Welfare Fraud Inspectors Between Standardization and Discretion

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INTRODUCTION[1]

This chapter focuses on welfare fraud investigators, who check the compliance of recipients to the bureaucratic rules regulating the payment of benefits. These investigators are supposed to make sure that the 'actual' situation of recipients meets the criteria defined to grant housing benefits, lone mothers' allowances, minimum income or other social welfare grants, and that the declarations made by the recipients in order to receive these payments reflect their 'actual' situation. Therefore, their task mainly consists in stating what their situation 'really' is (does this woman really live by herself? did this young man fully declared the money he earned during his one-week part-time job?). They do so by examining files, checking databases, conducting interrogations, and

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home visits. Their definition of the situation rests on formal criteria together with informal and unofficial social norms and personal feelings. When this legal *bricolage* (Dubois 2018) leads to identifying an anomaly, they ask for the reimbursement of overdue or undue payments, to prosecute the alleged fraudsters, or sometimes on the contrary to grant unpaid or underpaid due benefits.

This investigation work deserves our attention. It has a strong and a direct impact on welfare recipients, exposing them to moral devaluating judgments, putting them under permanent surveillance, and under the threat of financial if not penal sanctions. It is key to anti-fraud policies which have been intensifying in European welfare states especially since the mid-1990s. Such an evolution is itself at the core of major changes in welfare, from retrenchment to the workfare turn promoting contractualization and responsibilization, from the revival of the paternalist notion of (un)deservingness to the expert rhetoric of 'poverty traps', from the overpoliticization of welfare issues to the dissemination of New Public Management organizational techniques, assessment methods, and technical instruments in welfare organizations. From a more general analytic point of view, welfare fraud investigations provide a good occasion to address the question of the social uses of legal rules, and, more precisely, of the social conditions of legal rigor, in the case of precarious situations and unstable social groups which make the rules difficult to enforce in a strict and mechanical way.

However, there is only little research done on welfare fraud investigators. Investigation work in welfare has been researched in the case of reporting of child neglect (Serre 2017). There is a rich body of literature on surveillance, monitoring, and sanctions by case workers (Soss et al. 2011; Lurie 2006), but when it comes to welfare fraud, research focuses usually more on political changes and on the experience of recipients than on the investigation work of checking their statements and situations (Gilliom 2001; Gustafson 2011).

This chapter addresses some major issues and changes in this work, drawing from an intensive fieldwork conducted in France (see below). By doing so, its aim is twofold. First, it sheds light on an under-researched bureaucratic investigation function, and therefore can be read as a case study contributing to the general knowledge on inspectors presented in this volume. Second, it draws on this case to address the question of contradictory trends between a high level of discretion, exerted in tensed face-to-face bureaucratic interactions about complex and unstable

situations, and a tendency toward the standardization of bureaucratic practices, resulting among other changes from new management modes (such as the reinforcement of middle-management and the generalization of performance indicators), and from new technical devices (such as the automatization of the processing of files, or the use of risk management statistical tools).

While these tensions may be present in the work of many various types of street-level bureaucrats, it can be argued that they are particularly strong in the case of inspectors. On one hand, investigation is to a large extent a lonely job, requiring initiative, and confronted to nonstandard cases for which reflection and interpretation is more important than in basic bureaucratic work. Such characteristics are most often appreciated by the agents for whom they are synonyms of independence, absence of routine, and interest in work. These are also favorable conditions for leeway and discretion. On the other hand, fraud enforcement in welfare as in tax administration is a touchy task, possibly subjected to legal contestation. Its politicization and its implications for public expenses have in the recent years turned it in an issue for both political and bureaucratic leaders. Therefore conditions are also met for a strict supervision.

Research Question: The Balance Between Discretion and Standardization in Inspection Work

Discretion is a defining feature of street-level bureaucrats and the key notion of street-level bureaucracy theory (Lipsky 1980; Evans and Hupe forthcoming). Bureaucrats use discretion at various levels, to adjust their behavior during encounters with clients, to facilitate access to services or make it more difficult, to accelerate or slow the bureaucratic processing of cases, to choose between strictly sticking to the rules or dealing with them, and to define the very contents of their decisions. Discretion is the leeway that enables street-level bureaucrats to exert power and to contribute to design in the field the actual orientations and effects of public policies, in other words to play the role of policy-makers, as Michael Lipsky has put it. This in turn is what makes them interesting and important actors for policy research to study.

Discretion as a generic feature of street-level bureaucracy does not equal to a high level of discretion enjoyed everywhere and all the time. Public administrations, including but not limited to welfare organizations, have undergone major changes brought by 'new public

management' reforms, especially since the 1990s. Such reforms involve among other things formally defined objectives, evaluation, and individual performance monitoring, new organization modes supposedly more responsive to changes in the needs of the service, the generalized use of ICT devices and other digital tools indicators. Literature extensively shows how these reforms have reinforced the role of managers in front-line practices (Riccucci et al. 2004). The chain of command has become a system of vertical monitoring in which every agent is overseen by the higher level and oversees the lower one. The logics of New Public Management also have been embodied in new forms of information systems (Gillingham and Graham 2016). The intense use of these systems in the name of richer and more accurate data at a lower cost may have created more effective services; computerization also reduced the room for maneuver of low-ranking agents. In addition to changing the status of the knowledge used by social workers (from 'social' to 'informational'), the use of ICT is conducive to 'less discretion for the individual professional, for identifying what information is seen as relevant is determined by the requirements of the database and the algorithm' (Parton 2008: 262). As we will later show, welfare fraud investigators have strongly experienced these organizational and informational changes. The latter have undoubtedly challenged the possible autonomy of case workers and low-ranking officials (as welfare fraud investigators). In their review of the literature on this question in the case of British social welfare, Evans and Harris acknowledge these changes but refute the argument according to which they would have led to 'the death of discretion' (Evans and Harris 2004). New rules, new organization modes, new instruments, may reduce the forms of discretion welfare bureaucrats have traditionally exerted, but in the meantime, they create new uncertainties and new possibilities, and therefore also open up new zones for discretion.

Rather than picking a side, between presuming on a still high level of discretion, or on the contrary, positing its irresistible decay due to neo-managerial reinforcement of hierarchical supervision, I propose to explore the changing combinations of apparently contradictory patterns of standardization and discretion in inspection work. Based on my research on surveillance and sanctions of welfare recipients in French welfare organizations, my point here is that (i) a standardization/rationalization process is not incompatible with inspectors' use of discretion, be it to a lesser extent, or in different ways; (ii) the persistence

of discretion is not reducible to the survival of practices that are to be 'fixed' at the next step of the managerial rationalization process; (iii) the combination of standardization and discretion is not only functional (as a means to adjust general rules and instruments to singular cases); it also is characteristic of a renewed form of welfare 'governmentality' (Foucault 2001), mixing government at a distance and 'pastoral power', neo-managerial rationality and the morals of neo-paternalism.

Empirical Data

I will rely on the results of long-term fieldwork conducted in the French welfare institutions responsible for distributing and controlling minimum income, housing benefits and family benefits (*Caisses d'Allocations Familiales*, CAF—family benefit offices). There were two phases of data collection. The first series of interviews were carried out between 2001 and 2003. I met with forty-two investigators and thirty-nine managers of the relevant institutions in five different sites. Additionally, I conducted direct observations of verification procedures for a total of twelve weeks between June 2001 and February 2002 (Dubois 2003). A second field-work sequence started in 2013, ending in 2015, during which I gathered 13 interviews at the national level, 22 at the local level, and conducted direct observations of checks and meetings related to fraud sanctions. I was then able to compute internal data so as to perform different statistical tests relating to the forms of control, the recipients it targets, and its outcomes (Dubois 2015).

These two pieces of fieldwork were thus conducted at the beginning (first one) and right after (second one) a period that constitutes a turning point in the treatment of fraud, in the recent history of French welfare. This period saw the development and reinforcement of control policies aimed at securing welfare payments. The particular research setting I build on allows me to compare two different situations, reflected in very different arrangements for bureaucratic work. The first research period is characterized by limited interest in and supervision of inspection practices by the hierarchy, (and, consequently, by a high level of discretion of welfare fraud investigators). Quite opposite to that, the second research phase reveals the generalization of supervision and assessment of inspection practices, the multiplication of monitoring instruments, and therefore reduced possibilities for the use of discretion at the street level.

Structure of the Chapter

I will first identify the specific changes that have formed a standardization and rationalization process of welfare investigation practices over the last two decades. Welfare fraud investigators used to have much leeway in the interpretation of legal norms and in the definition of their practices at the beginning of the 2000s. During the following period, welfare institutions have strengthened their policies in this domain, through the specification of rules, procedures, and formal definition of tasks in a Weberian-like bureaucratic rationalization process complementing law with management tools and information technology instruments. This has led a decade later to the rationalization of recipients' inspections (1). I will then turn to the reasons for such changes. Rationalization and standardization are not *sui generis* processes, and result both from external pressures for more systematic and efficient surveillance and sanction systems and from internal organizational changes, with the rise of 'risk management' procedures (2). In the third and last section, a closer examination of inspectors' practices reveals that differences from one agent to another have not disappeared; in spite of the standardization process, individual agents are still able to define part of their bureaucratic work according to their personal views and preferences. Moreover, technical tools of rationalization, such as performance indicators, legal supervision, and computer-based surveillance systems arguably do not mark the 'death of discretion'. Rather, they redefine the uses of discretion by welfare investigators, which can be regarded as a requirement for an effective regulation of the poor (3).

From Discretion to Standardization: Changes in Inspection Practices

Many of my interviewees describe the changes which have been occurring for the last 20 years in the check of welfare recipients' situations, as a shift 'from craft to industry'. From a system mainly based on agents' individual good-will and abilities, and applied to a limited number of cases, inspection work has indeed evolved into a more standardized process, based on stricter procedures and technological tools, and implemented at a much larger scale. This 'industrialization' process involves standardization of the types and origins of checks and a closer supervision of inspection work.

Standardization of the Types and Origins of Checks

The reinforcement of anti-welfare fraud policies has led to a dramatic increase in the number of checks over the last two decades. This increase is associated with a change in the types of check, which are more often performed at a distance, in a standardized if not automated way. Until the mid-2000s, the main types of checks were documentary checks and home investigations conducted by welfare fraud inspectors. Verification through data exchanges remained less important, due to legal obstacles and to the lack of suitable computer files. Since then, the use of data exchanges (i.e. the most standardized and automatized modality of control) has expanded in the most striking manner. So did documentary checks, completed by back office clerks (and not by inspectors) under the close supervision of middle managers (Table 9.1).

In comparison, the evolution in the number of home investigations, which constitute the core of inspection work and is most subjected to interpersonal differences and to discretionary power, is less linear. After an increase over the 2000s, these in-depth individual inquiries have been stable, then have been decreasing since 2010 (Table 9.2).

Quantitatively, the most standardized forms of checks control have been favored, at the expenses of those relying on individual agents' initiatives and habits. The origins in the launching of checks have followed a similar orientation. Data exchanges are launched on a systematic and

Table 9.1   Evolution of checks by type in department B

	2006	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
Data exchanges	283,974	303,954	374,456	409,153	501,058	521,298	583,838
Documentary checks	14,735	9455	18,019	48,597	69,086	76,125	71,348
Home investigations	2860	2754	3262	3920	3946	3333	3267

Source CNAF

Table 9.2   Home investigations (national figures)

2006	*2010*	*2013*	*2014*
190,000	257,000	205,000	198,000

Source CNAF

automatic basis, without human intervention needed. Their growing role in the enforcement of welfare fraud therefore amounts to promote a computerized system of surveillance. Documentary checks and home investigations have four main origins: internal alerts; external alerts (by other administrations or by citizens sending letters of denunciations); local targets; statistical tool of risk assessment (data mining).

The number of external alerts has increased, but remains quite low in comparison to the other factors for launching controls. The main change has occurred since 2010: the use of statistical tools to identify suspected or potential fraudsters has developed, and is now the main justification for home investigations (Dubois et al. 2018). This is a key part in the 'industrialization' process because the active detection of possible errors and fraud is now conducted at a large scale: all recipients' files are automatically processed on a monthly basis. The use of algorithms follows 'actuarial' methods as in predictive police (Harcourt 2007). Once the statistical models have been defined, human intervention is no longer needed. As a result, the more these data mining techniques are used, the less room for discretion is left in the choice of recipients to be subjected to investigations.

A Closer Supervision of Inspection Work

In addition to the promotion of standardized and mechanical procedures in the surveillance of welfare recipients, individual home investigations, during which discretionary power is supposedly the strongest, have been increasingly subjected to specific rules regulating practices, managerial monitoring, technical tools having in the meantime reduced possibilities of personal interpretation.

At the beginning of the 2000s, the investigators' degree of discretion was very high. Most of their working time was (and still is) spent outside of the institutions, on the road, visiting recipients, checking files in other services or at home writing their reports, with no direct supervision. Some of the core rules and criteria they were supposed to base their judgments on, such as the 'isolation' criterion, remained quite vague, and were partly defined on the spot (Dubois 2018). The room for interpretation of these criteria has not disappeared, but is now circumscribed by a set of technical and managerial tools.

A decision support tool was created to 'help' the investigators in deciding whether or not a person is to be deemed 'isolated'. It consists

of a digital file, with a list of factual criteria (names on the mailbox, shared bank account, bills paid in common, addresses registered in other administrations, etc.). While these criteria were not listed in such a systematic way, and their respective importance appreciated in a comprehensive informal way, the investigators now have to tick yes or no for each question, enabling the software program to process the answers and to compute a probability rate of 'real' isolation. On this basis, the investigators decide whether or not to carry out additional investigations. They still have room for maneuver, since they can choose not to strictly follow the conclusion of the decision support tool. But doing so saves time and objectifies the grounds on which a decision has been made. It does not fully dispossess individual agents from the power of stating on couple situations, but in practice it effectively provides a way to transfer part of the decision process from the individual to an automatized tool.

The bureaucratic practice *par excellence* of writing reports has also been restructured by new technical tools and standards. The writing of investigation reports used to be quite informal, and could differ a lot from one investigator to the other. These reports were often handwritten, sometimes on a blank separate sheet. Their style was often 'literary' as much as formal and 'bureaucratic', in the sense that they aimed to provide the reader with a general understanding of the recipient's situation and, to do so, could include elements on the atmosphere of the interview or the details of the house, in addition to more formal criteria. These informal elements were not directly used as grounds to make decisions, but they were useful to inform on the specific context in which a decision could be made. Nowadays, investigators type their reports online, on a prestructured internal web page. It is composed of a series of questions to which investigators have to answer briefly in a straightforward and clear-cut way. There is only a small space left blank where the investigators can present their conclusions in a more circumstantial way, and express their personal sense of the reported case. Here again, the 'social' has been replaced by the 'informational' in the knowledge used by welfare agents (Parton 2008), as discretionary practices have been reduced by the imposition of standards.

In addition to these technical tools, other bureaucratic changes have contributed to frame in a stricter way and to monitor individual inspection practices. First, training programs have provided the occasion to set and to disseminate official standards of inspection practices. Training programs for investigators were still rare at the beginning of the 2000s.

When they were organized, they mainly consisted in an occasion to discuss individual practices between already well-rounded inspectors. Newly hired investigators are now systematically required to follow a training course before starting. Those already in office periodically do so, on specific aspects such as technical or legal innovations. These training programs are now defined on a national basis, and conceived as a means of making 'good practices' spread among the investigators. In other words, they officialize and formalize standards of inspection work in a process of professional socialization explicitly organized as such, whereas former inspectors have mainly been trained on the spot, with a mentor and in an individual way of learning by doing.

Second, the texts specifying the legal basis on which the investigators can and should work have become more numerous and more specific. Until the mid-2000s they have had limited impact on actual investigation practices. A simple 'charter' exposed some general principles, and investigators did not always stick to these 'deontological' principles. These rules were mostly designed to preserve the privacy of recipients subjected to a control. To put it simply, they established the limits within which inspectors could carry out their activity, but remained vague as to the definition of the content of this activity. Progressively things have changed. New rules have been added, mainly to allow investigators to perform actions they could not previously do (such as accessing information on bank accounts, or in other administrative files). These new possibilities, which have also become new tasks, have both increased the possibilities for individual investigation initiatives (more discretion) and transferred an important part of the investigation work to database consultation, to the detriment of direct contact with recipients (more standardization).

Third, welfare fraud inspectors have not escaped the general development of individual performance measurement. In local welfare organizations, there was traditionally a single weekly meeting of the inspection staff conducted by the intermediate manager in charge, mainly to discuss difficult cases and to collectively and informally review the activity of the service. Since the end of the 2000s, each investigation can be monitored in real time, from its launch to its completion, and the decisions to which it has given rise. In the same way, the manager can check the activity of each inspector on a daily basis: number of checks performed, undue payment identification rate, proportion of fraud detected. Objectives are defined, and the inspectors reaching them have better career advancement possibilities than those who do not. Again, this managerial

monitoring certainly is a factor for less individual leeway in the organization of one's work, but does not precisely dictate how inspectors should achieve their goals and conduct their investigations.

The Rationales for a Rationalization Process

There have thus been clear changes in the supervision of welfare fraud inspection practices, and subsequently in the opportunities for inspectors to make use of discretionary power. These changes have been pushed, if not imposed, by the political and policy transformation, which turned the treatment of welfare abuse and fraud from a neglected topic to a key issue. This shift was brought about gradually, from the mid-1990s to the end of the 2000s, under the Sarkozy administration (2007–2012). This long-term process has led to the establishment of this issue as a political discourse theme, to the development and perpetuation of bureaucratic monitoring and sanctioning mechanisms, and to the legitimization of the practices that fall under them.

A New Status for Welfare Fraud Inspection

Again in the mid-2000s, the control of welfare recipients was mainly regarded as a necessary evil in welfare organizations, and the questions of fraud and welfare abuse remained secondary in public debates regarding welfare. Relative scarcity of managerial initiatives in this domain was associated with a limited visibility in the media and political debates. Throughout my first fieldwork, I observed a preference for delegation, as far down the line as possible: in welfare organizations, the tendency was to pass the hot potato down to the lower level, from national to local, and from local managers to investigators, who were in direct contact with clients. This lack of interest for welfare fraud as a political/policy topic was associated with a high degree of discretion at the street level of inspection.

Conversely, in recent years, welfare fraud and the monitoring of welfare recipients have become a major political and policy issue. From a mundane bureaucratic routine, inspection has been promoted as a policy instrument of reformed welfare programs. From a necessary evil, it has turned to a legitimate and respected practice. Once a 'hot potato', it has become a concern which spread from the top (national directors and managers) to the bottom (clerks in local offices) of the organizational

hierarchy—better yet, it is now a topic of interest, shared by various agents and services, from social assistance to accounting, IT, legal departments, and units processing the recipients' files. The renewed attention paid to welfare fraud inspection has strengthened the position of inspectors in welfare offices and reinforced their possibilities to fulfill their task. It is also the factor for the standardization process exposed in the first section of this chapter.

External Incentives and the Reinforcement of Surveillance and Sanctions

The evolution in inspection practices must be set in the broader perspective of public debate on welfare and of institutional changes. The politicization of welfare fraud dramatically increased. For instance, parliamentary questions on welfare fraud which had remained rare before the 2000s (less than 100 questions by legislative term) more than doubled at the beginning of the century (227 in 2002–2007), and again almost doubled during the following term (441 in 2007–2012, presidency of Nicolas Sarkozy), remaining at a high level under François Hollande (262 in 2012–2017). A similar evolution can be observed regarding media coverage. This public attention urged (be it indirectly) welfare organizations to put this question on their agenda. Although there was no evidence pointing at an increase in the occurrences of frauds, these organizations had to prove that they were doing something to fight them in a more systematic and effective way, because of the newly shared belief in a social state ruined by abuse. This is part of the reasons why welfare organizations managers endeavored to regain more control on inspection practices.

At the institutional level, two factors have incentivized welfare organizations to rationalize their inspection policy. First, the politicization of fraud at the beginning of the Sarkozy era resulted in the launching of a new national institution, the national committee against fraud, which aimed to tackle various forms of fraud such as tax evasion and customs fraud, in addition to welfare fraud. This committee is supposed to supervise a national anti-fraud policy. It promotes exchanges between departments and administrations, and assesses the results of anti-fraud policies on a yearly basis. While this committee does not have a direct hierarchical power, it has contributed to impose the necessity for a new design, with regards to bureaucratic control practices, their accountability, and the

assessment of their results. Second, and more importantly in the case of welfare institutions, the national Court of Audits (*Cour des Comptes*) has also played a crucial role in this process. Since 2006, the Court has been responsible for the certification of welfare organizations' budget. The certification procedure includes an audit of the efforts made by these organizations to secure information used to grant benefits. Given that recipients themselves provide the bulk of this information, the Court came to assess the effectiveness of checks over recipients. Its conclusions are most often critical, and systematically suggest that welfare organizations have to improve recipients monitoring, and add new forms of verification to the already existing ones—in a never-ending reinforcement process. Contrary to what happened after the administrative reform in the 1970s and early 1980s in the United States (Brodkin 1986: 10), there are no financial penalties linked to high error or fraud rates; yet even without such sanctions, this renewed form of external evaluation and auditing has been directly conducive to more systematic and rationalized inspections over recipients.

In combination to these various incentives, the political and policy shift on these issues resulted in a more coercive way to deal with welfare recipients who were found to be abusing the system. Until 2005, there were no systematic sanctions of welfare abuse. Most of the time, recipients who had cheated were only asked to reimburse over- or undue payments, and were not prosecuted, except in cases of swindle and use of false documents. The decision whether or not to sue these illegal recipients was left to the direction of local offices. The system changed completely in 2005. Since then, the local offices are obliged by law to litigate when the amount of the illegal overpayment is over a legally defined threshold. In addition to that, there is now an internal sanction procedure, which is applied for welfare 'cheats' under this threshold, or can complement judicial prosecution. As a result, the number of sanctions (judicial and administrative) has dramatically increased. Among other consequences, this judicialization and new sanction system has stirred a greater interest in the legal grounds of decisions made after welfare inspections. As local managers and investigators say, they now have to 'cement' their conclusions when the case might be either brought to court or appealed, in the case of administrative sanctions. This has directly impacted the supervision of investigators, whose work is now more than ever part of a chain of command and legal procedures, and therefore less likely to be left at their discretion.

An Internal Managerial Turn

We can already see how these external factors have impacted the internal organization of welfare fraud inspection, leading to a higher level of supervision intended to secure payment processes, and to improve the effectiveness of inspection practices. The monitoring of recipients is indeed at the core of two new managerial technologies.

First, quality control, defined in this case as 'a performance monitoring system that assessed the accuracy of state welfare payments' (Brodkin 1986: 9). One of the main targets of QC is the 'quality' of checks of the accuracy of recipients' declarations. Even if QC is promoted by rhetoric of 'the right payment, to the right person, at the right time', it is in fact mainly focused on overpayment and fraud, with little attention paid to non-take-up or underpayment of benefits. In addition to the calculation of an 'error rate', the 'fraud rate' is key in this process, as in the 'certification' procedure by the Court of Audit, which again explains a closer supervision of street-level bureaucrats conducting welfare controls.

Second, welfare fraud inspection has been redefined in terms of 'risk management'. In practice, these two phrases describe more or less the same thing: checks over welfare recipients. But this change in vocabulary nevertheless marks a real change, underlying the fact that inspection practices are no longer regarded as bureaucratic routine, but are now part of a complex system, in which these practices are connected to statistical and digital processing, targeted according to risk scores, and assessed according to rates and objectives. In other words, whereas investigators used to be isolated in their work (and to enjoy a great deal of autonomy), they are now pieces of highly complex machinery.

The Combination of Discretion and Rationalization

All these bureaucratic apparatuses have reduced the spaces of possible discretion but did not lead to its 'death'. To paraphrase Dworkin's famous sentence, 'the hole in the doughnut' is smaller and is now surrounded by a tighter 'belt of restriction', but there is still an area left open for discretion (Dworkin 2013: 48). After having shown the persistence of interpersonal differences in welfare fraud inspection practices, I will argue that discretion remains less as an imperfection to be corrected and doomed to eventually disappear than as a necessary structural pattern of inspection in a reinforced and transformed surveillance and sanction system over the poor.

Interpersonal Differences

A first evidence of the 'survival' of discretion despite standardization and rationalization lies in the variations in practices from one individual agent to another. Despite an impressive technical and legal supervision work, despite training and goal setting, the differences between investigators 'resist' to standardization. This is evidenced by huge differences in their performances. The table below summarizes the differences of performances among a local team of investigators. They are important from the viewpoint of productivity, the average number of home investigations per working day amounting between 1.5 and 2.2. The maximum gap in underpayment rate is quite high (6.6 points), and the gap in rates of overpayment is even wider (23.3 points). The largest gap pertains to the qualification of fraud. The proportion of fraudulent cases among all checks performed by each investigator ranges from 11 to 19%, meaning that the most 'rigorous' investigators find almost 2.5 times more fraud cases than the most 'lenient' ones (Table 9.3).

The local welfare fraud inspection unit is clearly divided in three pairs. The first one is clearly above average regarding decisions of overpayment and fraud, and, more generally, in terms of the proportion of anomalies identified (global anomaly rate), and of what can be viewed as an approximation of the level of severity of decisions (by subtracting the proportion of decisions in favor of the recipients—underpayment rate—from the proportion of unfavorable ones—overpayment rate). The second pair (inspectors 3 and 4) are in the average (with the exception of a

Table 9.3 Performance by investigator in local welfare office B

	Number of inspections per year	Average number of inspections per day	Over-payment rate (%)*	Under-payment rate (%)*	Severity level#	Fraud rate (%)*	Global anomaly rate (%)
1	387	1.8	50.4	13.4	37	19	82.8
2	307	1.5	45.4	16.7	28.7	27	89.1
3	371	1.8	36.0	12.2	23.8	17	65.2
4	343	1.7	39.3	12.5	27	13	64.8
5	435	2.2	29.5	14.2	15.3	11	54.7
6	375	1.8	27.1	10.1	17.1	16	53.2
Average	370	1.8	37.95	13.2	24.75	17	68.3

*Proportion of cases/total number of inspections. # Overpayment rate–Underpayment rate

lower fraud rate for inspector 4), and the third one below average, with nuances between inspectors 5 and 6. The first one performs a higher underpayment rate and therefore appears as less severe than his colleagues. He also conducts many more checks than them, which is associated with a lower fraud rate. On the contrary, inspector 6 achieves a fraud rate which brings him close to his colleagues from the second pair.

These differences in performances and outputs are linked to differences in the investment of the agents in their work and in the way they define their role. Severity and a high fraud rate (inspectors 1 and 2) are associated with a strong investment in seeking information, which values in-depth investigation as opposed to routine bureaucratic work. The practices and skills of investigators vary accordingly. Preliminary investigations and uses of available information vary a great deal depending on the ability and the willingness of investigators to carry 'in office' investigations using computer files and checking databases. While some investigators privilege this preparatory work enabling them to verify and contest the statements of recipients when to accumulate elements of proof in case of fraud and prosecution, others favor direct human relations and trust their interrogation skills. The way investigators conduct interviews also varies from casual routine ('it is nothing but assessing the situation, your file has been selected by random'), to intimidation ('this is serious! This is a control operation and you may be prosecuted!'). The main objective investigators have in mind may also differ, from quantity (number of inspections) to outputs (discovering fraudulent cases), as shown by the data in the previous table: investigator 5 who has the highest productivity (2, 2 controls per day) is the one with the lowest rate of fraudulent files (11%), and conversely inspector 2 who performs the smallest number of checks per day (1.5) has the highest fraud rate (27%).

The Functions of Discretion

If investigators still enjoy a certain leeway in their practices, this is of course due to the characteristics of street-level bureaucracy work, and the subsequent difficulty if not impossibility to severely reduce their discretion (Lipsky 1980). Street-level bureaucracy theory also shows that discretion is not only irreducible but is also functional. It is 'necessary for effective service' (Lipsky 1980: 16); and a 'necessary part of benefits determination, allowing to adapt complex and ambiguous regulations to infinitely varied family circumstances' (Brodkin 1986: 74).

Welfare managers I interviewed have therefore an ambiguous attitude toward the discretion of their investigators. On the one hand, the differences of practices and results among them contradict their idealistic view of an inspection apparatus made fully consistent thanks to both legal and managerial regulation. This is also regarded as an undesirable persistence of possible arbitrariness, source of an unequal treatment of citizens, at odds with the official mottoes justifying the reinforced surveillance of welfare recipients in terms of justice and equity. On the other hand, 'risk managers' are fully aware of the usefulness of discretion. As the manager in charge of risk management at the national level once told me, 'we need to combine the rigor of statistical models and the flair of the customs officer'. The predictive algorithmic models do not consider contextual settings, nor can anticipate the infinite variety of situations and possible fraud strategies. Discretion is therefore needed to identify fraudsters who may 'fall between the cracks' of the rationalized statistical models.

The inspection of recipients combines remote anonymous IT surveillance and the exercise of 'pastoral power' taking into account individual differences, which illustrates the complex and multiple practices of governmentality 'that involve, on one hand, forms rational, technical procedures, instrumentation through which it operates and, secondly, the strategic issues that make unstable and reversible power relations that they must ensure' (Foucault 2001) *[my translation]*. The introduction of data mining and other forms of rationalization, coupled with the maintenance of traditional forms of individual surveillance, invites therefore to a different conclusion from the classical assumption of a passage of close control to remote monitoring. Rather, it leads to the hypothesis of a new coupling between standardization and customization. The strong development of remote monitoring by the sophistication of computer technology and data processing of statistics does not, contrary to what one might think, lead to the disappearance of traditional forms of direct inspection. Automating the detection on the basis of risk factors involves the reconstruction of concrete situations thanks to home visits and face-to-face interrogation.

In addition to provide complementary information, these direct interactions serve as a tool for 'disciplining' the poor (Soss et al. 2011). Physical and direct inspection consists first in making the recipients feel guilty, both to make sure that 'the privileged' who have a job should not expect too much, and to remind those who don't, that they can only hope for conditional assistance, and not claim rights. The unpredictable

issues of face-to-face interrogations remind welfare recipients that they must regard their situation as provisional and precarious, instead of considering 'entitlement' as a permanent and secure status. Face-to-face inspection consists lastly in attempting to reform *habituses* that fail to conform to the job market and/or the institution's demands (Dubois 2018). Discretion is key to these various functions, and, as a result, is not replaced by standardization; it rather complements it.

CONCLUSION

This chapter has provided some insights on the under-researched yet strategic inspection work of welfare fraud investigators. The observation of the practices of these street-level bureaucrats sheds light on recent changes and trends in the management and in the work of services providing welfare benefits, and helps to unveil some structural characteristics of the welfare state in the age of retrenchment and of workfare programs (Dubois 2009). We lack comparative research and similar national case studies to evaluate the possible generalization of our results on the French case. However, available information in academic literature, official documents and in the media confirm that the reinforcement of welfare fraud policies together with the managerialization of inspection work and the increased uses of large databases and surveillance technologies are widely shared trends in west European countries, as in North America and Australia, be them concretized in various ways from one case to another. So is the ideological combination of neoclassic utilitarianism viewing welfare recipients as strategists maximizing their utility with neo-paternalist morals considering them as virtual lazy cheaters.

In addition to the analysis of welfare organizations, this case study has addressed the theoretical question of discretion vs. standardization and rationalization in street-level bureaucracy, which is posed with a peculiar accuracy in the case of inspectors. We have shown that the rise of new standards and the use of formal technical procedures do not amount to the disappearance of personal leeway in inspection practices, and that the persistence of discretion could be used to complement codified and automated files-processing. Similar techniques and rationalization tools such as the predictive statistics of risk management have been implemented in other policy domains, such as education, employment, tax services, justice, and police. The analysis presented here may be helpful to compare

how these innovations have challenged discretion in these domains, and how they combined in renewed forms of inspection work.

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