

## Public Budgeting in the French Fifth Republic: The End of “*La République des partis*”?<sup>1</sup>

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### Abstract:

We review trends in state spending across the Fifth Republic. Considering the partisan divisions in French political life and the importance accorded to elections and partisan control of government, one might expect substantial differences in spending patterns by governments of the Left and the Right. Instead, we find only a small number of statistically significant differences and when we do find them, governments of the Right are the higher spenders. The reasons for this are the different historical periods during which the Left and Right have been in power. As the Right dominated French politics for the first half of the Fifth Republic, it oversaw a period of the most dramatic growth in the state, across virtually all sectors. Growth in state spending declined regularly over the decades but particularly after the oil crisis and other events in the 1970s. Since 1981, when governments (if not presidential control) have alternated on a relatively regular basis, austerity and limited growth in spending has been the rule, no matter which governments have been in power. We demonstrate these facts with a comprehensive overview of public spending across eleven categories. The results are presented graphically, with statistical t-tests, and finally with regressions controlling for growth in the economy. In all cases, no linkage between Left control of government and higher spending is found.

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## **Partisan Effects on State Spending**

Elections matter in a parliamentary democracy and every element of politics leads one to expect systematic differences in the spending patterns and policy priorities of governments sharing different political ideologies (Cusack 1999). The French Fifth Republic was of course dominated by the political Right during its first 25 years, as various parties of the Right controlled the Presidency until 1981 and always controlled a majority in the National Assembly and Senate as well. The arrival in power of François Mitterrand in the May 1981 presidential election heralded a watershed moment, a shift in priorities, and indeed the new president did enact a number of important reforms: increases in the minimum wage, an end to capital punishment, an overtaking of Defence by Education as the single largest state expenditure. Since 1981 there have been regular electoral reversals in Parliamentary majorities with Left and Right controlling the Government at various times, though the 14-year Presidency of François Mitterrand (1981-1995) remains the only period of Left control of the Elysée Palace.

Following the “policy-seekers” hypothesis (Cameron 1973; Blais et al. 1993, Blais et al. 1996), we can expect that left governments spend more than right due to their more interventionist ideology. But existing empirical evidence for this hypothesis are quite mixed: Partisan impact is not clear and is highly sensitive to such factors as the sample used (level of government, countries and time periods) and on the type of spending analyzed. For instance in one meta-analysis, the authors find that only 14 of 43 studies demonstrate an effect of government partisanship on overall spending patterns (Imbeau et al. 2001). But the authors also note that welfare spending seems to be more affected by partisanship than defense expenditures or the public deficit or debt. At the opposite, Cusack (1997) demonstrated that contrary to a conventional wisdom, partisan political influences for a sample of 16 OECD countries have not

been eliminated despite the globalization of the international economy. Finally, articles based on recent data (after the mid of 1970s) highlights partisan influences more frequently than articles based on data collected during earlier period. In sum, while there are obvious and seemingly logical expectations why party control of government should affect spending in clear and predictable ways, empirically this relationship still needs to be demonstrated. In France, only Alexandre Siné (2006) has looked at the question, and his analysis covered a relatively short time period in eighties and nineties.

Two competing hypotheses suggest that partisan effects on spending priorities may be less than a first glance may suggest. Most important is perhaps the economic growth hypothesis. That is, the overall economic situation sets the parameters for government action, and no government regardless of ideology can ignore these limitations and opportunities. Most significantly for the period of the Fifth Republic, the robust economic growth and the huge needs in infrastructure investment that characterized France in the early decades (up until the mid-1970s) contrast starkly with the lower economic growth, greater unemployment, and relative austerity that has characterized the situation since the oil embargo and the end of the *Trente glorieuses*.

A third hypothesis is that structural factors beyond only the growth rate in Gross Domestic Product (GDP) limit the options for various governments. Large-scale structural factors such as demographic trends, the economic requirements of entitlement programs, events such as the Algerian War (with its effects on military spending, veterans, and, later, housing), immigration, and infrastructure investments may affect state spending. The events that lead to shifting priorities may not be solely related to the economic growth rate, and they may not be clearly related to the partisan ideology of government either. Such a hypothesis suggests that we

would expect little correlation between partisanship and spending, even controlling for GDP growth.

Our paper is designed as follows. We first present data on state spending from 1958 to 2002 for eleven categories of the French state budget. We do so first in a simple graphical format, showing trends in inflation-adjusted spending over the full period of the Fifth Republic. Next we look at a series of statistical tests to determine if the differences we do observe between Left and Right control could be explained by the normal random fluctuations affecting each series over time, or if they are statistically significant. These tests allow us to check for effects of control of the Presidency, the Government, and to account for periods of Cohabitation. Finally, we conduct similar tests while controlling for GDP growth rate by including this variable in a regression where the dependent variable is change in state spending levels; this allows us to see if shifts in partisan control have a systematic effect on spending, while controlling for the shifting economic situation of the time. No matter how we look at the data, we show either no effect of partisanship or that the Right spends more than the Left. We explore the reasons for these provocative findings in the conclusion.

### **Patterns State Spending over the Fifth Republic**

French state spending increased from 123 billion Euros or 34 percent of Gross Domestic Product in 1959 to 922 billion, or 58 percent of GDP in 2006 (see Baumgartner, Foucault, and François, 2009).<sup>2</sup> Largely, the huge growth in French state spending was made possible by the huge increase in economic activity, not by devoting an increasing share of the economy to taxes (Baslé 2004). Similar trends occurred, of course, in all OECD countries (Tanzi and Schuknecht 2000).

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<sup>2</sup> This includes central state spending, social security, and local government expenditures. In later sections of this paper, we analyze only central state expenditures. All data are reported in billions of inflation-adjusted 2000 Euros. On the inflation adjustor, see Fontvielle (1976).

Net tax receipts in France have consistently been about 10 points higher in France than the OECD average (these numbers increased from 25.6 percent in 1965 to 35.9 percent in 2004, the most recent year available (Collectif 2005 and OECD 2006)).

Over the past 50 years, the priorities and challenges facing French political leaders have changed, and their collective reactions are reflected not only in the overall size of the state, but also in the relative allocation of public funds to various issues. Figure 1 shows that there have been dramatic shifts in the percentage of spending allocated across nine categories of spending.

(Insert Figure 1 about here)

The Fifth Republic began with enormous military spending associated with the Algerian War: fully 45 percent of total state spending was for defence alone. Education, the second largest category of spending, had just a 17 percent share of the budget, followed as the chart shows by Public Works and Transportation (still a major priority as France invested massively in infrastructure after the war-time destruction, a set of priorities that would continue for over a decade, throughout the 1960s as well) and a declining set of other priorities. By 2002, the relative importance of these budgetary priorities had shifted dramatically, as education moved to the top spot with 32 percent of total spending, defence declined to less than half its original value, and spending dramatically increased on housing, social affairs, and other topics. Figures 1 and 2 make clear not only the huge transformations that have taken place over the years of the Fifth Republic in terms of the size and activities of the state, but in its relative spending priorities as well.

These changes combined with the overall growth in state spending suggest a paradox. Figure 1 makes clear that a number of social expenditures have become much more important as the state has grown. Defence, Justice, support for agriculture, and public infrastructure have

declined in percentages whereas education, social affairs and other social and welfare spending priorities have taken a firmer root in government. Clearly, the state has shifted priorities (Delorme and André 1983; Théret 1995). The paradox comes when we consider whether these shifting priorities are systematically related to changes in partisan control of government. We will demonstrate something that is often overlooked in the charged partisan atmosphere of French politics: Shifting spending priorities are remarkably constant regardless of who is in power. Identifying the impact of President De Gaulle, the arrival and departure of François Mitterrand, or other political leaders is not obvious.

We review spending patterns overall and then according to the nine different ministerial functions laid out in Figure 1: Defence, Education, Social Affairs (including health care and unemployment compensation), Justice, Housing, Agriculture, Public Works and Transportation, Industry and Commerce, and Veterans Affairs. (We exclude the Economy and Finance category from the analyses below because this includes many financial transfers to local governments and is not clearly directed to any particular social or political purpose, as the others tend to be. We also exclude the miscellaneous “other spending” category as it is not defined consistently over time. More detail about our spending categories is included in the Appendix.)

We know from Figure 1 that important shifts have indeed taken place in spending patterns, including the long-term rise of many aspects of spending that were once only a small part of the budget. In order to see if these shifting priorities are clearly linked with partisan turnover in government, we include vertical lines in each of the figures below corresponding to the arrival and departure of François Mitterrand in 1981 and 1995. If France’s sole left-wing President followed different spending priorities than his centrist and right-wing counterparts,

these should be apparent, perhaps with a one-year lag, in the figures. After this simple chronological presentation, we provide further statistical tests of the partisan hypothesis.

(Insert Figure 2 about here)

Figure 2 lays out the trends in spending for all nine categories of spending for which we dispose of systematic information throughout the Fifth Republic. To be sure, there have been some abrupt shifts and the Figure makes clear some of these: an increase in defence spending during the Gulf War (1991-92), a decrease in public works and infrastructure spending in 1969, an increase in housing expenditures in 1970, an increase in veterans spending in 1962, a spike in justice affairs spending in the late 1970s. More impressive than these abrupt or temporary shifts in spending priorities have been some long-term trends: the dramatic rise in education spending, the stagnation of defence spending over the decades, the rise of social affairs (including health and unemployment) spending especially since the 1970s. Some of the individual series are difficult to discern in Figure 2 but the figure clearly demonstrates the long-term shifts in priorities.

In Figures 3 through 5 we look at a few of these series individually and we present the data as percentages of total annual spending. (That is, across the nine categories of spending, they sum to 100 percent; we do not incorporate Economy and Finance in these analyses.) This is the best way to show the shifting priorities (Baumgartner and Jones 2005). Whether we consider the relative (proportional) allocation of funds or real spending, the trends are similar. As in Figure 2 we present vertical bars representing the 1981 arrival and the 1995 departure of François Mitterrand in the Elysée Palace.

Figure 3 shows four spending series that are often associated with the political Right in France: Defence, Agriculture, Veterans, and Justice / Interior Affairs.

(Insert Figure 3 about here)

Defence spending in France almost doubled in inflation-adjusted terms from 1959 to 2002 (see Figure 2), but it declined regularly as a percentage of state spending over the period, with the significant exception of the period around the 1991 Gulf War. Spending on Defence issues was nearly 40 percent of total state spending during the Algerian War, but declined dramatically beginning in 1963 and regularly after that until it reached a level of about 20 percent in the early 2000s. Spending on Veterans Affairs similarly shot upwards immediately after the Evian Accords ended the Algerian War, and these expenditures have drifted downwards ever since, in a regular progression. Justice and Interior Affairs (including police and crime-fighting) has been quite volatile compared to other types of spending, but overall the series shows neither a decrease nor an increase from a level of about 10 percent of annual spending. Agriculture spending has fluctuated similarly but has also declined to only about five percent of the total in recent years. None of the series shows any dramatic adjustments associated with the partisan control of the presidency.

Figure 4 shows spending on three series that might be considered to be the priorities of the political Left in France: Education, Housing, and Social Affairs (which includes health care, unemployment compensation, pensions, and other welfare state expenditures).

(Insert Figure 4 about here)

Education is the largest single category of spending in France today, with almost one-third of total expenditure, compared to defence with 20 percent of the total. These expenditures grew steadily during the period until the mid-1970s and have moved erratically since then. They declined during the first years of the Mitterrand administration, moving up again toward the end of his term in a trend that continued throughout the Chirac years. Education spending reflects



the access of a greater number of French students to Universities and “Grandes Ecoles” (about 309,000 students enrolled in higher education in 1960 compared with 2,254,000 in 2006). Social Affairs spending increased similarly throughout the first 20 years of the Fifth Republic, stagnated somewhat during the Mitterrand years, and has been growing again since the mid-1990s. Spending on housing grew dramatically from relatively low levels after millions returned or moved to France from Algeria in the early 1960s; since that great expansion in housing associated with these events such spending has seen neither dramatic increases nor decreases as a percentage of total spending.

Figure 5 shows spending on two series where there is no clear partisan hypothesis: Public Works and Transportation (this includes major infrastructure projects such as highways, railways, ports, and similar items) and Industry and Commerce (including industrial policy and incorporating the *Centre d’Energie Atomique* and France’s plan to develop both the military applications of nuclear energy and the large civilian nuclear power program that France currently supports).

(Insert Figure 5 about here)

Public works spending was very high in relative terms during the 1950s and 1960s as the state built highways and invested massively in infrastructure of all kinds. In the late-1960s such spending declined from over 10 percent to lower levels and then again in the 1990s to reach a level of only about five percent of total state spending today. Spending on industrial support has followed somewhat of a reverse trajectory, increasing sharply in the late-1960s, fluctuating considerably, and ending the series at about the same level as public works spending: five percent of the total.

Figures 2 through 5 make clear several things which we explore in some more detail in the next section. First is that substantial transformations have indeed taken place. Spending on such major social priorities as education, health, and defence has changed substantially over time. Second, these shifting priorities do not appear to be related simply to who sits in the Elysée Palace. In none of the nine series we reviewed could we see clear breaks in spending trends associated with partisan control of the presidency (Siné 2006). Rather, spending responds to social and economic conditions of the time: War, economic expansion and recession, growth in popular demand for social services, rise in the number of school-age children. Partisan differences appear to be swamped by these demographic, economic, and strategic factors.

### **Presidents, Prime Ministers, and Budget Priorities**

The graphs presented in the previous section make clear that dramatic shifts associated with the arrival or departure of particular presidents or governments are rare; they would have been apparent in the data if they had occurred. This result confirms the empirical study of Siné (2006) for the period 1976 and 1999. In this section we present simple statistical comparisons of average change in spending patterns for each President and Prime Minister. Perhaps more subtle shifts in spending priorities could not be observed looking at any single series, but would be apparent if we look at all the series combined, for example. On the other hand, some degree of fluctuation in spending is expected each year for any budget series, and these annual fluctuations may be larger than the systematic differences associated with any particular political leader. A simple statistical test for difference-of-means clearly indicates whether the shifts in average spending are larger than what could have occurred by chance, considering the level of annual fluctuation throughout the series. We conduct these tests for each President, for each Prime Minister, and then for the period before and after 1981; this year represents not only a political

break with the arrival of the first President and government of the Left in the Fifth Republic, but it also corresponds roughly with a period of dramatic economic growth before but a period of greater austerity since (Méreaud 1995).

### *Descriptive Statistics*

Figure 6 shows the annual change in real spending by the French State from 1959 to 2002.

Spending in the early years of the Fifth Republic fluctuated widely from two years with actual declines in spending to several years with more than 10 percent annual growth. Both the average level and the volatility of the series were substantial in the earlier period. Over time, however, the graph makes clear that average spending increases across the state budget decreased steadily. Further, the Mitterrand Presidency is not distinguishable in the series.

(Insert Figure 6 about here)

Table 1 shows for each President the average (inflation-adjusted) spending increases across twelve budget categories (that is, the nine series shown in graphs 4 through 6, Economy and Finance, other spending not included in the individual series enumerated above, and total state spending). (We delete a small number of observations across several series where significant accounting changes occurred.) The table shows mean spending increases as well as data on standard deviation, the coefficient of variance (e.g., the mean divided by the standard deviation, a useful measure of volatility of the series compared to its average), and the minimum and maximum values observed.

(Insert Table 1 about here)

Over the entire period of the Fifth Republic, across 540 observations of budget change, the average growth was 5.71 percent, with a median level of 2.02. As averages can be strongly affected by outliers, and there are indeed a great number of outliers in these data, it is useful to

look at the median spending growth. Here we see a steady and regular progression from 5.31 under De Gaulle to 3.84, 2.92, 1.03 and 0.16 under each successive President. Such a regular decline suggests greater reaction to the economic situation than to partisanship. Table 2 presents similar information by Prime Minister.

(Insert Table 2 about here)

As we saw in Table 1, Table 2 suggests a systematic decline in spending over time, no matter who is in charge. While there are, of course, differences among the Prime Ministers, these are not systematically associated with their partisanship. Even in the 1980s and 1990s when governments of Left and Right succeeded one another, we find that the Right wing government sometimes outspend a Left-wing predecessor and vice versa. The two highest spending governments in recent decades were those led by Mauroy and Balladur, and the few governments that saw zero or negative growth in spending were led by Chirac (1986-88), Bérégovoy, Rocard, and Raffarin. Spending patterns are equally divided among Left and Right, from this quick perusal. Former President Jacques Chirac is the only person to have served twice as Prime Minister during this period; a comparison of spending patterns under the same individual suggests that the economic situation is much more important than personal proclivities: while serving with President Giscard d'Estaing from 1974 to 1976 his median spending increase was 5.2 percent, but while working with President Mitterrand in the 1980s median spending *decreased* by 0.32 percent.

### ***Differences by President***

Table 3 presents simple comparisons of spending changes by the partisanship of the President.

(Insert Table 3 about here)

Glancing at the columns in Table 3 shows clearly that President Mitterrand did not increase spending more than the other Presidents of the Fifth Republic; on the contrary, each series grew by a lower rate during his Presidency. Only one series, overall spending, is statistically different, however. (A statistical test of difference-of-means incorporates both the difference of the average level as well as the degree of dispersion; two series with different means but with greatly dispersed values may not be statistically different from one another; two series with the same difference in means, but much less variation around those means, are more likely to be statistically different.) It is important to note that the statistical difference is that President Mitterrand was more fiscally *conservative* than his Right wing colleagues. Spending grew more slowly, not more quickly, under his Presidency.

#### ***Differences by Prime Minister***

Table 4 presents spending changes by Prime Minister in the same format as Table 3 did for each President.

(Insert Table 4 about here)

Similar to Table 3, we see few statistically significant differences in these data; just three of the series are statistically significant. Also, as in Table 3, Left-wing governments increase state spending *less* than Right-wing governments in each case.

#### ***Differences Before and After 1981***

Table 5 shows average spending changes by all Governments and Presidents serving before the 1981 elections compared with those who came after.

(Insert Table 5 about here)

Table 5 shows five significantly different series and suggests a structural break hypothesis explaining shifting spending patterns in the Fifth Republic. Spending in each

category has grown at a slower rate since 1981 than before, often dramatically so. Considering the lack of findings related to the partisanship of the Prime Minister or the President for most series, it appears that Governments of all stripes have responded in similar manners to shifting economic conditions, demographic trends, and social pressures.

### ***Controlling for Economic Conditions***

The lack of difference by political ideology could be simply due to the different economic conditions associated with periods of Right- and Left-wing control of Government and the Presidency. This is easy to test by a regression where we include a constant, lagged GDP growth,<sup>3</sup> and a dummy variable for partisan control and use these variables to predict change in spending.

The equation then is as follows:

$$\text{Growth in state spending}_t = \text{Constant} + x_1 \text{ GDP growth}_{t-1} + x_2 \text{ Partisanship}_t + \text{error}$$

where Partisanship is measured by a variable scored 0 for Right-wing control and 1 for Left-wing control. If the coefficient for this variable is statistically significant, it suggests that there is a partisan effect, even controlling for GDP growth. Table 6 shows the results of such a regression on overall state spending and Table 7 shows a similar regression including all 11 spending series.

(Insert Tables 6 and 7 about here)

Tables 6 and 7 make clear that the differences we observed in this section cannot be explained by differential periods of economic growth during periods of Left and Right control of government. Including the rate of GDP growth leads to an insignificant coefficient estimate for that variable, suggesting that spending changes do not automatically result from faster or slower

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<sup>3</sup> We include a lagged value for GDP change because the decision to spend in year<sub>t</sub> is based on the expectations derived from the previous fiscal year.

economic growth rates. (Recall from Figure 6 that growth in state spending was quite volatile during the first 25 years of the 5<sup>th</sup> Republic, whereas economic growth was steady and robust.) Model 1 in Table 6 shows that the Presidential variable is negative, but not statistically significant. The negative value of the model suggests that, controlling for economic growth rates, growth in state spending was lower by almost 3 percentage points under President Mitterrand than under all other presidents in the Fifth Republic. Model 2 shows that a similar estimate (-3.10 as opposed to -2.92) holds for all Prime Ministers of the Left as compared to those of the Right; this finding is significant at the 10 percent level of confidence. By including both political variables, model 3 is consistent with model 2 emphasizing the significant role of Prime Minister.

Table 7 presents a more complete model as it includes not just the overall total annual state spending variable, but each of 10 different annual series. In this specification, Presidential control is again insignificant and Prime Ministerial control again shows a similar value and a similar level of statistical significance. Left governments in France have systematically decreased annual spending per category by 3.6 to 4.1 percentage points less than Right governments, controlling for economic growth. Economic growth in this model is significant, suggesting that spending on individual budget categories does indeed increase more substantially in years following years with more rapid GDP growth.

## **Conclusion**

This paper has demonstrated and tested the robustness of a set of simple but surprising findings. There are few partisan differences in patterns of state expenditure in France, and those few differences that we do observe show a systematic tendency for governments of the Left to spend less, not more, than governments of the Right.

We do not mean to suggest that French voters should vote for the Right if they want to increase state spending; French political ideology has not been turned on its head during the Fifth Republic. How, then, to interpret our findings? We would suggest that rather than consider a simple model of responsible parties faithfully implementing a well laid out platform clearly enunciated to the electorate during an informative campaign, political scientists recognize a messier reality. In particular, our results suggest that, no matter what the differences across parties at a given time, these differences are likely to be much smaller than those chronological trends that affect all parties over time. Though we will never know the answer to this question as it is a counterfactual, it seems reasonable to conclude that if the Left had been in power during the period of robust economic growth of the 1950s and 1960s it may well have spent more, and on different priorities, than did the governments chosen by Presidents De Gaulle, Pompidou, and Giscard. Electoral rhetoric certainly suggests that they would have wanted to. Similarly, if Giscard had won the 1981 election against Mitterrand, state spending might well have been slightly lower than it was under Left control. We cannot judge the magnitude of these differences, however, because we do not know how a party out of power might have behaved if they had been in power. One thing we can be sure of however, is what we have shown. Table 2 showed a steady decline in spending change no matter who controlled the Government. Looking at Prime Ministers serving in successive terms, differences are minor indeed as compared to those serving with twenty years distance between them. Further, the differences among Prime Ministers of different political tendencies, with or without Cohabitation, are no greater than among different Prime Ministers of the same political background. In the one case where the same individual served as Prime Minister at two different periods, spending patterns were quite



distinct, suggesting that his personal ideology mattered less than what we might call the “nature of the times.”

These findings may be quite surprising, and possibly shocking to those used to thinking of the ideological divisions in French politics as the most important features of the political system. But they are not artefacts and they must be taken seriously. We have used official government statistics for consistently-defined spending categories, and we have looked at the data as annual (inflation-adjusted) totals and as percentages of the annual budget. We have looked both graphically at many individual series to see if any breaks are apparent and found that while there are many breaks, few are related to partisan or electoral shifts. Statistical tests conducted with or without controls for GDP growth have shown few partisan effects and those effects that we have seen are perverse: they show more spending by the Right. The results are consistent, robust, and puzzling because they contradict a long-held assumption about how partisan control of government affects policy priorities.

Yves Tiberghien’s (2007) analysis of the French government’s response to the challenges of globalization suggests that partisan differences are muted. In Tiberghien’s analysis, there is no dispute at the highest levels of the French state about whether the economy of the early twenty-first century requires structural reforms and increased openness to global capital markets. While Left and Right may adopt such views in different proportions and with different levels of enthusiasm, or emphasize different aspects of the question at election time, leaders from either side share a vision of their responsibility to manage the French economy with the best long-term interests of the state in mind. Tiberghien suggests that the major parties in France harbour significant heterogeneity of views, not clear-cut divisions, and that elite-driven ideologies

connected with the views of members of the *grands corps* point to a shared vision of the interests of the state.

We began this paper with three hypotheses and have clearly debunked the first two. Neither partisan effects nor simple reactions to GDP growth can explain what we have seen. But the third hypothesis, that governments of any stripe must respond to changing social, economic, demographic, and international conditions, is very broad. In previous work, we have discussed the punctuated equilibrium nature of French budgeting. That is, we noted that budgets tend to change very little until they are affected by overwhelming shifts in attention. In spite of the power of the Ministry of Finance and the Prime Minister over setting budget priorities with little interference by the National Assembly or other actors in the process, successive French governments have not succeeded in creating a system of comprehensive rationality despite some new public management reforms (Arkwright et al. 2007). Rather, as in other systems, they under-respond to social and political trends until these new effects are very strong indeed, impossible to ignore. At this point the government may well respond massively to the new information in order to make up for years of under-reacting to it. So the system lurches from one partial equilibrium to another (Baumgartner, Foucault and François 2006). With hundreds or thousands of evolving social, demographic, financial, and international issues evolving each according to a different logic, there is no surprise that governments of the Left and the Right find themselves overloaded, unable to react predictably and neatly to predetermined budgetary priorities clearly laid out in their electoral platforms; to do so would require a level of omniscience that no government can claim.

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Figure 1. French State Spending, 1958 and 2002, by Topic.

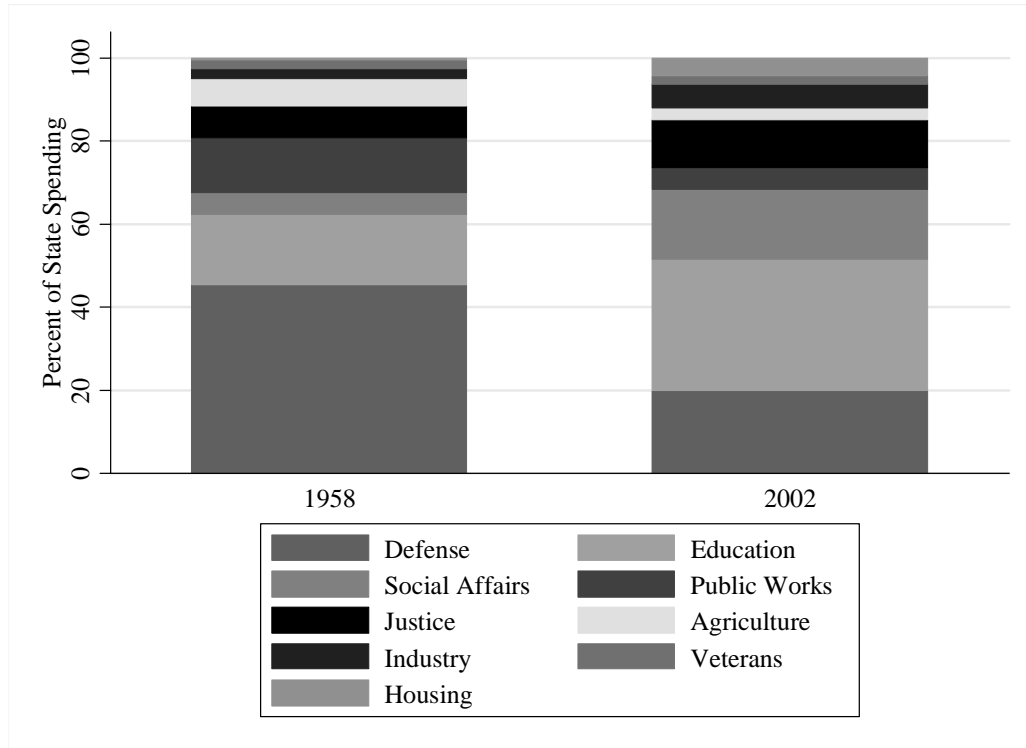


Figure 2. Annual Spending by Category, 1959 2002.

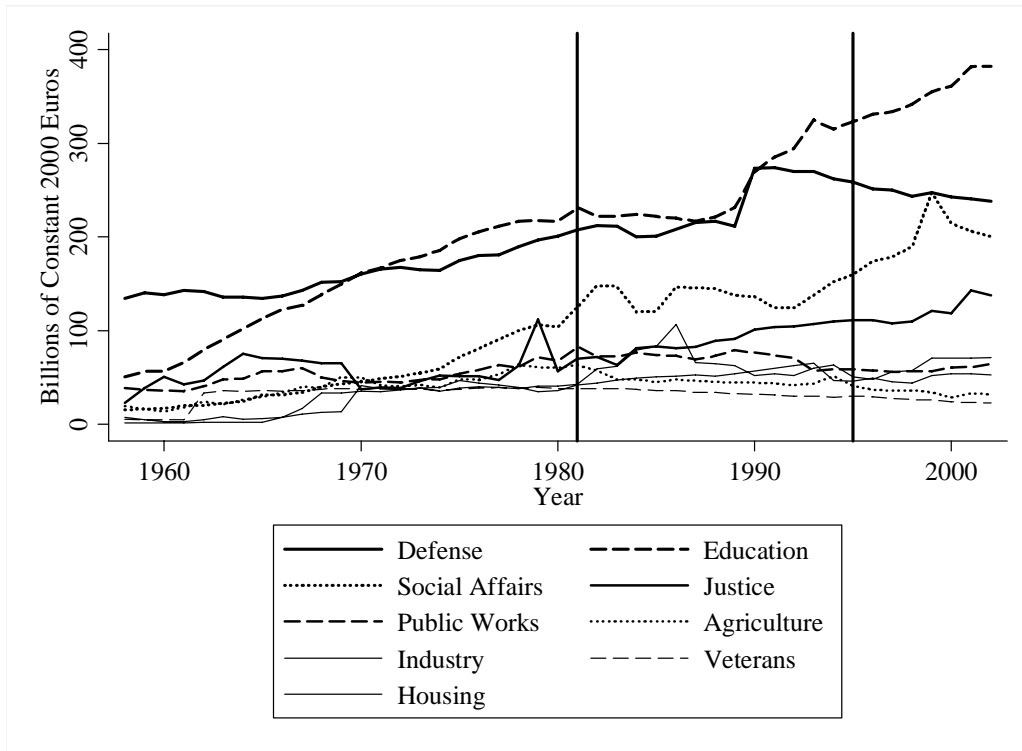


Figure 3. Defence, Justice, Veterans, and Agriculture Spending.

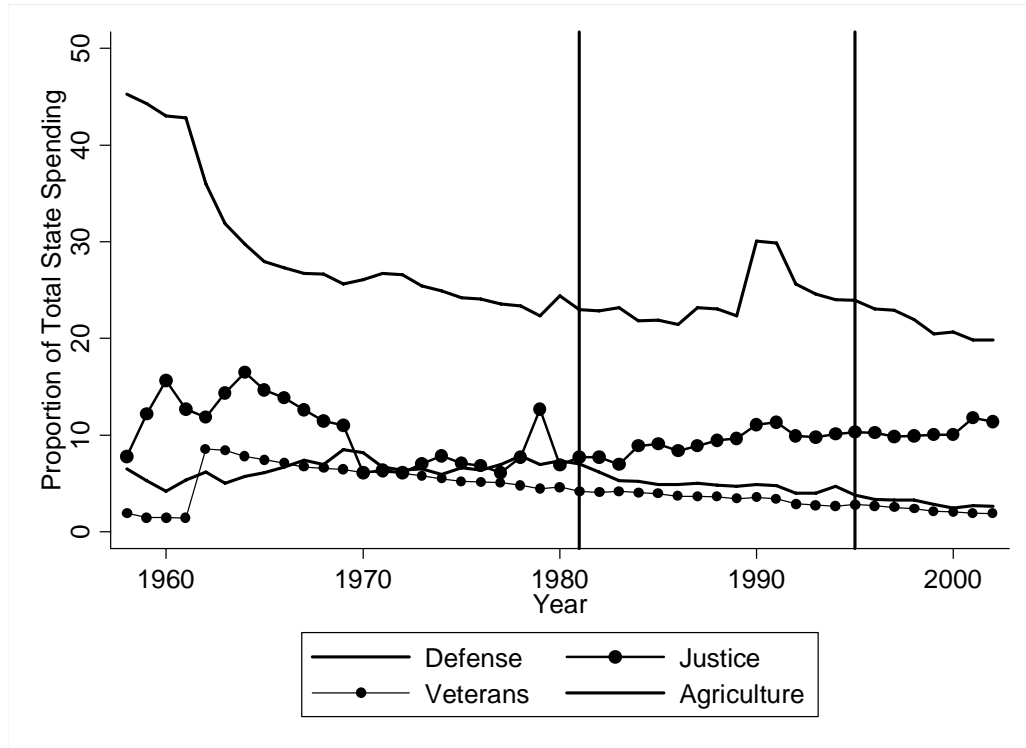


Figure 4. Education, Housing, and Social Affairs Spending.

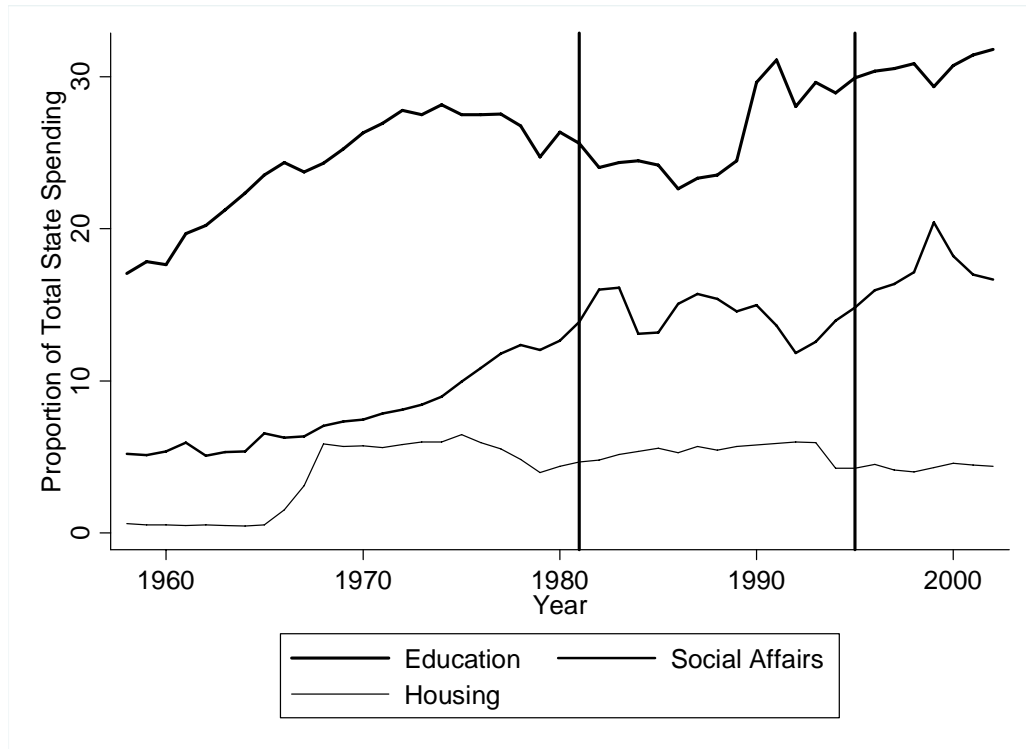




Figure 5. Industry and Commerce and Public Works and Transportation Spending.

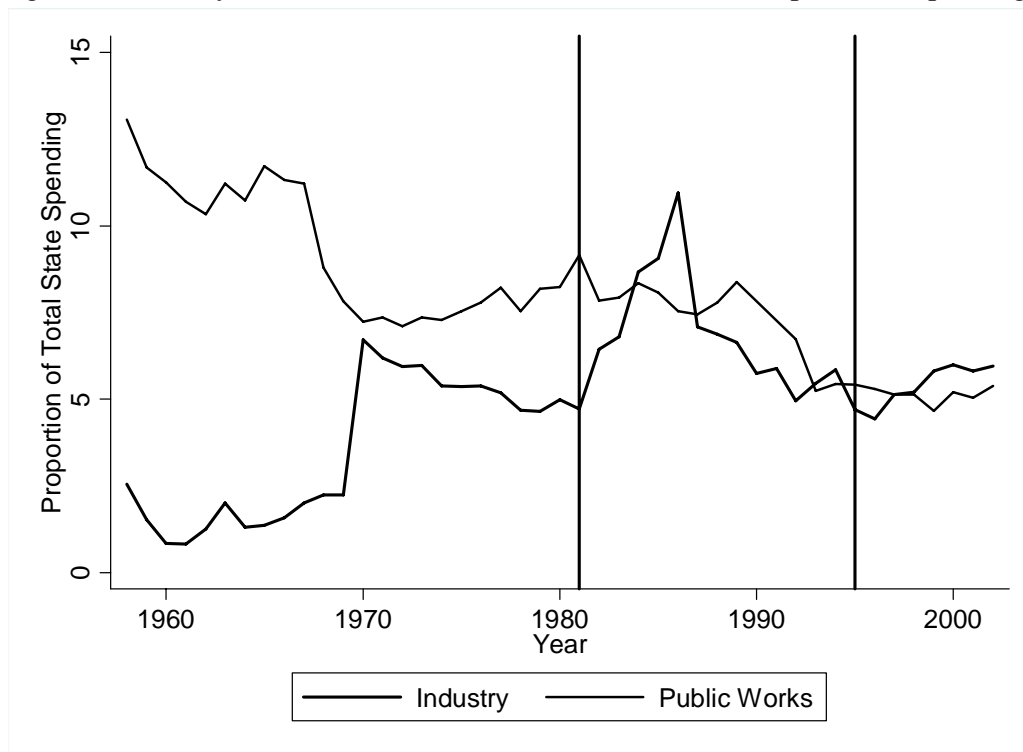
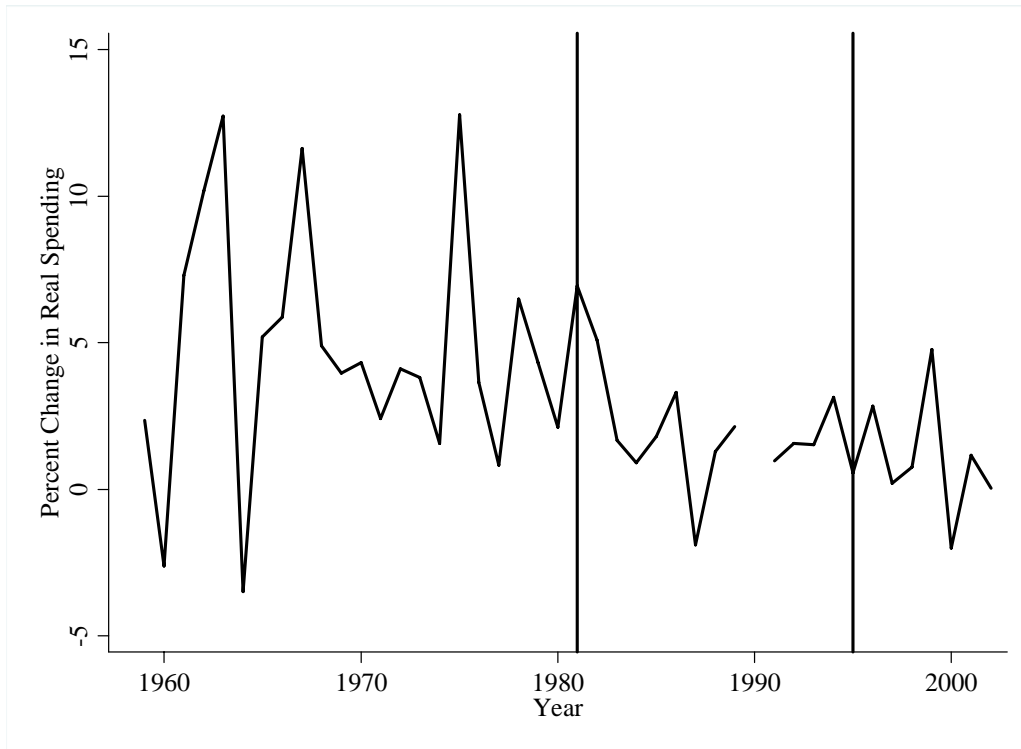


Figure 6. Annual Change in Real Spending, 1959-2002.



(Note: Data are not shown for 1990 when accounting changes related to the transfer of large amounts of funds from the central Economy and Finance budget to local jurisdictions made the series not comparable to the previous year.)

Table 1. Annual Changes in Spending by President, 1959-2002.

President	Partisanship	N	Mean	Median	SD	CV	Min.	Max.
De Gaulle	Right	132	15.91	5.31	62.90	3.95	-43.51	597.03
Pompidou	Right	60	5.97	3.84	29.36	4.92	-42.28	210.42
Giscard	Right	84	4.31	2.92	13.07	3.03	-49.12	78.23
Mitterrand	Left	168	1.73	1.03	10.52	6.08	-48.81	40.20
Chirac	Right	96	0.74	0.16	7.63	10.30	-20.27	30.25
Overall		540	5.71	2.02	33.28	5.82	-49.12	597.03

Note: The data show annual percentage changes in spending for twelve categories of spending across the period of 1959 to 2002.

Table 2. Annual Changes in Spending by Government, 1959-2002.

Prime Minister	Partisanship	Cohab- itation	N	Mean	Median	SD	CV	Min.	Max.
Debré	Right	no	36	1.31	0.12	19.11	14.63	-43.51	66.94
Pompidou	Right	no	72	23.71	8.16	78.36	3.30	-31.22	597.03
Couve de Murville	Right	no	12	12.92	4.90	30.45	2.36	-16.50	99.84
Chaban Delmas	Right	no	36	7.67	3.62	37.84	4.93	-42.28	210.42
Messmer	Right	no	24	3.42	3.98	4.93	1.44	-3.25	18.33
Chirac 1974-76	Right	no	24	6.47	5.20	8.83	1.36	-8.75	22.66
Barre	Right	no	60	3.44	2.16	14.40	4.18	-49.12	78.23
Mauroy	Left	no	36	4.87	3.78	11.16	2.29	-15.84	40.20
Fabius	Left	no	24	2.21	0.88	9.94	4.50	-18.51	28.85
Chirac 1986-88	Right	yes	24	.56	-0.32	11.65	20.96	-38.13	28.04
Rocard	Left	no	36	-0.06	-0.00	12.15	-200.66	-48.81	29.14
Cresson	Left	no	12	0.0	0.67	4.11	99.21	-8.38	5.79
Bérégovoy	Left	no	12	-0.31	-0.50	3.23	-10.44	-4.86	4.75
Balladur	Right	yes	24	1.76	2.93	10.20	5.79	-28.58	17.89
Juppé	Right	no	24	-0.95	0.33	7.58	-8.02	-20.27	8.74
Jospin	Left	yes	60	1.57	0.39	8.18	5.22	-15.13	30.25
Raffarin	Right	no	12	-0.01	-0.98	3.63	-257.19	-3.70	7.54
Overall			540	5.71	2.02	33.28	5.82	-49.12	597.03

Note: due to data availability, only the first year of the Raffarin's cabinet is taken into account.

Table 3: Average Annual Spending Changes by Category by Presidential Partisanship, 1959-2002.

Spending Category	Mean Spending Changes by Presidents of the:	
	Left	Right
Overall*	1.05	3.76
Economy	-0.22	4.26
Education	2.85	5.76
Public Works	0.35	2.47
Justice	5.28	6.72
Defence	2.19	1.06
Agriculture	-0.87	3.38
Industry	5.02	12.07
Social Affairs	3.35	7.89
Housing	1.58	16.12
Veterans	-1.90	19.04

\*= $\leq .10$

Note: The table shows average (mean) spending increases within each category for Presidents of the Left and the Right. Only one of the differences is statistically different; overall spending under Presidents of the Right was significantly higher than under President Mitterrand, the only President of the Left to serve during the Fifth Republic.

Some of the lack of difference in the table could be due to the effects of Cohabitation. If we look at mean spending during periods of unified Right control, divided with a President of the Right, divided with a President of the Left, and unified Left control of government, growth in overall state spending is as follows: 8.69, 1.57, 1.16, and 1.97. Unified Right and unified Left control are even more clearly different than the data in the table suggest, therefore, with the Left spending significantly less than the Right.

Table 4: Average Annual Spending Changes by Category by Prime Ministerial Partisanship, 1959-2002.

Topics	Mean Spending Changes by Prime Ministers of the:	
	Left	Right
Overall**	0.90	3.93
Economy	-0.97	4.80
Education	3.30	5.62
Public Works	2.72	1.56
Justice	6.50	6.14
Defence	1.48	1.39
Agriculture**	-3.12	4.69
Industry	6.66	11.46
Social Affairs*	1.79	8.85
Housing	4.12	15.57
Veterans	-2.63	20.14

\*= p<.10 \*\*=p<.05

Note: The table is similar to Table 3, above. Just three series are significantly different among governments of the Left and Right and in each case the Right governments spend more than those of the Left. Most series are not statistically discernible from each other.

See also the note to Table 3 concerning the effects of Cohabitation.

Table 5: Average Annual Spending Changes Before and After the 1981 Elections

Topics	Average (Mean) Spending Change:	
	Before 1981	After 1980
Overall***	4.75	1.05
Economy	5.26	0.40
Education***	6.95	2.71
Public Works	2.93	0.71
Justice	8.03	4.49
Defence	1.87	0.97
Agriculture**	6.49	-2.44
Industry	15.66	3.99
Social Affairs*	9.25	3.64
Housing*	21.34	1.67
Veterans	27.03	-2.28

\*\*\*=p<.01 \*\*=p<.05 \*=p<.01

The table shows that five series out of eleven showed significantly lower spending levels after 1981 than before. Growth in every spending series was lower in the later period than in the earlier period, though most of the differences were not statistically significant.

Table 6. Predicting Annual Percentage Changes in Overall State Spending

Independent variables	Model 1	Model 2	Model 3
	Coef. (se)	Coef. (se)	Coef. (se)
GDP change (lagged)	0.23 (0.38)	0.27 (0.29)	0.16 (0.38)
Left President	-2.43 (1.99)	-	-1.35 (1.70)
Left Prime Minister	-	-2.86 (1.59)*	-2.36 (1.28)*
Constant	3.02 (1.60)*	3.10 (1.14)**	3.78 (1.68)**

N=42. \*\*=p<.05 \*=p<.10. Newey-West standard errors are in parentheses

Data are annual observations of growth in overall state spending from 1959 to 2002.



Table 7. Predicting Annual Percentage Changes in Ten Categories of State Spending

Independent variables	Model 1	Model 2	Model 3
	Coef. (se)	Coef. (se)	Coef. (se)
GDP change (lagged)	1.55 (0.64)**	1.54 (0.61) **	1.42 (0.61) *
Left President	-2.92 (2.20)	-	-1.33 (1.86)
Left Prime Minister	-	-4.10 (2.26)*	-3.63 (2.07)*
Constant	1.79 (2.16)	2.30 (1.98)	2.97 (2.45)

N=414. \*=p<.10. White-corrected standard errors are in parentheses

Data are annual time series of eleven budgetary series. There were no discernible differences between a fixed- and random-effects time series model so a fixed-effects model is presented.

Appendix

Table A1: Frequencies of annual change of the budget topics

Topics	Presidential Partisanship		Prime Ministerial Partisanship		Cohabitation?		Trend break	
	Left	Right	Left	Right	No	Yes	Before 1981	After 1980
Overall	14	30	15	29	35	9	22	22
Economy	14	30	15	29	35	9	22	22
Education	14	30	15	29	35	9	22	22
Public Works	11	30	12	29	32	9	22	19
Justice	14	30	15	29	35	9	22	22
Defence	14	30	15	29	35	9	22	22
Agriculture	14	30	15	29	35	9	22	22
Industry	14	30	15	29	35	9	22	22
Social Affairs	14	30	15	29	35	9	22	22
Housing	11	30	12	29	32	9	22	19
Veterans	14	30	15	29	35	9	22	22