is used for capital or put in a treasury. It is available for all types of enterprises but is used primarily by small enterprises. About 70 percent of the prima is directed toward self-employment business.

Q- Does the government work with other organizations to provide services?

R- There is a special loan that provided for the development of the small and middle-size companies. The state bank will provide 50,000 francs if a person has a loan for 50,000 by a commercial bank. This process helps people who have had difficulty obtaining loans in the past. This program assists 10,000 people in one year. Also, there is a program that is a bond system that offers 70 percent of a loan that is offered by a commercial bank. This program is directed toward large business. This system can provide several million francs in assistance.

Q- Are there programs in place that assist people who have the most difficulty with starting a business?

R- A second bond system is for people who have special problems. This system is called FGIE. It is a bond system for people who receive the RMI assistance. People can obtain this assistance for very small projects. The loan amount is small, just 30,000 francs. There are 10,000 participants in this system for one year.

Additionally, Special assistance is directed for specific urban localities in depressed areas. Areas where unemployment is high. The fund is called an Economic Revitalization Fund. The fund provides 150,000 francs for improvements for buildings. The goal is needed enterprises that can create jobs and bring business into depressed areas. This is a new policy that has started in January 2001. There are no statistics as of yet.

Q- Are there programs in place to assist those who are too young to receive RMI assistance?

R- An additional form of assistance is called the Invent Young Project. It is focused overseas departments. The program helps young people to receive education and professional learning abroad after they have completed the education, the government can provide 58,000 francs in order to create a self owned business. This grant can also be used with other forms of assistance. We have many different programs in place because at this time the unemployment rate is around 9 percent.

Q- Do you think that social tax policies have a larger effect on the growth of small companies than on larger companies?

R- It is worse on small. Small business have very small residual income because of social charges. All taxes are fixed and small business must pay. This is a very important point in France, because social taxes are very expensive. For example, each month I pay 22 percent of my salary toward social taxes. My employer also

pays 30 percent of may salary for social charges. It is very expensive, therefore the social tax is the primary reason for failure of a small company.

Q- Are the tax requirements the same for both small and large companies?

R- Yes, The minimal tax requirements are the same for both small and large companies.

The basic system is protected. Self business people must contribute to the system and coverage is provided for all the family members.

Q- What about regulatory barriers like highering costs, unionization. Do these things contribute to the infant mortality of small companies?

R- No not much, there are many unions, but they do not really contribute to the fate of a small business. The primary fate is really social taxes. Additionally, other taxes like consumer value added taxes contribute as well.

Q- Are there programs in place to alleviate this problem?

R- The government is considering making a possible solution. This would mean that social charges are in proportion to the business size. Now, it is not. For example, if you are a small self-business, you might have a yearly profit of 60,000 franks.

Which is a gain of 5,000 franks a month. Your social charge is 25,000 franks. So it is like working 5 months, just to pay the social charge. And you pay it at one time.

Q- Are we talking about the social charges that an employer must pay, or social charges that an employee pays?

R- Well, when you are the owner of a small business, you are the employer and employee. You must pay this social charge as part of your salary and you must pay this social charge as part of the employer as well. There are many types of protection, but many costs as well. There is much discussion about this system. We have many programs such as RMI that is protecting the unemployed and it is expensive to provide these types of protection. There has been many efforts to find solutions to the problem, but every year the social security system is in the red.

Q- In addition to monetary assistance, are there other forms of help that the government provides?

R- The national government also works with people who want to start a business. The government provides the enterprise with labor market information and helps develop a business plan to define the project. Afterwards, the government helps locate financial resources from banks, associations, and sometimes family members. Once the enterprise is in operation, the associations can assist the business in paying back loan advances, taxes and social charges - very expensive. Prior studies indicate that after 3 years, only 50 percent of businesses survive. The hope is to raise this figure to 60 or 70 percent after 3 years. The national government currently pays 100 million francs for 10,000 creators of business. The government also provide for administrative simplification. The ministry of employment offers forms through the website. The government also offers special assistance to help small enterprises by preparing all administrative forms for the business.

Appendix D. Interview: Boulard and Estay

As far as taxation policies in France are concerned, there are two ways to analyze them : From a macroeconomic point of view, it is estimated that fiscal and social revenues in France amount to more than 45 % of the gross national product, which is 3 to 4 points more than the E.U. average percentage and roughly 18points more than in the U.S. Such a tax level is judged excessive by some. I will not go further into that.>From a microeconomic point of view, the tax system is the same for S.M.E.s and the biggest companies in France, though some taxes vary according to the number of employees or other criteria.

When you start your own small business now in France, you benefit from a number of tax reductions (as well as from a range of state-backed loans and subsidies) right at the start but the taxes slowly build up along the first years and most observers reckon that the social taxes that come to full effect in the third year do represent a tricky stage, especially for those very small enterprises that are devised as a means of self-employment. The trouble with that is arguably enough for an independent worker to contribute to discourage hiring a first employee.

A very recent report written by two members of the French parliament for the French Prime Minister put the emphasis on that and made some proposals. . I have no idea as to how larger new companies fare in that situation. I reckon that in that case, business plans are made accordingly with the tax system build-up in the first five years or so, which is not that easy to do or advocate for very small businesses. You also have to take into account that, in France, when you start a new business big enough to create

dozens or even hundreds of jobs, helps, subsidies and tax alleviation's multiply. The TOYOTA plant that recently opened its doors on « economically devastated grounds » in the north of France is a good example of that. Some say that when all subsidies and stuff stop, such plants close to open elsewhere and start all the helping system anew... I will not go into that either. Well, I guess that pretty much sums my knowledge on the topic you raised. I must admit that I am not such a specialist of tax policies and their effects.

Hi!

Thank you for your email. I think that the social taxation policies is not really important for the first three years and for a company with a small number of employees. After three years and with more employees, the problem becomes more important.

Regards

Christophe

Appendix E. Interview: Bridges

Q- I guess the beginning question would be what do you do here, what's your role?

R- I'm the lead career specialist for the Workforce Investment Act. As a career specialist, I have a case load but it is smaller than the rest of the people on my team. I'm a team leader. The Workforce Investment Act helps two categories of people. One is disadvantages people. The other is dislocated workers.

Q- Are there definitions that you use to decide these categories?

R- It depends on the category that the people are in. They have to qualify for the categories. If they have been laid off from their job and can receive unemployment, or have been terminated at no fault of their own, then they are considered a dislocated worker. They don't have to be receiving unemployment-just be able to receive it. There is also what is called a displaced homemaker. This is a person who is relying on another income for they family. Now, that income is gone, they need assistance. There are also farm and ranch hands who have lost seasonal work or the farm is gone under. There are many different categories. Economically disadvantaged individuals are people who qualify according to family size under the economic guidelines that the government sets for low income individuals. If a person has a disability, we can classify them as a family-of-one and just use their salary to see if they are under the guidelines.

Q- Do people need to have a family in order to qualify for WIA funds?

R- No, they can be single and have lost their job and qualify for it. There are automatic qualifiers such as receiving food stamps because they have already passed the determination process. We also have a form that we can send to an employer and find out the employees last 6 months of income. This may help them qualify for as an economic disadvantaged person. Once they are eligible for the program - we focus on employment.

Q- Is this focus different than the former program?

R- The former program, the Jobs Training Partnership ACT (JTPA), focused on training. Training is provided by WIA but it is not the focus, the focus is on securing employment. Everything revolves around that.

Q- Are case managers in the WIA different than case managers who work with choices?

R- No, not really. We both have the same goals. It's just two separate programs we both have our own rules and regulations, but we both work together with the same customers if training is an issue.

Q- What types of training is offered?

R- Basically, anything from getting a GED or an English as a second language training. Our training lasts anywhere up to two years. It varies from educational training to occupational training. All occupational training is targeted for high-demand occupations. We also have approved

training providers like Austin Community College (ACC). The programs these providers administer must be approved by a workforce development board.

Q- Does the training vary across the state?

R- Yes, it varies by region - driven by the labor market.

Q- Are WIA services offered across the state?

R- Yes, it should be uniform. Also, WIA is a national program that is offered across the country.

Q- How are WIA services evaluated?

R- Our performance is measured by entered employment, job retention (Follow-up time is one year after applicants secure employment) Also, we look at wage gain.

Appendix F. Interview: Fields

Q- What is the definition of people who receive these services?

R- Basically, we serve young people age 16 - 24.

Q- Where do people apply for services

R- We have an admissions office in the North Location.

Q-What type of services are offered?

R- The Focus of the program is to basically help youths obtain a trade, There are different trades that can be selected. The programs are designed to incorporate both academic and trade education. There are other types of training too. Also, there are supporting programs. For example, the program also helps people get their driver's license while they are participating in training. The training can last up to two years.

Q- What is your responsibility?

R- R- I help people who need assistance. An example may be looking for an apartment or low cost transportation.

Q- Are the same services offered throughout the state?

R- Yes, the office that is central is located in San Marcos. There is also an office located in Dallas. But, the Job Corps works with local colleges like SWT and ACC in order to provide services.

Q- Can all young people age 16 - 24 receive services?

R- Well, they would have to meet the criteria, however, I do not have that information.

Appendix G. Interview: Gadou

Q- Can we begin discussing what types of unemployment systems the government has in place?

R- There are two main institutions that are responsible for employment. The first one is the National Agency for Employment (ANPE). They oversee 100 agencies around the territory. This is the place where people go to receive employment information and services that may help them receive a job. The other institution is Unedic - This association is managed by representatives of trade unions and employers. In France, trade unions are called social partners. Unedic has a relationship with the government and the ministry of employment. Unedic has a large amount of authority which helps them build new rules. In every region, jobless people are registered by Unedic before they go to the ANPE for employment to help with job search. Last year, a new convention was formulated by Unedic, trade unions, employers, and the government has decided to set new measures for jobless people to use while they are undergoing job search.

Q- What changes came from the new convention?

R- A few years ago, there were no effective measures to promote job search. Since, then 3,000 more agents to assist jobless people at the national agency. Now jobless people will sign a contract between themselves and the national agency that focuses on their research for employment.

Q- Was these changes difficult to implement?

R- For trade unions, it was difficult to accept these new measures. There is a question of control. This is a very new system, the contract negotiation took eight months.

Q- How does having a signed contract change the system?

R- Until now, it has been impossible to force a person to accept a job that they do not want. Even with passage of this convention, it is still possible for job seekers to turn down possible jobs. This contract allows the people to get training an education to help them look for a job.

Q- Is there a definition of unemployed workers, I mean what are the requirements to be admitted in this program?

R- Well, the person must be between 18 -57. The age that people start to retire is 57 because many pensions begin at that time. Also, the people must be told that they are fit to work by the national agency. People who have disabilities go through a commission and the present proof of the disability to that commission.

Q- Do you believe that the French unemployment compensation system, provides a uniform amount of assistance to unemployed people?

R- No, not exactly. Benefits are made in proportion to the amount of work that people have done in the past. Also, the amount of benefits are determined by how much you made in the past. Unedic will take part in the financial assistance for a training

period. Most education is provided for free in France.

Appendix H. Interview: Gouasdon

Q- Can we begin discussing what types of unemployment systems the ANPE has in place?

R- Yes, certainly. The ANPE programs are part of a National Action Plan - all European countries have to set up a national action plan in order to reduce unemployment.

Q- What age do programs begin?

R- The programs begin at age 16, however, there is no real age that benefits stop. Because pensions are paid at a certain pay range. The law says retire at 60 but sometimes pensions do not pay enough. In this case, they can still work. Also, people can begin working at age 14 if the job incorporates aspects of education as well.

Q- What is the duration of employment benefits?

R- Well, for someone who loses his job, it depends on how much he pays into the system. Unedic is a private organization that is ruled by social partners and the state government, but it is private. It depends on how much they paid. There are some exceptions for people having no money at all. Then, the government can pay something to them. This could be something with training or RMI. This is for those who have not a good work history, no possibility for a job, and no money.

Q- What are the qualifications?

R- People who have bad social problems, they have no where to live and have children.

Q- Are there additional resources that are provided?

R- Yes, because RMI is provided by the social security services, and the social services make a benefit plan. The government will help them to find a house and help them to get other incomes and other services so that the children can go to school.

Q- Do they pay back the services?

R- No.

Q- How is the amount of the RMI decided?

R- The minimum amount is about 2,500 francs a month, but it can be higher when there is children, or when both parents do not have a job. The amount depends of social situations.

Q- How can you tell that people are not abusing the system?

R- Well, they have a referee (case worker) who is writing the plan. This person is responsible for seeing them each month. Social services do that. Also, we suggest to them to register at the ANPE because even if they do not have the possibility to earn employment insurance because they did not pay, they can have the help of ANPE to assist them to find a job, or receive training. There are relations between social services and ANPE to follow this person and see how they are doing.

Q- Do they contact business?

R- Yes, they do. They contact the employer and say you must have meet this man or this women, why didn't you offer them a job?

Q- How many people do these case workers oversee?

R- No, I don't know. I only know that in the APE, we also have a special plan for these kind of people. We call them people in exclusion. There are advisors in special agencies follow -up. They have about 20 - 25 people to work with. These people are the most difficult because they have psychological problems. It's a long work before they start a job.

Q- Are these people given more services than others?

R- Well, in a way yes, but in France, we have, we want to have a system that is equal treatment for every body. From the moment that you are looking for a job, you can have some services. Even if you already have a job and want to look for another one, you can still receive some services from ANPE.

Q- What types of people are at the bottom, the people in exclusion?

R- Well, there are a lot of young people, This is because of the lack of work experience. Also, there are older people whose qualifications are not up to date. For example, with new technologies. Also, there is discrimination against hiring these kind of people.

Q- Are there cases where people misuse the system?

R- Yes, that's why the case manager looks after them and decides whether they need to receive more money.

Q- So the assistance can be stopped?

R- Yes, it can be suspended. You can't cancel it indefinitely, it's not the law. You can suspend it until the person starts to look for work.

Q-Can part of the funds be held back?

R- No, not that I know of.

Q- How long has RMI been in place?

R- The minimum income was started in the 80s. I think it was in 1986, but this is the government-the state. There is another types of payment. It is employee insurance. This is an agreement between the state, social partners, and Unedic (National Union for the Employment in Industries and Commerce.) This new agreement gives different benefits to people according to the amount that they paid and according to their social situation. What you must know is that this agreement was not easy to have because the social partners, which were both employers syndicate and employees syndicate did not agree on what type of benefits. They did not agree, because employee's syndicate thought that employers were only trying to force people to get a job instead of remaining unemployed.

Q- Do you believe that the French unemployment compensation system, provides a uniform amount of assistance to unemployed people?

R- No, not entirely. Because Unedic only covers about 70 percent of working people, the additional 30 percent can register at ANPE but they will have no resources from Unedic. These people can only receive RMI. While RMI is for people older than 25, there is nothing for people less than 25, unless they have previously worked and paid into the Unedic system.

Q- Are there other organizations that provide assistance?

R- There is also Family Allocation Cash that helps families in need. These people can also be helped by municipalities as well as non-profit associations. These organizations differ according to locations.

Q- How long can people in the RMI program receive benefits?

R- There is no time limit. The commission says we pay for 6 months, however, if a person needs it longer, they can have it.

Q- Do people have to take jobs, or can they wait and choose jobs, while still receive RMI?

R- Most people can choose, however, some are so excluded that they have to take a job that is offered, but it is always more than RMI. Also, if they receive a job that is not full time, they can still receive RMI money. Also they can receive other supplementary services.

Appendix I. Interview: Ju

Q- It was ways has benefits changed?

R- Benefits now are all time limited, to goal is to get recipients off welfare prior to the time that benefits are depleted. This was a result of the 1996 welfare reform.

Q- How long do recipients receive benefits?

R- In the state of Texas, they get a maximum of 36 months. The federal time limit is five years. Applicants can qualify for 12, 24, or 36 months depending on their education level.

Q- Does the choices program integrate with other organizations in order to find jobs for applicants?

R- On occasion, we do have case managers, who will call other companies and agencies and on behalf of choices participants. They will help set up an interview for the applicant. Along the same lines, we do have customers who come in and have a pretty good work history and are able to locate employment on their own. In this case, we can give them job leads and offer our resources for job search.

Q- What kinds of assistance are provided at a Local Workforce Development Board?

R- Here people can access resources that may help them as they job search. We show people how to use the Internet and other resources that can help them locate leads. There are also workshops that assist with resume, writing and interviewing.

Q- Within the Choices program, is their additional training that a person would get?

R- That's a separate program. It's called the Workforce Investment Act.(WIA) we work hand in hand. They get assigned to case managers. Their permanent case manager is the Choices case manager, but they also have a WIA case manager who is in charge of the training aspect of it. For applicants who are interested in training, WIA will pay for up to two years of education. This will finance a associate's degree. Most of our clients prefer the shorter programs like clerical data entry, medical assisting, and training. These programs were originally called Jobs, but the name got changed to Choices. Other Services that we provide them full child care and transportation. Transportation is buss passes, bus tickets, gas allowance. We also provide work related expenses up to 100 dollars.

Q- Does the Choices program offer credits of payments to help applicants secure employment.?

R- Currently, there are no ongoing programs, however, there have been programs with the ACC to help provide on the job training for people who were going to work at the airport. That was a few months ago.

Q- How are the Choices and WIA programs funded?

R- I'm not sure.

Q- How are the programs evaluated?

R- There are quotas that are state-wide that we are required to meet. For TANF 45% must be working a 30 hr. week work requirement. That could be looking for work, work training or actually working. And that's how we gauge to see if recipients are actively looking for work.

Q- Who defines what activities would constitute work?

R- The decision is largely left up to the case manager. We really need to just verify that clients are working the required hours and are being paid. Most often this can be found out by contacting the employer and verifying information.

Q- Since the Choices program has been in place, has there been a noticeable decline in the number of people who are receiving government assistance?

R- I'm not sure.

Q- What types of programs that are offered here?

R- Choices and the Food Stamp Employment and Training programs. It is the same as the choices program except you track them for less time. In the Choices program, you're required to track them until their TANF runs out. In Food Stamp Employment and Training you track them until they secure employment.

Q- What happens when the TANF assistance runs out?

R- It depends upon if they are working. In the event that they are employed, we can switch over their child care to transitional child care and they will be assessed a fee

which is based on a percent of their income, and they can get that assistance for up to a year. There is also a program called Welfare-to-Work which is under CEACO. It is a program designed to help employees with job retention.

Q- What happens when clients first come in?

R- The first thing they do is apply for their TANF. Applicants do this at the Department of Health and Human Services (DHHS). DHHS sends them to the Workforce Development Center for a introductory program which is called Workforce Orientation for Applicants (WOA). The WOA is an hour long session which helps familiarize the applicants to the center and shows them the services that are offered. Also applicants learn what they are expected to do after their TANF gets certified. In the even that they get employment before the TANF is certified, we can assist them with child care and they are placed on a program called applicant child care. In the even that they do not find employment, applicants must come back in two to three weeks for an employment planning session. This is a 4 hour session when they are essentially enrolled in the choices program. They are assigned a case manager that day. Additionally, their math and reading levels are tested. This helps determine their serve plan and what kind of classes or workshops might benefit them. Also, for those who want to get their GED, their is a program through ACC that allows them to study and take the test on site. Clients normally receive their TANF grant, food stamps and Medicaid. Clients are coded two ways: mandatory for Choices. If they are caring for a sick child they may be exempt. In the case where these people need child care assistance they can volunteer for the program.

Q- What happens to people who are not actively looking for work?

R- If people who are supposed to be participating in the program, are not actively doing so, they will be sanctioned. The first sanction for a single parent household will kick in the next month and there will be a 78 dollar deduction off of their grant. The first time they are sanctioned the deduction only lasts one month. The second time they are sanctioned the deduction lasts 3 months and the 3rd time, the deduction lasts 6 months.

Q- How many people receive assistance through this center?

R- This center, there are 4 case managers who have 80 clients each. There are three centers in Austin.

Q- Are their people whose needs do not get met through the program, doe example people with a limited work history, or very little education?

R- People like that make up a large part of the Choices population. We just have to develop a service plan that will help them. If the recipients are motivated, they will go to classes and training and we'll work with them to develop needed skills. A large part of our participants are the ones that need child care. They usually follow through with their service plan because they if they don't participate they will lose that benefit.

Appendix J. Interview: Morgan

Q- What is this department?

R- This is the regional headquarters of the Austin region. The area coverage is quite large. There are also regions in other areas like Dallas, San Antonio, and Houston. There are 40 DHHS offices in the Austin region.

Q- Are all the services the same throughout the state?

R- Yea, services that are federally funded like the food stamp program are the same from state to state. The TANF program is federally and state funded, so it is difference from each state. In some states, the grant is higher. Texas is one of the lowest states for the grant amount.²⁰ A mother and one child, the most that they are going to get is 184 dollars a month.

Q- When you say TANF, are we talking about the Choices program?

R- Right, that's all the money that they are going to get. But, they can get housing and normally there is no rent. The Housing Authority takes care of that. They can get grants to go to school and get Medicaid and other services like child care and transportation. But even so, 184 dollars seems like a small amount. A state like California may give the same family a 600 or 700 dollars a month, because it's up to the state. We have had that happen where people change states and have come here expecting to get more.

Q- Is this based on the economy?

R- That and the state legislature.

Q- Do you have a definition of the unemployed people who get your services? For example, what types of people does TANF assist?

R- Well, to receive TANF assistance, you must have children. A person who is young and single could not receive the TANF grant.

Q- Are there any services that these people would get?

R- They could get food stamp assistance. If they are working or in a related training activity, they can receive food stamps for 3 months out of a 3 year period.

Appendix K. Interview: Mission Local

Q- What does this organization do?

R- Our mission is to help youth with all aspects of job search. This could be helping find solutions to problems with health, housing, mobility, psychological problems. We do this because our objective is to help young people find their first job. The mission focuses on youths who have severe problems that may prevent them from working.

Q- How is the mission financed?

R- Yes, Mission Locale is an organization which is financed by public powers that include several institutions. This is the State, the region and local activities which include city government and small communities. The state government provides half the financing.

Q- Does Mission Locale work with any other organizations?

R- Yes, currently the Mission Locale is working with officials from the city in order to provide housing that is free to people who are needing assistance.

Q- How long does the person use the housing?

R- The process is for one month and it can be reviewed for 6 months. In order

to stay, participants must adhere to a contract which states that they are looking for work. The next objective is to find a job and maintain employment.

Q- How is it determined that the people are actually looking for work?

R- Mission Local has case workers that follow up with employees.

Q- What about additional services?

R- Mission Locale can assist some individuals with transportation needed to keep employment. This could be by helping them get low cost transportation like bicycles, bus and train passes. Possibly, a motorcycle.

Q- Do participants have to pay back these services?

R- The only services that they would have to pay back would be some type of monetary loan.

Q- Does Mission Local operate all over the country?

R- Yes, there are 277 Mission Locale offices that are across the county.

Q- Are the services that are provided that same from location to location?

R- Well, each Mission Locale is different depending on the population and the needs are different at each level. The economic context is different.

Q- What are the demographics of people who use the services, is there a definition of

recipients who are able to be serviced?

R- Usually, the people are age 16 -25 and have minimal education. Also, the social problems that they have may be severe.

Q- How many people come here each month?

R- There are about 2500 people a month. Each councilor works with about 150-200 people a month. the amount of time spent on each person depends on the amount of time that we need to work with them in order to prepare them for working.

Q- How are people referenced to Mission Locale?

R- Many times, people come here because they have heard about the services that are provided, or they have heard about someone who has been helped. This is over half. Others are sent by social organizations.

Appendix L. Interview: Trevino

Q- How is the Welfare-to-Work program different than the Choices program?

R- The Choices program works with the entire TANF population. The Welfare-to-Work program is a grant that works with a smaller segment on the population. The targets people with the most barriers to obtaining employment . It also works with people who have timed out.

Q- Timed out?

R- Yes, in Choices, once you time out there is no more benefits. Once you are referred to Welfare-to-Work, you can still get benefits. The WW program will be phased out this year. The WW program also targets non custodial parents. In this way, the program can help people get jobs so that they can pay child support so the family can get off of welfare. There is less restrictions with the WW program. For Example, if you can justify that they need something for work, for example electricity,(light bill) , the WW program can use funds for that type of assistance.

Q- Does the Welfare-to-Work program provide incentives for companies to hire unemployed?

R- I'm not really sure, I think that if an employer hires a TANF recipient, they can receive tax credits.

Q- Do you think that the Welfare-to-Work has succeeded in assisting the lowest levels of the unemployed population?

R- In Austin, getting people jobs is not difficult, keeping them working has been more of a struggle. This is usually because they have things in their lives, such as a sick child and maybe their job does not have medical insurance.

Q- Do benefits stop as soon as individuals begin working?

R- When they start working, recipients can receive TANF for 4 months. This acts as a cushion period. After 4 months, they are still provided with day care, but they may have a co-pay and transitional Medicare for up to a year.

Q- How is the Welfare-to-Work program evaluated?

R- A data base called the Workforce Information System of Texas (WISP) is used to generate reports and find out if participants are meeting mandatory participation rates.

Q- Can participants receive education through the Welfare-to-Work program?

R- There has to be a work component involved, while people are going to school, something like nursing.

Q- Does the program work with outside organizations?

R- At this time, Lockheed has the contract for the Welfare-to-Work. That organization oversees the implementation of the program. Additionally, the Austin Area Urban League provides GED and computer learning. This is provided at the workforce centers.

Q- When participants finish the Welfare-to-Work program, are they still able to get assistance?

R- After they have timed out, they will lose the monetary grant and daycare, however, they still will be able to get benefits like food stamps and Medicaid.

Q- In addition to the Choices and Welfare-to-Work programs are there other programs in place to assist the unemployed?

R- The Job Training Partnership Act was designed to work with the unemployed and under-employed. The goal is to help with training. There are 3 components to the training. The first, is the adult program that is designed to work with TANF recipients and lower income individuals. The second component works with dislocated workers. These are people who have been laid off from work. The emphasis on this component may be a skills upgrade. The third component is the youth component which works with youth age 14 -21. The emphasis is on economically disadvantaged youth who need help to stay in school. It's possible that these people may have other problems such as a disability. The goal of the third component is to keep people age 14 -18 in school. The goal for people age 19-21 is to help them find employment.