

# Social Policy and the Global Crisis: Consequences and Responses

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## Abstract proposal – Stream 2. Poverty and Social Exclusion

### “Do the Right Thing” vs. “Work More, Earn More” : a Comparison of Two Incentives-Based Social Policy in France and in the United States

Incentives-based social policy offers one particular thing : financial rewards for specific behaviour. The goal seems plain and simple : reducing poverty by making financially attractive some actions that poor people would not have done otherwise. That could be taking their kid to the doctor, accepting a job or working more hours, or for their children having a good grade, getting a library card or graduating from college. Each specific behaviour has a price in this type of policy. Experimented in more than 40 countries in the world – mainly Africa and Latin America, but also India, Turkey or the U.K. –, they are called “Conditional Cash Transfers Programs”.

Mayor Bloomberg opted to launch the very first American version of these transfers in 2007, for the inhabitants of poorest neighbourhoods of New York City to “do the right thing”. It’s called “Opportunity NYC”. France recently reformed its welfare system. The “new way” also consists in financially “incentivizing” the poor. The RSA (*Revenue for Active Solidarity*) ended social assistance as an entitlement. Experimented in 2007, it became a law in 2009. It proposes a financial incentive so that people who “work more, earn more”. In other words the Sarkozy administration wanted to make work a better-paid situation than social assistance.

Both of these policies relies on the assumption that people *rationally choose* to live on welfare. They are the continuation of activation policies. Conditional cash transfers are claimed to be an “investment in human capital”. How new are they? Both happened in a crisis context, but also both were prepared in an election context. What kind of quarrels are revived by these programs? Is poverty a matter of bad behaviour or wrong choices, or of economic structure? How does this affect the policy design? Our study (semi-directive interviews) allows us to answer these questions and to put them in perspective of the history and reform of the American and French welfare states.

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