

Subsidised contracts in 2016

Subsidised contracts, based on direct or indirect subsidies, reduce the cost to employers of hiring or training certain workers. Generally speaking, these subsidised jobs are aimed primarily at certain target groups, such as young people or those with the greatest difficulty finding employment. By the end of 2015, not including work-study training, the beneficiaries of subsidised contracts were in the great majority signed up to single integration contracts (CUI), more often in the non-market sectors (282,000 in Metropolitan France) than in the market sectors (36,000 jobs). Market-sector integration contracts (the Single Integration Contract - Employment Initiative Contract, or CUI-CIE) and their non-market-sector equivalents (the Single Integration Contract - Contract for Support in Employment, or CUI-CAE) are aimed at a broad spectrum of people experiencing trouble finding employment (job applications systematically rejected, etc.), regardless of their age or place of residence.¹

The "Future Jobs" contracts were created in November 2012 and their number grew strongly in the course of the following two years. The number of beneficiaries of these contracts fell for the first time in 2016: there were 98,000 people on Future Contracts at the end of 2016, against 124,000 at the end of 2015. Future Jobs contracts are aimed at young people with few or no qualifications, primarily in sensitive urban areas or rural regeneration zones. These contracts are predominantly found in the non-market sectors (72,000 by the end of 2016), but can also be found in market sectors (26,000 by the end of 2016) such as ecological development, digital technologies and tourism, with lower subsidies. The great majority of

Future Jobs contracts are for posts in associations or public sector institutions (local authorities, the school system).

Subsidised contracts are often deployed to counteract the economic cycle: during times of economic slowdown, the volume of subsidised contracts may thus be rapidly increased in order to mitigate jobs losses and the resulting increase in the unemployment rate.

The short term effect of these contracts on employment depends on whether the jobs in question are in the market or non-market sectors. In the non-market sectors, the conventional assumption is that the number of jobs created is simply equivalent to the difference between the number of contracts signed or extended and the number of contracts reaching their conclusion in the year. However, in the market sector, a certain number of the jobs performed by workers on subsidised contracts would have been created even if this scheme did not exist. In such cases there is a "free gift" or substitution effect, whose scale can vary from one contract to the next. The effect of subsidised contracts on market-sector employment is thus less substantial than the variation in the number of beneficiaries. The impact of this initiative can be estimated using empirical studies, and by measuring the extent of the decrease in the cost of labour made possible by these contracts (DARES, 1996). These estimates are thus subject to a certain degree of uncertainty. Furthermore, these assessments are only valid in the short term. Long-term assessments would need to take into account:

- All of the consequences of such initiatives on the labour market (wage adjustment, labour force participation rate, etc.),

- The effects on human capital, particularly the effect on the beneficiaries' capacity for integration into the labour market,

- The economic impact of the way these initiatives are financed.

Subsidised employment initiatives: flows and number of beneficiaries

In thousands, not seasonally adjusted

	New beneficiaries (including contract extensions)					Number of beneficiaries (total at end of year)				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Subsidised jobs in the non-market sectors	403	436	390	411	439	204	282	332	354	354
Non-market-sector integration contracts (CUI ¹)	402	369	320	353	386	203	221	242	259	282
Future Jobs contracts ²	1	67	69	58	53	1	61	90	95	72
Subsidised jobs in the market sector³	513	509	511	577	548	604	630	635	682	654
Lowering wage costs	57	69	74	115	88	30	47	57	95	64
Market-sector integration contracts (CUI)	52	50	49	92	71	26	31	30	62	36
Future Jobs contracts	0	13	20	19	15	0	11	22	29	26
Exemptions from social security contributions (ZRR ⁴ et ZRU ⁵)	5	5	5	5	3	5	5	5	4	2
Work-study training	456	440	436	462	459	573	582	578	588	590
Apprenticeship	294	270	263	278	284	412	399	393	393	400
Professionalization	163	170	174	183	175	161	183	185	195	190

1. Contrat unique d'insertion, or Single Integration Contract

2. "Emplois d'avenir". Including teachers

3. Excluding general measures such as general reductions in social contributions and reduction of working time

4. Rural revitalisation area

5. Urban regeneration area

Scope: Metropolitan France

Sources: DARES, Agence de services et de paiement

Finally, as these jobs are aimed primarily at those people who are the furthest removed from the labour market, they constitute a “pull factor”: the increase in the number of subsidised jobs leads to an increase in the labour force participation rate among the demographic groups targeted.

The number of beneficiaries of subsidised contracts in the non-market sector stabilised in 2016

In 2016, 439,000 subsidised contracts were signed or renewed in the non-market sector, after 411,000 in 2015. The number of these contracts coming to an end also increased, however, notably for “Future Jobs” contracts, with the result that the number of beneficiaries of subsidised contracts in the non-market sector stabilised: it stood at 354,000 at the end of 2016 and at the end of 2015, after increasing by 22,000 in 2015 and by 50,000 in 2014 (Graph).

The number of “Future Jobs” contracts signed or renewed in the non-market sector decreased slightly in 2016 (53,000, after 58,000 in 2015). At the end of 2016, 72,000 people were beneficiaries of a Future Job contract in the non-market sector, down 23,000 on the end of 2015.

The number of beneficiaries of Single Integration Contracts (CUI) in the non-market sector grew for the fourth consecutive year, to 282,000 at the end of 2016, against 259,000 at the end of 2015.

In the market sector, the number of beneficiaries of Single Integration Contracts (CUI) fell significantly in 2016

At the end of 2016, 654,000 people were beneficiaries of a subsidised contract in the market sector. Their number was down by 28,000 on the end of 2015, after increasing by 47,000 one year earlier.

The fall was driven by Single Integration Contracts (CUI). In 2016, 71,000 CUIs were signed or renewed in the market sector, against 92,000 in 2015. The number of beneficiaries of these contracts therefore decreased by 26,000 compared to the end of 2015 (after increasing by 32,000 the previous year), to 36,000 at the end of 2016.

The number of signatures and renewals of Future Jobs contracts was a little lower in 2016 (15,000, after 19,000 in 2015) and the number of beneficiaries of these contracts decreased slightly (26,000 at the end of 2016, against 29,000 at the end of 2015).

At the end of 2016, 590,000 people were beneficiaries of work-study contracts, of whom 400,000 on apprenticeship contracts and 190,000 on professionalisation contracts. Their number was almost stable on the end of 2015 (588,000).

The number of beneficiaries of social charges exemption programmes in rural revitalisation zones (ZRR) and urban regeneration zones (ZRU) decreased slightly in 2016 (2,000 at the end of 2016, against 4,000 at the end of 2015). ■

Bibliography

DARES (1996), “40 ans de politique de l’emploi”, La Documentation française.

