

COOPERATING FOR CHARITY:
THE EFFECT OF DECENTRALIZATION ON FRENCH ASSOCIATIONS

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ABSTRACT

RAGAN M. KETROW: COOPERATING FOR CHARITY: The Effect of
Decentralization on French Associations.

This thesis explored the relationship between the decentralization laws of 1982 and 1983 in France and French associations as well as the resulting lack of exceptionalism in the French nonprofit sector. This thesis explores the claims of the French nonprofit scholar Edith Archambault as she argues that the steep rise in associations in France in the 1980s is due to the legal changes that occurred during that same decade. In order to evaluate these claims, I used regression tests to compare the relationship between the growth of associations and other variants including economic growth, disposable income, and government expenditure. In order to analyze the exceptionalism of the French nonprofit sector from a qualitative point of view, I analyzed and compared key aspects of the nonprofit sectors in France, Germany, and the United States. Later, I dove deeper into the French associative landscape by studying the procedural changes that occurred after the decentralization laws through two case studies: tuberculosis and unemployment. Overall, this thesis demonstrated that qualitatively economic growth is the predominant variable influencing the rise of associations in France in the 1980s therefore disproving the validity of Archambault's argument. It also demonstrated that qualitatively, while France had a unique historical relationship between associations and the state, today the nonprofit sector is not as exceptional as previously believed but rather looks and acts like other nonprofit sectors around the globe.

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I. INTRODUCTION

Blood, liberty, and citizenship. These are a few of the words that have left a lasting impression on the historical narrative of the French Revolution. It was a tumultuous period during which the French people redefined what it meant to be an equal and valued citizen of the French Republic. However, other, more invisible, parts of society were left changed by the ideological revolution of 1789 as well. One of these often-overlooked aspects was that of charities and their relationship with the state. Originally founded by the Catholic Church, charities in France have had a tumultuous history since the French Revolution of 1789. As a result of the revolutionary backlash against the unjustly hierarchical system of government, the State sought to take exclusive control of the “third sector” as they fully believed that they alone should be responsible for caring for their citizens in need. As a result, charities, which fall under the French societal structure of *associations*, became illegal. As history progressed and mindsets changed, the French government made small steps to encourage the operations of charities until finally the *association* laws of 1901 allowed charities certain specific legal rights. This could be argued as the single most significant event in the history of *associations* in France.

Fast forward to 1982: Francois Mitterand is the President of France and has declared decentralization one of his primary goals. Mitterand hoped to implement laws and policies that would ultimately move the power from a centralized bureaucratic

government in Paris to more local municipalities all around the country divided into four main administrative levels (communes, inter-communal structures, departments, and regions), hopefully, able to better care for and make decisions for its citizens.¹ But what does this have to do with charities and *associations*?

If indeed these decentralization laws of 1982 and 1983 changed the very way governmental power was dispersed, there exists, therefore, a connection between that change and government and charities or *associations* and as it would affect the way by which the third sector operates. Therefore this thesis seeks to answer the question: **From a quantitative analysis, did the decentralization laws of 1982 and 1983 have a significant effect on associations in France? And a result, qualitatively, has the unique history of associations in France led to a radically unique third sector defined as “French exceptionalism”?** I hypothesize that a positive link between French *associations* and the decentralization laws exists as shifting from a centralized administration to a more localized one would not only have encouraged a better balance of state power, but also enabled *associations* to be more easily created, effectively developed, and sustainably maintained. With more power at the local municipality level, *associations* would presumably have to go through less bureaucratic processes and thus not only be created with more ease and efficiency but also be able to focus their time and efforts on serving the community in more effective and needed ways as well as raising funds for their continued operations. This hypothesis is founded in the writings of Edith Archambault, a scholar that focuses on the history and current day situation of French

¹ Jean-Louis Rocheron, “The French Experience of Decentralization,” January 2016, 4.

nonprofits. She believes that France is unique not only in its history of the third sector but in the way it operates today therefore building a case for French exceptionalism in the third sector. However, through my research, I found that both my hypothesis and Archambault's studies were not entirely accurate. While French nonprofits indeed had a unique history from the French Revolution to the laws of 1901 and thus a unique and unprecedented relationship between the state and associations during that period, that is no longer the reality today. In comparing the French nonprofit sector to those of other countries it becomes clear that while the relationship between the state and nonprofits is not the strongest, it is not unique. This can be seen in the administrative structures such as terminology, laws of declaration, and tax exemption policies, as well as the way growth in the nonprofit sector is more directly correlated to economic prosperity rather than legal and policy changes, and lastly in the way the government partners with nonprofits to share the burden of caring for its citizens in issues such as unemployment and public health. All these discoveries, outlined in the following three chapters of this thesis, begin to dismantle the long standing narrative of French exceptionalism in the third sector.

The question ultimately explored in this thesis is internationally important today as charities and third sectors around the world are continuing to develop as government and individuals alike realize the important role charities play in society, specifically in providing welfare for citizens in need. However, the question of effective nonprofit and government cooperation is one that still exists today and the exploration of this research question will hopefully showcase how the relationship between these two entities can be mutually beneficial. The third sector and government alike can both flourish when they

enter into a relationship as partners instead of competitors. This question will also hopefully shed light on the way the third sector develops and grows in France but ultimately around the globe.

While scholarship regarding the laws of 1901 and their effect on associations is abundant, most have either ignored the impact of the decentralization laws or merely assumed their importance without looking further into it. Researchers looking at the role of government and nonprofit co-operation see the 1980s following the decentralization in France as a time of societal change. Edith Archambault writes extensively on the nonprofit sector in France, its historical roots, morphing phases, and continued challenges it faces today arguing that “[a]s local governments were not equipped to deliver human services, and because the political philosophy had changed as well, local governments contracted out the bulk of the services that they could not provide directly.”² She continues by saying that “the association boom of the past three decades is the result of the constant tendency of the nonprofit sector to adjust to the changing issues of civil society and to the encouragement of the central and local governments,” thus noting the importance of the institutional changes in governance that tricked down to the nonprofit sector.³ Archambault offers great insight into the nonprofit sector in France as she offers a holistic analysis on the lack of French foundations, associations, and charities by looking at the intricate and often multi-faceted history of France, its governments, and

² Edith Archambault, “France: A Late-Comer to Government-Nonprofit Partnership,” *Voluntas: International Journal of Voluntary & Nonprofit Organizations* 26:6 (December 2015), 2296.

³ Edith Archambault, “Historical Roots of the Nonprofit Sector in France,” *Nonprofit and Voluntary Sector Quarterly* 30:2 (June 2001), 218.

institutional systems. She often argues, similar to other contemporaries, that while the French nonprofit sector lagged behind other European countries for centuries, the laws during the 20th century have allowed France the opportunity to catch up and be a competitive force in the third sectors of Europe as a whole all while remaining distinctly unique as a sector.

Claire Ullman also contributes key scholarship to the field not only by breaking down important terminology, such as the word *nonprofit* in American English that doesn't always have a clear translation in other languages, but also by selecting appropriate descriptors for the sector as a whole. Additionally, she provides a contrasting point of view from other scholars in the field as she argues that the development of the nonprofit sector did not arise out of a mindless societal change but rather a decision on the part of the French government to actively pursue a more socialist government approach to nonprofits and charities.⁴

The theoretical framework at the basis of this research stems from Antonin Wagner's updated "Alternative Categorical System for Understanding the Role of Nonprofit Organizations in the Public Sphere" that is an adjustment of Solomon and Anheire's 1998 *Social Origins Theory*⁵. In his system, Wagner argues for a system of nonprofit and welfare regimes that are determined by the level of centralization or decentralization in a given country and the governmental institutional structure. Wagner

⁴ Claire F. Ullman, "The Welfare State's Other Crisis: Explaining the New Partnership Between Nonprofit Organizations and the State in France," Bloomington: Indiana University Press: 1998.

⁵ Antonin Wagner, "Reframing 'Social Origins' Theory: The Structural Transformation of the Public Sphere," *Nonprofit and Voluntary Sector Quarterly* 29:4 (2000), 548.

chooses to “reframe” Solomon’s previously established categorization system under which France, falling in between a corporatist and social democratic regime based on social spending as a percent of the GDP and nonprofit employment as a percent of all employment, is arguably pinholed into a category for previous state organization and no longer accurately represents the role nonprofits play in today’s French society.⁶ In Wagner’s updated categorization regime, France, until the 1980s would be categorized as a “Jacobin welfare regime”(Centralized structure of public sphere and Government Dominated Institutional Structure) but today would be categorized as a “community-based welfare regime” (Decentralized structure of public sphere and pluralistic institutional structure)⁷ . In the corporatist/social democratic regime, the state either does not cooperate with nonprofits or does so forcibly out of a common goal. The same goes for the Jacobin regime as it is categorized as a “regime in which the provision of welfare [is] administered through the collaboration of government, workers’ and employees’ associations, and welfare umbrella organizations.”⁸ While this could have been true after the French Revolution and early 20th century, in today’s context “the social origins approach fails to take into account the evolutionary character and the time dimension of the nonprofit phenomenon.”⁹ Today we see this relationship continue to evolve. This framework lays the foundation of this thesis as, by understanding the key

⁶ Lester M. Salamon et al. “Social Origins of Civil Society: An Overview,” *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project*: 38, (2000): 9.

⁷ Antonin Wagner, “Reframing ‘Social Origins’ Theory: The Structural Transformation of the Public Sphere,” *Nonprofit and Voluntary Sector Quarterly* 29:4 (2000), 548.

⁸ Antonin Wagner, “Reframing ‘Social Origins’ Theory: The Structural Transformation of the Public Sphere,” *Nonprofit and Voluntary Sector Quarterly* 29:4 (2000), 548.

⁹ Ibid 543.

argument of Wagner's system by which the relationship between the state and *associations* changes and evolves, does the research question become a relevant enquiry: if the relationship between the two entities has shifted from one of forced cooperation or total disdain to amicable cooperation, then the resulting effects on the ways *associations* operate and their impact in communities would surely reflect that new relationship.

Chapter one tells the history of the relationship between the state and the third sector, including the decentralization and the emerging pluralistic institutional structure, in France, Germany, and the United States. By studying terminology used locally and internationally to describe associations, charities, and other aspects of the third sector and comparing the findings to other countries, I found that a clear relationship begins to appear. In continuation, by analyzing the administrative procedures put in place by the government to create, own and operate an association, I discovered that the reality of the relationship between the third sector and the state comes into focus. Lastly, by considering the tax exemption laws in the three countries in question, I discovered that the relationship between the state and the third sector reaches into the corporate and individual level. By better understanding the various levels of nonprofit-state relationships in France as well as in the United States and Germany, I hope to begin to demonstrate my findings: while France has a historically different narrative of the third sector, French nonprofits today are not exceptionally unique as Archambault argues, but rather follow the patterns and trends of other similar nations.

Chapter two aims to break down Edith Archambault's interpretation of the observed steep growth in associations after the decentralization laws. In France, there is a

notable change in the number of *associations* created as it ranges from around 26,000 to 33,000 per year from 1972 to 1981¹⁰ but skyrockets to more than 60,000 by 1989¹¹ thus indicating a significant societal change. By carrying out an in depth qualitative analysis of the official documents of the 1982 and 1983 decentralization laws, I found a better understanding of what changes to the administrative system would have affected the process of creating and maintaining an *association* as well as looking at similar existing policies in Germany and the United States to not only gain a more holistic understanding of the framework of charities but also control for global changes. Following this is an analysis of data such as the numbers of *associations* created and its trends before 1982 and comparing it to the numbers after 1982 in France, Germany, and the United States. I used similar data in Germany and the United States as controls for variables such as the global interest in charities and charitable giving during the 1980s to determine whether the exponential growth in France truly came from the decentralization laws or other influential factors.

The third, and final, chapter steps away from empirical analysis and rather looks at procedural changes. By studying two very large societal issues, unemployment and tuberculosis, both of which are made worse by poverty, I gained a better understanding of how, after the decentralization laws, the French government handed off responsibilities to local governments and associations alike to better care for its citizens in need.

¹⁰ Michel Forsé, “Les créations d’associations: un indicateur de changement social,” *Observations et diagnostics économiques: revue de l’OFCE* : 6 (1984): 124.

¹¹ Edith Archambault, “Le Secteur Associatif En France: perspective internationale,” (1999), 10.

II. CHAPTER 1: The Institutional Design of Nonprofits in France, the United States, and Germany and the State - Third Sector Relationship That Results

In order to accurately analyze the various changes that French *associations* have undergone, it is important to understand from an institutional design standpoint the way the French third sector operates. Additionally, by using the United States and Germany as case studies, I establish both their relative similarities in design to the French third sector as well as a basis of comparison. However, this was not an easy undertaking. One of the biggest problems facing studies of nonprofits, besides lack of data, could be differing constructions, terms, and other key factors that make comparisons across boundaries very difficult. As Edith Archambault writes, “Widely divergent historical, religious, and cultural traditions among nations make it difficult to compare nonprofit sectors across national boundaries.”¹² This chapter, however, will aim to do just that by tackling the terminology, administrative processes, and laws of the third sector in France, the United States, and Germany. In doing this, one thing becomes apparent: although Archambault argues that France is unique in their nonprofit narrative because of the difficult history following the French Revolution, this narrative doesn’t stand today. Terminologically, France still lacks definition and is stuck in ambiguity, a presumed lasting effect of a competitive relationship between associations and the state, however in most other aspects, such as the administrative structures and processes as well as tax laws, France is

¹² Edith Archambault, “Defining the Nonprofit Sector: France,” *Working Papers of the John Hopkins Comparative Nonprofit Sector Project*: 7, 1993 (14).

more similar to other countries than it is different. It is here that the narrative of French exceptionalism starts to grow dim.

A. Terminology: How the words we use tell the narrative of the relationship

France: A Terminological Free-for-All

French *associations*, until the decentralization laws and arguably to a degree still today, are institutional treasures hidden in plain sight meaning they offer many advantages to the state however are rarely recognized by the very entity they offer to aid. Associations offer the centralized and local government alike an eager relationship as partner and co-provider for citizens in need. Yet, according to scholars like Archambault, they remain largely invisible to the state. Their too often ignored and taken for granted existence is reflected in the terminology, or in this case the lack thereof, present to describe the sector. When studying nonprofits and the French third sector, the most basic and striking difficulty is the quandary of terminology, specifically relating to *associations* and their equivalents in other countries, namely the United States and Germany. Many scholars quote these foundational term differences as problematic including Edith Archambault when she writes:

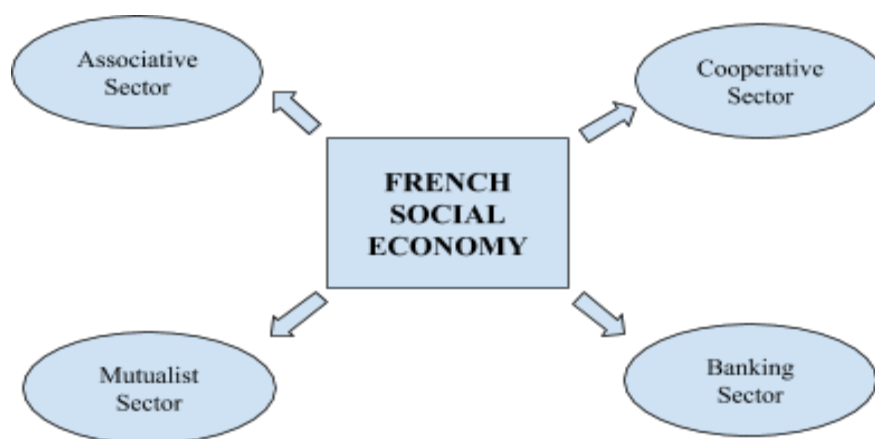
The difficulty of defining and measuring France's nonprofit sector derives largely from its relative official invisibility in the country's institutional landscape. As in most other countries, statistics on the sector as a whole are simply not kept. And while such terms as *economie sociale*, *tiers secteur*, and *secteur sans but lucratif* may be cited occasionally by specialists or employees of nonprofit organizations,

they are not used in general discourse. Indeed, until recently, most nonprofits were sometimes even viewed as components of an informal economy, which also included household activities and illegal trade.¹³

According to Archambault, the ambiguity distinctly present in defining nonprofit organizations in France, is due to the very sector's ambiguity and lack of official recognition. Often pushed aside to make way for more official government programs, nonprofits, foundations, and associations are left to define themselves which leads to the ever changing and at times quasi contradictory definitions in the study and day to day life of the third sector.

In France, the social economy, which is the collective of groups and enterprises that cares for the individual and includes nonprofits, is divided into four different sectors: the cooperative sector, the banking sector, the mutualist sector, and the associative sector.

Figure 1.1 : Division of French Social Economy



¹³ Edith Archambault, "Defining the Nonprofit Sector: France," *Working Papers of the John Hopkins Comparative Nonprofit Sector Project*: 7, 1993 (1).

The cooperative sector is a member-owned sector with defined goals “to reduce, by common effort and to the benefit of members, the price of goods and services produced and directly marketed, and to better the quality of products supplied to members or sold to consumers.”¹⁴ The banking sector, different from larger banks, includes credit establishments designed to serve low-income farmers and workers. The Mutualist Sector, initially founded as an alternative to the social security system, acts today as a supplement to the governments’ provisions by covering members’ costs such as patient deductibles. Some also offer health and welfare services to their members.

Additionally, the social economy in France includes the associative sector which is the main scope of this thesis. The associative sector is then itself divided into three sub-categories: undeclared associations, declared associations, and public utility associations. Undeclared associations are those with no legal status and thus include religious organizations, whether for religious activities or financial organizations for churches, political groups with a defined cause, or newly created organizations that have chosen to not declare for various reasons. While these organizations certainly would have an effect on the scope of this thesis, they are excluded simply because of the lack of data available. While certain scholars estimate the levels of undeclared associations, the exact numbers simply cannot be determined with certainty. For this project, the associations counted will include declared associations and public utility associations. While there are small differences between the various subsectors, essentially all can be understood as declared associations that fall under the 1901 Law of Associations which defines an

¹⁴ Edith Archambault, “Defining the Nonprofit Sector: France,” *Working Papers of the John Hopkins Comparative Nonprofit Sector Project*: 7, 1993 (4).

association as, “a convention according to which two or more individuals permanently put in common knowledge or activity with an aim other than the sharing of profit.”

Various key aspects to these organizations include their ability to own financial assets, receive public funding, and promote social values. In order to receive the status of a declared association, they must follow various steps and complete their declaration at the *prefecture*.

Struggling to define itself internally, at an international level, France faces a far larger problem with terminology: how to define something that is undefined at home but defined abroad? While there are no rules, each organization, like in France, sets its own terminology as they emphasize certain key aspects and features. The French Red Cross, *La Croix Rouge Française*, for example uses terms such as “*Mouvement Humanitaire Mondial*” (Global Humanitarian Movement), “*Association et entreprise*” (association and company), and “*auxiliaires des pouvoirs publics*” (public power aide) on multiple occasions to solidify their position not only as charity but also their working relationship with local powers. Another large international French nonprofit *Medecins Sans Frontieres* or better known in the English speaking world as *Doctors Without Borders* also makes an effort to define themselves internationally by using terminology such as “*association medicale humanitaire internationale*” (International humanitarian medical association). Therefore, even on the international stage there is an attempt to self-define by using words such as *associations* to describe the group at large followed with more specific descriptions.

The terminology, or rather lack thereof, and free-for-all in the French third sector reflects more than just a lack of organization. Rather, this demonstrates a somewhat strong apathy on the behalf of the government and lack of recognition of the potential of a relationship as partners between the state and associations. The fluidity in terminology only proves Archambault's argument that French associations have a “relative official invisibility in the country’s institutional landscape.”¹⁵ While this certainly would have been the reality before the decentralization laws, I believe the landscape of French associations is changing. Associations may still be relatively invisible at the governmental and administrative level nevertheless, they continue to serve their citizens outside those spheres. As the relationship between associations and governments develops, I expect that the terminology will evolve alongside it and become more defined.

The United States: Terminological blur between nonprofits and corporations

Nonprofits around the world are nonprofits... unless they look more like corporations which in the case in the United States. Differing from France, nonprofits in the United States not only have a role to come alongside the government in caring for citizens in need, but also play a capitalistic role as they are more commercial and focus on sale of services to fund themselves instead of looking to the typical public funding. While in the US the nonprofit sector is seen, acknowledged, and even appreciated by the state, it has reached a point where it is almost expected to stand on its own financially,

¹⁵ Edith Archambault, “Defining the Nonprofit Sector: France,” *Working Papers of the John Hopkins Comparative Nonprofit Sector Project*: 7, 1993 (1).

apart from the state. In fact, according to Lester M Salamon, that relationship “more, perhaps, than any other single factor, [...] is responsible for the growth of the nonprofit sector as we know it today,”¹⁶ and has in turn led the sector to play a vital role in the economic landscape of the United States. In their analysis a global management firm partnered with Guidestar, a leader in information about the US nonprofit sector, write, “Nonprofits are central to American society. They address society’s toughest challenges – from the provision of healthcare and education, to the preservation of the environment, to the enrichment of the arts and our culture. Economically, they are very significant, accounting for 5.5% of GDP, employing a little over 10% of the workforce, and paying nearly 10% of wages.”¹⁷ If US nonprofits play a similarly significant role in the economic landscape as other for-profit businesses and corporations, then it only makes sense that they are expected to operate in the same manner, and thus same terminology, as corporations. In fact, Lester M. Soloman writes, “From the earliest times nonprofits have been what sociologists refer to as ‘dual identity,’ or even ‘conflicting multiple identity,’ organizations. They are not-for-profit organizations required to operate in a profit-oriented market economy. They draw heavily on voluntary contributions of time and money yet are expected to meet professional standards of performance and efficiency. They are part of the private sector yet serve important public purposes.”¹⁸ He

¹⁶ Lester M. Solomon, “The Resilient Sector: The Future of Nonprofit America,” in *The State of Nonprofit America*, ed. Lester M. Solomon (Washington D.C.: Brookings Institution Press, 2012), 4-5.

¹⁷ George Morris et al., “The Financial Health of the United States Nonprofit Sector,” *Point of View: 2018* (2).

¹⁸ Lester M. Solomon, “The Resilient Sector: The Future of Nonprofit America,” in *The State of Nonprofit America*, ed. Lester M. Solomon (Washington D.C.: Brookings Institution Press, 2012), 3.

goes on to explain that the American nonprofit sector, unlike any other sector, must face high pressures to not only serve the public and dedicate itself to voluntarism but also balance the pressure to pursue professionalism and commercialism.

In the United States, nonprofits are divided in between public charities and private foundations. Additionally, they are also divided into “two broad types: first, member-serving organizations, such as labor unions, business associations, social clubs, and fraternal societies; and second, public-serving organizations, such as hospitals, universities, social service agencies, and cultural venues.”¹⁹ Public charities, which fall under the public serving organizations and will be the focus of this study, focus mostly on human services (35.2), education (33.4%), health and health care (24.8), public and social benefit (11.9%), religion related (6.5%), and environment and animals (4.6%).²⁰ This could be compared to the French idea of *associations*, excluding *foundations*, however differing on their focus on religion. There is a less strict focus on *laïcité* (church and state separation) in the United States as religious organizations can easily become tax-exempt organizations, something that is a bit harder in France. On the other hand, private foundations in the United States can be compared to *foundations* in France as they have the same objectives, sometimes more limited, but operate often out of endowment.

While in France associations formed under various ideologies ranging from social utopism, social christianity, popular Marxism or trotskyism, liberalism, and more, in the United States the nonprofit sector was born out of the individual puritan ideologies,

¹⁹ Ibid, 7.

²⁰ Urban Institute, National Center for Charitable Statistics, *Core Files: Public Charities: 2015*.

believing that social benefits and caring for citizen in needs falls under the direction and duty of the church or today other religious or para-church movements, which still dominate the sector. Even if the sector remains separated from the church, there still remain strong traces of as there is a heavy religious footprint in US nonprofits where there is not always in Europe.²¹

Archambault argues that the French nonprofit sector is not later developing than its counterpart in the United States but rather differs completely in their history and foundation thus leading to different sectors with different “personalities.” While the French nonprofit sector is more dispersed, effervescent, secular (laïc), and non-traditional, the United States nonprofit sector is more commercialized, professional, focused on the middle class, better funded, and more ready to accept technological advances.²² In observing the growth of the US nonprofit sector over the last several decades, Solomon asks, “What accounts for this record of robust growth? While many factors have played a part, the dominant one appears to be the vigor with which nonprofit America has embraced the spirit and the techniques of the market.”²³ This movement

²¹ Edith Archambault, “Les institutions sans but lucratif hier et aujourd’hui: comparaison France-Etats-Unis (Not-for-profit Institutions Yesterday and Today: Comparison Between France and the United States),” *The Tocqueville Review/ La revue Tocqueville* 32:2 (2011): 8.

²² Edith Archambault, “Les institutions sans but lucratif hier et aujourd’hui: comparaison France-Etats-Unis (Not-for-profit Institutions Yesterday and Today: Comparison Between France and the United States),” *The Tocqueville Review/ La revue Tocqueville* 32:2 (2011): 14.

²³ Lester M. Solomon, “The Resilient Sector: The Future of Nonprofit America,” in *The State of Nonprofit America*, ed. Lester M. Solomon (Washington D.C.: Brookings Institution Press, 2012), 47.

towards the corporate world and reliance on the market can be reflected in the market-like division of terminology.

For the terminologies of this thesis, although recognizing there are great differences, the organizations that the French associative declared and public utility sector encompass will be generally compared to the American ideal of a nonprofit in this case called a tax-exempt organization for which data is more easily accessible.

Germany: A terminological middle ground

The German third sector, although it has a different historical narrative, is arguably very similar institutionally to that of France. Perhaps a middle ground between the United States and France, the terminology, clear and defined, demonstrates a good relationship with the state but avoids terminology that bleeds too much into the corporate and fiscal world thus indicating its continued work alongside and with the state.

The German third sector is also divided into associations (*Verein*), foundations (*Stiftung*), and limited liability companies (*Gesellschaft mit beschränkter Haftung*).

Throughout this thesis, the terminology *Verein* and *Verband* will be used interchangeably. The two describe the same organization with *Verein* being more appropriate in legal settings and *Verband* in more casual settings to describe the actions of the group. They can be then divided into 5 different subcategories of: mass organizations, interest groups, specialty groups, professional groups, and professional organizations.²⁴ While *Verbandes* don't cover the full spectrum of the third sector in

²⁴ Deutsches Verbände Forum, "WAS SIND VERBÄNDE?" Verbaende.com, Accessed March 3, 2020, https://www.verbaende.com/hintergruende/was_sind_verbaende.php.

Germany, they, for the purpose of this study, act as the most comparable to French *associations*.

B. Administrative Processes: How the relationships plays out

As the terminology of a country's third sector alludes to the nature of the relationship between the sector and the government, the administrative processes are an even more direct look at how the relationship between the two plays out. By observing how the two work together, a better understanding of the role of each becomes apparent. In comparing the three countries at hand, I discovered that while the relationship between state and nonprofit certainly looks slightly different in each country, the gap between the countries begin to close as they look more and more alike than they do different.

France: A relationship of distrustful cooperation

In France, the relationship as seen through the administrative processes is one of slight distrust. There are many hoops that an organization must, albeit redundantly and unnecessarily at times, jump through. However, the process is dictated by a series of laws that, revolutionary in 1901, drastically changed the relationship of the third sector and government from one of complete hostility to one today of cooperation at a distance.

The creation and any other administrative process for a French association falls under the direction of the Law of 1901 of associations which was revolutionary for the sector. Today, the government still very much relies on the Law of 1901 to direct the process to create and maintain an association. In order to create a legal, declared

association there must be a minimum of two founding members of at least 16 years old and the headquarters must be established in France and declared at the local *prefecture*. In order to be verified by the local authorities and maintain a status as an association, the organization must make sure all its projects are compatible with the law of 1901, all the statutes of the associations are written and signed by founding members, and leaders must be designated. Once all the necessary documents outlining the previously mentioned steps are signed and gathered, an official declaration can be filed either online or in person at the *prefecture*. If accepted, an association becomes an official declared association, receives an RNA number, official declaration receipt, and the option for a declaration of creation published in the *Journal Officiel des Associations* (Official Journal of Associations). Lastly, after their official declaration, an association can file for a “Siret” number that allows them to fundraise and obtain, in some cases, public subsidies.²⁵ Therefore, while a long process exists, the continuing development of a state-nonprofit relationship can be seen in the administrative process in France as the authorities create and uphold processes by which associations can legally work alongside them.

The United States: A corporate and financial relationship made easy

As already outlined in the terminology sector, the third sector in the United States in many aspects mimics that of the corporate sector. The administrative process is no

²⁵ Legalstart.fr, “Comment créer une association loi 1901: les 7 étapes à suivre!” Accessed March 3, 2020, <https://www.legalstart.fr/fiches-pratiques/association/comment-creer-une-association-loi-1901-les-etapes-a-suivre/>

exception. In the United States, the steps to create a nonprofit 501(c)(3) organization are similar to the steps in France however with an emphasis of declaration at the federal level instead of local level. In order to create a nonprofit, it must have a unique name ending with a corporate designator. After this, the founders can file for “articles of incorporation” at the state corporate filing office as well as 501(c)(3) tax exemption form to the federal IRS office. After the federal tax exemption has been issued, a nonprofit can file for state tax exemption. Lastly, a nonprofit must continue their operations by drafting bylaws, appointing directors, holding board meetings, and obtaining any necessary licences and permits.²⁶

Additionally, Solomon outlines five essential functions that an American nonprofit is expected to, in some way, meet: service, advocacy, expressive, community-building, and value guardian function.²⁷ A service function nonprofit is designed to carry out necessary service to the community such as hospital care, community aid, employment training, and more. A nonprofit fulfilling the advocacy function contributes to national life by identifying unaddressed problems and bringing them to public attention, by protecting basic human rights, and by giving voice to a wide assortment of social, political, environmental, ethnic, and community interests and

²⁶ Bethany K. Laurence, Nolo Legal Encyclopedia, “Form a Nonprofit in Eight Steps,” Accessed March 3, 2020,

<https://www.nolo.com/legal-encyclopedia/form-nonprofit-eight-steps-29484.html>

²⁷ Lester M. Solomon, “The Resilient Sector: The Future of Nonprofit America,” in *The State of Nonprofit America*, ed. Lester M. Solomon (Washington D.C.: Brookings Institution Press, 2012), 11.

concerns.”²⁸ If meeting a community building function, a nonprofit encourages an individual's involvement in political, economic, and social life. Lastly, a value guardian nonprofit charges itself with maintaining and furthering national and local values in a community. These organizational divisions coupled with the declaration process showcase that, when it comes to administrative processes, US nonprofits, besides reporting at a more federal level, operate very similarly to European nonprofits.

Germany: A relationship of organized supervision

The process of creating an association in Germany is very similar to France with just a few minor modifications. While France’s acceptance with supervision is a relatively new approach, in Germany this has been the case since the beginning of their third sector. The administrative process is one of clear, outlined, political procedures. Firstly, there must be seven founding members who gather to write the *Satzung* (statutes) which must contain the name, the location of the headquarters, the mission of the Verein, membership policies and fees, meeting information, as well as the elected leaders. Once this is signed, it, along with the meeting minutes, can be turned into the local revenue office. Once the document is cleared by the revenue office, it can be sent to a local notary. With the documents notarized and a bank account for the organization, the Verein becomes officially recognized.²⁹ Germany, France, and the United States all demonstrate

²⁸ Lester M. Solomon, “The Resilient Sector: The Future of Nonprofit America,” in *The State of Nonprofit America*, ed. Lester M. Solomon (Washington D.C.: Brookings Institution Press, 2012), 12.

²⁹ Naomi Ryland “How to Found a Charity in Germany,” Accessed March 3, 2020, <https://www.tbd.community/en/a/how-to-found-verein-charity-germany>

very similar procedures for organizing and operating nonprofits with an exception of the European sector operating at a more localized level. While the administrative process can be an interesting indicator of the relationship between the nonprofit sector and the government in a country, these three countries all demonstrate very similar levels of cooperation between the two entities.

C. Tax Laws: How the relationship exists at an individual and corporate level

Tax laws are one of the foundational ways nonprofits interact with the government and therefore, the laws governing taxes affecting both individuals contributing to charitable causes as well as tax policies directly looking at how nonprofits are to pay taxes can be an effective way of not only understanding some of the foundations of the third-sector and governmental relationship but also provide a great basis for comparison of third sectors between various countries. In studying the tax exemption laws of the three countries, France, in the end, emerges as a nonprofit sector just like the others around her.

France: A surprising twist in the relationship

As outlined by the terminology and administrative processes, the relationship between the French state and third sector is not one of eager partnership but rather slow and steady cooperation. Therefore, one would expect this to be reflected in the tax laws. French nonprofit tax laws are generous to both the association, corporations, and individuals thus offering an unexpected surprise. However, the overarching theme of

general outlines instead of specific breakdowns continues in French nonprofit law when compared to other nations.

Generally, all associations and foundations are exempt from commercial taxes (corporate income tax, turnover tax, professional tax, and sometimes VAT). Usually, their economic activity is also exempt from tax as long as they “are not distributed as profits and that other factors are present to distinguish the organization from a commercial enterprise.”³⁰ In order to be a part of this exception, a French nonprofit with annual revenue greater than 61,634 Euros must have a management that is not financially invested in the association or foundation (“disinterestedness factor”) and doesn’t compete with the commercial sector. In certain cases, if a nonprofit does indeed have a commercial competition, it can still be tax-exempt if it meets the criteria of the “four P rule”:

1. The **P**roduct offered satisfies a need not met by the private sector
2. The **P**ublic is unable to afford the product offered by the private sector
3. The **P**ricing is lower than in the private sector; and
4. The **P**romotion of a public interest mission may not use advertising or marketing tools in the same manner as corporations³¹

³⁰ International Center for Not-for-Profit Law (ICNL), “Nonprofit Law in France,” May 2019, <https://www.cof.org/country-notes/nonprofit-law-france>

³¹ International Center for Not-for-Profit Law (ICNL), “Nonprofit Law in France,” May 2019, <https://www.cof.org/country-notes/nonprofit-law-france>

With less than 61,145 euros per year as a revenue, an association or foundation is tax-exempt if it operates with activities that are primarily not-for-profit and it “doesn’t distribute any income or assets to any private interests.”³²

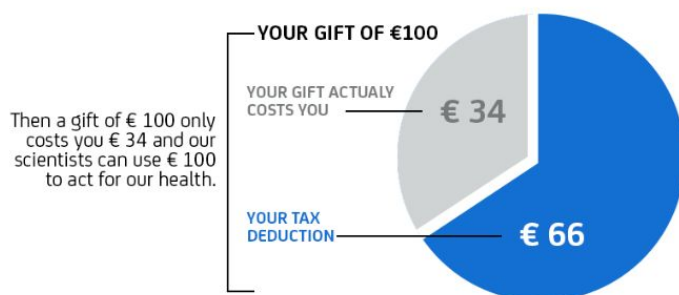
For legal entities “tax credits are calculated at 60 percent of the value of the donation, and a legal entity’s total tax credits for one year may not exceed 0.5 percent of their annual turnover” and for individuals “tax credits are calculated at 66 percent of the value of the donation, and an individual’s total tax credits for one year may not exceed 20 percent of their taxable income” if they are organizations for public utility, general

Figure 1.2 : Charitable Giving Tax Deduction breakdown from Institut Pasteur

POWER OF GIVING When you give 3 times more, it does not cost you more!

YOUR TAX DEDUCTION		
YOU WANT TO GIVE	GIVE INSTEAD	THE STATE REIMBURSES YOU
€ 30	€ 90	€ 59,40
€ 50	€ 150	€ 99,00
€ 100	€ 300	€ 198,00

X3



interest, or religious organizations

while tax credits are calculated at 75 percent of the donation and not

to exceed 530 euros” with those donations exceeding that eligible

for the same tax credit as the organizations above.³³ This

process is outlined by the figure

1.2 found on the *Institut Pasteur’s* website.

Since 2009, France has also

extended these same tax breaks to

³²Ibid.

³³ International Center for Not-for-Profit Law (ICNL), “Nonprofit Law in France,” May 2019, <https://www.cof.org/country-notes/nonprofit-law-france>.

any nonprofits that meet this criteria whose headquarters are located in a Member State of the European Union, Iceland, or Norway. However, they also specified in 2012 that a nonprofit headquartered in France must carry out activity in France or one of its territories unless the purpose of the organization is to spread the French culture, language, or scientific knowledge or humanitarian goals. Although Archambault's argument of a strained state-nonprofit relationship in France would presumably lead to few and inaccessible tax breaks, in fact almost the opposite is true therefore demonstrating an evolving relationship between the two entities.

United States: A fiscally organized relationship with the individual

Tax Exemption laws in the United States in theory are similar to the setup of tax exemption laws in France, however they are much more detailed and divided. Once again, mirroring more a corporation than a typical European nonprofit, American nonprofits face an extremely detailed breakdown of tax exemptions, although generally generous towards individuals and even corporations. This outlines a more fiscal relationship rather than a charitable one.

The law governing tax exempt organizations in the United States is termed code 501(c), and divides organizations into 29 categories ranging from "Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition [...] or for the prevention of

cruelty to children or animals”³⁴ to organizations for Veterans (subsection 23), and organizations dedicated to teacher retirement funds (subsection 11). As stated above, the French third sector, left to fend for itself, has been a leader in self-defining the sector and therefore has leaned towards more general subcategories. The United States however, demonstrating a close relationship between the sector and the government, has taken steps to detail and accurately define the sector thus outlining 29 subcategories instead of the general French 3. Code 501 (a) outlines that any of the organizations under 501(c) or (d) are exempt from paying taxes if they meet certain criteria listed under each subcategory and keep up to date with their forms. Comparing this system to France, while the definitions are more precise and detailed for nonprofit organizations, as long as the organization fits within a subcategory, the tax breaks are more general and generous in the United States.

For individual and corporate giving to tax exempt organizations, in general charitable donations can be deducted from income tax at no more than 60% of an adjusted gross income according to publication 526. However sometimes this is limited to 20%, 30%, or 50% for various reasons. For a donation to be tax deductible, it must be to a qualified organization filed under the 501(c) and all 1040 itemized forms up to date. Donations can be monetary or of property at fair market value at the time of contribution and can be deducted only if they are for the qualified organization and not set aside for a specific person. Additionally, donations can be deemed deductible when given to certain

³⁴ *Exemption from tax on corporations, certain trusts, etc., U.S. Code 501 (2018), § a et sequence.*

Canadian organizations as well as Mexican and Israeli charities created under US law.³⁵

This process, although more detailed than France, in reality is more similar to the tax laws present in France than it is different thus once again pointing to a similar relationship.

Germany: A relationship of civil organization

Germany in many aspects looks very similar to France and tax exemption laws are no exception. The laws in Germany build upon the previously defined relationship between the third sector and government: one of civil, organized cooperation.

In Germany, the laws for tax exemption, although similar, are slightly more stringent as only nonprofits that “exclusively and directly pursue public benefit, benevolent, and church-related purposes”³⁶ are exempt from corporate taxes. Unlike France, German associations, unless related to public benefit activities, are subject to regular VAT tax or at least a reduced rate from 19% to 7%. German tax laws go into further detail as they outline four types of funds that an association can be in possession of and their relative tax exemption status. Firstly, nonmaterial funds (such as membership or donations) are generally exempt from the income tax. Passive funds, such as asset management and investments, are also generally exempt. Purpose related economic activities are exempt as long as they are not in direct competition to any similar corporate

³⁵ U.S. Department of the Treasury, Internal Revenue Service, *Publication 526 Charitable*

Contributions, 2018, <https://www.irs.gov/publications/p526>.

³⁶ International Center for Not-for-Profit Law (ICNL), “Nonprofit Law in Germany,” May 2019, <https://www.cof.org/content/nonprofit-law-germany>.

activities. Any other kinds of funds, such as economic activities deemed unrelated to the general purpose of the organization, are subject to income tax with a tax free allowance of up to 35,000 euros annually. Also slightly different and more specific, these divisions and laws are very comparable to the French “four P rules” described above therefore not only showing a similar state-nonprofit relationship, but also establishing Germany as an effective control when compared to France.

When looking at the tax exemptions that individuals and corporations face when giving financially to nonprofits, individuals and corporations are granted “a deduction of up to 20 percent of their respective taxable income is available for income tax, corporate tax, and municipal commercial tax. For corporations, a deduction of up to 0.4 percent of the sum of the turnover, wages, and salaries is an alternative basis for calculating the maximum deduction.”³⁷ While the specific numbers change, the process of tax exemption for individuals and corporations in France and Germany remains very comparable thus once again establishing not only Germany’s effectiveness as a control, but alluding to France’s lack of exceptionalism in the nonprofit sector. Although Archambault argues that the french nonprofit sector is unique due to its historically strained relationship with the state, by observing the characteristics of the nonprofit state in France and comparing it to those of France and Germany, in reality, today, the sectors look very similar with only slight differences.

³⁷International Center for Not-for-Profit Law (ICNL), “Nonprofit Law in Germany,” May 2019, <https://www.cof.org/content/nonprofit-law-germany>.

D. Conclusion

Together, the terminology, administrative processes, and tax laws of a country tell the story of the relationship between the state and the third sector of each country. While at the beginning it may seem like France is an outlier in its relationship with the third sector as a borderline hostile cooperation, this arguably comes from the historical emphasis of state exclusivity in the social sector. However, this narrative begins to fade.

The terminology of the French third sector and its ambiguous complexity resulting from unclear governmental definitions by themselves tell the story of French exceptionalism in the third sector. The French third sector remains ever changing and relatively self defining. Germany follows a very similar, albeit slightly more defined, nonprofit terminology to that of France. The United States nonprofit sector, on the other hand, doesn't get bogged down with long lists of terminology as organizations generally fall either under public charities or private foundations. However, this leads to relying on a much more broad and general terminology of tax exempt organizations when comparing the sector to that of France. But with a more in depth look at the sectors from a legal standpoint looking at administrative processes and tax laws, the ghost of French exceptionalism starts to fade. France and Germany have an almost identical process for declaring and maintaining an association (or equivalent) and the United States mirrors the process simply with a focus on federal level declaration. The tax laws in France and Germany again remain almost identical with tax breaks on income for giving at around 20% of an individual's total income and organizations generally released from

commercial taxes with a few exceptions. The United States follows closely behind differing only in its less stringent commercial tax exclusion policies and a higher tax break level for individuals. This chapter, besides giving context for the French, German, and United States third sectors and establishing the United States and Germany as effective controls, begins to demonstrate the findings of the following chapters: although it has a very different historical beginning and differing relationships between the third sector and the state, in the end the French associative sector has in many ways caught up to the global third sector and the idea of French exceptionalism becomes a distant ideal that will be further dismantled in the next chapter.

III. CHAPTER 2: Analysis of the “Association Boom”

Continuing upon the presupposition of French exceptionalism in the third sector, the 1980s brought about a dramatic and unique rise in the number of *associations* in France. This growth spurt in the number of associations created per year cannot be reasoned away as merely a coincidence, but rather reflects a societal, economic, and/or political change in French society. Edith Archambault argues that this “association boom” is “the product of a dramatic shift in government policies initiated by the left-leaning government of Francois Mitterrand in the early 1980s.”³⁸ She continues by arguing that “these policies led to a significant decentralization of governmental responsibilities, particularly in the human service field, and a widespread pattern of local or regional government contracting with private nonprofit organizations.”³⁹ Therefore, this law would have ushered in a new era of heightened cooperation between nonprofit organizations and local government, which would in turn lead to more associations in general. In other countries, nonprofit growth, in most cases, closely follows economic growth, however according to my initial hypothesis, France, in the 1980s would have been an outlier as the growth in associations was in response to legal and policy changes instead of just economic growth. Therefore, this growth would have been a reflection of a

³⁸ Edith Archambault, “France: A Late-Comer to Government-Nonprofit Partnership,” *Voluntas: International Journal of Voluntary & Nonprofit Organizations* 26:6 (December 2015).

³⁹ *Ibid.*

new era of so called “social economy” by which the government uses local, on the ground organizations to administer things such as welfare and employment programs.⁴⁰ I hoped to prove this by eliminating other causal relationships as well as looking at similar data in Germany and the United States. However, in this process, I discovered that other factors besides the change in legal procedures led to the significant growth in the number of associations during this period in France and therefore my hypothesis, as well as some of the arguments of Edith Archambault, can be somewhat ignored. While legal and policy changes could have certainly helped grow the French third sector, I demonstrate that other factors, namely economic growth, is the primary cause for the association growth of the 1980s.

A. Analysis of policy and laws

On March 2, 1982 after being deliberated by the Senate and National Assembly, adopted by the National Assembly, and declared constitutional by the Constitutional Council, law number 82-213 also entitled “*Law Relating to the Rights and Freedoms of Municipalities, Departments, and Regions*” was signed and ratified by the President of France, Francois Mitterand, which began the 2 year process of decentralization. While some scholars have argued that this law and those following would have an effect on the operations of associations in France, an in-depth qualitative analysis of the documents showed that the laws never directly addressed associations, but rather set forth general guidelines for the future operation of municipalities, departments, and regions. However,

⁴⁰ Edith Archambault, “Defining the Nonprofit Sector: France,” *Working Paper of the John Hopkins Comparative Nonprofit Sector Project 7*, (1993): 3.

certain articles do highlight changes that could presumably have an effect on the way associations operate.

Article 16 of *loi n 82-213* (1982) reads that until this law was ratified, “public health and social establishments and services shall remain subject to the previously applicable rules”⁴¹. This shows that social establishments and services, similar to associations, would have been affected by this series of laws if indeed they were instructed to remain under the previous laws until the ratification of 82-213.

In article 7, the French Republic outlines what is called “the suppression of financial guardianship” thus declaring the steps, timelines, and the rights of a local municipality to create its own budget.⁴² While the budget previously was outlined by the state, Chapter II of this law shows how municipalities are given the power to create their own budgets and that a state-created budget is in fact the last option. With this, presumably, the local government would be able to allocate more funds to associations deemed worthy of truly meeting the needs of the community, which would be well known to local authorities as compared to bureaucratic state representatives applying a “one-size-fits-all” local budget. This change in the financial independence of the local government contributes to the dilemma that Archambault describes.

The Decentralization Act of 1982 was an effort to respond to critics of centralized authority, and to facilitate entry into a European market whose other members

⁴¹ Journal Officiel de la République Française, “Loi n 812-213 du 2 mars 1982 relative aux droits et libertés des communes, des départements et des régions,” Article 16 (March 2, 1982): 732.

⁴² Journal Officiel de la République Française, “Loi n 812-213 du 2 mars 1982 relative aux droits et libertés des communes, des départements et des régions,” Article 7 (March 2, 1982): 731.

were increasingly adopting decentralization policies. But because decentralization confers upon local communities both prerogative and resources, it places nonprofit organizations in a dilemma: On the one hand, the groups are better able to participate in local development and policy formation: on the other hand, their consequent political and financial dependence on local government imperils them when these governments change or cut back funding.⁴³

On the departmental level, Article 29 outlines the role of the state representative in conjunction with the department and the president of the general council (leader of the department). “The coordination between the actions of the departmental services and that of the services of the state in the department is jointly assured by the president of the general council and the representative of the state in the department.”⁴⁴ It is indeed this position, representative of the state, that is placed in charge of the official declarations of associations. This outlines not only the creation but the necessity of a working, cooperative relationship between local authorities in the department and the state. This presumably would have carried over into the association and government relationship with a middle man, the president of the general council, to be a go-between between associations and the state therefore, presumably, making the process of declaring an association more efficient and effective.

⁴³ Edith Archambault, “Defining the Nonprofit Sector: France,” *Working Paper of the John Hopkins Comparative Nonprofit Sector Project 7*, (1993): 14.

⁴⁴Journal Officiel de la République Française, “Loi n 812-213 du 2 mars 1982 relative aux droits et libertés des communes, des départements et des régions,” Article 29 (March 2, 1982): 736.

Law number 83-3 of the 7th of January 1983, a follow-up to the previous law, also outlines the new administrative organization of municipalities, departments, and regions concerning organizations involved in the lives of citizens. Article 1 outlines the importance of the relationship between local and federal government which trickles down into the organization of associations by saying, “They [municipalities, departments, and regions] collaborate with the State in the administration and development of the territory, in the economic, social, health, cultural and scientific development, as well as in the protection of the environment and the improvement of the living environment.”⁴⁵ It continues by stating that these governmental institutions are the framework by which citizens participate in local public life. Therefore, as seen in this article, local public life which includes associations, is held up by the local government. The exact details of how this procedure would play out is still to be determined at the time of this law as article 4 reads, “a subsequent law will determine, in accordance with the principles defined by the present title, the transfer of obligations in the fields of social action, health, transport, education and culture.”⁴⁶

George Sarre, secretary of the *Partie Sociale*, the political party spearheading the decentralization policies, in a 1984 interview said that the decentralization policies did not create new burdens or new resources. Calling it the “dear child of the socialists,” he argues that decentralization in and of itself showcases the ability of the French Republic

⁴⁵ Journal Officiel de la République Française, “Loi n 83-3 du 7 janvier 1983 relative a la repartition de competences entre les communes, les departements, les regions et l’Etat,” Article 1 (January 9, 1983): 215.

⁴⁶Journal Officiel de la République Française, “Loi n 83-3 du 7 janvier 1983 relative a la repartition de competences entre les communes, les departements, les regions et l’Etat,” Article 4 (January 9, 1983): 215.

to transform itself and is vital to the future of the administration, but in regards to social action and health remains neutral.⁴⁷ Therefore, while it is assumed that changes in the laws that moved power from centralized Paris to local powers would have allowed associations to operate more effectively, the laws in reality leave it at just that: an assumption. While articles mention a change of budget policy to move from a state-created budget to a local budget as well as an implementation of a position to act as middlemen between the central state and local state, its effects on associations is never clearly outlined. The laws of 1982 and 1983 clearly talk about the importance of a relationship between local and central powers, but never talk about policy changes in regards to associations specifically, therefore no definite conclusions can be drawn from the laws alone.

B. General Growth of Associations

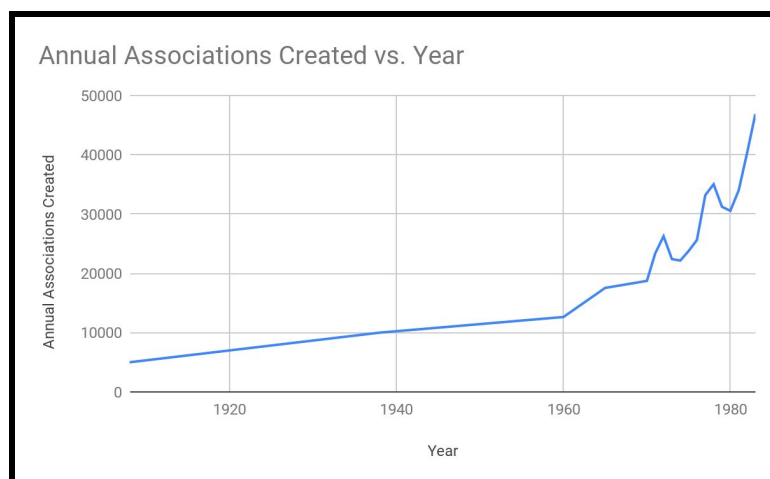
While the official documents may not reflect a significant change specifically looking at associations, there is still an increase in the number of associations in France after the ratification of the decentralization laws that is worthy of more investigation. This association boom has not been left unnoticed by scholars as Edith Archambault writes, “Between 1980 and 1985 alone, for example, the annual creation of nonprofit organizations jumped from 30,000 in 1980 to 50,000 in 1985.”⁴⁸ and in a later publication

⁴⁷ Le Monde, “M. Sarre : la décentralisation ne crée pas de charges nouvelles,” 14 Dec. 1984.

⁴⁸ Edith Archambault, “France: A Late-Comer to Government-Nonprofit Partnership,” *Voluntas: International Journal of Voluntary & Nonprofit Organizations* 26:6 (December 2015).

again cites the importance of this phenomenon by saying, “Since the creation of an association must be declared at the prefecture, a local authority, reliable data are available on the founding of these groups, which are booming: for example, 17,500 formed in 1965, and more than 60,000 in 1990, according to the official government register.”⁴⁹ During the 1970s, French associations saw an average growth of 5.8% per year with 25,380 associations created in the year 1976. But by the late 1980s that number grew exponentially with almost 50,000 created in the year 1985 alone. The growth trend can be seen in the figure 2.1.

Figure 2.1: Number of Associations Created Per Year in France



Source: Edith Archambault, “Les Associations en Chiffres (Associations in Numbers),” *Revue des Etudes Cooperatives* 12 (1984): 3.

While the increase in the creation and operation of associations in France cannot be refuted, a plausible explanation could be an increase in the global phenomenon of charitable giving during that era. The National Philanthropic Trust asserts that the years after 1980 are a key era in the history of global philanthropy as the third sector came into

⁴⁹ Edith Archambault, “Defining the Nonprofit Sector: France,” *Working Paper of the John Hopkins Comparative Nonprofit Sector Project* 7, (1993): 9.

its own after an era of redefinition. Following the Great Depression, the development of new nations, World War II, and social movements like the civil rights movements and the rise of feminism, “the global complexities and diversities that developed during this period persist in philanthropy today,” meaning the 1980s marked a shift in charities that changed the way they operate today.⁵⁰ The 1980s mark a new era of global philanthropy, in their reach and technological advances. However, this alone cannot attest to the steep development of French associations. In comparing the number of associations or tax-exempt organizations in France to those in the United States, a more vivid picture appears. In looking at figure 1, one can see that French associations experienced a steep increase after the early 1980s. This is not the case in the United States as seen by figures 2.2-2.5.

Figure 2.2: Number of Tax-Exempt Organisations in the Northeastern United States

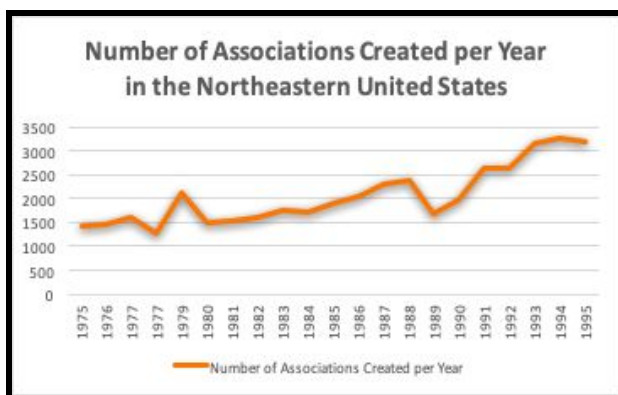


Figure 2.3: Number of Tax-Exempt Organisations in the Mid-Atlantic & Greater Lake Area of the United States



⁵⁰ National Philanthropic Trust, “A History of Modern Philanthropy,” History of Giving, <https://www.historyofgiving.org/introduction/>, (Accessed November 2, 2019).

Figure 2.4: Number of Tax-Exempt Organisations in the Gulf Coast & Pacific Coast Areas of the United States

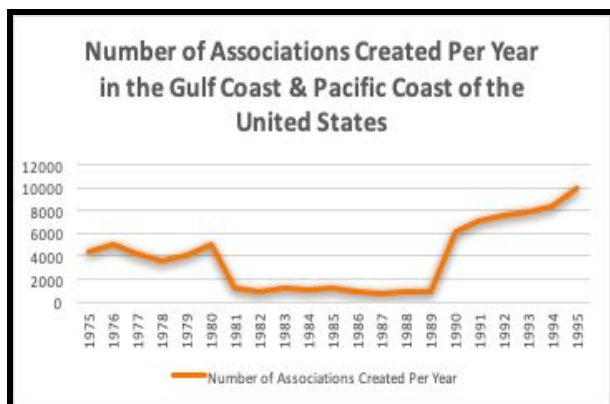


Figure 2.5: Total Number of Tax-Exempt Organisations in the United States



Source: Internal Revenue Service, "Exempt Organizations Business Master File Extract (EO BMF)," Accessed October 15, 2019.

While in the Northeastern (*figure 2.2*) and Great Lakes and Mid-Atlantic areas of the United States (*figure 2.3*) growth was steady during the 1980s, in the Gulf and Pacific Coast areas of the United States (*figure 2.4*), the number of tax-exempt organizations plummeted in the 1980s and did not resume its regular growth until 1989. The overall growth in the United States (*figure 2.5*) while increasing steadily, didn't reach the levels of French association growth of the 1980s until 1989 at its beginning. If indeed the growth of associations in France was attributed solely to a global phenomenon of increased charitable giving during the 1980s, the same kind of growth would be expected in countries such as the United States. This however was not the case.

C. Growth of Associations as Compared to Economic Growth

A regression test to see if there was a correlation between economic growth in year x and growth in the total of tax exempt organizations in the United States in the year $x+1$ provided very surprising findings. By running the regression analysis of the data, $R=.999$ which means that there is an almost perfect correlation and $R^2 = .998$ which means that in this case, 99.8% of the total variation in the dependent variable, the number of tax exempt organizations in year $x+1$, can be explained by the independent variable, GDP in year x . With a $p < 0.001$ the results are statistically significant. This finding is important as it proves that, in the United States, growth in tax exempt organizations, the categorization under which charities fall, grows in direct proportion to economic growth.

This trend continues in Germany in observing the growth of associations, known as *Verbadens*, as compared to the GDP. Taking the number of operational full time and part time *Verbadens* from the years 1990-2018 and comparing it to the growth of the GDP the year before shows that $R = .965$ which is also a near perfect correlation. In the case of Germany, $R^2 = .930$ which means that 93.0% of the total variation in the number of associations in year $x+1$ can be explained by the GDP of year x . With a $p < 0.001$ the results are statistically significant. These two analyses in Germany and the United States demonstrate that, generally, the growth of associations of tax-exempt organizations follows closely the economic growth of that country.

While it would be expected that running the same test on the data from France would prove that there is not a statistically significant correlation since I hypothesize that legal changes had more of an effect on the growth of associations, surprisingly, the

results looked a lot like that of Germany. When looking at the number of associations from data available in the years from 1960-1990 and comparing it to GDP in France the year before, $R = .968$. This indicates a near perfect correlation as well. Looking further, $R^2 = .936$ meaning that 93.6% of the total variation in the number of associations can be explained in the change of the GDP of the year before. With a $p < 0.001$ the results are statistically significant. Therefore, France, like the United States and Germany, follows the trend showing that in all three countries the growth of the third sector can be closely correlated to economic growth from the year before.

Figure 2.6: Regression Analysis of Nonprofit Organizations in the United States, Germany, and France (* $p < 0.001$)

Country	R value	R^2 value
United States	$R = .999^*$	$R^2 = .998^*$
Germany	$R = .965^*$	$R^2 = .930^*$
France	$R = .968^*$	$R^2 = .936^*$

By running these regression analysis tests, I made a significant discovery. While initially, in accordance with Edith Archambault's work, the hypothesis of this thesis speculated that it was only legal changes in the French Republic during 1982 and 1983 that caused the spike in associations, these tests tell a different story. As seen by the data

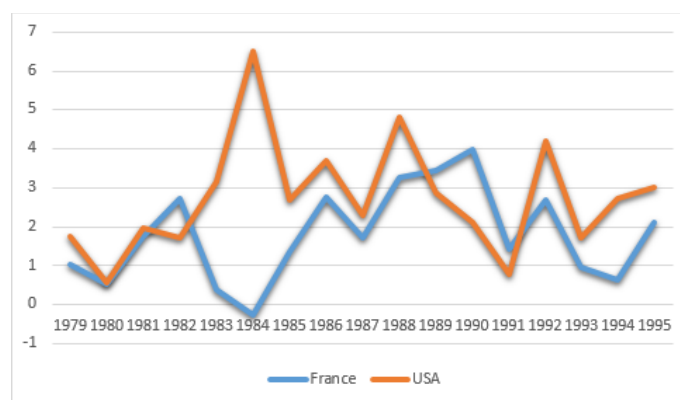
in the United States and Germany, the growth of associations and nonprofits closely follows economic growth of the year before. France is no exception to this rule.

Therefore, this data from France demonstrates that the growth of associations during the 1982-1983 period and after could be attributed to economic growth and not just legal changes set forth in the decentralization laws.

D. Household Disposable Income

Another compelling argument for the increase in the number of associations could be an increase in the amount of disposable income in French households. Disposable household income, as compiled by the OECD, is defined as the income of households minus taxes, social contributions, and dividends while controlled for price increases. Presumably, with a rise in disposable income, households would be able to contribute more financially to nonprofits and associations therefore spurring on the growth of the nonprofit sector. Figure 2.7 outlines the trends of real household disposable income in France as compared to the United States.

Figure 2.7: Net Household Disposable Income in France and the United States

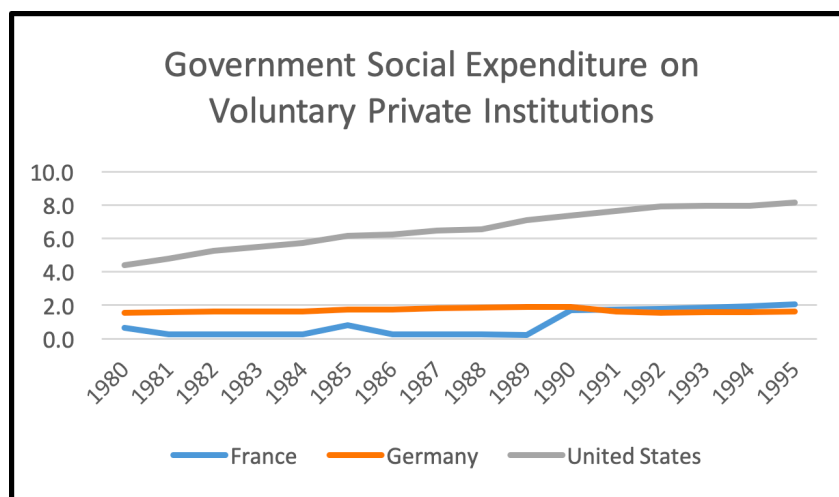


Source: OECD (Household Disposable Income, 1979-2005)

The data presented tells an interesting story. In the year 1984 in the United States there was a net annual growth rate of 6.491% of household income yet that same year, there is not a significant increase in the amount of tax exempt organizations in the United States. In fact, when running a Pearson's Correlation test between the two, $r = -0.138$ meaning that there is a negative, yet weak, relationship between the two. In France during 1984, we see the same relationship occur but inverted. While the number of associations are increasing, the amount of household disposable income in 1984 in France dips at a net annual growth rate of -0.263%. Therefore, while one might expect an increase in more disposable income for households could have helped in the development of the third sector during and after the 1980s, this factor indeed cannot be responsible.

E. Government Social Expenditures

Also worth noting are the levels of government social expenditures in a given nation. This expenditure can be divided into public, mandatory private and voluntary private institutions with voluntary being typically defined as charities and other such organisations while mandatory private organizations being more schools and similar organizations or foundations. Figure 2.8 outlines the amount of government social expenditure on voluntary private institutions in France, Germany, and the United States from 1980 to 1995.

Figure 2.8: Government Social Expenditure on Voluntary Private Institutions

Source: OECD, (Social Expenditure, 1980-1995)

As can be seen by figure 2.8 there are little to no significant increases or declines in the amount of government social expenditure on voluntary private institutions. While France does see a spike of close to 2%, it isn't until 1989 that this occurs. With a significant increase in social expenditure, one could presume that there would be a rise in associations that would fall under the category of a voluntary private institution. However, as we see by the graph above, there is an almost inverse relationship as there is a rise in associations in the early 1980s, then followed by an increase in government social expenditure on voluntary private institutions in the late 1980s. Therefore, social expenditure did not have a significant effect on the growth of associations.

F. Conclusion

The finding of this chapter outlines that, with several other elements at play, the legal changes in 1982 and 1983 most likely did not have a significant effect on the

associations in France. As seen through the qualitative analysis of the 1982 and 1983 laws, the central government never completely outlines how the process of decentralization will affect local associations which is what can be expected in the case of decentralization and the centralized government handing over power to municipalities, departments and regions. While the laws outline the potential for new procedures affecting nonprofits to come into effect, in an act of true decentralization, they leave those decisions up to local powers. Therefore, quantitatively there is no empirical evidence to show the actual effects of the new laws on associations in the decentralization laws of 1982 and 1983.

Quantitatively, this chapter found that France is like other countries such as the United States and Germany in that the growth of associations *does* follow economic growth of the year before. Therefore, economic growth certainly accounts for at least part of the association boom of the 1980s. However, it is not the exclusive factor at play. Assuming that, based on the qualitative analysis, the new process of organization of powers had an effect on associations, we can eliminate an increase in household disposable income and government social expenditures as factors in the equation. In her writings, Edith Archambault argues that the increase in the amount of associations is a direct reflection of the policy change enacted by the decentralization laws of 1982 and 1983. However, through my own research outlined in this chapter, while it could have been a factor, law changes are not the only factor spurring on such growth but the French associations follow more closely economic growth of the year before. This trend can be

seen in other similar countries, such as the United States and Germany, and therefore continues to effectively dismantle the theory of French exceptionalism in the third sector.

IV. CHAPTER 3: Case Studies

The last chapter demonstrated that the decentralization laws of 1982 and 1983 did not solely cause the growth in associations, nevertheless it cannot be ignored that associations in France during this time period took a new place in society. As the government shifted from a centralized power in Paris to giving local authorities more power, French associations took a new role as partners. No longer were they simply under the jurisdiction of central powers and operating independently, often in a sort of charitable battle, but rather, after 1982, associations were seen as sorts of extensions of the state into local communities. From an overall view point, the decentralization laws of 1982 and 1983 had very little effect on French associations as a whole thus destroying the myth of French exceptionalism in the modern day associative sector. However, it is important to note that while that may be a general, holistic view, from a more specific standpoint, the decentralizations laws indeed might have played a significant role in certain specific aspects of the associative sector. This chapter will aim to study the change of processes that associations underwent after decentralization rather than the results presented in chapter. This change in process, indeed, will be the aim of this third and final chapter: to take a specific look at the effect of decentralization laws on French associations by looking at a few selected case studies. These specific case studies chosen highlight large social issues, unemployment and tuberculosis, that are heightened and made worse by poverty. These issues, originally handled by the state, are now, since the

decentralization laws, in the hands of state partners namely: associations. While it is difficult to tell if these issues have indeed gotten better because of such administrative changes, it cannot be overlooked that these procedural changes mark associations' new role in society and government and ultimately give them more social power.

A. Unemployment and the Revenue Minimum d'Insertion

The first case study is looking at the implementation of the *Revenue Minimum d'Insertion* (RMI) which is a contract of reintegration into society after the loss of a job or other hardships coupled with a minimum income for those in need. This program, although created in 1988 after the ratification of the decentralization laws, offers a clear example of division of power and responsibility between the national government and local authorities. Edith Archambault writes of the RMI:

A striking example of the emergent partnership between the state and the nonprofit sector is the introduction in 1989 of a minimum income for the poor, coupled with an 'insertion contract' between service provider and client that aims at integrating ('insertion') clients into the labor force. While the central state provides the funds, nonprofit organizations and local government agencies implement the program.⁵¹

In order to receive RMI funds, an individual must, within three months of being approved for RMI, complete an "integration contract" which includes an assessment of the health, social, professional, and financial situation of the person followed by an integration

⁵¹Edith Archambault, "Defining the Nonprofit Sector: France," *Working Paper of the John Hopkins Comparative Nonprofit Sector Project 7*, (1993): 9.

project. This project, which serves as the plan by which an individual will reintegrate into society, will include taking part in activities such as an association or nonprofit, training courses, activities, or internships. Ralf Rogowski writes that “This measure addresses the struggle against poverty as a multidimensional and dynamic issue. It guarantees a basic income coupled with the acceptance of a contract aimed at facilitating access to social assistance such as healthcare, housing, professional training, or even help in returning to work.”⁵² He goes on to write that this program aims as well to act, not only as a typical social safety net but as a level playing field for all citizens by saying, “From the point of view of beneficiaries, the RMI evens out the differences between population groups noted for the diversity of their characteristics and option by defining them as structurally poor, thus giving them a common status that comes in a variety of forms.”⁵³

The Law of 1988 outlines the specifics of the RMI program. Chapter III, Article 12 stipulates how the request for funding should be submitted from a local level: The funding request can be completed and submitted at local community centers, the local department of social action, or at associations of nonprofits for this purpose where a representative of the state works.⁵⁴ These requests are immediately submitted to the secretary of the local commission then are given to the president of the *centre communal ou intercommunal d’action sociale et de la commune de résidence* if it was not already

⁵² Ralf Rogowski, *The European Social Model and Transitional Labour Markets: Law and Policy* (New York: Taylor & Francis, 2008), 267.

⁵³ Ralf Rogowski, *The European Social Model and Transitional Labour Markets: Law and Policy* (New York: Taylor & Francis, 2008), 287.

⁵⁴ Chapter III, Article 12, Loi no 88-1088 relative au revenu minimum d’insertion, December 1 (1988), <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000875188&dateTexte=20041025>

the original drop-off location. This process clearly gives the power to the local authorities and harnesses the power of decentralization by cutting down on the bureaucracy of the national level administration. Additionally, Article 37 places this program as relevant specifically to the associative sector as it outlines that “The insertion proposed to beneficiaries of the RMI and defined with them can, in particular, take the form of: general interest activities with an administration, public reception organization, or nonprofit association.”⁵⁵ Part of the contract for reintegration outlines the requirement, in some cases, to take part in the associative sector and therefore, this program, in requiring involvement while deferring to local authorities, can be used as a case study to better look at a specific way the decentralization laws of 1982 and 1983 were carried out.

In 2002, the *DREES* institute (*direction de la recherche des études et l'évaluation des statistiques* - institution for the research of studies and evaluation of statistics) published several questionnaires regarding the RMI contract one of which looks at point of view of the beneficiaries regarding the RMI reintegration contract. Table 1 includes the questions and responses of individuals who responded positively to the question “Have you ever heard of the RMI program?” This group of individuals show that in all cases, except for general social benefits, individuals have the correct information regarding the RMI contract and its relationship with other state programs. Additionally, the vast majority of individuals were not only aware of the stipulations of the RMI program but also were able to effectively follow them and avoid suspension. These

⁵⁵ Chapter III, Article 37, Loi no 88-1088 relative au revenu minimum d’insertion, December 1 (1988), <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000875188&dateTexte=20041025>

findings demonstrate that information disseminated between the state, both national and local, and the general public is clear and effective in the majority of cases.

Table 3.1. Interview of individuals who have heard of the RMI program (72.7% signed)

1. Are you aware that you keep your rights of _____ for the duration of the contract?	
a. Universal health care	Yes 70.7 No 29.3
b. Fiscal exonerations	Yes 54.4 No 45.6
c. Housing benefits	Yes 58.6 No 41.4
d. Other social benefits	Yes 47.5 No 52.5
2. Are you aware that the refusal or breaking of the contract can result in suspension of RMI funds?	Yes 79.1 No 20.9
3. Have you ever been threatened with suspension of RMI funds because of a problem related to your contract?	Yes, and I was suspended 3.6 Yes, but I able to sign the contract 4.9 No 91.4
4. Have you ever had to respond to CLI appeal because of your contract?	Yes 15.9 No 80.0 Choose not to answer 23.4

Source: DREES, *Les contrats d'insertion du RMI: pratiques des institutions et perceptions des bénéficiaires*, No 193, September 2002.

Table 3.2 looks at the opinions of subsections (20.9%) of individuals who, while they have heard of the RMI program, did not choose to participate. These answers were surprising as most individuals are aware of the RMI program and contract and its stipulations as outlined by the table above however the majority of individuals who did not sign an RMI did so because they were not offered a contract. Therefore, while the

information concerning the contract is available, the steps needed to actually begin the process might not.

**Table 3. 2. Interview of individuals who have heard of the RMI but did not sign
(20.9%)**

1. Why did you not sign a RMI contract?	<i>It wasn't offered to me</i> 46.9 <i>I wasn't in the RMI program long enough</i> 9.5 <i>I did not need it</i> 17.4 <i>Other</i> 9.5 <i>Choose not to answer/ I don't know</i> 16.8
2. Would you like to sign a RMI contract in the future?	<i>Yes</i> 37.4 <i>No</i> 39.1 <i>Choose not to answer</i> 23.4

Source: DREES, Les contrats d'insertion du RMI: pratiques des institutions et perceptions des bénéficiaires, No 193, September 2002.

Lastly, table 3.3 looks at the satisfaction of citizens who did end up signing an RMI contract (51.8% of respondents). The results of this survey demonstrated that the process was fairly easy with 80% claiming they had no difficulties when creating an RMI contract and 68.8% having created more than one contract. Other questions also allude to the effectiveness of the contract by indicating a rapid response on the side of the government, as well as cooperation between the citizen and authorities. However, the end of the survey points to the true sentiments of the individual towards the effectiveness of the RMI program as the answers were split when responding to the question "Did the contract help you?" Therefore, while the RMI program may be deemed user-friendly and mostly efficient, it cannot be deemed completely effective.

Table 3.3. Interview of those who chose to sign an RMI contract (51.8)

1. <i>How many contracts have you signed?</i>	One 31.2 More than one 68.8
2. <i>Have you encountered difficulties when creating an RMI contract?</i>	Yes 14.4 No 80.1 Choose not to answer 5.5
3. <i>How long did it take in between the 1st payment and the signing of the contract?</i>	Less than 6 months 59.0 From 6 months to a year 18.1 More than a year 11.5 Choose not to answer 11.4
4. <i>Who decided the contents of the contract?</i>	Myself 15.0 Mutual decision after a discussion 61.1 It was decided for me 22.8 Choose not to answer 1.1
5. <i>Who initiated the creation of a contract?</i>	It was proposed to me 75.8 I proposed it myself 16.9 It varied 7.3
6. <i>Did you receive a physical document?</i>	Yes 73.2 No 20.0 Choose not to answer 6.8
7. <i>Did the contract meet your needs?</i>	Yes, each time 43.9 Yes, often 23,5 Rarely/ Never/ Choose not to answer 32.6
8. <i>Was there a follow-up assessment?</i>	Yes 42.6 No 42.4 Choose not to answer 15.1
9. <i>Did the contract help you?</i>	Yes 49.2 No 43.2 Choose not to answer 7.6

Source: DREES, *Les contrats d'insertion du RMI: pratiques des institutions et perceptions des bénéficiaires*, No 193, September 2002.

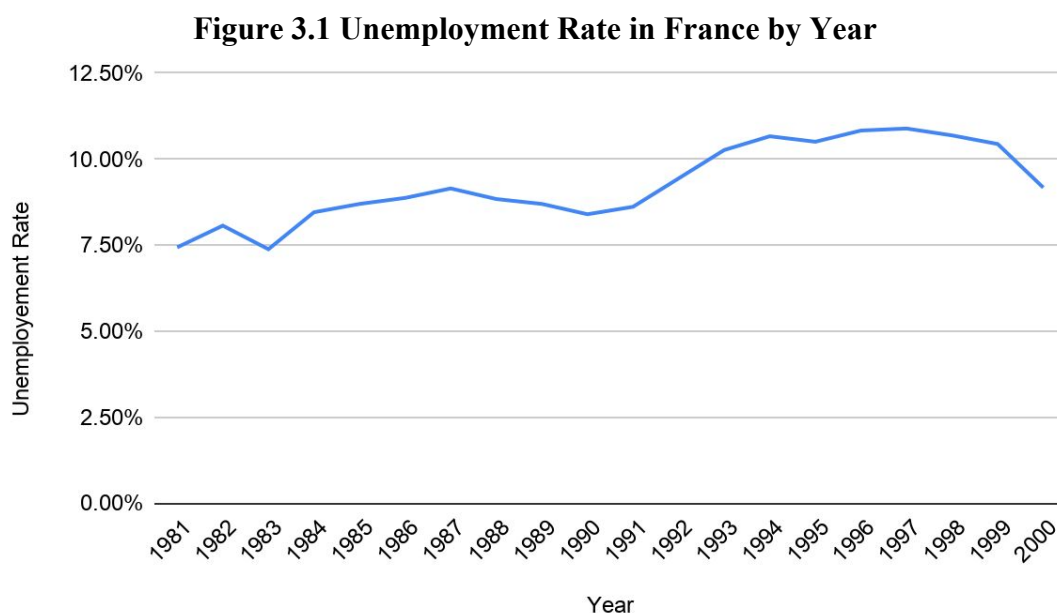
Using the same data collected from DREES surveys, MATISSE analyzed the data in their table “Appreciation of RMI and the RLI in relation to modes of action (in percentages)”. In this study, they determined that the RMI was no help whatsoever to obtain a basic income (11.0%), to find solutions to the problem of housing (39.1%), to address health problems (20.6%), to find a job (63.4%), to get training (68.5%), to submit administrative applications (59.6%), to obtain financial support (51.7%).⁵⁶ With these various surveys and analysis, the RMI program can be awarded as effective in removing layers of bureaucracy in the unemployment process. Yet, did this removal of administrative chaos and red tape actually help the issue? According to question 9 on table 3.3 and the answers recorded in the MATISSE survey it did not. And empirical data of unemployment levels in France during that time back this theory up as seen by table 3.4 and figure 3.1.

Table 3.4. Unemployment Rate in France

Year	Unemployment Rate	Percentage Change	Year	Unemployment Rate	Percentage Change
1981	7.44%	17.15%	1991	8.62%	2.58%
1982	8.07%	8.48%	1992	9.44%	9.57%
1983	7.38%	-8.50%	1993	10.27%	8.74%
1984	8.46%	14.56%	1994	10.67%	3.90%
1985	8.70%	2.86%	1995	10.51%	-1.49%
1986	8.88%	2.01%	1996	10.83%	3.09%
1987	9.15%	3.10%	1997	10.89%	0.54%
1988	8.84%	-3.37%	1998	10.69%	-1.84%
1989	8.70%	-1.61%	1999	10.44%	-2.34%
1990	8.40%	-3.45%	2000	9.18%	-12.13%

Source: *Index Mundi*, “Related Data From the International Monetary Fund,” April, 2019.

⁵⁶ Ralf Rogowski, *The European Social Model and Transitional Labour Markets: Law and Policy* (New York: Taylor & Francis, 2008), 286.



Source: Index Mundi, "Related Data From the International Monetary Fund," April, 2019.

Table 3.4 and Figure 3.1 tell a different story. Unemployment rates stay relatively the same until 1992 when there is a spike of over 9% that only continues to grow until the late 1990s. This would have been around the time period where the RMI program would have been in full swing. Therefore, this plateau in numbers demonstrates that while citizens claimed that the RMI program was easy to use, not as bureaucratic, helped the unemployed by giving them a minimum income, and could have potentially kept unemployment levels in France from increasing, it was not a revolutionary solution to the problem of unemployment in France. So while the decentralization laws of 1982 and 1983 that gave more power to local governments, in this case giving them and associations more power in the reintegration process, resulted in arguably less

bureaucracy, it cannot with certainty be said that they helped to alleviate big issues like unemployment.

However, decentralization remains at the heart of this issue. Before 1982 and 1983, the centralized government was in charge of creating programs and solutions to come alongside those affected by unemployment. But with the decentralization laws, local authorities and associations are able to come alongside the central government as partners rather than competitors. With unemployment, while the levels may not have decreased initially or the problem may not have a clear solution, the switch from a central approach to a local approach to this social issue is certainly noteworthy.

B. Tuberculosis

The second case study this chapter will cover concerns how tuberculosis is reported. Tuberculosis, although curable and preventable, is a dangerous bacterial disease that spreads through the air. According to the World Health Organization, a third of the world population has latent TB (infected but not showing symptoms) and without proper treatment two thirds of people showing symptoms will eventually die from the disease.⁵⁷ For this reason, Tuberculosis in France has been a disease “*a declaration obligatoire*” or a mandatory reporting disease since 1964 meaning that if anyone is infected they are required to report it to the authorities. This process is a case study for decentralization laws as the process for reporting, analyzing, and studying the results of tuberculosis in France has been divided between local and national authorities since 1983.

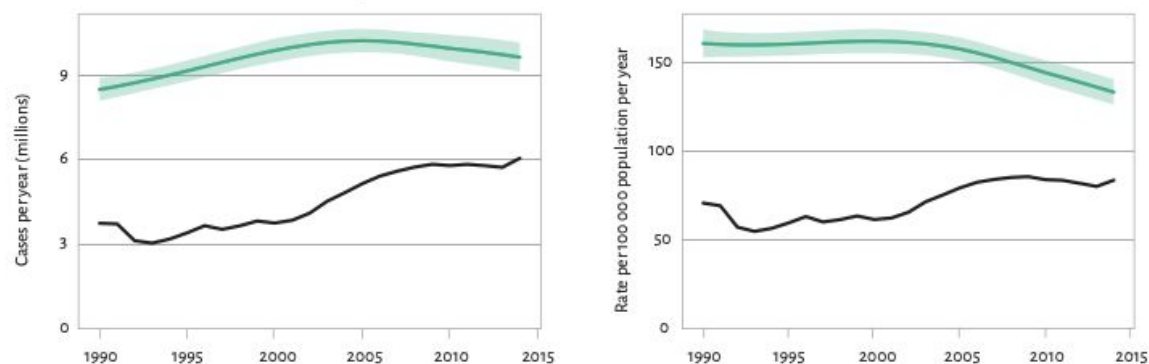
⁵⁷World Health Organization, *What is TB? How is it treated?*, January 2018, <https://www.who.int/features/qa/08/en/>.

Reporting allows health officials to monitor spikes, falls, and trends in the disease based on certain factors such as groups and geographical factors. This is done at a high up, national level under the DDASS or Directions Départementales de l'Action Sanitaire et Sociale (*Departmental Directorates of Health and Social Action*). However, at a more local level, mandatory reporting allows the authorities to act on the information provided and put into place any necessary measures to stop the furthering of the very easily communicable disease. This implementation of counter-measures has been and remains the responsibility of the departments and the General council.

Presumably, with this change of procedure, the process for reporting tuberculosis would have not only been simplified, thus allowing for higher levels of reporting, but also made more accurate. This increase in reporting at a centralized level with the DDASS would in turn lead to more accurate data provided to the local authorities which would enable them to better create strategies to decrease tuberculosis rates. Looking at the number of reported cases in comparison to the estimated tuberculosis incidence after the 1990s in figures 3.2 and 3.3 from *The World Health Organization* shows that, although initially distancing, both the global and European gap between reported cases and estimated cases has been, after the year 2000, slowly closing and nearing a projected correspondence.

Figure 3.2: Global Trends in Absolute Number of Notified TB Cases and Estimated TB Incidence From 1990 - 2014 From the WHO

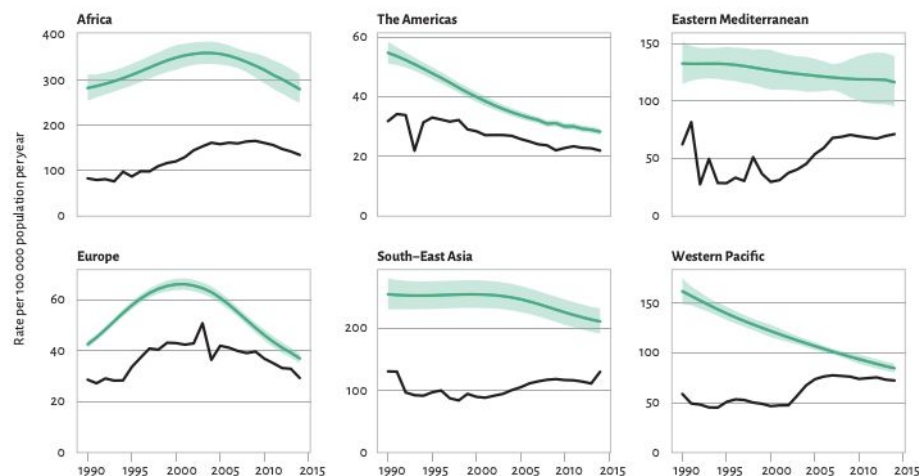
Global trends in absolute number of notified TB cases (black) and estimated TB incidence (green), 1990–2014. Case notifications include new and relapse cases (all forms).



Source: (World Health Organization, 2015 Global Tuberculosis Report)

Figure 3.3: Case Notification and Estimated TB Incidence Rate by WHO Region From WHO, 1990 - 2014

Case notification and estimated TB incidence rates by WHO region, 1990–2014. Regional trends in case notification rates (new and relapse cases, all forms) (black) and estimated TB incidence rates (green). Shaded areas represent uncertainty bands.

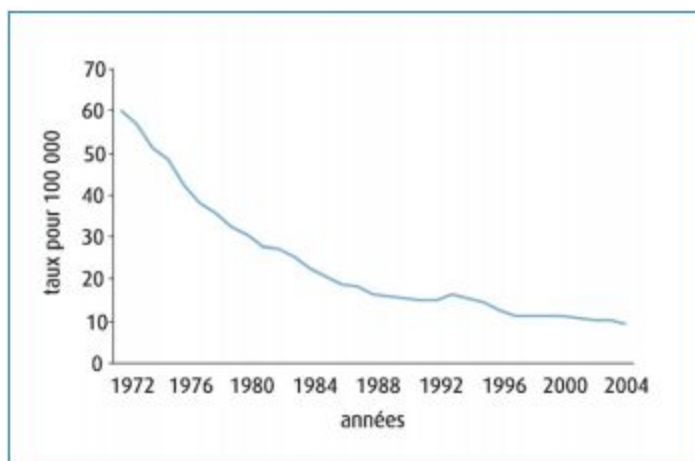


Source: (World Health Organization, 2015 Global Tuberculosis Report)

In France specifically, the incident rate of tuberculosis has been slowly declining since 1972 as seen by the figures 3.4 and 3.5. Figure 3.4 shows the rapid decline of the incident rate of reported tuberculosis cases in France each year. Figure 3.5, from The World

Health Organization, shows that France, like other European and Western countries, remains one the countries with the lowest estimated tuberculosis rates.

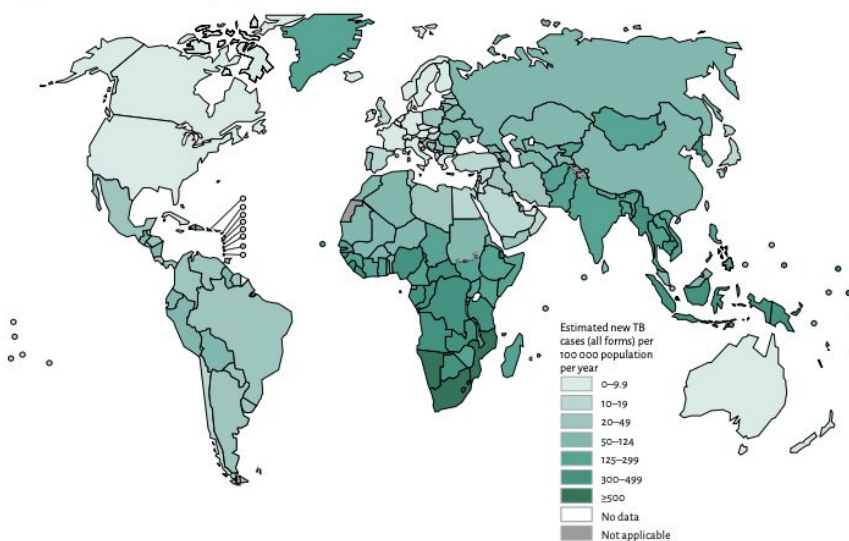
Figure 3.4. Rate of Incidence of Tuberculosis in France (for every 100,000)



Source: *La Presse Medicale Reference*

Figure 3.5. Global Estimated TB Incidence Rates, 2014 from the WHO

Estimated TB incidence rates, 2014



Source: *World Health Organization, 2015 Global Tuberculosis Report*

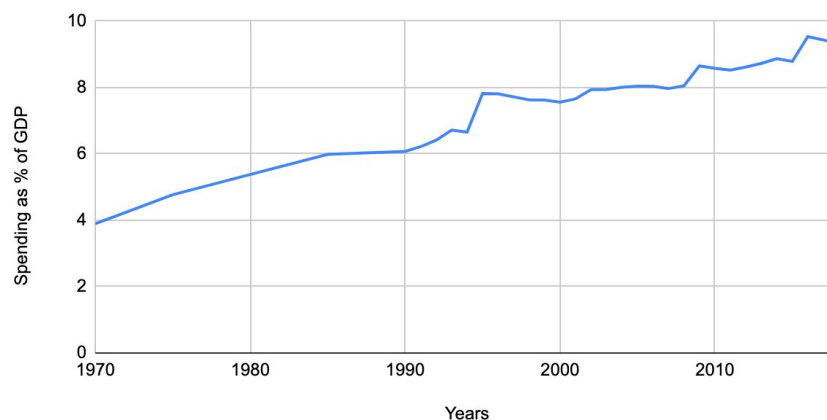
While it can be assumed that dividing up the process of mandatory reporting between the centralized government and the local authorities created a more simplistic

and accurate process to monitor and control tuberculosis in France, it's effectiveness cannot be accurately determined. As seen by the graphs above representing other countries, France follows global trends of decreased tuberculosis incidence rates. Therefore, while decentralization could have certainly played a role in tuberculosis reporting and incidence rates, it is hard to determine with certainty the role decentralization laws played.

C. Public Social Expenditure

These two issues, unemployment and tuberculosis, were tangible ways the French non profit-state relationship changed. Besides just adding administrative and procedural relief for the state, this new cooperation would have most likely also provided a financial benefit for the state as they would be able to rely on the work of associations without having to pay as much money for their own systems. By looking at state spending in social protection and unemployment, it becomes clear that this is indeed the case.

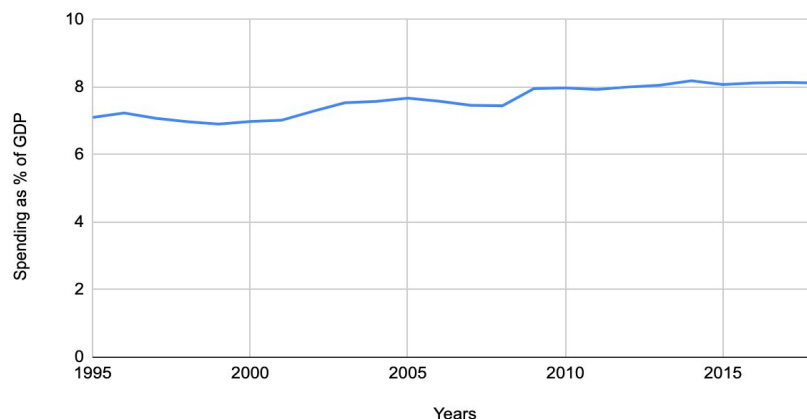
Figure 3.6 looks at the amount of government/compulsory health costs that the French public has incurred since 1970. This figure gives a general idea of the state of healthcare costs in France showing that it has been steadily increasing since the 1970s.

Figure 3.6 Government/Compulsory Health Spending in France

Source: OECD (Health spending Government/compulsory, % of GDP, 1970 – 2018)

However, putting this in context with Figure 3.7 shows the flip side of the equation. While the public has been spending incrementally more money on government mandated healthcare costs, the government spending on healthcare has relatively plateaued since the 1990s (earliest data available). This discovery, while not strong enough to prove anything, certainly does point in the direction that this shift in the government-association relationship after the decentralization laws could have alleviated some of the financial burden for the state.

Figure 3.7 Government Spending on Health in France

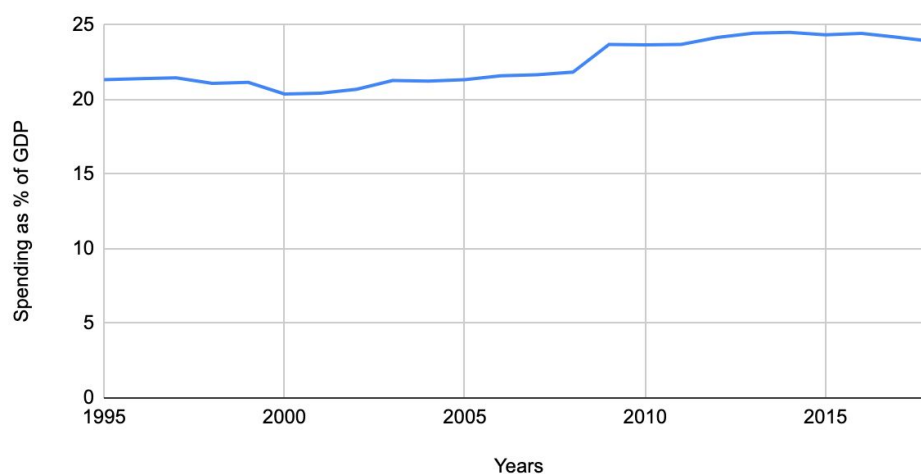


Source: OECD (General government spending Health, % of GDP, 1970 – 2018)

This same effect can be seen at an even greater level for unemployment in France.

When looking at figure 3.8 denoting the amount of government spending on social protection programs in France, it becomes clear that the French government managed to keep their social protection spending at a somewhat constant level.

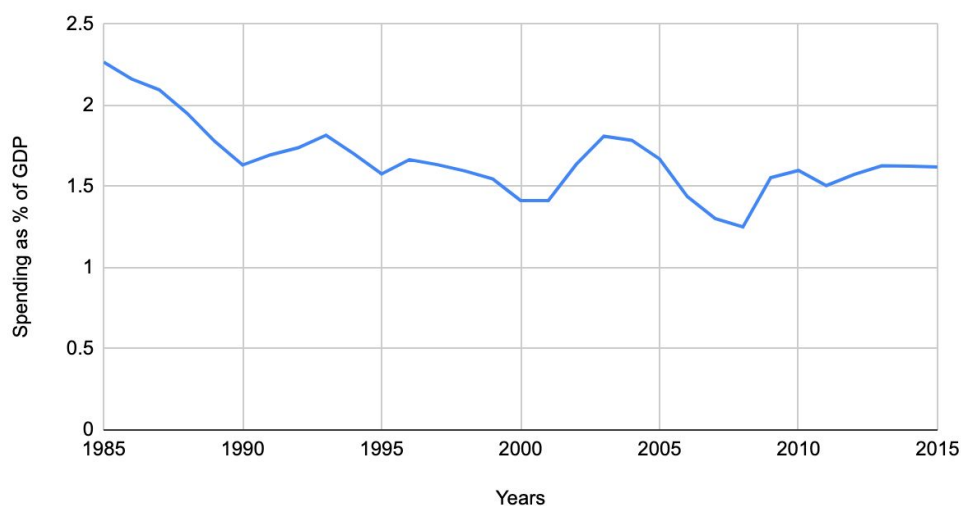
Figure 3.8 Government Spending on Social Protection in France



Source: OECD (General government spending Social Protection, % of GDP, 1970 – 2018)

Since social protection includes various programs in France, it was also important to look more specifically at governmental unemployment spending in France. As seen by figure 3.9, not only does this rate stay constant, but overall, the amount of money spent on unemployment in France after 1985 continued to steadily decline. This could be an indication of the financial benefit that the state would have benefited from with the cooperation with *associations* in the implementation of the RMI program and other unemployment programs.

Figure 3.9 Public Unemployment Spending in France



Source: OECD (Public unemployment spending Total, % of GDP, 1980 – 2017)

Together, these levels of spending point towards a truth that has been outlined previously: the state only stands to benefit in the betterment of the state-nonprofit relationship. This section demonstrates that, while arguably not the only factor at play, the new role that associations play in society has led to financial benefits for the state as they are not obliged to pay as much for publicly funded programs that can be instead supplemented with programs offered by the third sector.

D. Conclusion

In conclusion, with the decentralization laws of 1982 and 1983 came fundamental process changes as associations took a new role in society. While before the state assumed complete control of any social issues, in this new era, local governments and associations became partners and came alongside the centralized government to better combat social issues. By looking specifically at unemployment and tuberculosis, two widespread social issues exacerbated by poverty, it becomes clear that while the issues in and of themselves might have not ameliorated, a clear procedural change happened that cannot be ignored. The decentralization laws demonstrated a clear shift of mindset: associations became partners not competitors.

V. CONCLUSION

A. Quantitative Results

The 1980s saw an unprecedented rise in the amount of associations created per year in France as the third sector experienced, in a sense, a “boom”. Only years before, in 1982 and 1983, the French state underwent a major shift after the implementation of a new legal policy: the decentralization laws. Edith Archambault argues that the co-existence of these two events is not coincidental but rather the signs of a causal relationship. I also hypothesized that the steep increase in the number of associations per year was directly affected by the decentralization laws.

The results of this thesis demonstrate that while to a degree my hypothesis could have been correct, decentralization, in the end, was not the primary driving factor in the rise of associations. Using the same data from Germany and the United States, I controlled for global factors and found that the steep growth was isolated to France. I then used regression tests to see the relationship between the growth of associations and economic growth, government social expenditure, and household disposable income. Through this quantitative analysis and a supporting qualitative analysis of the text of the decentralization laws, I determined that my initial hypothesis was not correct as the decentralization laws did not have as significant of an effect on associations as I had originally thought. Instead, I found that economic growth of one year before more closely correlated to the growth of associations the year after. This phenomenon, as I discovered,

is not unique to France, but can also be observed in the United States and Germany. This discovery began disproving my second hypothesis found in the qualitative section of this thesis.

B. Qualitative Results

The second part of my thesis questions explored the exceptionalism of the French third sector. Following a history of a tumultuous relationship between associations and the state following the French Revolution, scholars such as Edith Archambault rely on the underlying assumption that the French nonprofit sector is unique not only in its history but also in its organization and administration today. I also hypothesized that this was true and this unique French nonprofit-state relationship would have led to a unique third sector as a whole.

The qualitative research from this thesis demonstrates that these claims are not true. Beginning from the economic growth data observed in the quantitative section, it became clear that the French third sector today operates like most other third sectors, namely Germany and the United States. In order to further explore this, I analyzed key terminology of nonprofits, laws governing the creation of nonprofits, and tax-exemption laws in order to gain a better understanding of the nonprofit-state relationship. While each country certainly did have small differences in each area, overall the nonprofit sectors of the three chosen countries looked more similar than different.

C. Results of Case Studies

As previously mentioned, this thesis demonstrated that the decentralization laws of 1982 and 1983 cannot be attributed to the steep rise in the number of associations created and therefore did not have a significant effect on French associations as a whole. However, through this thesis, I recognized that, while this is true for the sector as a whole, there are exceptions. I sought to explore this further by analyzing the changes that occurred after the implementation of the decentralization laws in the way the state handled two major societal issues: unemployment and tuberculosis.

The case studies of this thesis demonstrated that in certain areas, there was a shift in the relationship between the state and associations as they became, in some senses, extensions of the government in local communities. To better fight the issue of unemployment and societal reintegration, the French government created the RMI program. This holistic approach to societal reintegration after the loss of a job, heavily relied on associations to help implement some of the changes in an individual's life. And while unemployment after its implementation did not decrease, unemployment levels did not rise and the switch from a central approach to a local approach was noticeable and noteworthy.

Tuberculosis also remains a predominant social issue in France and around the globe. After 1983, associations took a more central role in the fight against tuberculosis as mandatory reporting done at a central level was then passed to a local level for authorities and associations to put necessary measures into place to stop the spread of the disease. France, along with most nations around the globe, has been experiencing a

decrease in cases of tuberculosis. While it cannot be determined if this is directly correlated to the decentralization of responsibilities, once again the shift of power is noteworthy.

D. Limitations

Often in the process of writing this thesis I ran up against limitations especially regarding the availability of reliable data. In many cases, such as the data in figure 2.1 (Number of Associations Created Per Year in France), comprehensive data spanning the last 30 years from official sources was hard to find. This is why figure 2.1 stops in the mid 1980s. Although databases by the French government exist, they are either stored physically in Paris or, in many cases that I experienced, the database is corrupted and needs to be updated. While I believe being physically present in France with access to some of the larger archives would have been ideal, it was simply not possible for the scope of this thesis.

Additionally, while I had initially planned to include case studies of specific associations and how their administration had changed after the decentralization laws I was limited by communication. I sent many emails and phone calls but with very few responses. Therefore, I opted to instead look at larger sections, such as tuberculosis and unemployment, instead of individual associations.

E. Suggestions for Future Study

The study of associations in France should not end here. The possibilities for future study of how French associations operate is endless. A possible area to expand upon would be opening some of the quantitative data from chapter 2 to more countries. While the French nonprofit sector looks and acts a lot like the nonprofit sectors of the United States and Germany, I presume it wouldn't stop there. The development of the nonprofit would greatly benefit from the expansion of this study to other countries around the globe. Furthermore, future studies could additionally expand upon other legal policy changes besides the decentralization laws. Brexit and its legal procedures are changing the very fabric of Europe and presumably the way nonprofits operate internally and internationally.

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