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INTRODUCTION

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The Observatory
The Board of the Observatory

President: Agnès de Fleurieu

7 members by right

- President of the National Council for the Fight Against Poverty and Exclusion, Bernard Seillier, senator
- INSEE (National Institute for Statistics and Economic Studies), represented by François Maurel
- Commissariat général du Plan (General Planning Commission), represented by Pierre-Yves Cusset
- Direction de la recherche, des études, de l'évaluation et des statistiques (DREES, Division of Research, Studies, Assessment and Statistics), Ministry of Social Affairs, Employment and Solidarity, represented by Mireille Elbaum
- Direction de l'animation de la recherche et des études statistiques (DARES, Division of Research Organization, Studies and Statistics), Ministry of Social Affairs, Employment and Solidarity, represented by Béatrice Sédillot
- Direction générale du trésor et de la politique économique du ministère de l'Économie, des Finances et de l'Industrie (General Directorate of Treasury and Economic Policy, Ministry of the Economy, Finance and Industry) represented by Alexandre Vincent
- Caisse nationale des allocations familiales (National Family Allowance Fund Agency), represented by Hélène Paris

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- Michel Autès, sociologist, researcher with the Centre national de la recherche scientifique (CNRS, National Scientific Research Centre)
- Jacques Freyssinet, professor at Université Paris I, president of the scientific commission of the Centre d'études de l'emploi (CEE, Centre for Employment Studies)
- Michel Legros, director of the Politcs and Institutions Department at the École nationale de la santé publique (National School of Public Health)
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- Roxanne Silberman, researcher with the CNRS and Inter-ministerial Commission for social science data
- Hélène Zajdela, economic professor at the University of Villetaneuse, Paris XIII

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who have contributed or continue to contribute, by their actions regarding integration and the fight against exclusion

- Michel Bérard, representing Voisins et citoyens en Méditerranée
- Jean-Pierre Bultez, director for development and communication, Petits Frères des pauvres, coordinating member of EAPN-France
- Françoise Coré, member of Atd-Quart Monde
- Patrick Henry, doctor, head of the Lutte contre l'exclusion (Combat against exclusion) department at RATP (Paris Urban Transportation System)
- Loïc Richard, director of Insertion and Plan local pour l'insertion et l'emploi (PLIE, Local Plan for Integration and Employment) for the greater Rennes metropolitan area
- Hélène Strohl-Maffesoli, Inspectorate for Social Affairs (IGAS)
- Marie-Françoise Wilkinson, former director of the European Anti-Poverty Network.

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Secretary General: Marie-Thérèse Espinasse

Head of project: Juliette Zara

Secretary: Laurence Fournier
Introduction

This fourth report by the National Observatory on Poverty and Social Exclusion (2005-2006) assesses evolutions in long-term poverty and in the recent period, as stipulated by the 29 July 1998 Act for combating social exclusion, which led to the Observatory’s creation. The report presents the analyses and viewpoints of the three sectors comprising the Observatory: representatives of social and economic administrations; qualified individuals who have contributed or are contributing to the fight against poverty; and university professors and researchers.

Another volume, entitled “Les Travaux”, presents the studies carried out for the Observatory, conducted under the sole responsibility of the authors. These were also used to draw up this report.

Throughout 2005, the Observatory sought to contribute to the work currently underway in several national and international proceedings to revise and improve the indicators used for measuring the phenomena of poverty and social exclusion. It pursued its research into the multiple dimensions of poverty and the difficulty of obtaining fundamental rights for people living in poverty. Access to employment, literacy and restricted consumption were analysed in more depth.

The Observatory seeks a better assessment of territorial data for a more in-depth understanding of the phenomenon of poverty, a better understanding of the actual situations of people and a more specific grasp of the mechanisms involved in exiting poverty and in becoming poor. In pursuance of this goal, this report includes a series of studies on poverty in the French overseas departments.

Greater poverty

The most recent available data on monetary poverty is from 2003. The decline in monetary poverty
observed in 2001 and 2002 ended in 2003. The rate of monetary poverty actually increased in 2003 for a threshold of 50% of median income and stabilised at a threshold of 60% of this same median income. Poverty varies with age, gender and type of household. The situation is worse for single individuals and single-parent families - a category in which women form the large majority of heads of households. Since 1999, we have therefore noted a consistently larger proportion of women among the poor population. Young people under age 25 are also over-represented in the group of poor people in relation to their percentage in the overall population. There may be concerns over a possible increase in poverty among the elderly, however, especially single individuals.

A comparison of monetary poverty rates in the European Union countries places France slightly above the average.

More recent indicators concerning unemployment and minimum social benefits exist. Unemployment rose through mid-2005, then began to drop. The worsening job market and the downturn in the economic climate in 2003 and 2004 triggered a sharp rise in the number of social minima recipients among people of working age - underscoring the importance of the role of social transfers in reducing poverty - a factor stressed in the Observatory’s previous report.

**The need for new indicators**

Measuring the phenomena of poverty and social exclusion requires specific definitions and selected indicators. Assessments are underway within the European Union as well as in various national institutions, such as the Conseil National de Lutte Contre les Exclusions (CNLE) and the Conseil National de l’Information Statistique (CNIS), to improve the output of statistical observations reflecting the phenomena of poverty, exclusion and social inequities.

The various indicators currently in use were devised using different time spans. They therefore measure distinct factors over varying periods, and caution must be used when making comparisons.

Additional tools are required for a more complete understanding of those members of the population least likely to be measured by current indicators; to better comprehend the evolution of circumstances for individuals; and to better determine all household resources, as well as the various dimensions of poverty. The time required to produce some of these indicators also needs to be reduced.

In 2005, the Observatory also conducted an in-depth assessment of relevant indicators, which led to a proposal to expand the diagnostic process through the use of a limited number of “pivotal” indicators. Furthermore, after a new phase in the decentralisation process, it stresses the need to develop territorial and standardised indicators to enable comparisons.

Yet these indicators alone, regardless of their value, are insufficient to understanding situations of poverty and exclusion. Data from associations are also crucial to understanding the actual living conditions of people, and the Observatory has drawn on this information in drafting this report.

As in preceding years, the second and third chapters of this report present the results of in-depth studies conducted on behalf of the Observatory to provide insight into the various aspects of poverty and poverty-related phenomena.

**The complex relationships between poverty, unemployment and employment**

Close and complex relationships exist between poverty, unemployment and employment. Studies indicate that unemployment does not always mean that people are poor, and that employment alone does not protect against poverty.

The persistence of massive long-term unemployment and the development of certain forms of employment have resulted in greater poverty among people of working age. Low wages and the precarious nature of more and more jobs have precipitated people into situations of poverty even though they may have worked throughout the entire year. In France, as in several European Union countries, a category of “working poor” appeared in the late 1990s. An increasing number of these poor workers are wage-earners, either full-time or part-time.

Furthermore, reduced levels of subsidised employment contracts in the public and non-profit sectors influenced the evolution of employment and unemployment in 2003 and 2004. These contracts had a major
impact on exiting poverty, notably for certain recipients of the Revenu Minimum d'Insertion (RMI, Guaranteed Minimum Income). Legislation on social cohesion, dated 18 January 2005 and stipulating a significant boost in this type of contract and increased training and advising, should buffer the hardships recorded in 2003 and 2004.

The Observatory noted that the risk of financial “traps” discouraging a return to employment is now limited, but many non-financial obstacles to a return to employment still exist, such as age and health conditions; low qualifications and training, and even illiteracy; transportation costs involved in seeking employment; and childcare costs. Furthermore, the rate of access to continuing education for the least qualified individuals is nearly three to four times less than that of more qualified individuals.

A continuum of situations is often involved in terms of integrating the job market: a majority of those individuals suffering the greatest hardships are both receiving social minimum benefits and looking for jobs; others work while receiving benefits; and still others alternate between periods of employment and unemployment. Beyond the sole issue involving the financial benefits of returning to work, the professional integration of people experiencing hardships depends on the implementation of schemes that provide direct and comprehensive follow-up measures.

**Problems obtaining food, housing and health care**

The many differences in terms of food consumption and product quality are indicative of situations of poverty, and this year, the report presents the most significant of these. At the same time, the available data concerning health and housing have also been updated, given that the previous report presented an in-depth analysis of the problems in obtaining housing, as well as the housing conditions for low-income households.

In terms of health, the complementary Couverture Maladie Universelle (CMU, Universal Sickness Insurance) played a major role in providing access to health care to poor individuals. But the number of people lacking complementary coverage still remains high. Beyond financial reasons, inequities in accessing health care are also rooted in differing individual perceptions of health, and the knowledge and recognition of health problems.

The general context in terms of housing reveals a persistent difference between housing supply and demand, notably in the sector of subsidised housing, and a fairly sharp increase in rents over the recent period, both in the private sector and in public housing. This situation tends to aggravate housing problems for the poorest individuals, whose possibilities for housing and choice of location have become increasingly restricted. Most poor households do have dwellings, however, and inequities in HLM (low-rent social housing) in terms of comfort have been reduced. But the burden of housing expenditures on household budgets is on the rise, resulting in payment problems for poor households.

**The territorial dimension of poverty**

The nature of poverty varies widely throughout France. There are considerable differences in the poverty that exists in declining industrial zones, rural areas, downtown areas in medium-sized towns, the periphery of major cities and overseas departments. It is necessary to understand the territorial context to better assess the current situation, as well as the mechanisms of exiting poverty or becoming poor. Beyond the traditional obstacles linked to the job and housing markets, local responses to combating poverty can vary considerably from one territory to another. With this in mind, the Observatory is presenting comprehensive data on poverty in the overseas departments, where poverty is both greater and more widespread than in mainland France.
Chapter 1

Indicators and evolution of poverty

This chapter examines the evolution of poverty based on available indicators and continues the analysis of links between the economic climate and poverty as presented in the Observatory’s previous reports. Over the recent period, the downturn in the economic climate and the job market has resulted in an increase in 2003 and 2004 in the number of recipients of minimum social benefits of working age. This downturn is not clear-cut according to the indicators measuring monetary poverty and poverty in terms of living conditions, even though the downward trend in monetary poverty ended after several years of decreasing figures.

The measurement of the phenomena of poverty and social exclusion depends on the selected indicators. Thus, to improve its diagnostics process, the Observatory suggests the use of a limited number of indicators which are central to poverty and social exclusion. The approach adopted and the selected indicators are presented in part three of this chapter.
The measurement of the phenomena of poverty and social exclusion depends on the selected definitions. Yet given the multiple dimensions of the issue, there is no single, accepted definition of poverty, either among economists, sociologists or administrative and political authorities.

The only “official” definition is the one adopted by the European Union, which considers as poor “those people whose material, cultural and social resources are so low that they are excluded from the minimum acceptable living conditions in the Member States in which they live”.¹

Although this definition is not widely used, it brings up three important factors concerning the measurement of poverty:

- **Any definition of poverty is a conventional one**: selecting a definition for poverty is a political - and less implicitly, a normative - act, which involves identifying a “poor” population within an overall population consisting of a continuum of individuals. Criteria are based on multiple choices arising from social representations and technical considerations.

- **Poverty is a relative phenomenon**, as it is defined as a function of “minimum acceptable living conditions” which vary in space and in time. This approach is based on resource distribution and inequities: people whose resources are significantly lower than those of the overall population are considered to be poor. Other approaches, such as absolute poverty, attempt to identify those people who cannot satisfy a certain number of needs that are considered to be “fundamental” and universally shared.

- **Poverty is a multidimensional phenomenon** that cannot be summed up by the absence or deprivation of monetary resources. All the living conditions for a household must be taken into consideration for an assessment of poverty situations, including other dimensions of well being beyond monetary resources alone. In this case, and for each of the factors assessed (housing, health, education), the existence of an underprivileged and poor population is characterised by an accumulation of hardships in several of these sectors.

In France, three types of indicators are generally used to measure poverty:

- indicators of “monetary” poverty, which refers to people whose standard of living is below a given amount, defined as the “poverty threshold”;

- poverty as defined by “living conditions”, which measure hardships in everyday life, including restricted consumption and lack of access to ordinary goods;

- poverty measured in terms of minimum social benefits, which identifies people as poor when they receive an allowance, which is aimed, in part, at reducing poverty.

The first two indicators, which measure relative poverty by comparing the most underprivileged situations with that of the overall population, can assess changing trends in poverty, but they are relatively insensitive to the economic climate and to extensive short-term variations. These are structural indicators. Poverty indicators as measured by minimum social benefits, on the other hand, shift widely depending on the economic climate, and are therefore useful short-term indicators. They do not, however, offer a precise measurement of the evolutions in hardships that characterise poverty. They can also reflect changes in regulations, which have no relationship to the evolution in poverty situations.

Furthermore, the time required to produce these indicators is variable: while administrative data provide a virtual real-time reflection of evolutions in social minimum beneficiaries, the indicators concerning monetary poverty and poverty in terms of living conditions involve specific surveys that require more time. INSEE’s Continuous Survey on Household Living Conditions therefore provides elements concerning the previous year. However, data concerning monetary poverty obtained from the Taxable Income Survey are only available after three years; this is linked to the time required to gather tax information and to readjust for social transfers that are not measured in tax returns.

Therefore, depending on the indicators selected, the data available in early 2006 refer to different periods: the monetary poverty indicators concern the year 2003; those dealing with living conditions concern 2004; and administrative data indicating the number of recipients of minimum social benefits

¹ European Council of Ministers, 19 December 1984.
concern late 2004, and even the first half of 2005. This creates a problem, notably when the economic climate changes, as with the phase that began in 2002. It is important to remain aware of these diverse time spans when examining the different indicators: they measure different elements over different time frames; caution must therefore be used when making comparisons.

**Since 2003, an increase in the number of social minima recipients and a concentration of poverty situations noted by associations**

**Unemployment rose through mid-2005 in an unfavourable economic climate, then began to fall**

The significant slowdown in growth in 2003 resulted in the largest drop in commercial employment since 1903 (-53,000 jobs). In 2004, the growth rate returned to a higher level, +2.3%, although this had an insufficient impact on employment: only 5,000 new jobs in the commercial sector were recorded. Following the slowdown in the first half of 2005, economic activity then began to grow in the third quarter (+0.7%). Yet the rise in commercial employment remained small, with the addition of 34,000 jobs in the last three quarters of 2005.

This unfavourable economic climate meant that unemployment levels remained high: the unemployment rate rose from 9.3% to 9.8% during the first half of 2003, reaching 10% by late 2003 and remaining at this level throughout 2004. In early 2005, the unemployment rate increased during the first quarter, then stabilised at 10.2% from late March to late May 2005. It then dropped steadily, reaching 9.6% in late November 2005.

During the 2003-2005 period, long-term and very long-term unemployment increased. The drop noted in the second and third quarters of 2005 (-5%) did not offset the sharp rise in long-term unemployment from the end of the first quarter 2003 and the end of the first quarter 2005 (+11%). In October 2005, the share of long-term unemployed individuals among the entire unemployed population (31.1%) remained greater than the share recorded in late March 2003 (29.5%). The number of very long-term unemployed individuals (unemployed for more than three years) has risen steadily since early 2004, as opposed to previous years, when prior to mid-2001, there was a drop in the number of people registered for unemployment.

Finally, a growing number of unemployed individuals do not receive compensation: the coverage rate of unemployment benefits (unemployment insurance and assistance scheme) for job-seekers has dropped steadily since reaching a peak level in 2003: as of September 2005, this rate is only 58 percent. Job-seekers have had greater difficulty obtaining compensation due to the continuing downturn in the job market and the stricter eligibility requirements for this compensation (cf. infra).

The upswing in the job market during the second half of 2005 remains to be confirmed. In any case, it appears that the potential impact of this upswing on the evolution of poverty will only be perceptible after a certain time period.

**A significant increase in the number of individuals receiving minimum social benefits since 2004**

After decreasing from 2000 to 2002, the number of individuals receiving minimum social benefits in France increased by 3.4% in 2004, nearly twice the rate recorded for 2003 (+1.6%).

In late 2004, 3.4 million people were receiving one of the nine national minimum social benefits or the Revenu de Solidarité (RSO, minimum support income, a specific measure in the overseas départements. With the inclusion of beneficiaries (spouses and children), slightly over 6 million people receive minimum social benefits, including 5.6 million individuals in mainland France.

---

2 This indicator is the ratio between the number of individuals receiving unemployment compensation and the number of individuals who could be eligible for compensation.

### Table 1
Evolution in the number of social minima recipients from 2003 to 2004

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration Allowance (AI)</td>
<td>47 200</td>
<td>47 200</td>
<td>0.0</td>
</tr>
<tr>
<td>Widowhood Allowance</td>
<td>12 200</td>
<td>11 300</td>
<td>-7.4</td>
</tr>
<tr>
<td>Supplementary Invalidity Allowance</td>
<td>111 200</td>
<td>111 500</td>
<td>Al</td>
</tr>
<tr>
<td>Single Parent Allowance (API)*</td>
<td>170 044</td>
<td>175 648</td>
<td>3.3</td>
</tr>
<tr>
<td>Allowance for Disabled Adults (AAH)</td>
<td>741 211</td>
<td>760 100</td>
<td>2.5</td>
</tr>
<tr>
<td>Old Age Solidarity Fund (FSV)</td>
<td>557 624</td>
<td>547 517</td>
<td>-1.8</td>
</tr>
<tr>
<td>Guaranteed Minimum Income (RMI)</td>
<td>998 645</td>
<td>1 083 880</td>
<td>8.5</td>
</tr>
<tr>
<td>Specific Security Allowance (ASS)</td>
<td>349 200</td>
<td>344 100</td>
<td>-1.5</td>
</tr>
<tr>
<td>Allowance Equivalent to a Substitution Pension (AER)</td>
<td>27 100</td>
<td>32 700</td>
<td>20.7</td>
</tr>
<tr>
<td><strong>Total social minima recipients in metropolitan France</strong></td>
<td>3 014 424</td>
<td>3 113 945</td>
<td>3.3</td>
</tr>
<tr>
<td>Overseas départements (including minimum support income, RSO)</td>
<td>309 521</td>
<td>321 662</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total in France</strong></td>
<td>3 323 945</td>
<td>3 435 607</td>
<td>3.4</td>
</tr>
</tbody>
</table>

* With one child or expecting one child.

Sources : CNAF, MSA, UNEDIC (FNA), CNAMTS, CNAV.

In mainland France, the number of individuals receiving four specific benefits increased in 2004: this rise was particularly striking for recipients of the Revenu Minimum d’Insertion (RMI, Guaranteed Minimum Income), and to a lesser extent, for those receiving the Allocation de Parent Isolé (API, Single Parent Allowance) and the Allocation d’Adulte Handicapé (AAH, Allowance for Disabled Adults). At the same time, the Allocation Équivalent Retraite - Remplacement (AER, Allowance Equivalent to a Substitution Pension) has expanded considerably, which probably reflects the more widespread application of this recent measure, created in 2002, which can, in certain cases, replace the RMI or the Allocation de Solidarité Spécifique (ASS, Specific Solidarity Allowance).

The number of recipients of other measures - ASS, Allocation d’Insertion (AI, Integration Allowance), Minimum Pension, Invalidity Allowance and Widowhood Allowance - remained stable or decreased in 2004.
Table 2
Minimum social benefits, eligibility conditions, scales and number of recipients

<table>
<thead>
<tr>
<th></th>
<th>Eligibility conditions</th>
<th>Monthly scale on 1 January 2005</th>
<th>Number of recipients 31 December 2004 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed Minimum Income (RMI)</td>
<td>Created in 1988. For people aged 25 or over. The age condition is not required for those with at least one child or expecting a child. Allowance for which the sum granted is differential-difference between the guaranteed threshold and the amount of resources of recipient household taken into account in the calculation (&quot;resource&quot; basis).</td>
<td>Resource threshold and guaranteed allowance: Single 0 child: 425,40 € Single 1 child: 553,02 € Single 2 children: 680,64 € Couple 0 child: 638,10 € Couple 1 child: 765,72 € Couple 2 children: 893,34 € +170,16 € per additional child (after the 3rd).</td>
<td>Metropolitan France: 1,083,9 Overseas départements: 154,6</td>
</tr>
<tr>
<td>Single Parent Allowance (API)</td>
<td>Created in 1976. For people raising dependent child(ren) alone. Includes pregnant women; attributed until the 3rd birthday of the youngest child or for a one-year period following the advent of single parenthood.</td>
<td>Resource threshold and guaranteed allowance: Pregnant woman: 542,06 € Single 1 child: 722,75 € + 180,69 € per additional child.</td>
<td>Metropolitan France: 175,6 Overseas départements: 21,0</td>
</tr>
<tr>
<td>Old-Age Supplementary Allowance (ASV)</td>
<td>Created in 1956. Aims to raise the income of those 65 and older to the minimum old-age sum (60 years in case of inability to work); this applies to those who have one or several basic allowances attributed by obligatory old-age schemes or the special benefit provided by the Special Old-Age Allowance Service (SASV).</td>
<td>Resource threshold: Single individual: 613,99 € Couple: 1 075,42 €. Guaranteed allowance: Single individual: 599,49 € Couple: 1 075,35 €.</td>
<td>Metropolitan France: 547,5 Overseas départements: 86,0</td>
</tr>
<tr>
<td>Specific Solidarity Allowance (ASS)</td>
<td>Created in 1984 for unemployed people whose eligibility for unemployment benefits had run out, having at least five years’ salaried employment over the ten years preceding the end of the contract that gave access to unemployment insurance.</td>
<td>Resource threshold: Single individual: 980 € Couple: 1 540 € Within the limit of these resource thresholds, the allowance granted is 425,83 € at the normal rate (under age 55) 611,38 € at increased rate (over age 55)</td>
<td>Metropolitan France: 344,1 Overseas départements: 23,9</td>
</tr>
<tr>
<td>Allowance Equivalent to a Substitution Pension (AER)</td>
<td>Created in 2002 for unemployed people who have contributed to the pension scheme for a total of 160 quarters and who are not yet 60 years old. The replacement AER takes the place of the Specific Solidarity Allowance, the Specific Waiting Allowance and the Guaranteed Minimum Income.</td>
<td>Resource threshold: Single individual: 1 451,04 € Couple: 2 085,87 € Within the limit of these thresholds, the allowance granted is 919,50 €.</td>
<td>Metropolitan France: 32,7 Overseas départements: 0,1</td>
</tr>
</tbody>
</table>
### Table 2
Minimum social benefits, eligibility conditions, scales and number of recipients (cont.)

<table>
<thead>
<tr>
<th>Eligibility conditions</th>
<th>Monthly scale on 1 January 2005</th>
<th>Number of recipients 31 December 2004 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Widowhood Allowance</strong></td>
<td>Resource threshold: 662,30 € Guaranteed allowance: 529,84 € the first and second year.</td>
<td>Metropolitan France: 11,3 Overseas départements: 0,3</td>
</tr>
<tr>
<td>Created in 1980 to guarantee minimum resources to the surviving spouse when the deceased spouse was a social insurance recipient; younger than age 55 and having raised a child for nine years prior to his sixteenth birthday, or raising a child when widowed. This measure is being gradually replaced by the reversion pensions, and will be phased out in 2011.</td>
<td>Same amounts as the Supplementary Old-Age Allowance.</td>
<td>Metropolitan France: 111,5 Overseas départements: -</td>
</tr>
<tr>
<td><strong>Supplementary Invalidity Allowance</strong></td>
<td>Resource threshold (including allowance): Single individual: 887,40 € Couple: 1 774,80 € Within the limits of these resource thresholds, the allowance granted is 299,91 € monthly, if the resources are equal to or less than 587,49 € for a single individual or 1 474,89 € for a couple.</td>
<td>Metropolitan France: 47,2 Overseas départements: 0,7</td>
</tr>
<tr>
<td>Created in 1957, this concerns people 60 years and older with a disability pension provided by the social security system due to a permanent disability.</td>
<td>Same amounts as the Supplementary Old-Age Allowance.</td>
<td>Metropolitan France: 111,5 Overseas départements: -</td>
</tr>
<tr>
<td><strong>Integration Allowance (AI)</strong></td>
<td>Resource threshold: Single: 591,90 € per month Couple: 1 183,79 € per month + 295,95 € per dependent child. Guaranteed monthly amount: 599,49 € AAH complement: 95,92 € (granted under certain conditions).</td>
<td>Metropolitan France: 760,1 Overseas départements: 26,0</td>
</tr>
<tr>
<td>Created in 1984, this maximum one-year allowance has been reserved to specific categories of the population since 1992 (released offenders, those with work-related disabilities, expatriate wage-earners unaffiliated with unemployment insurance schemes, refugees and asylum-seekers in France). The amount of the allowance is the difference between the income ceiling and the income of the requesting individual.</td>
<td>Same amounts as the Supplementary Old-Age Allowance.</td>
<td>Metropolitan France: 111,5 Overseas départements: -</td>
</tr>
<tr>
<td><strong>Allowance for Disabled Adults (AAH)</strong></td>
<td>Resource threshold: Single: 591,90 € per month Couple: 1 183,79 € per month + 295,95 € per dependent child. Guaranteed monthly amount: 599,49 € AAH complement: 95,92 € (granted under certain conditions).</td>
<td>Metropolitan France: 760,1 Overseas départements: 26,0</td>
</tr>
<tr>
<td>Created in 1975 for disabled people with no resources who can prove they are incapacitated by 80 % or by 50 % if the incapacity is recognised by the COTOREP (Technical Committee of Orientation and Vocational Placement), 20 years of age or older (16 years for children not calculated as granting rights to family allowances).</td>
<td>Same amounts as the Supplementary Old-Age Allowance.</td>
<td>Metropolitan France: 111,5 Overseas départements: -</td>
</tr>
</tbody>
</table>

Sources: CNAF, MSA, UNEDIC, CNAMTS, CNAV.

### A specific rise in minimum benefits for individuals of working age, due to the worsening situation in the job market

The increase in the number of individuals receiving minimum social benefits is due primarily to the rise in the number of social minima beneficiaries of working age, who generally receive the RMI, as well as the API and the AAH.

This rise in the number of situations in which individuals of working age are not able to earn sufficient wages is linked to a sharp decline in the job market over this period.

As of 31 December 2004, nearly 1.1 million people (1 083 900 people in mainland France) were receiving the RMI. This represents more than one-third of the social minima beneficiaries in mainland France.
The number of RMI recipients has been rising since the second quarter of 2002, but has grown considerably in 2004: +8.5% (the increase was 1.3% in 2002 and 5.0% in 2003). It continued to rise in 2005, but at a slightly lower rate: +6.2% between late September 2004 and late September 2005.4

The analysis of the evolution of AAH recipients may also reflect the impact of the situation on the job market: the number of decisions by the COTOREP (Technical Committee of Orientation and Vocational Placement) concerning incapacities of 50 to 79% and recognition that the individual "is incapable of obtaining employment due to his or her disability" shows a constant upward trend: from 1995 to 2004, the number of individuals rose from 58,000 to 93,000, representing an average annual increase of 5.5%.

The slowdown of the decrease in the number of ASS recipients (down 1.5% in 2004, after a drop of 6.3% in 2003) can be linked to a turnaround in very long-term unemployment: after a sharp fall between spring of 1999 and late 2003, this figure has recorded an upward trend since early 2004.

The sharp rise in the number of AER recipients (+20.7% in 2004) must also be taken into account. The more widespread application of this measure, which is more advantageous than the ASS, may have affected the drop in the evolution of the number of ASS recipients.

Overall, from late 2003 to late 2004, the total number of ASS and AER recipients remained relatively stable at +0.1%.

**A rise exacerbated by stiffer eligibility conditions for unemployment compensation**

In late 2002, a decision was announced to reform the unemployment insurance scheme, which compounded the negative impact of the economic climate on the RMI. Implemented in early 2003 for any individual who became unemployed from this date on, this reform created stiffer conditions for eligibility for unemployment insurance and shortened the period of compensation for various measures.

In 2004, the number of job-seekers not receiving compensation rose by 9.0% (all unemployed job-seekers at the end of the month for the following categories: 1 to 3, 6 to 8 and those exempt from job searches), and the coverage rate per compensation fell by more than two points. In 2005, the number of job-seekers not receiving compensation continued to increase, which may explain the ongoing rise in the number of RMI recipients, despite an improved job market.

**Table 3**

Environmental indicators to assess changes in the RMI: coverage rate for job-seekers according to unemployment compensation

<table>
<thead>
<tr>
<th>Categories of job-seekers at the end of the month</th>
<th>31-12-2000</th>
<th>31-12-2001</th>
<th>31-12-2002</th>
<th>31-12-2003</th>
<th>31-12-2004</th>
<th>30-09-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Categories 1, 2, 3, 6, 7, 8 and those exempt from job search)(a)</td>
<td>3 847 624</td>
<td>3 885 247</td>
<td>4 022 697</td>
<td>4 251 366</td>
<td>4 356 753</td>
<td>4 293 599</td>
</tr>
<tr>
<td>Job-seekers receiving compensation(b)</td>
<td>2 144 299</td>
<td>2 333 212</td>
<td>2 556 090</td>
<td>2 715 753</td>
<td>2 679 400</td>
<td>2 490 700</td>
</tr>
<tr>
<td>Job-seekers not receiving compensation</td>
<td>1 703 325</td>
<td>1 552 035</td>
<td>1 466 607</td>
<td>1 535 613</td>
<td>1 677 353</td>
<td>1 802 899</td>
</tr>
<tr>
<td>Coverage rate (in %) (b/a)</td>
<td>55.7</td>
<td>60.1</td>
<td>63.5</td>
<td>63.9</td>
<td>61.5</td>
<td>58</td>
</tr>
</tbody>
</table>

Definitions of categories: Job-seekers in categories 1 to 3 include individuals who have not worked part-time, for more than 78 hours per month, and who would like a full-time Contrat à Durée Indéterminée (CDI, Permanent Employment Contract) (1), a part-time CDI (2) or a temporary or seasonal Contrat à Durée Déterminée (CDD, Fixed-term Employment Contract) (3). Similarly, job-seekers in categories 6 to 8 include individuals who have worked part-time, for more than 78 hours per month, depending on the type of contract sought: a full-time CDI (6), a part-time CDI (7) or a temporary or seasonal CDD (8). Source: ANPE, UNEDIC. Field: Mainland France. Raw data. Cf. definition of categories above.

Reforms to unemployment insurance were therefore a contributing factor when job-seekers had recourse to the RMI more often or earlier. As these reforms spread to the various compensation measures, from the shortest to the longest, the impact on the RMI, which began in late 2003, intensified.

The increase in the number of social minima recipients is itself instructive in terms of the evolution of poverty, as measured by the recourse to some type of assistance. It probably reflects a rise in situations of "absolute" poverty. Yet it does not imply a symmetrical increase in the number of individuals experiencing a situation of monetary poverty.

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4 Cf. S. Cazain, S. Donne, M. Hennion and E. Nauze-Fichet, Études et Résultats, n° 448, 2005, DREES.
The differences in the two types of poverty indicators, and the different time-spans which exist between the indicators in terms of the number of social minima recipients and those reflecting monetary poverty, mean that these two indicators cannot be compared directly.

The sharp rise in the number of social minima recipients suggests, however, that situations of very-low income, before social transfers are factored in, have worsened, at least in part - a situation that is confirmed by data from associations.

Data from associations confirm the concentration of poverty in recent years

The most significant information, gathered from statistics provided by several mostly nation-wide associations, is presented here.\(^5\)

Paradoxically, these associations have not observed an increase in the number of people requesting their services, despite the rise in the number of RMI recipients since 2002. They suggest that there may be either a decrease or a levelling off of requests. Yet this is not a unanimous point of view.

Two elements, however, must be taken into consideration, as they confirm the observed decline in the number of individuals seeking these services:

- on the one hand, organisations such as Secours Catholique and Médecins du Monde recorded a drop in the number of requests for their services, due to a decreased capacity to handle these requests as a result of budgetary cutbacks. These organisations have therefore focussed on the most serious situations;
- on the other hand, these organisations note a shift: a narrowing of the population they receive, transformations within this population, and a deterioration of living conditions for these people.

This second observation is clearly based on a description of the individuals seeking help from Secours Catholique: their income, expressed in constant euros, fell in 2004, while the proportion of RMI recipients rose.

Some of these organisations also stress two changes in the characteristics of the poor people who come to them: there are more older adults, at a rate that appears to exceed the overall ageing of the French population; and there is a greater number of requests for assistance and services from families.

Finally, organisations highlight several specific factors that exacerbate the hardships of daily life for the poorest individuals:

- One of the most pressing is the difficulty in finding and remaining in housing. In 2004, the issue of housing seems to have become a major social problem in French society and a source of increasing restrictions for poor populations and for those living in precarious situations. This is reflected in a decline in the proportion of people who enjoy stable housing; an increase in situations of people having recourse to shelters and a saturation of shelter capacities; a rise in tenant evictions; higher rents; and a lower share of available income after payment of housing expenses.
- The second factor is linked to the problems of finding and keeping a job. While the rise in the number of unemployed is the first element noted by organisations, there are two other significant phenomena: a sharp rise in the number of unemployed individuals not receiving compensation and an increasing number of situations involving “poor employment” (lower number of hours, part-time, contracts with no job security).
- Finally, the issues of income, whether obtained from work or from social transfers, and that of access to health care, have reappeared. The latter is linked to the reform of the state medical assistance for foreigners.

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The downward trend in monetary poverty levelled out in 2003 after slowing down for several years

Data on recipients of minimum social benefits therefore seem to indicate an exacerbation of poverty between 2003 and 2005. The indicators of monetary poverty, which are only available for 2003, reveal a slowdown of the decrease in poverty in 2002, and an increase in 2003, interrupting the regular downward trend in poverty noted over the last several years.

The rise in the rate of monetary poverty in 2003 reflects a change in the long-term downward trend in poverty

The rate of monetary poverty stabilised in 2002 and increased in 2003

The rate of monetary poverty, an indicator of relative poverty

The rate of monetary poverty is defined as the proportion of individuals with a living standard below a given amount, called the poverty threshold. This threshold is calculated in relation to the median standard of living (half the population has a standard of living greater than the median, while half has a standard of living lower than this figure). It therefore provides a concept of relative poverty.6

The threshold traditionally used in France is determined at 50% of the median standard of living. Increasingly, however, a threshold at 60% of the median standard of living is being used; this threshold is used by the European Union to compare relative monetary poverty among the different European countries.

Data on monetary poverty is gathered from the Taxable Income Survey. The results of this survey, as mentioned previously, are produced with a relatively wide gap in time. Hence, the most recent available survey concerns 2002 income, with the input of initial figures for 2003.

In 2003, the poverty threshold for a single person, at 60% of the median, was 774 euros per month; at 50% of the median, this figure drops to 645 euros.

A person living alone is therefore considered poor at a threshold of 60% when his available monthly income is less than 774 euros. Individuals living as a couple without children are therefore considered poor if the available household income is less than 1,161 euros per month (774 euros x 1.5). To determine if the individuals forming a household are poor or not, an additional 232 euros is added to the available household income per child under the age of 14 and 387 euros per additional person over 14.

The rate of monetary poverty increased in 2003 at a threshold of 50% of the median income and stabilised at the threshold of 60% of the median income

The number of people considered poor and the proportion of poor people with respect to the overall population varies widely according to the threshold used:
- the number of poor people at a threshold of 50% is close to 3.7 million individuals;
- using the threshold of 60%, this figure rises to 7 million individuals.

Table 4
Poverty rate and number of poor people from 1999 to 2003 at different thresholds

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>at 70% (in %)</td>
<td>20.9</td>
<td>21.0</td>
<td>20.8</td>
<td>20.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at 60% (in %)</td>
<td>12.3</td>
<td>12.7</td>
<td>12.4</td>
<td>12.2</td>
<td>12.0</td>
<td>12.0</td>
</tr>
</tbody>
</table>

7 From 1996 to 2002, the Taxable Income Surveys were based on census figures from 1990 and 1999. The 2002 Taxable Income Survey, along with the 2003 survey, corresponds to the start of a new series of income statistics, based on the annual results of the population census figures. This new series also factors in income subject to obligatory withholding.
An examination of the number of poor people according to the different thresholds indicates that poverty is not an isolated phenomenon in society, only concerning people below the threshold. In fact, there is no distinction between the situation of the poor and the "non-poor", rather a continuum of situations for individuals experiencing hardships. A relatively small variation in the selected threshold (129 euros per month) results in twice as many people considered poor. This illustrates the extreme sensitivity of the poverty rate to the selected threshold, but also the high level of social and economic vulnerability experienced by a large share of the population, for which the slightest mishap can tip them into a situation of poverty.

Yet, regardless the threshold used, 2003 recorded a rise in the number of poor people: at a threshold of 60% of the median income, there were 40 000 more poor people in relation to 2002; at a threshold of 50%, the figure rises to 260 000 people.

It is important to keep in mind that these estimates have their shortcomings, as the data for monetary poverty has a significant margin of uncertainty (approximately 3/10th of a point through 2001, and slightly higher after 2002); nevertheless, the downward trend of monetary poverty was reversed in 2003, in all probability because of the worsening economic climate that began in mid-2001.

**A more long-term view reveals a slowdown in the drop of monetary poverty in France over the last 15 years**

An observation of the evolutions in the poverty rate over a longer period demonstrates even more clearly that the drop in poverty has stopped in recent years. While the rate of monetary poverty fell significantly between 1970 and 1990, the share of poor people at a threshold of 50% was cut virtually in half, while the poverty rate has remained basically unchanged in the last 15 years.

**Table 5**

| Poverty rate for individuals from 1970 at 2003 at a threshold of 50 % |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Threshold at 50 % of the median standard of living (in 2002 euros per month and per consumption unit) | 344  | 438  | 500  | 521  | 552  | 573  | 645  |
| Poverty rate | 12   | 10.2 | 8.3  | 7.7  | 6.6  | 6.9  | 6.3  |

Field: ordinary households, not including households in which the reference person is a student or has been called up for military service, and for which declared income is positive or nil.
Source: INSEE-DGI, Taxable Income Survey.

Additional available indicators support this analysis

**Evolution in poverty intensity : through 2002, the average standard of living of poor individuals moved closer to the poverty rate**

In addition to assessing the number of poor people in relation to the entire population, it is also useful to analyse the breakdown of income for poor individuals. There may be wide discrepancies between their situations and those of people living above the poverty threshold - or a continuum of situations without any real distinction near the poverty threshold, as demonstrated by the sensitivity of the calculation of poor people, depending on the threshold selected. To measure the difference between individuals living below the threshold of monetary poverty from the rest of the population, we use the concept of poverty intensity.
This indicator measures the relative gap between the poverty threshold and the average income of people living below the poverty threshold. Hence, a higher figure indicates a larger gap between the average income of poor people and the poverty threshold, and hence, a greater degree of poverty. Between 1996 and 2002, this gap shrank by more than three points according to a threshold at 60%, and five points at a 50% threshold, representing a decrease of more than one-fifth.

Within the poor population, the average income is gradually moving closer to the level of the poverty threshold: in 2003, the average income of individuals living below the threshold of 50% of the median income was 533 euros per month, or 112 euros less than the threshold. For individuals living below the 60% threshold, the figure was 618 euros (or 156 euros less than the threshold).

| Table 6 |
|------------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Poverty intensity (median gap of low income) (in %) |
| Threshold at 50% | 23.0 | 22.7 | 19.5 | 19.4 | 19.3 | 19.7 | 17.9 | 17.8 | 17.3 |
| Threshold at 60% | 23.0 | 22.2 | 20.9 | 20.7 | 20.5 | 20.3 | 19.5 | 19.6 | 20.1 |

Field: ordinary households, not including households in which the reference person is a student or has been called up for military service, and for which declared income is positive or nil.
Source: INSEE-DGI, Taxable Income Survey.

Nevertheless, 2003 seemed to show a change at the 60% threshold, as the poverty intensity rose slightly (by one-half of a point) after a significant fall in 2002, therefore returning to a level close to that of 2000-2001. At a threshold of 50%, poverty intensity continues to decrease and is therefore clearly lower than the levels at the start of this decade.

* After a rapid decrease between 1997 and 2002, the “time-adjusted poverty” indicator rose in 2003

The monetary poverty rate examined in the preceding paragraphs includes changes in the standard of living for the entire population. If we consider the measurement of evolutions in poverty by referring to the poverty rate for a given year (in this case 1997, or 573 euros), readjusted for inflation only, we note an evolution in the standard of living in relation to inflation.

“Time-adjusted poverty” therefore measures the number of people whose income is less than the 1997 poverty level, readjusted for inflation. This also increased in 2003 - slightly at the 50% threshold, but more significantly at the 60% threshold (+0.4 point) - over 2002.

This element deserves special mention, as “time-adjusted poverty” has been falling sharply since 1997. The unfavourable evolution noted in 2003 reflects the fact that the standard of living of many people, notably among those with the lowest incomes, has worsened in real terms (loss of spending power) to the extent that they have dropped below the poverty threshold. But this erosion in spending power in 2003 was not limited to low incomes. Generally speaking, the median standard of living (in constant euros) remained stable from 2002 to 2003, which means that a substantial proportion of the population experienced a drop in income.

| Table 7 |
|------------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Proportion of people living in households in which the standard of living is less than 50% and 60%, respectively, of the median standard of living in 1997 (in %) |
| Threshold at 50% of the median standard of living | 6.9 | 6.0 | 5.3 | 4.8 | 4.2 | 3.6 | 3.5 |
| Threshold at 60% of the median standard of living | 13.4 | 11.9 | 10.7 | 10.2 | 9.1 | 8.1 | 7.8 |
Field: ordinary households, not including households in which the reference person is a student or has been called up for military service, and for which declared income is positive or nil.
Source: INSEE-DGI, Taxable Income Survey.

Thus, in 2003, there were 4.8 million people, whose income was less than the 1997 poverty threshold at the threshold of 60% (2.1 million at a threshold of 50%), readjusted for inflation only.

**An evolution within a context of unchanging income inequities**

Generally speaking, if we consider the evolution of the different indicators of income inequities between 1996 and 2003, we note a certain stability in income inequity in recent years.\(^8\)

These evolutions result from a differentiated rise in the standard of living between 1996 and 2002: over this period, the average standard of living increased the most at the two extremes of the scale.

**Table 8**

<table>
<thead>
<tr>
<th>Revenue Levels</th>
<th>Evolution (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 % of the poorest individuals (1st decile)</td>
<td>+20.6</td>
</tr>
<tr>
<td>10 % of the wealthiest individuals (10th decile)</td>
<td>+16.0</td>
</tr>
<tr>
<td>Intermediate income levels (2nd to 9th decile)</td>
<td>+13.0</td>
</tr>
</tbody>
</table>

Source: INSEE-DGI, Taxable Income Survey.

The standard of living for the poorest individuals rose as a result of a favourable employment climate in the late 1990s, but also because a certain number of social benefits were increased through 2002.

A shift occurred in 2003, however: the standard of living of the poorest population stagnated (+0.2 points), that of individuals with intermediate incomes rose by 1 point, while the wealthiest population recorded the strongest increase, with 2.3 points.

**Situations differ according to age, gender and type of household**

Two different approaches must be used to analyse poverty according to category of household or individual. The first consists in measuring the risk of poverty, which corresponds to the poverty rate within a given population; this indicates the number of poor people among women or single individuals, for example. The second examines a breakdown of the poor according to several criteria; for example, it can indicate the number of women among the poor, a figure that depends both on the poverty rate of women and the proportion of women in the overall population. Hence, an increase in the number of women in the poor population could reflect an increase in the poverty rate among women, or an increase in the proportion of women in the overall population.

**Confirmation that poverty has become more widespread among women**

While women make up 51% of the total population, they represent 53% of the poor population. This male/female gap reoccurs in the poverty rates: in 2002, the rate of monetary poverty among women at a threshold of 60% was 12.6%, as opposed to 11.8% for men. This was particularly striking among adults (12.2% as opposed to 11.1% from ages 16 to 64) and the elderly (11.6% as opposed to 9.7% above age 64).

This higher rate of poverty among women is a relatively structural phenomenon: the discrepancy in the poverty rate between men and women remained stable over the period from 1999 to 2002.

The more widespread poverty among women is not related to a specific professional or family situation. It can therefore essentially be explained by a structural effect, as women make up the large majority of single-parent heads of household, or of elderly people living alone who have never worked. Other elements, such as the situation of women on the job market,\(^9\) also explain this difference: the persistent wage gap between men and women and the preponderance of women (80%) in low-wage jobs.

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\(^8\) Cf. the contribution by A. Lapinte et al., *op. cit.*

Poverty always weighs more heavily on the younger generations, but questions arise as to poverty among the elderly

The poor population is younger than the overall population: those under age 25 are over-represented among individuals considered to be poor, in comparison with their proportion among the overall French population.\(^{10}\)

An analysis of the poverty rate in terms of age groups corroborates this: at the threshold of 60 % of the median income, the poverty rate is 14.9 % for those under age 16, 16 % for those aged 16 to 24, and 10.8 % for everyone in the upper age groups.

The greater rate of poverty among the young has remained high, despite a drop in the poverty rate of children since 1997, as this rate slipped from 16.6 % to 15.1 % at a threshold of 60 %, and from 8.4 to 6.9 % at a threshold of 50 %.

On the other hand, while the situation of the eldest population group in France has been steadily improving - explained by the higher income provided by pension schemes - certain concerns have arisen in terms of a possible upswing in poverty among the elderly.

As the Observatory stated in its first report, the face of poverty has changed considerably in France since the 1970s: the poor population initially and essentially consisted of pensioners; over time, this population has gradually become more concentrated among younger generations. The graph below illustrates the changing trends.

**Graph 1**
Change in the poverty rate among pensioners and the overall population (threshold at 50 %)

Field: ordinary households, not including households in which the reference person is a student or has been called up for military service, and for which declared income is positive or nil.
Source: INSEE-DGI, Taxable Income Survey.

Although the long-term trend is no longer an issue, questions arise concerning a possible rise in poverty among the elderly. Data provided by associations (cf. supra) reflect an ageing of the population seeking these services, which seems to exceed the sole factor of the overall ageing of the population.

The array of monetary poverty indicators reveals an increase in poverty among the elderly in 2002, regardless of the income threshold (50 or 60 % of the median income) or age (60 or 65) used. This trend also parallels the rising poverty rate among pensioners since 1997 (see graph above).

At this stage, it is not possible to determine whether this evolution is long-lasting, but the Observatory wanted to examine data currently available concerning poverty among pensioners,\(^{11}\) which deserve to be studied in more depth in the future.

\(^{10}\) It should be noted that students are generally not included in the INSEE surveys.

\(^{11}\) Cf. the contribution by A. Deloffre, “Ressources et pauvreté des ménages de retraités”, in *Les Travaux de l’Observatoire, op. cit.*
Box 1

Poverty among pensioners

The poverty rate among pensioners is, as mentioned previously, lower than that of the overall population, regardless the threshold used for calculation: 10% of pensioners are considered to be poor at a threshold of 60% of the median income, as opposed to 12.4% for the overall population (3.6% and 6.1% at a threshold of 50%, respectively).

Nevertheless, the poverty rate varies considerably depending on the type of household, with two primary distinguishing factors: the number of people in the household, and the source of the household income.

Table 9

<table>
<thead>
<tr>
<th>Type of household</th>
<th>Poverty rate at 50%</th>
<th>Poverty rate at 60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two pensioners</td>
<td>0.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>One pensioner and one person in the workforce</td>
<td>1.9%</td>
<td>5.2%</td>
</tr>
<tr>
<td>One pensioner and one inactive individual</td>
<td>4.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Direct benefits pensioner</td>
<td>6.9%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Indirect benefits pensioner</td>
<td>13.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>All pensioner households</td>
<td>3.6%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Source: INSEE-DGI, 2001 Taxable Income Survey, calculations by DREES and INSEE.

The first factor conditioning poverty, both for pensioners and for the overall population, appears to be isolation: while couples consisting of two pensioners or one pensioner and one person in the workforce are relatively unaffected by the risk of poverty, individuals living alone are at greater risk.

Within households of pensioners living alone, the primary factor contributing to poverty is the source of income, which depends on the previous wage-earning career: individuals who only receive indirect pension benefits (individuals who have never worked or never worked sufficiently to earn retirement benefits) experience a poverty rate close to twice that of direct pension benefits. Today, this situation primarily concerns windows who have never worked and who are in particularly vulnerable situations.

Yet the fact that a pensioner living alone receives direct pension benefits does not entirely eliminate the risk of poverty, as the poverty rate for direct benefits pensioners living alone is still higher than that of the overall population.

This situation is due in part to the level of the minimum pension in relation to the level of the poverty threshold, which varies depending on family configuration. Thus, in 2001, a pensioner living alone whose only source of income was the minimum pension (557 euros per month for a person living alone) received less income than the poverty rate at 60% - the equivalent of 93% of the amount. However, a married couple receiving the minimum pension (999 euros in 2001) was above the poverty threshold at 50% (but below the 60% threshold). As a result, the death of one of the spouses in the couples could mean that the income of the surviving spouse could drop below the poverty threshold. In 2001, one-third of pensioner households receiving the minimum pension had a standard of living that was below the poverty threshold.

This situation, based on 2001 income, has not always been the case, as indicated in the following graph.
Graph 2
Evolution in the amount of the minimum pension in relation to the poverty threshold

Receiving a low pension does not systematically imply that the individual lives below the poverty threshold: only 14% of individuals who declared a low pension are among poor households. Although pensions make up an average 88% of the incomes for pensioner households, this proportion varies widely depending on the income deciles. A low individual pension may be offset by additional income, either from the spouse or the individual (notably social benefits and income from personal assets).

Beyond these initial results, the Observatory wanted to expand its understanding of the poverty-related phenomena among pensioners by analysing forecasted data. It has added to its research programme an analysis of the future situation of people now aged 50 to 65, notably by including the disparities in professional careers over the last 20 years and the potential impact on pension reforms.

A downturn in the evolution of poverty affecting single individuals and single-parent families

From 1996 to 2002, the fall in the poverty rate, noted both at the threshold of 50% and 60% of the median income, varied according to the type of household.

- **A strong drop in poverty among households with children**

  An analysis of evolutions in poverty depending on the type of household reveals a significant improvement in the situation of households with children, notably since 2000 (see Graph 3). The readjustment of the monthly basis of family allowances through 2002 certainly contributed to the drop in the poverty rate among families with children, notably those living with both parents.

  From 1996 to 2002, the most spectacular evolution has been the fall in the poverty rate among families with three or more children. In 1996, these families were twice as likely to be experiencing poverty than the average rate (13.2% as opposed to 7.2% on average), while this difference narrowed considerably in 2002 (7.5% as opposed to 6.0%). The fall in the risk of poverty for families with two children is smaller, but still remains significant.

- **The situation worsens for single individuals**

  As opposed to families, the situation of single individuals has been worsening since 1996. For certain categories, the risk of poverty has even increased: for single individuals of working age (aged 30 to 59), this risk has risen from 10.3 to 12.8% at a threshold of 50% of the median income. The risk of poverty for single individuals over age 60 doubled (increasing from 4 to 8.1%). The risk of poverty for single individuals under age 30 decreased sharply from 1996 to 2001, before starting to rise again in 2002.
When factoring the poverty threshold at 60% (see Graph 4), the differential evolutions in terms of household composition is less significant. The rise in the poverty rate of single individuals over age 60 remains large. It parallels the substantial drop in the poverty rate among single individuals under age 30, as well as that of families with three or more children.

These evolutions are less striking when poverty is defined according to a larger category, yet they tend to indicate that an improvement or downturn in the relative situation of different types of households concerned only the poorest among them. Despite an improvement, single-parent families remain particularly prone to poverty.

The situation of single-parent families improved from 1996 to 2002 at a threshold of 50% of the median (with a drop in the poverty rate of 2.5 points). It is less clear-cut at a threshold of 60%, insofar as this
poverty rate increased +0.3 points in 2002 over 2001, as it did for the overall 1996-2002 period.

Table 10
Proportion of individuals living in single-parent families whose income falls below the poverty thresholds (50 or 60 % of the median standard of living, after transfers).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At a threshold of 50% after transfers</td>
<td>14.0</td>
<td>13.6</td>
<td>12.6</td>
<td>13.1</td>
<td>13.5</td>
<td>12.3</td>
<td>11.5</td>
</tr>
<tr>
<td>At a threshold of 60% after transfers</td>
<td>24.4</td>
<td>24.8</td>
<td>23.8</td>
<td>24.5</td>
<td>26.4</td>
<td>24.4</td>
<td>24.7</td>
</tr>
</tbody>
</table>

Field : ordinary households, not including households in which the reference person is a student or has been called up for military service, and for which declared income is positive or nil.
Source : INSEE-DGI, Taxable Income Survey.

The situation of single-parent families remains particularly troubling, with poverty rates nearly double that of the overall population. These families, however, are a particularly diverse group, notably in terms of their job situations.

Poverty measured by living conditions continues to drop over the recent period

The multidimensional nature of poverty-related phenomena means that it is necessary to go beyond a single approach which examines a lack of monetary resources, in order to grasp a full understanding of the material hardships of everyday life. To do so, we use an indicator known as “poverty measured by living conditions”.

Although this indicator provides interesting information concerning the material conditions of everyday life, it is important to keep in mind that individuals considered poor in terms of living conditions only partially overlap with the poor population in terms of the indicator measuring monetary poverty. Although the number of poor people calculated using these two methods is fairly similar, only 5 % of individuals qualify as poor both in terms of monetary poverty and poverty measured by living conditions. On the other hand, 10.5 % of individuals poor in monetary terms are also poor according to their living conditions, and 4.7 % of people considered poor in terms of living conditions are not poor in terms of monetary poverty.

The small overlap of these two indicators does not invalidate the scope of either approach. It does, however, call for caution when assessing the following elements, because an improvement noted in poverty measured by living conditions does not necessarily imply a corresponding decrease in monetary poverty.

The permanent surveys concerning household living conditions conducted by INSEE have identified 27 indicators of living conditions that are closely correlated with living standards. These indicators concern budget problems, late payments, restricted consumption and housing problems. Certain indicators refer to relatively widespread hardships that affect more than a quarter of the population, such as a lack of savings or an inability to afford one week's vacation per year; others reflect more severe hardships and concern less than 5 percent of the population, such as a lack of hot water in the dwelling or not eating a full meal in a day, due to lack of money.

Table 11
The 27 indicators of difficulties of living conditions used by INSEE in the “Poverty in terms of living conditions” survey

<table>
<thead>
<tr>
<th>I</th>
<th>Budget problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-1</td>
<td>Portion of income used for reimbursement (over one-third)</td>
</tr>
<tr>
<td>I-2</td>
<td>Bank overdraft (very frequent)</td>
</tr>
<tr>
<td>I-3</td>
<td>Covering expenses with income difficult</td>
</tr>
<tr>
<td>I-4</td>
<td>No savings available</td>
</tr>
<tr>
<td>I-5</td>
<td>Have to draw on savings</td>
</tr>
<tr>
<td>I-6</td>
<td>On standard of living: “It’s difficult and requires going into debt to make ends meet”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II</th>
<th>Late payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>II-1</td>
<td>Bills (electricity, gas, telephone...)</td>
</tr>
<tr>
<td>II-2</td>
<td>Rent and maintenance charges</td>
</tr>
<tr>
<td>II-3</td>
<td>Tax payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III</th>
<th>Restricted consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>III-1</td>
<td>Maintain dwelling at a comfortable temperature</td>
</tr>
<tr>
<td>III-2</td>
<td>Afford a week’s holiday once a year</td>
</tr>
<tr>
<td>III-3</td>
<td>Replace furniture</td>
</tr>
<tr>
<td>III-4</td>
<td>Purchase new clothing</td>
</tr>
<tr>
<td>III-5</td>
<td>Eat meat every two days</td>
</tr>
<tr>
<td>III-6</td>
<td>Entertain guests</td>
</tr>
<tr>
<td>III-7</td>
<td>Give presents</td>
</tr>
<tr>
<td>III-8</td>
<td>Own two pairs of shoes</td>
</tr>
<tr>
<td>III-9</td>
<td>Not having eaten a full meal during one day over the last two weeks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IV</th>
<th>Housing problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV-1</td>
<td>Moderate or serious overcrowding</td>
</tr>
<tr>
<td>IV-2</td>
<td>No bathroom inside dwelling</td>
</tr>
<tr>
<td>IV-3</td>
<td>No toilets inside dwelling</td>
</tr>
<tr>
<td>IV-4</td>
<td>No hot water</td>
</tr>
<tr>
<td>IV-5</td>
<td>No heating system</td>
</tr>
<tr>
<td>IV-6</td>
<td>Dwelling is too small</td>
</tr>
<tr>
<td>IV-7</td>
<td>Dwelling is difficult to heat</td>
</tr>
<tr>
<td>IV-8</td>
<td>Dwelling is damp</td>
</tr>
<tr>
<td>IV-9</td>
<td>Dwelling is noisy</td>
</tr>
</tbody>
</table>

Source: INSEE-EPCV.

The comprehensive indicator of material hardships is obtained by adding up the number of hardships experienced by each household, among the 27 indicators. The “poverty rate in terms of living conditions” is generally considered to be the proportion of households experiencing at least eight hardships or deprivations, as this is similar to the proportion of households whose standard of living is less than the demi-median in these surveys.13

This poverty rate in terms of living conditions fell from 12 to 10.6% between 1998 and 2004. This drop was particularly striking in 2004. It concerned the four domains presented in the preceding table and covers the entire period from 1998 to 2004.

Nevertheless, the use of this indicator is closer to an indicator of absolute poverty, as the poverty threshold selected is invariable in time. In structural terms, this poverty rate therefore tends to decrease.

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13 As the measurement of household income is relatively imprecise, we can only discuss the rate of monetary poverty in these surveys, as is done in more precise sources (Taxable Income Surveys).
Table 12
The evolution of poverty as measured by living conditions from 1998 to 2004

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall scale</td>
<td>12.0</td>
<td>11.9</td>
<td>12.1</td>
<td>11.6</td>
<td>11.8</td>
<td>11.4</td>
<td>10.6</td>
<td>-1.4</td>
</tr>
<tr>
<td>Budget problems</td>
<td>12.5</td>
<td>12.5</td>
<td>13.0</td>
<td>12.4</td>
<td>12.4</td>
<td>13.2</td>
<td>11.9</td>
<td>-0.6</td>
</tr>
<tr>
<td>Late payments</td>
<td>7.1</td>
<td>6.0</td>
<td>7.0</td>
<td>6.5</td>
<td>6.8</td>
<td>7.2</td>
<td>6.8</td>
<td>-0.3</td>
</tr>
<tr>
<td>Restricted consumption</td>
<td>10.5</td>
<td>10.4</td>
<td>10.8</td>
<td>9.7</td>
<td>10.1</td>
<td>10.1</td>
<td>9.5</td>
<td>-1.0</td>
</tr>
<tr>
<td>Housing problems</td>
<td>12.5</td>
<td>11.9</td>
<td>12.0</td>
<td>11.9</td>
<td>11.9</td>
<td>10.5</td>
<td>10.1</td>
<td>-2.4</td>
</tr>
</tbody>
</table>


An analysis of the characteristics of households that are “poor in terms of living conditions” reveals a concentration of hardships for certain types of households, primarily for single individuals and for single-parent families of working age.

More than half of the households considered poor in terms of living conditions are single individuals or single-parent families, while they make up only one-third of the total population. Single-parent families, which represent only 7% of households, are particularly over-represented (20%) among households that are poor in terms of living conditions. Couples with fewer than three children, however, are far less represented. These characteristics largely overlap those concerning households that are poor in monetary terms.

The profile of reference individuals in poor households differs from that of the overall population. The proportion of unemployed individuals is four times higher than the rate for overall households, and that of foreigners is twice as high as the average.

Among the poorest households, 35% are households in which one of the members has experienced a period of unemployment over the last 12 months, a rate that is 2.5 times higher than the overall household population. Similarly, households that experience professional setbacks that reduce household income, such as a divorce, a death, an accident or a serious illness, are over-represented among households experiencing major hardships in terms of living conditions.

Finally, while the proportion of households experiencing at least eight hardships has dropped, more than half of households considered poor in terms of living conditions for one year are in the same situation the following year. This proportion stabilised from 2000 to 2003 to around 55%, under the dual effect of increasing budget problems and late payments, while restricted consumption and housing problems declined.

France occupies an intermediary position in Europe in terms of monetary poverty

A rate of monetary poverty close to the European average

A comparison of the poverty rate in Europe places France slightly above the average. The rate of monetary poverty, determined according to a rate set by Eurostat at 60% of the median national income, is around 13% in France (in 2001), as opposed to 15% for the entire European Union.

Overall, this situation corresponds to the position of France prior to the expansion of the Union, as the European average has not changed. The Scandinavian countries and most of the new Member States report better figures in this area, while Ireland and southern European countries continue to report some of the highest rates of monetary poverty (nearly 20%) in the European Union consisting of 25 Member States.

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Poverty rate in European Union countries at a threshold of 60 % of the median income in 2001

![Graph 5](image)

Source: Eurostat.

This rapid overview reveals that certain Member States have more favourable results, notably the Czech Republic and Hungary, which have the lowest poverty rates in Europe, while the income per inhabitant is far less than the average European income when the European Union consisted of only 15 countries. These results suggest that the relatively low poverty rate in these countries is not necessarily synonymous with a higher level of well-being among their citizens, but rather that they reflect fewer income inequities in these countries.  

The indicator presented by Eurostat refers to poverty thresholds determined according to median national incomes: the level of poverty thresholds may therefore vary widely among countries, and the new Member States are noteworthy for very low thresholds. The use of a single poverty threshold, however, determined according to a median European Union income, would place their poverty rates among the highest in Europe. In this case, the relative position of France improves considerably.

These observations do not solve the on-going traditional methodological debates concerning the selection of a poverty threshold, the equivalency scales to be used or the sources to be mobilised to ensure better compatibility on an international level in terms of poverty. A comparison of the poverty rates calculated using two major international statistics sources - those published by the OECD and Eurostat - identifies discrepancies in levels and trends (which may be considerable) and which can usually be traced to the databases and definitions used.

The major role of social transfers and benefit schemes

These global results take into account additional income from social benefits (family allowances, minimum social benefits, pension schemes, tax allowances). A country-by-country assessment of the impact of transfer schemes on reducing the poverty of households is generally more clear-cut when comparing the poverty rates before and after the attribution of these transfers. Hence, it appears that public transfers contribute to a decrease in the poverty rate by an average of 22 points in the 25 Member States. Generally speaking, poverty is greatest in countries where these transfers are the lowest, such as southern Europe, Ireland and Great Britain, where the poverty rates after social transfers drop by an average of only 17 points. A contrario, countries that implement larger social transfers to combat this phenomenon, as in the northern European countries, are more successful. According to Eurostat, France is generally situated in the second category: the impact of social transfers on the poverty rate is considerable (31 points) and is among the highest in Europe.

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15 For the situation of Central and Eastern European countries in general, see the more in-depth analysis by D. Herpin and F. Dell, “Pauvres et modes de vie dans les pays européens”, Economie et Statistique, n° 383-384-385, 2005.
Four classifications of countries can be established\textsuperscript{18} according to the policies and generosity of the transfer schemes,\textsuperscript{19} as well as the methods by which assistance measures are organised.\textsuperscript{20}

Social transfers in Scandinavian countries reduce the number of poor people far more than they decrease poverty intensity. This result is achieved via a large volume of universal social transfers, which are allocated uniformly within these populations, and more generally, via a social protection scheme that aims for full employment - a goal to which both the public and social sectors contribute. Social services play a major role in implementing the welfare state and social monitoring. The assistance sector is marginal. The number of social minima is generally lower than in other European countries: hence, there is only a single minimum social benefit in Finland (guaranteed income), and two in the other Scandinavian countries (guaranteed income and a compensation income for individuals with a disabled child or who take care of a terminally ill patient in Denmark; guaranteed income and a recent benefit, minimum pension, in Sweden). They are not subject to any age criteria.

On the other hand, the so-called “liberal” countries (such as Ireland and Great Britain) tend to decrease poverty intensity more than they reduce the number of poor people. In these countries, public social transfers are relatively more modest and offer a more limited coverage of everyday risks, and individuals must supplement these, if necessary with private benefits. The social allowance measures in these countries target the poorest individuals (Income Support in Great Britain, Supplementary Welfare Allowance in Ireland) and priority populations (Incapacity Benefit\textsuperscript{21} and Pension Credit\textsuperscript{22} in Great Britain, and the Disability Allowance\textsuperscript{23} and Old-Age Pension\textsuperscript{24} in Ireland). In practice, this assistance was originally conceived, when social protection was first implemented, to be no more than a safety net, given the amount of benefits paid (approximately 300 to 400 euros), which obviously cannot constitute an adequate replacement income for the majority of wage-earners. The attribution of this allowance is therefore similar to the logic of minimum social benefits as practiced in “continental” countries.

The third group includes “continental” countries such as Germany, Austria, Spain, Belgium, Luxembourg and France, which manage to lower both the poverty rate and poverty intensity. The impact of transfers is greater in France than in the other Member States cited. In these countries, the decrease in poverty is based on social protection schemes and non-contributory benefits. Among these, allowances concerning families and housing play a major role. Finally, minimum social benefits round out the social protection schemes by forming a de facto, last-recourse safety net for individuals who remain inadequately covered or lack any coverage at all. The number of minimum social benefit measures is high in these countries: it ranges from nine in France to two in Luxembourg; these countries have introduced a national minimum revenue measure for individuals without any resources (in 1961 in Germany, 1974 in Belgium, 1986 in Luxembourg and 1988 in France). Three countries have established an allowance to assist unemployed individuals who have exhausted their entitlement to unemployment insurance (France, Germany, Austria); three have a specific allowance for the elderly (France, Germany, Belgium); and four have introduced a replacement income for disabled adults (France, Belgium, Luxembourg, Germany). Finally, other categories of beneficiaries are entitled to receive a specific minimum benefit in France (Invalidity Allowance, Single-Parent Allowance, Integration Allowance) and in Germany (allowance for asylum-seekers since 1993).

Finally, the group of “Mediterranean” countries (notably Greece, Italy and Portugal) have a larger proportion of households with very low incomes, and the low number of social transfers does not reduce either the extent or the intensity of poverty.

\textsuperscript{18} This typology partially overlaps that of the “three worlds of the welfare state” drawn up by G. Esping-Andersen.
\textsuperscript{19} See M. Cohen-Solal et C. Loisy, “Transferts sociaux et pauvreté en Europe”, Études et Résultats, DREES, n° 104, 2001
\textsuperscript{21} The purpose of this benefit is to pick up where conventional sickness compensation benefits leave off or to replace them. They come into force after five days of incapacity if the beneficiary is between the ages of 16 and 20. The weekly rate is 55.90 to 74.15 pounds, depending on the duration of the incapacity.
\textsuperscript{22} This minimum income is paid to beneficiaries aged 60 and older, in the form of a differential benefit, at a weekly rate of 104.45 pounds for a single person and 160.95 pounds for couples. For payment, the recipient must have been a permanent resident of Great Britain for at least 10 years during the 20 years following the 60th birthday (periods of residency in another EU Member State may be taken into consideration). The payment is also contingent on the lack of other benefits received as part of another category of an old-age pension at an equal or higher rate.
\textsuperscript{23} This allowance is paid to beneficiaries aged 16 to 66, contingent on income (regressive unless under a savings threshold of 12,697 euros). The weekly rate for a disabled person is 98 euros, with an additional 60 euros for adults and 17 euros per dependent child.
\textsuperscript{24} This allowance is paid to beneficiaries aged 66 and older, contingent on income (regressive unless under a savings threshold of 12,697 euros). The weekly rate varies according to revenue, with a maximum of 109 euros, plus 66 euros for each adult and 17 euros for each dependent child.
The Observatory's proposals for a better analysis of the evolution in poverty

The previous reports issued by the Observatory focussed on the rate of monetary poverty at a threshold of 50% of the median income. Certain people criticised the lack of depth, and even manipulation, which compared this figure to an assessment of poverty.

To avoid the opaque oversimplification of a single figure, the Observatory therefore decided to select a limited number of indicators - with the necessary justification for these decisions - to present a table of 11 "pivotal" indicators of poverty. It also identifies a certain number of efforts that must be undertaken, either to improve the indicators selected or to develop new indicators.

Poverty indicators: essential tools, though their drawbacks must be kept in mind

Monetary poverty indicators are essential tools in measuring poverty

An understanding of the situation of poverty and exclusion requires an objectivisation of these phenomena so as to quantify and measure them, and hence the establishment of indicators than can reflect actual evolution of these situations.

The problems raised by the measurement of these phenomena and the question of indicators that can quantify them are not new. They have been the subject of numerous studies, from the seminal Rowntree study in the early 20th century to the on-going work in France, as commissioned by the Conseil National de l'Information Statistique (CNIS).

The most commonly used indicators measure monetary poverty - in other words, the proportion of the population that does not have a minimum level of income (as expressed in either relative or absolute terms).

This approach to poverty, which views poverty as a lack of monetary resources, has the advantage of offering a vivid quantitative overview of poverty situations. These indicators are simple and easy to understand; furthermore, they can also be used to compare poverty levels over time and for international comparisons. They are therefore essential tools for measuring poverty and its evolution, and are used for this purpose by the majority of countries and international organisations.

Yet these indicators have drawbacks

• Certain population groups are not fully taken into account

The first drawback inherent in the indicators of monetary poverty (which also concerns the other types of indicators based on national statistics) lies in the fact that they offer a highly imperfect assessment of the most “marginal” populations, which, to a great extent, elude public statistics. The principal surveys concerning poverty only count households that occupy normal housing and therefore exclude the homeless population, as well as individuals who live in collective dwellings, notably shelters, prisons, hospitals, retirement homes and so on. Yet a proportion of this population, which represents 2% of the total population, can, in all likelihood, be counted among the poorest households. This situation can be partially corrected by specific surveys (such as the “2001 Homeless” survey, conducted by INSEE in France for the first time in Europe), but they cannot rectify the information produced by the general surveys, which only provides data concerning poor individuals who still have a minimum social integration.

• Individual pathways are hard to assess

Furthermore, indicators available today only provide partial information concerning the recurrent or long-term nature of poverty-related phenomena, and cannot correctly identify the pathways or dynamics of poor individuals. While it is important to understand the extent and nature of “snapshot” situations of poverty, it is absolutely essential to be able to distinguish between temporary or even accidental phenomena, and permanent situations and a return to a state of poverty. Yet most of the available indicators describe these pathways poorly or inadequately. An understanding of the dynamics of poverty depends on continuous data that enables individual follow-ups, but this type of survey would be very difficult to implement.

• Measured income does not always include all household income

In France, the income used for surveys concerning poverty is traditionally the net available income, after taxes and social transfers. The calculation of this income requires various readjustments by INSEE in terms
of income tax and social benefits, calculated from the taxable income. This definition of income inadequately identifies two dimensions of household income: income from personal assets and non-monetary resources.

*The problems in assessing personal assets*

The available information concerning income, as provided from tax returns, only includes a part of the data concerning income from personal assets, some of which are subject to withholding payments. The drawback in terms of the sources used can be particularly problematic in that inequities in personal assets are wider than income inequities. Nevertheless, studies conducted to include income from personal assets for a definition of income used to calculate the poverty indicators\(^\text{25}\) show that the use of this income would not significantly alter the extent of poverty. This is due to the high concentration of personal assets among the highest incomes, which modifies the average income but has far less impact on median income. The composition of the poor population varies considerably, however, with the definition of income used. The primary impact concerns the age of the reference person, as an inclusion of income from personal assets is a factor that reduces the risk of poverty with age.

*No adjustment for non-monetary resources*

In addition, the comparison of available income levels does not include a certain number of non-monetary elements that can affect the resources or well-being of individuals. Hence, a certain number of benefits in kind available to certain households (free services for recipients of minimum social benefits, an autonomy allocation for elderly individuals) affect a household’s standard of living, although they do not appear as available income. Similarly, individuals who consume “self-produced” goods (from a kitchen garden, for example) improve their standard of living, although this aspect does not appear as income. It is difficult to factor in these non-monetary elements, however, because of the sources used.

*An exception: the calculation of “imputed rents”*

One particular aspect of non-monetary income, which appears in both an inclusion of personal assets and self-produced goods, was studied in depth: this involved factoring in the occupancy status in a dwelling. Given equal incomes, the situation of an owner versus that of a tenant is very different, as property owners have a monetary advantage in that they do not have to pay rent. It is possible to calculate so-called “imputed rents”, which measure the benefits gained by a homeowner, and compare the situations of homeowners and tenants.

According to studies conducted by INSEE,\(^\text{26}\) the inclusion of these “imputed” rents would have a small impact on the proportion of low-income households, and would instead decrease the rate of low-income households. It would, however, significantly modify the composition of the poor population, with a larger proportion of tenants, but also a larger number of young people, people of working age, individuals living in urban areas and, to a lesser extent, families with three or more children.

*The indicators of monetary poverty may not relate to the everyday lives of poor people*

The goal of the "Indicateurs de pauvreté par le croisement des savoirs à partir des personnes vivant en pauvreté" project, sponsored by the European Commission and overseen by the European Anti-Poverty Network (EAPN), was to expand the Laeken indicators selected by the European Union to track the evolution of poverty and exclusion among the Member States by providing them with an outlook different from that of experts: in other words, that of the population in question. EAPN published their final report in 2003.\(^\text{27}\)

Listening to people living in situations of poverty revealed a certain number of concerns that are derived directly from the everyday lives of these people; they rarely or insufficiently parallel the existing indicators.

First proposal: the inclusion of non-monetary elements to measure the phenomena of poverty and exclusion, notably concerning the access to fundamental rights. Second proposal: indicators that offer a more dynamic and precise description of poverty situations. Third proposal: the need for indicators that can identify territorial situations, as available indicators most often provide only individual or aggregate data on a national level. Finally, this work brings to light an essential factor that is rarely included in available statistics,

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25 See INSEE, *Synthèse n° 47*.
i.e., the need to include the factors that most strongly affect the people in question, from subjective indicators that gauge their perception of their own situation of poverty, to indicators concerning the autonomy of individuals, their capacities, the acceptability of goods and services offered by the public policies, access to rights, and vulnerability.

The report presents the methods for developing these indicators and recommends they be adopted for national action plans for and as part of a European level strategy for inclusion.

*The indicators of monetary poverty may be out of synch with the public's perception of poverty*

The rate of monetary poverty as it is calculated in France presents characteristics than may make it difficult to understand or interpret. The purely monetary nature of the selected approach does not encompass all the hardships experienced by the poorest households. Furthermore, the relative nature renders it above all an indicator for measuring income inequities, while it offers only a partial view of the evolution in the standards of living of the poorest populations.

But the largest discrepancy is certainly due to the time required to produce this indicator: currently, the “poverty rate” supplied in appendix N concerns data from the year N - 3. This lag in publishing the indicators is a major source of misunderstanding and can lead to serious discrepancies between the evolution of data presented and the reality as it is perceived when the report is published. This is particularly relevant during reversals in the economic climate, as the period required to produce the indicator is compounded by the differences noted between turnarounds in economic growth and its effect on poverty.

In order to reduce this potential lag, it is crucial that the analysis not be limited to indicators of monetary poverty; in addition, the diagnostic process must be expanded to include an array of indicators concerning the various dimensions of poverty and exclusion.

*The Observatory's choice: expand the diagnostic process through the use of “pivotal” indicators of poverty and exclusion*

*Presentation of the approach and principles for the selection of indicators*

The 2000 report already discussed the drawbacks of the various indicators, along with the necessary precautions for their use and interpretation, and ways to improve them. Although the public statistical institutions made significant progress, problems remain. These shortcomings were discussed in various reports (see the CERC reports) and resulted in a number of public decisions, which sometimes supported an improvement in the different existing indicators and sometimes, on the other hand, challenged these indicators or even proposed replacing them with a more comprehensive indicator.

This direction does not appear to be adequate: while the Observatory understands the possible advantage of this approach, it does not suggest pursuing these types of indicators, both because of the methodological problems they raise as well as the multidimensional nature of poverty and exclusion, which is better served by an approach in terms of “configurations” of situations of poverty or exclusion than by unequivocal indicators.

To avoid a multiplication of data, which tends to dilute information, and the simplification of a complex and multidimensional phenomena into a single global indicator for which evolutions would have little meaning, the Observatory preferred to select a limited number of indicators considered to be “pivotal” from the various available indicators. These would then be pursued in depth.

These indicators are presented here in a table. The criteria for selecting these indicators and their hierarchical arrangement are also presented. While the selection of a limited number of indicators was necessary for the legibility of the table, this does not exclude the inclusion of more complete or specific data in the report. Furthermore, the selection necessarily concerns indicators that are currently available, though without excluding improvement that will be made to them in the future, or the development of new indicators when existing ones are unsatisfactory.

These selected indicators must fulfil certain goals; these can be defined by referring to methodological principles and quality criteria used for the Laeken indicators. Three elements appears to be of utmost importance in the Observatory's approach:

- from the definition of an indicator, the reader must be able to comprehend what is being measured

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28 Report by the Social Protection Committee at the Laeken Summit, 2001
relatively easily and without additional information (hence, for example, the exclusion of the time-adjusted poverty rate)\textsuperscript{29};
- there should be no ambiguity concerning the meaning attributed to a variation;
- all aspects of poverty considered significant must be included (even if an indicator may be incomplete for the moment).

The Observatory also opted to select information so that its decisions would be coherent with those made by other institutions, to avoid the co-existence of disparate messages. In practice, two different types of questions must be examined:

- Unless there was a good reason to proceed otherwise, priority was given to indicators used by international organisations, first of all because France approved them and now uses them regularly, and especially, because they constitute a means of international comparison. There are the so-called Laeken indicators for the European Union, as well as the OECD social indicators.\textsuperscript{30}
- Second, in accordance with an opinion from the CNIS,\textsuperscript{31} a working group concerning living standards and social inequities was set up, which should integrate the aspects of poverty and exclusion. If the period of time it takes to complete this work makes it impossible to include it in the development of this table, future reports will in all likelihood integrate the results of this group. The choices made in this report may therefore be modified to be coherent with the pending results of the CNIS reports.

The selection of indicators also requires delimiting fields, notably in two spheres:
- Poverty indicators raise the question of introducing indicators of social exclusion. The goal is justified by the Observatory's mission (and name): the difficulty arises from the insufficient or partial nature of the available indicators; “exclusion” indicators that can identify a lack of access to a certain number of fundamental rights were therefore added to the specific poverty indicators.
- Similarly, Observatory members questioned the relevance of presenting inequity indicators, as the approaches in terms of poverty and inequities are interdependent, but sometimes divergent. The Observatory, whose principal mission is not to analyse inequities, opted for a simple income inequity indicator for the overall table of indicators.

Within the classification normally used (sometimes with different vocabularies) to distinguish indicators measuring the state of society, actions (means, benefits, recipients), performance or results of policies, and indicators of environmental and societal context - useful for interpreting the former indicators - the Observatory members decided to favour the first type of indicator. It opted to try to include both static and dynamic indicators as well as indicators concerning levels and composition. Given the current available data, this goal can be partially met at best, but it is a priority for future improvements.

Furthermore, the somewhat arbitrary and implicitly normative nature of the definitions concerning the indicators means that the way they evolve is more significant than the actual levels. We therefore limited them to regularly available indicators (although not necessarily annual indicators); hence, this explains the exclusion of a “number of homeless” type of indicator. The overall list of indicators covers a dozen years, so as to include the cyclical dimension affecting the phenomena of poverty and exclusion. Yet this limitation does not apply to all the indicators, as the data are not always available for the entire period in question.

Finally, as discussed previously, the Observatory opted for a list of indicators based on currently available indicators, which does not exclude any suggestions for improvements that may be presented subsequently.

**A list of “pivotal” indicators of poverty and exclusion**

The Observatory members selected 11 indicators, which include four indicators relating to poverty itself,

\textsuperscript{29} This does not, of course, exclude the use of more complex indicators in the text, accompanied by the necessary explanations.

\textsuperscript{30} At such large levels, however, it does not seem possible to establish a link with the labour indicators from the International Labour Organisation (ILO).

\textsuperscript{31} See the minutes from the CNIS general meeting of 11 February 2005.
two indicators concerning minimum social benefits, four indicators referring to exclusion (expanded to include the lack of access to fundamental rights) and finally, an indicator of income inequities.

The table presented hereon includes the 11 indicators for the years 1995 to 2004. The first column provides a succinct definition of the indicator. The relative data for the years in question are then presented, when available. The data for most of the indicators come from statistical surveys that do not provide information for all the years presented, due to the frequency (Housing Survey, for example) or the production period (Taxable Income Survey) of these surveys.

The table is followed by a box which describes the indicators selected and their sources.
### Table 13
Eleven “pivotal” indicators of poverty and exclusion. All the indicators are expressed as percentages. They apply only to mainland France.

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<td>Poverty rate: proportion of individuals living in a household with an</td>
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<td>income less than 60 % of the median</td>
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<td>income less than 50 % of the median</td>
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<td>Poverty intensity (gap between the average income of poor households and</td>
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<td>the poverty threshold at 60 % of the median)</td>
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<td>Poverty rate for the working population: proportion of working</td>
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<td>individuals living in a household with an income of less than 60 % of</td>
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<td>Rate of hardships in living conditions</td>
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<td><strong>Social minima</strong></td>
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<td>Evolution in the number of social minima beneficiaries of working age</td>
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<td>(RMI, AAH, API, ASS)</td>
<td>5.2</td>
<td>1.9</td>
<td>2.6</td>
<td>1.8</td>
<td>-3.4</td>
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<td>37.5</td>
<td>39.4</td>
<td>40.7</td>
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<td>47.2</td>
<td>48.9</td>
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<td><strong>Lack of access to fundamental rights</strong></td>
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<td>Rate of people who forego health care due to financial reasons</td>
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<td>Rate of people exiting the school system without any qualifications</td>
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<td>Rate of job-seekers not receiving indemnities (RAC and ASS)</td>
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<td>39.9</td>
<td>36.5</td>
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<td>Proportion of subsidised housing requests not fulfilled after one year</td>
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<td><strong>Income inequities</strong></td>
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<td>Interdecile ratio</td>
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<td>3.34</td>
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<td>3.27</td>
<td>3.23</td>
<td>3.2</td>
<td>3.21*</td>
<td>3.17</td>
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</table>

* Modified series; data from 2002 was recalculated, based on the annual results of the population census.
** The indicator and the sources used from 2003 on to measure the phenomenon of poor wage-earners have been modified (cf. box).
Poverty indicators
These include three indicators of monetary poverty and one indicator of poverty measured in terms of living conditions.

The indicator selected to measure the **poverty rate** is the proportion of individuals whose income is less than the threshold of 60% of the median income. The drawbacks presented supra (a limited amount of information, international comparisons) resulted in the selection of a single threshold for the poverty rate; this is the threshold adopted by the Laeken indicators. Nevertheless, it was also deemed necessary to show a “sub-indicator”, and probably in a transitional way, the poverty rate at a threshold of 50%, in order to facilitate comparisons with previous years. The presentation of data in the first part of the report using different thresholds remains useful for demonstrating the extent of the differences, depending on the selected rate and the accepted definition. The report also compounds this indicator with a rate measured according to a time-adjusted threshold, which offers a measurement of poverty over and above that of unequal income distribution, and closer to the rate of “absolute” poverty (source: Taxable Income Survey - INSEE-DGI).

As indicated in the first part of the report, the rate of monetary poverty has been declining in France since 1996, although this trend ended in 2003. If we examine the longest period, the sharp drop in the poverty rate between 1970 and 1990 was followed by a period of virtual stagnation.

**An additional measurement of poverty intensity (indicator used at Laeken) was added to the poverty rate indicator.** This indicator reveals the breakdown in income for poor people. A wide discrepancy may exist between the situation of poor people and that of people living above the poverty threshold; or, on the other hand, there may be a continuum from one situation to another without any real distinction. To measure the gap separating people living below the monetary poverty threshold from the rest of the population, we use the concept of poverty intensity. This measures the relative gap between the poverty threshold and the average income of people living below the poverty threshold. Hence, the larger this figure, the lower this average income of a poor population in terms of the poverty threshold (source: Taxable Income Survey - INSEE-DGI).

As discussed in the report, this indicator has been dropping continuously in France for nearly ten years. This means that the average income of poor households is moving closer to the poverty threshold, expressed by a decrease in the inequities among poor households. This tendency levelled off, however, in 2003.

**The poverty rate of the working population** represents the proportion of working individuals living in a household with an income less than 60% of the median. Despite the complexity of this indicator and the problems interpreting it (cf. infra Chapter 2), the Observatory considered it important to follow changes in the phenomenon of “working poverty”. Problems concerning the continuity of data sources (a shift to the Continuous Employment Survey) means that this set of data is impossible to track after 2001. Starting with 2003 data, the available indicator is based on a new series produced by the SRCV survey (source: PCM then SRCV, INSEE).

After the stability of the 1996-2000 period, the rate of poverty among the working population recorded an upswing in 2001. The changing set of data and the new definition used for the 2003 data mean that evolutions for the subsequent years cannot be analysed. The figures provided by the new indicator are considerably lower than the previous ones, although we cannot qualify the discrepancy at this point.

**Poverty in terms of living conditions is measured by the comprehensive indicator provided by the Continuous Survey on Household Living Conditions (EPCV) produced by INSEE**; it collates the answers to 27 questions concerning the four major spheres (27 living conditions indicators for the continuous survey on household living conditions, selected because they correlate closely with the standards of living: they are linked to budget problems, late payments, restricted consumption and housing problems). To determine this comprehensive indicator, the number of hardships experienced by the household among the 27 selected are added up. The proportion of households experiencing at least eight hardships is considered comparable to the rate of monetary poverty: this has been widely known as the “poverty rate measured in terms of living conditions”, and the limit of eight hardships constitutes a poverty threshold in terms of living conditions (source: EPCV - INSEE).

The quasi-constant downward trend in this indicator reflects the fall in the number of situations of major
hardship. While the trend towards improving housing comfort is ongoing, budget problems experienced by households seemed to be more closely linked to the economic climate.

Ultimately, the indicators of monetary poverty and living conditions show a trend towards an improvement in the situations of poor households, which is relatively unrelated to changes in the economic climate.

**Indicators relating to minimum social benefits**

The annual evolution of the number of working age recipients of minimum social benefits is an economic indicator reflecting the situations of poverty that can be addressed by social protection measures. The Observatory wanted to focus the indicator on four minimum social benefits (RMI, API, ASS and AAH), as they are highly interdependent on changes in the job market, while the other minimum social benefits are sometimes out of sync with the economic climate (source: DREES, CNAF, UNEDIC).

This indicator can determine the impact of the economic climate on the situation of people experiencing hardships, as the evolution in the number of recipients is particularly procyclical: hence the period of strong economic growth and low unemployment from 1997 to 2002 resulted, with a time lag of approximately one year, in a slower rise, followed by a drop in the number of beneficiaries. The economic downturn and climbing unemployment rates since 2001, however, have generated a sharp rise in the indicator, exacerbated by reforms to unemployment compensation.

The indicator of long-term RMI beneficiaries measures the proportion of people who have received the RMI for more than three years as a percentage of the total number of beneficiaries. The period selected corresponds to situations of long-term poverty which are often linked to an on-going alienation from the labour market (source: CNAF – DREES).

As opposed to the preceding indicator, this one is clearly contracyclical. In fact, those who exit the RMI are most often short-term beneficiaries, for whom this allowance is viewed as temporary. Hence, during periods of employment growth, the most recent recipients exit this measure, while the proportion of longer-term recipients increases. During periods of recession, however, the number of new recipients rises sharply, thereby lowering the proportion of individuals receiving the RMI for more than three years.

**Exclusion indicators**

The Observatory wanted to supplement this poverty indicator with indicators that could measure “exclusion”. It is difficult to determine indicators in this sphere, given the lack of an accepted definition of the phenomenon and the difficulty in measuring situations that are often characterised by deprivation or a lack of contact.

The indicators traditionally used to measure phenomena of exclusion (recipients of minimum social benefits or long-term unemployment, for example), can, as they target recipients of benefits, be criticised for two reasons: the level of the indicator can vary widely depending on the regulatory modifications of the measure, without any change in the situation of the individual; and above all, it is paradoxical to measure exclusion through individuals who have access to social benefits and schemes. However, other indicators which seek to measure social isolation or the extent of participation in community life are not sufficiently correlated or dependable. They were therefore not selected.

Observatory members preferred to try to use indicators measuring the lack of access to certain rights considered to be fundamental (employment, housing, health, education), which in addition correspond to the approach selected by lawmakers in 1998 for establishing policies to combat exclusion. Yet it seemed that this readjustment of policies did not include the definition and development of sufficiently reliable indicators. The Observatory therefore considers that this field of investigation must be a priority in future work to improve the indicators.

Pending the availability of suitable indicators, the Observatory decided to select indicators - some of which may be partial or even unsatisfactory - that can pinpoint the lack of access to the four fundamental rights; employment, health, education and housing.

The four indicators are:

- for health: **the rate that individuals forego health care for financial reasons** (as defined in the PNAI, on the basis of the results of the ESPS survey conducted by IRDES);
- for education: **the rate of individuals with little or no qualifications** (as defined by the Laeken indicators, on the basis of the INSEE employment survey);
• for employment: the rate of job-seekers not receiving compensation from the unemployment insurance scheme (RAC) and solidarity measures (ASS and AI); this is produced by data from UNEDIC;
• for housing: the number (or proportion) of requests for social housing that have not been fulfilled after one year, as reported by the Housing Survey (INSEE).

The last indicator is only available every five years, due to the frequency with which this INSEE Housing Survey is conducted. An annual follow-up report would require the use of administrative sources (DGUHC). The reliability and continuity of these sources are insufficient at this point, but the relevance should be reassessed in upcoming reports.

These four indicators are more complex to interpret than the preceding indicators. Changes in these indicators reflect not only the evolution in the situations of individuals experiencing the most severe hardships, but also modifications that have occurred in public policies.

After an upward trend between 1997 and 2000, the rate of individuals who forego health care for financial reasons has dropped considerably, which is directly related to the implementation of the Universal Sickness Insurance.

Similarly, the evolution in the rate of job-seekers not receiving compensation depends on the economic climate (given equivalent legislation, an upturn in the economic climate enables job-seekers to acquire more extensive compensation benefits), but also on modifications to the unemployment insurance scheme (hence the stiffening of compensation rules has a strong impact on the rising rate of individuals who did not receive compensation in 2004).

### Inequity indicators

The Observatory decided to limit the number of inequity indicators used in the table, notably because the interpretation of inequities does not depend directly on the Observatory’s missions, but on other institutions. Nevertheless, existing correlations between the phenomena of poverty and inequity justify this inclusion of this indicator, which provides a measurement of income inequities: the interdecile ratio (source: Taxable Income Survey - INSEE-DGI).

The evolution of this indicator closely parallels that of the monetary poverty rate, and shows a downward trend for the 1996-2002 period. Yet this trend continued in 2003, while the rate of monetary poverty did not.

### Observatory recommendations: Improve existing indicators, develop new measurement tools

The Observatory’s decision to include a table of 11 pivotal indicators of poverty and social exclusion in the 2005 report does not imply that these indicators are fully adequate for a comprehensive grasp of these phenomena.

Various improvements to the indicators are clearly necessary, whether they involve improvements to existing indicators (definition, sources, time frames) or the development of new indicators.

Yet the Observatory did not want to undertake a comprehensive review of these improvements, notably because the CNIS has set up a working group devoted to a similar subject. During a plenary meeting on 11 February 2005, the CNIS adopted a proposal recommending that a working group examine “the possible improvements in terms of the production of statistical data concerning the measurement of living standards and the analysis of inequities according to the different categories of households and the territories, as well as the evolution of these factors over time”.

Although the mandate of this working group is not specifically targeted at poverty and exclusion, the themes and questions introduced by the Observatory will likely be examined by this group. This initial work, undertaken for this report, should therefore be pursued by incorporating the results of this working group; these results should be available in October 2006.

However, the Observatory would like to put forward several factors that are deemed particularly important to improving existing indicators, and which should by treated as a priority by the CNIS working group.

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32 Further information concerning this group, its programme and timetable are available at www.cnis.fr.
The first priority: significantly reduce the time required to produce the monetary poverty indicators

Currently, the Taxable Income Survey, which is the basis for calculating the various indicators of monetary poverty, notably the "poverty rate", produces in year N, data from year N - 3. This lag generates major misunderstandings for Observatory readers, which can lead to significant discrepancies between the evolution of the data presented and the reality as it is perceived when the report is published.

The Observatory considers it necessary to shorten the production periods for the monetary indicators so as to have at the end of year N, data concerning the evolution of monetary poverty for year N - 1, to be integrated into the publication of the report.

Although the Taxable Income Survey (ERF) remains a reliable source and a basic reference for identifying complex processes, there seems to be a minimum time frame that cannot be shortened (even though the production period can be reduced, the available data will be N + 2 at best), for well-known reasons inherent in the survey and processing procedures.

It is therefore important to find a source to develop this indicator; it would certainly be less reliable, but it could provide provisional data (as is done for public finance) or estimates of on-going evolutions. Large-scale methodological work must be conducted to determine which data and what type of indicators could (after a comparison with the Taxable Income Survey) provide a sort of "front-line indicator", perhaps based on an array of indicators like the low-income CAF indicators, the PCV indicators or minimum social benefits. The CNIS working group should examine whether to use estimates for the value of the indicator based on less-detailed or lower-quality information, or to use more advanced indicators that could "forecast" the values of the indicator on the basis of correlated data. Along the same lines, the group could study how to provide this indicator on an annual basis, which, given the non-annual reference base, may only be available over a span of several years.

The second area of research should examine the integration of the dynamic aspect, to analyse the pathways leading to and/or persistence of a situation of poverty

An understanding of dynamic data requires continuous analyses concerning data provided from panels or individuals. Yet France lags somewhat behind in relation to other countries.

The only example of this was the European household panel, which gathered data from 1994 to 2001 concerning income and living conditions. The interruption in the panel’s work explains the impossibility of setting up a continuous series of long-term indicators for monetary poverty using this data, and the Observatory’s decision to measure long-term poverty using data from the panel of recipients of minimum social benefits.

The creation of a long-term monetary poverty indicator of this type should be possible in the future, because since 2004, the SRCV panel, the French version of the European EU-SILC project (Community Statistics on Income and Living Conditions) replaced the "European panel". The initial results from the SRCV, produced from data gathered in 2004 concerning 2003, will soon be available for every European country.

In theory, the continuous aspect of data should add a great deal to the analysis of the mechanisms leading to poverty or to an exit from poverty. Yet the income data collated from surveys are liable to have many major measurement errors. In the European panel, for example, close to 50% of the individuals entering and exiting poverty from one year to the next were not significant, but resulted from declaration errors as well as problems in the concept of income itself (for example, benefits paid the year following the year for which they were allocated).

The Observatory also feels that French statistical institutions should examine the aspect of continuous analyses so as to measure the degree of long-term poverty situations, as well as the phenomena of entering, exiting and returning to poverty. The initial data from the new European SILC measure could be used for this purpose.

Finally, the Observatory stresses the usefulness of pursuing territorial indicators

As illustrated by the developments in part three of this report, the production of territorial poverty indicators corresponds to an increasing demand both from the public and from public, administrative and associative officials, a demand that is thwarted by insufficient or inadequate existing sources.

Although the basis of calculation and calculation methods defined for an entire country can be used for
more specific geographical areas, this implies that the size of the reference base is sufficiently large, and also that the sampling, in the case of a survey, is representative of the geographical area in question. It now appears that data from existing surveys are not sufficiently representative to represent territorial poverty using a breakdown in national observations. Only administrative sources can mobilise the territorial data, provided this data is available and that serious methodological precautions are taken. The results remain fragmented, which does not necessarily mean that they must be disregarded or that they cannot be used.

Two ongoing and promising factors deserve mention:

- The 2005 report by the Observatory presents an analysis of poverty and exclusion in the overseas départements, for which we usually have scant information concerning the social sector (the only two sources that are equivalent to mainland surveys are the Annual Employment Survey and the Five-Year Family Budget Survey. In addition, the Observatory considered that an extension of the comprehensive tax data, “local tax income”, or the Taxable Income Survey to the overseas départements, could further an understanding of social inequities in these départements and their position relative to mainland France;

- The use of the “local household tax income” will continue to provide annual data concerning taxable income for a local and supra-local level. In the long term, the localised measurement of available income (including income from non-taxable benefits, as in the Taxable Income Survey) would be a major step forward. It would probably require the comprehensive processing of CAF sources in addition to the tax data.

The Observatory would like to pursue a final method for improving the indicators. This would involve linking individuals living in situations of poverty and exclusion to the definition and construction of indicators used to measure and analyse their situations, as has been proposed by numerous associations (cf. supra, the work undertaken by the EAPN in particular).

Yet the indicators cannot be the sole tool for assessing situations of poverty and exclusion: for several years, the Observatory has commissioned and published in-depth studies that offer a more complete overview of the various aspects of these phenomena. The primary results of the work undertaken in 2005 are presented at the end of the report.
Chapter 2

Access to fundamental rights: multiple dimensions

THE series of analyses developed in this chapter provide insight into the multiple dimensions of poverty and the difficulties in gaining access to fundamental rights for individuals living in poverty. Three general themes were explored: access to employment; reading and writing skills, and access to training; and budgetary constraints and their impact on household consumption. The Observatory has updated the data on health and housing. The relationships between poverty, unemployment and employment are highly complex. Unemployment may not always be associated with poverty, and employment does not systematically guarantee security. The impact of employment policies and financial incentives in securing employment is difficult to gauge at times when dealing with the employment of the most vulnerable sectors of the population, given the many obstacles other than financial ones which prevent them from joining the labour market. Difficulties in reading, writing and accessing training among the most vulnerable individuals, for example, hinder efforts to exit poverty. The second part of this chapter analyses consumption and deprivation in modest-income households, when housing and food expenses absorb the major part of income. The third and fourth sections of this chapter summarise and update available data on health and housing, given that the Observatory's 2003-2004 report provided an in-depth analysis of housing conditions for low-income households and the difficulties involved in securing housing.
Links between poverty and employment: a broad spectrum of situations

The high percentage of work-related income with respect to total household income (in 2002, 67% of gross household income on average) reveals the degree to which access or lack of access to employment is a key determinant of situations of poverty.

As expected, the risk of monetary poverty is much higher in cases of unemployment. For individuals who have been unemployed for over six months in a given year, the rate of monetary poverty (expressed at 50% of median income) was 24.1% in 2001; for salaried employees throughout the year, the figure was only 2.0%.

Yet poverty and unemployment are not necessarily directly linked: Monetary poverty stems from inadequate household income, not individual income; all unemployed people are not by definition poor. Likewise, being employed is no guarantee of not being poor, and the phenomenon of “working poor” is well documented today. The lack of a conclusive link between poverty and unemployment/employment calls into question the role of employment policies. For over twenty years, these policies have contributed to a diversification of forms of employment. More recently, they have focused on “making work pay”. Financial incentives to re-entering the labour market surfaced in the late 1990s as a pivotal tool in campaigns against poverty and inactivity. These policies have had highly contrasting impacts. Analysing transitions from unemployment to employment reveals a continuum of situations on the labour market and various combinations of poverty, employment and unemployment for many individuals.

Employment policies targeting the most vulnerable sectors are crucial to improving living conditions for the poorest sectors, yet other elements need to be taken into account when analysing the conditions in accessing or re-entering the labour market, and securing a quality job. In particular, these include reconciling family life and professional life; access to training programmes; and the acquisition and recognition of qualifications and skills.

From a broader perspective, taking into account the various obstacles to finding a job, as well as viewing the transitions from employment to unemployment as a continuum, lead to the development of employment policies that go beyond mere financial incentives to working.

The relationship between poverty and unemployment

Traditional analyses of unemployment focus on the situation of individuals, underscoring a high degree of unemployment in certain sectors of the population - young people, foreigners, individuals with low skills and elderly workers, for example.

Assessing the relationship between unemployment and poverty requires an assessment of the income of the unemployed, as well as a preliminary analysis of the role of unemployment compensation schemes.

An unequivocal relationship between the individual income of the unemployed and poverty is impossible to establish, since the latter is always analysed according to household income. It is therefore interesting to analyse unemployment in terms of individual as well as household income.

Analysing social and fiscal transfer schemes provides a measurement of their impact on poverty in unemployed households.

**Individual unemployment: conditions for compensation and poverty risk**

Being unemployed does not necessarily mean being deprived of financial resources, notably as a result of certain mechanisms guaranteeing substitute income for those without jobs.

Assessing the relationship between unemployment and poverty requires an initial analysis of the unemployment compensation system and its impact on individual income. The recent report by the Conseil de l'Emploi, des Revenus et de la Cohésion Sociale (CERC, the Council on Employment, Income and Social Cohesion) entitled Aider au retour à l'emploi (Assistance in Re-entering the Labour Market) analyses substitute income for employment-seekers. The main conclusions of the analysis point to a given number of limitations and discrepancies in current compensation schemes and underscore the need to reform the overall compensation system.

In December 2004, there were 4,356 million registered employment-seekers (DEFM categories 1 to 3, 6
to 8 and DRE). They included 2,252 million receiving compensation from the Régime d’Assurance Chômage (RAC, Unemployment Insurance Scheme), or 51.7 %, and 427,000 from the Solidarity Scheme, or 9.8 % of employment-seekers. The system therefore covered 61.5 % of employment-seekers. The rate of coverage has been decreasing since 2003, and continued to fall in 2005, dropping to 58.5 % in the third quarter of 2005.

In late 2004, nearly 1.7 million individuals were therefore not receiving any kind of income as unemployment compensation. A portion of these employment-seekers were receiving RMI benefits - which acted as a kind of “third component” of unemployment compensation. Among employment-seekers registered with the ANPE in 2004, approximately 12 % were registered as RMI recipients ; this represented about 40 % of all RMI recipients, or 500,000 individuals. Moreover, several surveys revealed that the ANPE had misidentified RMI recipients seeking employment and that an estimated two-thirds of all RMI recipients were employment-seekers. While the majority of employment-seekers receiving RMI benefits were not receiving unemployment compensation, some of them were receiving income from both systems, as their extremely low level of compensation made them eligible for RMI benefits (see below). Yet over 1.2 million employment-seekers receive no compensation or general solidarity benefits.

These uncompensated employment-seekers, it has been observed, are rarely compensated because they have used up all of their compensation rights during a lengthy period of unemployment. The major cause of non-compensation is the inadequate length of time spent working prior to entering the unemployment system, which in June 2004 concerned 62.6 % of employment-seekers excluded from insurance and solidarity compensation schemes. In contrast, only 11.6 % of uncompensated individuals had used up their unemployment insurance rights and were ineligible for any solidarity scheme. Lastly, 10.4 % were awaiting compensation as part of the waiting period or due to delayed compensation, while compensation had been suspended for 15.4 %, either because they were working on a part-time basis or because they were covered by Social Security.

As a result, the majority of uncompensated employment-seekers were short-term unemployed : 48.7 % had been on unemployment less than six months and 72.5 % less than 12 months. Only 10.6 % had been on unemployment for more than two years. This relatively brief period of coverage for uncompensated employment-seekers entails a risk of monetary poverty for individuals who are a priori outside the most excluded sectors, which are plagued by long-term unemployment.

Assessing uncompensated employment-seekers by age bracket lends insight into the underlying reasons as to why they are not being compensated. Youth have the greatest difficulty fulfilling eligibility conditions and go largely uncompensated. In September 2004, 58.5 % of employment-seekers under age 25 were uncompensated, versus 42 % for those aged 25 to 49, and only 17.7 % for those over 50. The situation is even more detrimental for the 433,000 individuals under age 25 who, with a few exceptions, are ineligible for the RMI. They are thus at a greater risk of monetary poverty, and frequently are forced to seek support from their families. This places a major burden on the family and can tip a household into poverty, when it wasn’t categorised as such beforehand.

The situation of compensated employment-seekers may be a priori more favourable than that of uncompensated seekers, but this by no means guarantees them sufficient income to avoid the risk of poverty. The level of compensation is highly variable and depends on the scheme (e.g., unemployment insurance scheme or solidarity allowance scheme) ; each scheme varies within itself as well.

The situation of individuals receiving unemployment insurance compensation varies greatly : 50 % of beneficiaries - over 1.1 million individuals - received less than 853 euros in late 2004 ; among them, one-half, or 560,000 people, were receiving compensation of less than 702 euros monthly ; lastly, 112,000 people, or 5 % of recipients, were receiving less than 387 euros. In contrast, only 10 % of beneficiaries (approximately 200,000) were receiving over 1595 euros, and 5 % over 2194 euros. This variability is due to the calculation system used for the Return to Employment Aid Allowance (ARE), the amount being determined by the job-seeker’s previous salary. Given these conditions, the average amount of compensation, approximately 1000 euros, is less significant.

The solidarity scheme also varies greatly in terms of compensation levels. The scheme is based on three allowances, accessible to different sectors and offering variable amounts. The Specific Solidarity Allowance

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33 Employment-seekers registered at the end of the month (DEFM) are individuals registered with the ANPE and looking for a job. They are categorised as being “available immediately” (not having worked at all or having worked a maximum of 78 hours that month) or “not immediately available” (having worked over 78 hours that month). The unemployed, according to the International Labour Organisation (ILO), are individuals who are without employment, available within two weeks and seeking employment.
(ASS), which had 368,000 beneficiaries in late 2004, provides a monthly allowance of 425.83 euros at the normal rate (under age 55) and 611.38 euros at the higher rate (over 55). The substitute Retirement Equivalency Allowance (AER), paid to 33,000 individuals in late 2004, is 919.50 euros. The Integration Allowance (AI), providing maximum coverage of 299.91 euros per year, was paid to 48,000 individuals in late 2004.

In short, only 1.1 million of the 4.35 million employment-seekers receive monthly income superior to 850 euros from the various compensation schemes. Among the 3.2 million remaining individuals, approximately 2 million receive less than 850 euros, and 1.2 million receive no income from insurance schemes, either solidarity or RMI.

An analysis of the various compensation schemes reveals the extreme disparity of income provided by the various unemployment compensation schemes in France, and the existence of “holes” within the system resulting in a large number of employment-seekers receiving no income at all. Yet as previously stated, no direct link can be established between individual income of the unemployed and poverty, given that poverty is analysed based on household income. Unemployment will have different consequences if it impacts a lone individual, an individual whose partner or spouse is working, or the head of a single parent household. It is interesting to analyse unemployment not only as a phenomenon affecting households but also lone individuals.

**Analysing unemployment based on households versus individuals: greater unemployment over the past thirty years**

An unemployed individual receiving modest or low compensation may or may not be affected by monetary poverty, depending on the family configuration and the availability of complementary income within the household - income provided by other household members compensating for the gap between individual employment income and the poverty line. Yet an analysis of unemployment based on households reveals two particularly worrisome aspects.

For one, the number of households in which no member was employed doubled from 1975-2002, automatically reducing the contribution of other job-related income to household income already affected by unemployment. There has been a polarisation of household employment in terms of structure: from 1975 to 2002, the number of households in which all individuals eligible for work were employed increased from 57 to 68%. In contrast, the number of households in which no one was working (due to unemployment or inactivity) nearly doubled, rising from 6.3% to 12.2%.

This polarisation of employment is characteristic of all industrialised countries and can be partially explained by two phenomena, independent of the overall rise in unemployment for the given period: a greater number of single parent families and single individual households; and an increase in two-income couples, due to a greater number of working women.

In addition, there has been a polarisation of unemployment in households, as demonstrated by a long-term study recently conducted by INSEE.

As the individual unemployment rate rose, the proportion of households affected by unemployment increased overall from 5.7% in 1975 to 14.7% in 2004. Those households only partially affected by unemployment (57% in 2004) were affected by overall unemployment trends. In contrast, the proportion of households in which all active individuals were unemployed increased sharply from 1975-2004, rising from 1.6% to 6.3%, following an upwards trend independent of the overall labour market context. These households, which are deprived of employment income, are the ones most exposed to the poverty risk.

The increase in the number of unemployed households stems from a deformation of the very structure of households, as previously mentioned. These structural effects, however, fail to explain the overall unemployment polarisation phenomenon. In addition, unemployment has risen within certain households. This increase is structural in nature (it has been rising regularly for thirty years), yet it is also linked to the economic climate: during phases when unemployment increases, the newly unemployed tend to come from households already affected by unemployment. Conversely, when the economic climate improves, individuals re-entering the labour market tend to come from households still affected by unemployment.

It would be interesting to assess the repercussions of this concentration of household unemployment on

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poverty risk, and notably on the possibility of a polarisation effect of poverty on some households. It is not feasible to carry out a structural analysis of the relationship between employment situations and individual income, given the elements currently available, yet we can try to explain the links between individual work income and monetary poverty risk if we examine other factors determining available income.

**The relationship between unemployment and poverty: the role of social transfers**

To evaluate the impact of an individual’s work condition on standard of living and in particular on poverty risk, three factors need to be taken into account. The first concerns the individual and involves the causes of the low level of initial income: part-time employment and/or periods of employment alternating with unemployment or inactivity. The second is linked to the household’s familial characteristics (other work income and the number of dependents). These individual and familial components are not independent, primarily due to the social homogeneity in couples and the links between labour market situation and family composition (women workers, residential autonomy of young people). The third factor involves the socio-fiscal system and its redistributive role, which in part makes up for the gap between an initial standard of living and the poverty line.

Factoring in the resources of other household members and socio-fiscal transfers attenuates rates of monetary poverty, regardless of labour market position. Yet active individuals with employment, notably those working full-time all year long, always appear much less exposed to monetary poverty than the unemployed. Between 3% and 7% of active individuals with dominant employment (working over six months of the year) have a standard of living 50% below the poverty line, whereas this poverty concerns 17% of compensated unemployed individuals and notably 31% of unemployed individuals who are ineligible for compensation.

The redistribution system is geared more towards single-parent and large families, and contributes greatly to reducing situations of poverty for these types of households. Yet it does so in different ways depending on the employment situation of these households.

Table 14 presents monetary poverty rates, at a threshold of 50% of median income, prior to and after socio-fiscal transfers, as well as the gain in standard of living due to social benefits as a percentage of initial income, depending on the configuration of households and their labour market situation. It illustrates the persistence of poverty rates which are significantly higher after transfers for households with partial or dominant unemployment, regardless of household composition, despite the generosity of social transfers for more modest-income households.

Households whose members were in a dominant unemployment situation during the year benefit from the greatest increases in standard of living as a result of social benefits. Social transfers boost the standard of living of an unemployed, unmarried individual by 30%, compared to 1% for unmarried individuals having worked full time throughout the year. For single-parent families, the proportions are respectively 99% and 9%.

Poverty rates for households affected by periods of at least six months of unemployment in a year diminish considerably as a result of transfers: by 46 points for single parents, from 30 to 22 points in couples consisting of two unemployed individuals, depending on whether or not they have children and by 18 points for unmarried individuals. Yet transfers afford only a fraction of these households a standard of living above the poverty line.

Rising above the poverty line thus cannot be the sole criterion for evaluating the impact of socio-fiscal transfers on household situation: if the gap between initial income and poverty line is very great, transfers (even more important in proportion to initial income for households affected by unemployment) acutely reduce poverty intensity, yet don’t bring recipients above the poverty line.

It thus appears that unemployment situations, when involving all household members but also when a lone individual is concerned, significantly increase the risk of monetary poverty, even after the redistributive effects of the socio-fiscal system are taken into account. Transfers may be generous, but they do not compensate the low levels of initial income for a vast part of these households, the limitations and “holes” observed in the unemployment compensation mechanisms doubtlessly playing a major role.

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36 This section is based on results obtained by N. Laïb, “Quels liens entre chômage, faibles rémunérations et pauvreté ?”, in *Les Travaux de l’Observatoire national de la pauvreté et de l’exclusion sociale 2005-2006*, La Documentation française.

37 Transfers taken into account incorporate the impact of social benefits (social minima, family allowances and housing allowances) and of the fiscal system (residential tax, income tax, earned income tax credit).
**Development of poverty in employment: the working poor**

An awareness of the existence of the “working poor” is a relatively recent phenomenon in developed countries; for years, the two terms were seen as antithetical in countries where poverty is associated with the unemployed, indigent and pensioners. Yet it appears today that work does not always provide protection from poverty and does so apparently in fewer and fewer countries.

The notion of working poor is difficult to grasp, as it unites two different levels of analysis: work is an individual concept, whereas poverty is determined on a household level. It is even more problematic given that definitions of the phenomenon vary and can be confusing.

The notion of working poor designates an individual who has worked for at least part of the year, but has been unable to earn sufficient income to guarantee his household a standard of living above the poverty line. It can encompass situations which vary greatly in terms of the labour market: alternating periods of work and unemployment, part-time work and low wages throughout the year, as well as full-time work paid the minimum wage for the entire year, in a household in which the partner does not work and there are three dependent children.

Poor workers must be distinguished from workers with low salaries, the latter being individuals who work and whose pay remains low in comparison to median salary: the notion is thus uniquely individual, without accounting for standard of living for the entire household, which can be higher than the poverty threshold.
### Table 14
Poverty before and after transfers based on employment and family composition

<table>
<thead>
<tr>
<th>Coarse Description</th>
<th>Number (in thousands)</th>
<th>Initial poverty rate (before transfers)</th>
<th>Rate of monetary poverty (after transfers)</th>
<th>Decrease in poverty (in % points)</th>
<th>Average increase in living standard due to social benefits in comparison to average living standard before transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lone individuals Without children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominant unemployment</td>
<td>398</td>
<td>58 %</td>
<td>40 %</td>
<td>18</td>
<td>30 %</td>
</tr>
<tr>
<td>Compulsory part-time work</td>
<td>671</td>
<td>24 %</td>
<td>13 %</td>
<td>11</td>
<td>7 %</td>
</tr>
<tr>
<td>Annual full-time work</td>
<td>2,668</td>
<td>4 %</td>
<td>3 %</td>
<td>1</td>
<td>1 %</td>
</tr>
<tr>
<td>Two active individuals living as couple without children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two unemployed or one unemployed and one inactive</td>
<td>140</td>
<td>53 %</td>
<td>31 %</td>
<td>22</td>
<td>23 %</td>
</tr>
<tr>
<td>One unemployed (or inactive) and one compulsory part-time job</td>
<td>244</td>
<td>28 %</td>
<td>16 %</td>
<td>12</td>
<td>8 %</td>
</tr>
<tr>
<td>One unemployed (or inactive) and one compulsory part-time job</td>
<td>940</td>
<td>5 %</td>
<td>4 %</td>
<td>1</td>
<td>1 %</td>
</tr>
<tr>
<td>Two compulsory part-time jobs</td>
<td>207</td>
<td>8 %</td>
<td>5 %</td>
<td>3</td>
<td>3 %</td>
</tr>
<tr>
<td>One compulsory part-time job and one annual full-time job</td>
<td>1,424</td>
<td>2 %</td>
<td>2 %</td>
<td>0</td>
<td>0 %</td>
</tr>
<tr>
<td>Two annual full-time jobs</td>
<td>2,747</td>
<td>2 %</td>
<td>2 %</td>
<td>0</td>
<td>0 %</td>
</tr>
<tr>
<td>Heads of single-parent families</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominant unemployment</td>
<td>205</td>
<td>83 %</td>
<td>37 %</td>
<td>46</td>
<td>99 %</td>
</tr>
<tr>
<td>Compulsory part-time work</td>
<td>321</td>
<td>50 %</td>
<td>14 %</td>
<td>36</td>
<td>30 %</td>
</tr>
<tr>
<td>Annual full-time job</td>
<td>842</td>
<td>11 %</td>
<td>3 %</td>
<td>8</td>
<td>9 %</td>
</tr>
<tr>
<td>Two active individuals living as couple with children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two unemployed or one unemployed and one inactive</td>
<td>241</td>
<td>78 %</td>
<td>50 %</td>
<td>29</td>
<td>69 %</td>
</tr>
<tr>
<td>One unemployed (or one inactive) and one compulsory part-time job</td>
<td>463</td>
<td>56 %</td>
<td>23 %</td>
<td>33</td>
<td>31 %</td>
</tr>
<tr>
<td>One unemployed (or one inactive) and one full-time job</td>
<td>2,378</td>
<td>24 %</td>
<td>6 %</td>
<td>18</td>
<td>12 %</td>
</tr>
<tr>
<td>Two compulsory part-time jobs</td>
<td>288</td>
<td>23 %</td>
<td>9 %</td>
<td>15</td>
<td>14 %</td>
</tr>
<tr>
<td>One compulsory part-time job and one annual full-time job</td>
<td>3,817</td>
<td>6 %</td>
<td>2 %</td>
<td>4</td>
<td>7 %</td>
</tr>
<tr>
<td>Two full-time jobs</td>
<td>5,636</td>
<td>3 %</td>
<td>2 %</td>
<td>2</td>
<td>4 %</td>
</tr>
</tbody>
</table>

Scope: all active individuals in households whose primary income is positive or nil. Excluded: active couples with one pensioner or living in another household.

**Working poor and factors determining poverty at work: a European comparison**

- **In-work poverty risk: a common definition on the European level**
  
In-work poverty risk has been defined in a variety of ways depending on country and sources; definitions
are sometimes very different, revealing diverse approaches to the phenomenon.38

Without examining them all, it is interesting to compare the definitions used in France with those used in the European Union. In France, “working poor” traditionally refers to people who are employed at least six months of the reference year, who have been employed for at least one month and who live in a household whose income per consumption unit is lower than 50 % of median income. The definition used by the European Union’s Social Protection Commission to establish the in-work poverty risk indicator considers the working poor as people who have worked primarily during the reference year (based on the most commonly used activity status criterion) and living in a household with an income per consumption unit inferior to the poverty risk threshold by 60 % of standard median income. Beyond any difference in the poverty line level with respect to median income, which nearly doubles the number of individuals concerned, the definitions differ primarily over the term “activity”: the European criterion is more restrictive since it requires having worked for seven months versus one month for the French definition, which thus incorporates part of the poor unemployed. As a result, many poor workers are included in French statistics, but do not appear as such in European statistics on working poor.

Initial results of this in-work poverty indicator, presented in 2004, reveal the percentage of working poor in 2001 in the fifteen member states of the European Union at the time, based on three factors: individual characteristics of workers; their employment, and their household. Chart 15 presents the main data.

This preliminary comparison reveals the following observations:
- overall, the countries are very similar to one another, with the exception of southern European countries, which reveal very high percentages of working poor, and northern European countries, which have very low percentages;
- differences in rates of in-work poverty consistently reflect differences in rates of global poverty;
- in contrast to low wage-earners, primarily women, in-work poverty on average affects men and women equally, and even more so men;
- as with unemployment, in-work poverty affects on average young people and senior citizens more massively, although certain countries represent exceptions to this;
- low levels of education bring about a much more major in-work poverty risk;
- the number of individuals in the household is a factor in the household’s situation with respect to poverty. Family composition is also a factor: a dependent child brings about a much greater risk of in-work poverty than a second adult who does not work: 22 % versus 9 %;
- lastly, fixed-term contracts, part-time employment and compulsory part-time employment throughout the year, when taken individually, all double the risk of in-work poverty.

Factors determining in-work poverty

Within the fifteen countries studied, it is possible to identify several common risk factors that exacerbate the risk of in-work poverty.

The first is the job-market situation: 6 % of salaried workers and 14 % of independent workers are poor in Europe in contrast to 39 % of unemployed individuals. Within the pool of workers, the poverty risk is determined by status (being an independent worker entails a higher poverty risk than that of a salaried worker), work conditions (part-time work and compulsory part-time work are poverty-related factors) and low salary levels. The second factor is related to household composition: single-income households have a higher poverty rate than that of double-income households. In addition, depending on the situation, additional individuals in the household can exacerbate the in-work poverty risk. Large families and single-parent families are particularly vulnerable.

Conversely, States can introduce compensation measures for poverty risk, depending on the employment scheme and social protection policies of the country. Unemployment compensation schemes, salary and minimum income schemes, employment regulations, and family and social benefits help reduce in-work poverty rates in a variety of ways depending on the country. Differences in in-work poverty rates highlighted below between groups of countries correspond to different “employment and social protection

38 For further details, see the article by M.-C. Cazenave in “Les travailleurs pauvres dans les pays développés”, in Les Travaux de l’Observatoire national de la pauvreté et de l’exclusion sociale 2005-2006, La Documentation française.
schemes” categorised under four “models” or “schemes”: social democratic, continental, liberal, Mediterranean.\textsuperscript{39}

\textsuperscript{39} M.-C. Cazenave, \textit{op. cit.}
Table 15
Working poor in the European Union in 2001

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>DK</th>
<th>GER</th>
<th>GRE</th>
<th>SP</th>
<th>F</th>
<th>IRE</th>
<th>I</th>
<th>L</th>
<th>NL</th>
<th>A</th>
<th>P</th>
<th>FIN</th>
<th>S</th>
<th>UK</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rate of global poverty</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of in-work poverty</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>13</td>
<td>10</td>
<td>8</td>
<td>7</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>12</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Wage-earner</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Independent worker</td>
<td>10</td>
<td>15</td>
<td>5</td>
<td>25</td>
<td>20</td>
<td>25</td>
<td>16</td>
<td>18</td>
<td>2</td>
<td>24</td>
<td>28</td>
<td>17</td>
<td>22</td>
<td>14</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

| **Poverty rate per sex, age bracket and level of education** |   |    |     |     |    |   |     |   |   |     |   |   |     |   |    |       |
| Women:          | 4 | 2  | 6   | 12  | 8  | 7 | 4   | 6 | 8 | 7   | 6 | 11  | 6   | 3 | 7   |       |
| Men:             | 4 | 3  | 4   | 13  | 10 | 9 | 9   | 13| 8 | 8   | 6 | 13  | 5   | 3 | 6   |       |
| Per age:        |   |    |     |     |    |   |     |   |   |     |   |   |     |   |    |       |
| 16 to 24:       | 8 | 7  | 10  | 13  | 6  | 10| 2   | 9 | 16| 20  | 5  | 10  | 15  | 6 | 11  | 10    |
| 25 to 54:       | 4 | 2  | 4   | 11  | 10 | 8 | 7   | 10| 8 | 7   | 6 | 11  | 5   | 3 | 6   | 7     |
| 55 and older:   | 5 | 3  | 5   | 21  | 10 | 8 | 13  | 14| 5  | 3   | 8 | 21  | 7   | 2 | 7   | 9     |

| **Poverty rate based on number of children and adult dependents** |   |    |     |     |    |   |     |   |   |     |   |   |     |   |    |       |
| Lone individual without children: | 9 | 5 | 7  | 12  | 6  | 6 | 11  | 4 | 7 | 12  | 4 | 19  | 7   | 5 | 9   | 8     |
| Single parent with at least one child: | 11| 4 | 31  | 3   | 34 | 15| 9   | 17| 22| 22  | 11| 25  | 5   | 6 | 28  | 22    |
| Household without child composed of other adults, none of whom are working: | 8 | 2 | 8   | 17  | 6  | 13| 12  | 9 | 3  | 6   | 9 | 16  | 7   | 4 | 7   | 9     |
| composed of other adults, none of whom are working: | 14| 2 | 9   | 20  | 24 | 26| 24  | 32| 16| 13  | 13| 35  | 8   | 10| 19  | 20    |
| Household without child composed of other adults, of whom at least one is working: | 2 | 1 | 1   | 11  | 2  | 5 | 2   | 3 | 1  | 3   | 4 | 9   | 5   | 1 | 1   | 3     |
| Household with at least one child composed of adults, of whom at least one is working: | 4 | 3 | 3   | 11  | 4  | 5 | 2   | 6 | 9  | 6   | 6 | 15  | 3   | 1 | 4   | 5     |

| **Poverty rate based on amount of work per year/per week** |   |    |     |     |    |   |     |   |   |     |   |   |     |   |    |       |
| Number of months worked: |   |    |     |     |    |   |     |   |   |     |   |   |     |   |    |       |
| Not all:             | 8 | 2  | 10  | 7   | 12 | 12 | 11  | 19| 12| /   | 4  | 13 | 11  | /  | 13 | 12    |
| All:                 | 3 | 1  | 4   | 5   | 6  | 6  | 5   | 7 | 8  | /   | 3  | 7  | 3   | /  | 5  | 5     |
| Amount of work weekly: |   |    |     |     |    |   |     |   |   |     |   |   |     |   |    |       |
| <= 30 hours:        | 7 | 9  | 9   | 16  | 11 | 6  | 12  | 9 | /  | /   | 3  | 20 | 18  | /  | 11 | 10    |
| > 30 hours:         | 3 | 1  | 3   | 5   | 6  | 5  | 4   | 7 | /  | /   | 3  | 20 | 18  | /  | 11 | 10    |

Findings: In Belgium, the rate of working poor is 4%. The rate of working poor for wage-earners is 3%, and that of independent workers is 10%. Source: Eurostat.

Working poor in France

- The breakdown of poverty into employment and non-employment

Poverty, for years limited to inactive individuals, notably pensioners, has also affected a rising proportion of active individuals over the past thirty years. This increase in poverty among the active population is largely due to the emergence of massive, long-term unemployment, as well as to the increase in in-work
poverty and the emergence of the “working poor”. As such, between 1970 and 2002, the overall poverty rate in France decreased by half (dropping from 12 to 6% to the 50% threshold), but the poverty rate for wage-earners or unemployed having worked for at least one month rose from 3.4 to 5.7%.

“Active poor” and “working poor”

As previously mentioned, the definition used in France clusters together individuals who have worked for the major part of the year, as well as people who have been unemployed for over six months, but who worked for at least one month. It thus becomes necessary to break down the “active poor” population based on their dominant activity status during the year: those for whom unemployment was dominant (more than six months of the year) represent only 40% of the active poor; the remainder is made up of individuals who worked for more than six months of the year.

Table 16
Composition of active poor and active non-poor based on dominant employment status that year

<table>
<thead>
<tr>
<th></th>
<th>Active poor</th>
<th>Active non-poor</th>
<th>Total number of active individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Dominant unemployment uncompensated</td>
<td>21%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Dominant unemployment compensated</td>
<td>19%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Part-time job (compulsory)</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Part-time job (voluntary)</td>
<td>11%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Full-time employment for 6 to 12 months</td>
<td>9%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Year-long full-time employment</td>
<td>35%</td>
<td>72%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: INSEE - DGI, 2001 Taxable Income Survey updated in 2004, INES model, data by DREES.

The latter group - the most pronounced among the “working poor” - include nearly one million people who worked more than six months of the year yet live in poor households. It is striking to observe that only one-fourth among them are working part-time. The remainder - nearly three-quarters - worked full-time. Even more striking is that individuals working full-time all year long represent over one-third of the total active poor.

“Poor workers” and “low-wage workers”

The poverty of these year-round full-time workers is partially due to their low wages. Yet it is crucial to distinguish between poor workers and low-wage earners. There is a correlation between low activity income and monetary poverty, yet it is far from automatic: 19% of poor workers have employment income greater than half the median employment income; conversely, 14% of non-poor workers have employment income inferior to half the median employment income. It is important to bear in mind that if a low level of pay is a factor which increases poverty risk, all other factors being equal, all working poor are not low wage-earners, and all low wage-earners are not working poor.

The evolution of characteristics of the working poor

In 2003, the rate of working poor in France based on the European definition was 5.4% (% of people in employment for the major part of the year and living in poor households, at a threshold of 60 percent of median income).

Yet it is impossible to measure the evolution of this phenomenon between 2001 and 2003 for two reasons: the “working poor” indicator as defined within the European framework (Laeken indicators) differs from the French definition previously used, and a different source was used to measure the phenomenon from 2003 on.

The Observatory regrets the lack of data required to monitor recent trends for the working poor. Speculating that the labour market climate probably has not allowed for a significant decrease in the phenomenon since 2001, the Observatory has deemed it necessary to summarise the major trends for the working poor in France from 1997 to 2001:

40 The number of working poor was determined using the European panel SILC (Statistics on Income and Living Conditions) from 2003 on. Figures previously had been obtained using Taxable Income surveys.
- a great number of working poor are wage-earners, either with steady employment or intermittent employment throughout the year;
- poverty of salaried employees is linked to the instability of the contract (8 % of working poor were hired on fixed-term contracts in 2001, 4 % were interim contracts), yet it also affects more "classical" forms of employment, since the proportion of "other wage-earners" rose dramatically, from 36 % in 1997 to 41 % in 2001.

Table 17
Distribution of working poor based on type of contract

<table>
<thead>
<tr>
<th>Type of contract</th>
<th>2001</th>
<th>2001</th>
<th>1997</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50 %</td>
<td>60 %</td>
<td>50 %</td>
<td>60 %</td>
</tr>
<tr>
<td>Independent</td>
<td>20</td>
<td>15</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>Employers</td>
<td>5</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Family assistance</td>
<td>5</td>
<td>4</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Interim (except State, local authorities)</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Apprentice (except State, local authorities)</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Fixed-term (CDD: except State, local authorities)</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Permanent Employment Contract (CDI: except State, local authorities)</td>
<td>41</td>
<td>50</td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td>Interns and subsidised contracts</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Salaried (State or local authorities)</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: 2001 Taxable Income survey, INSEE– DGI.
Scope: individuals over age 16 living in poor households in which the reference person is not a student and whose declared income is positive or nil.

Understanding the links between poverty and activity does not necessarily imply an unequivocal relationship: on the one hand, all forms of unemployment are not synonymous with poverty; on the other, employment itself is no guarantee against poverty. Deteriorating employment conditions and a lifestyle alternating between employment and unemployment can lead to poverty. The fact of regaining employment is a crucial element to exiting poverty, but it is no guarantee in itself. Developing employment policies which provide financial incentives to regaining employment, regardless of quality or remuneration, can prove insufficient in fighting poverty.

Chronic difficulties in accessing training for the unemployed and the least qualified wage-earners

For over thirty years, successive governments have enacted a variety of measures to promote access to training for employment-seekers and wage-earners, particularly those least qualified. Enhanced skills due to regular training is crucial to preventing long-term unemployment and precarious situations. Examining conditions underlying access to training reveals that unemployed and low-skilled wage-earners currently encounter greater hardships than others in securing training, which undermines their relative labour market position.41

Reading and writing difficulties have repercussions on poverty situations

Reading and writing difficulties for adults predispose individuals to poverty, defined universally as a state of lesser well being. In fact, these difficulties impact upon most aspects of poverty, notably:

- employment: reading and writing skills and their influence on standard of living impact upon professional situations. They are associated with access to employment: reading skills clearly are linked to the ability to exercise a certain profession, since 56 % of individuals with serious writing difficulties were employed when the survey was conducted, versus 86 % of individuals with top-level reading skills.

The level of skills also impacts upon the quality of employment. The statistical link between low reading skills and lack of employment security (fixed-term employment contract or interim contract) is insignificant; the correlation is stronger with respect to salary level;
- social network: low reading and writing skills are indicators of inadequate social capital and the isolation of individuals. In households in which no financial problems exist, 70 % of people with no reading difficulties see their families frequently and 66 % see their friends frequently, whereas the rates for those with reading and writing difficulties are respectively 12 and 19 points lower;
- daily difficulties in living conditions: nearly one out of ten adults with reading problems claims he or she never writes letters; nearly one-half claim to have difficulties writing letters; 7 % claim they never read their bills. In addition, leisure activities are radically reduced: those with no reading difficulties claim they practice an average 6.1 activities (out of 12 proposed activities); this number drops by 1.7 points for people with reading difficulties.

If reading and writing skills are a good indicator of poverty, their use as indicators in measuring monetary poverty are less than perfect: among individuals living in low-income households, 29 % have serious or pronounced difficulties in writing, 25 % have low or rather low performance in calculations (under 60 % chance of success), 24 % have this level of performance in oral comprehension; among individuals making up the wealthiest third, respectively 5 %, 6 % and 10 % are in this situation.

Least-qualified wage-earners have limited access to training

• Inequities in terms of access to training at the expense of the least qualified accumulate throughout the entire professional career

The existence of major inequities in accessing regular training for wage-earners is a well-known phenomenon today. Identified in the early 1970s, it became more acute beginning in the mid-1990s, when access to training stabilised and the length of internships began to shorten, a trend that still exists today. Whether qualification is seen in terms of education capital or professional rank, the rate of access to regular training for the least qualified is invariably nearly three to four times lower than that for the more qualified. These gaps are even more pronounced when length of training is considered and individuals are tracked over several consecutive years. Some individuals tend to accumulate investment in training, while others go without training in the long run.42 Occasional inequities observed generally appear to accumulate throughout the individuals’ professional career.

• Explanations for these inequities in access include attitude of companies, financial obstacles and fewer requests for training from the least qualified wage-earners.

These inequities in access are due to various causes which fall under three categories:
- mode of operation and organisation of firms partly determine opportunities for accessing training: major companies and highly technological firms tend to provide more training opportunities for wage-earners. Likewise for companies featuring innovative organisational structures, highly decentralised operations, or production revolving around maintaining quality standards. Yet these companies tend to hire qualified workers;
- financial and material obstacles: taking a training programme can be difficult to reconcile with family responsibilities, particularly when training is held outside working hours. Even when financed by employers, training is not necessarily cost-free for trainees (childcare expenses may be incurred, for example). These obstacles are handicaps in particular for female workers and employees, who from the start tend to be in professional settings less favourable to training;
- individual desire for training: wage-earners who have the least access to training are those who also feel the least need for additional training. Several factors may explain this lack of desire: limited information on training opportunities and on the potential advantages of additional training; the belief that training will have no impact upon their career; a greater sense of professional disinvestment in a work context seen as devoid of any perspective in the medium-term.

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42 According to the European panel, 60 percent of “stable” individuals (people who have been employed on a permanent employment contract, or CDI, for most of a seven-year period) had no training during those seven years.
Integration policies for the least-qualified youth less inclined to training

The hardships experienced by unqualified youth in the labour market require swift action after they leave the school system, using well-targeted measures that enhance training and skills opportunities. The expansion of mass unemployment to the various sectors of the population over the years has resulted in training opening up to other sectors and to the diversification of intervention tools. This has led to a gradual decline of training opportunities for least-qualified youth and an increase in schemes geared to provide incentives for hiring young people by reducing work costs, without systematically involving training.

• Fewer unskilled youth in training programmes

In the early 1980s, internships for young people involved nearly 80% of unskilled young people, while there has been a gradual shift towards young people who are slightly more qualified (Vocational Training Certificate or CAP/Technical School Certificate or BEP level) since then. In 1998, when a decentralisation of internship programmes for young people to the regional level was completed, unskilled youth represented only one-third of internships. This shift towards slightly higher levels is not due solely to the overall rise in qualification levels of the active population. In late March 1990, the ratio between the number of unqualified unemployed youth and young people beginning a training programme for the year was 98% ; by 1997, it was only 45%. The 1998 law passed to fight exclusion boosted the ratio to 63% in 1999, but it dropped back to 50% in 2002.

In addition, low-skilled youth take fewer training courses, which are the most effective in bringing about long-term employment integration. Schemes combining on-site work in firms with training periods leading to additional degrees or certificates currently are geared more towards youth with baccalaureate degrees : youth with levels inferior to the baccalaureate represented only 36% of entries for qualification contracts in 2004, versus 72% in 1988.

The reduction in access to training among less-qualified youth is due partly to the high selection standards for recruitment measures of employment policies, as well as to a lower demand for training among the least-qualified youth; they don’t always see it as being useful. To them, training often remains associated with a scholastic model synonymous with failure ; they may prefer direct access to employment, which is synonymous with more immediate access to independence and autonomy.

• Integration measures that tend to cover fewer unqualified workers and draw less on training

In the late 1970s, state employment and training policies gave top priority to unskilled youth. But with the expansion of mass unemployment into the many different sectors of the population, these policies were forced to focus on a larger public. In addition, the original aim of boosting the level of training of a low-skilled labour force partially gave way to a need to secure employment for them, and the various tools were diversified accordingly.

Integration measures based on training thus opened up to more qualified sectors (see above), and least-qualified youth were steered towards a series of schemes aimed to stimulate employment creation by reducing labour costs seen as too costly, particularly for low-skilled workers. Subsidised employment currently is the main tool for integrating unskilled youth into the labour market: over one-half of unskilled youth working were on subsidised employment in 2004. Among them, a little over one-third were alternating between employment and unemployment. Approximately 20% had another type of subsidised employment (Employment Solidarity Contract, or CES ; Youth Company Contract, or CJE ; Employment Initiative Contract, or CIE). At the same time, programmes offering personalised assistance for low-skilled youth were established : TRACE (Access to Employment Programme) in 1998, and CIVIS (Social Integration Contract) in 2005. The programmes serve to help secure long-term employment by drawing upon the various employment and training measures as needed.

The various measures, however, are not reserved solely for low-skilled youth, but are also available for adults experiencing difficulties with professional integration. Despite a "recentring" move to benefit priority sectors, the number of unskilled workers in subsidised employment contracts is decreasing due to budget cuts. In 2002, the CES and CEC (Consolidated Employment Contract) covered 30% fewer unskilled workers than in 1995. The issue of unskilled integration is partially relegated to measures reducing social charges for low wage-earners, which give priority to stimulating demand for low-skilled labour.

By making training and assistance a pivotal focus of certain contracts targeting access to employment (notably contrats d’avenir, or “contracts for the future” and subsidised employment contracts), the 18
January 2005 law on social cohesion marked a crucial turning point. It is too early, however, to evaluate the efficiency of training administered based on these contracts and its impact upon employment integration.

**Training of less qualified unemployed: limited access, difficulties in carrying out projects**

- A decreasing number of less-skilled unemployed individuals are accessing training programmes

Over 650,000 unemployed individuals currently embark on training programmes during the year, 160,000 (or 25%) of whom are unskilled when they enter the programme. These figures represent a marked decrease compared to the 1990s, when up to 900,000 unemployed individuals, including 40% unskilled, entered training programmes. This decrease is primarily linked to a decline in the number of unskilled people in the population. The rate of access to training for unemployed adults fell from 18% in 1990 to 11% in 1997, then rose from 1998 on, reaching nearly the same level as in 1990 in 2002 (16%).

The proportion of unskilled individuals in adult training programmes ranges from 11 to 36% depending on the type of internship. It is higher in “remedial type” internships, which aim to facilitate a return to employment among the most excluded unemployed individuals: over one-third of integration and training internships for collective employment (SIFE, or Insertion and Training Stage Programme) are unskilled. It is much lower in “preventive type” internships, which aim to stave off the risks of entering long-term unemployment: from 11 to 18% depending on the measures.

In short, access to training for the unemployed varies greatly according to qualification level: 9% of unskilled unemployed access training during the year, in comparison to 18% for baccalaureate degree holders.

- More training offers for the unskilled... yet less success from training once completed

The gross inequities in access to training for the unemployed based on their level of qualification are startling. It would be easy to think that assistance, particularly with the launch of the PARE (Return to Employment Aid Plan), would mitigate certain training difficulties, and conversely generate greater expectations among the less qualified with respect to training.

Although a survey conducted by DARES (Division of Research Organisation, Studies and Statistics) on post-interview training procedures as part of the PAP (Personal Action Plan) provides no analysis of access to training for all employment-seekers, it does provide some insight into why these disparities persist.

The survey demonstrates that embarking on training programmes offered after six months of unemployment is actually more difficult for the unskilled unemployed: 25% among them were offered training, yet only 6% actually embarked on the training programme six months after the interview. For the unemployed overall, these rates were respectively 21% and 7%. The lower the level of skills of the unemployed, the greater the number of training programmes on offer...and the fewer the number of programmes actually embarked upon.

- From deciding on training to actually taking it: greater difficulties for the unskilled unemployed

This gap is explained both by a higher refusal rate of training proposals and the greater difficulty of the least qualified to actually embark upon a training programme. Thirty six percent of unskilled unemployed refuse training proposals offered them following interviews, compared to 10% of unemployed with a baccalaureate degree. Material obstacles (training too far away or too costly, health and personal problems, childcare difficulties, maternity leave, pregnancies) are the main reasons cited by the unskilled unemployed as to why they refuse an internship (28% among them mention it, in comparison to 16% for the unemployed overall).

Embracing on training programmes - even after accepting the idea - is also more difficult for the least qualified. Whereas over one-half of unemployed with a level superior to or equal to the baccalaureate had taken their training programmes six months after the interview, only 37% had done so among the less and least qualified. Two main explanations have been tabled: greater financial hardships for the lesser qualified and a greater risk of ineligibility for compensation rights; and difficulties in carrying out the required steps. This greater “passivity” among the less and least qualified unemployed is partially due to the difficulty of committing oneself to a heavy investment (which ultimately could lead to a career change). This involves expectations and a high degree of motivation, which is more difficult for low-skilled people, who tend to take
fewer initiatives with respect to training and choice of field.

For the unemployed as for wage-earners, a cluster of organisational, financial and psychological problems block access to training for the least qualified. This underscores the need for decision-makers to take into account factors other than those that are strictly professional when devising assistance schemes for employment-seekers. For those sectors for which assistance is most needed, i.e., those most alienated from the labour market, it does not appear to eliminate the series of obstacles experienced by these sectors prior to the actual onset of the training programme itself.

Still few visible effects of recent reforms in improving access to training for the least qualified

- Employment experience validation: limited improvement in access to certification

The Social Modernisation Act dated 17 January 2002 established a system of accreditation on the basis of experience (VAE or validation des acquis de l’expérience), allowing any person with at least three years’ employment experience (professional or voluntary) to obtain official recognition of skills in the form of a professional diploma or a professional qualification certificate, regardless of level. This professional certification is granted by ministries or under ministerial aegis by consular chambers, private organisations, and associations.

Three years after its launch, the VAE’s success is “undeniable” given the number of candidates (200,000 individual interviews) and the number of total validations granted (17,000), which is still on the increase. However, although access by those with fewer diplomas was one of the VAE’s priority goals, with the measure conceived as a way to remove some of the obstacles for the least qualified in accessing training, early results are relatively mixed.

Only a minority of the least qualified are gaining access to the VAE. The National Education Ministry, the leading certifying body granting two-thirds of all validations, targets only very few of the least qualified (24 % of candidates) and employment-seekers (25 %). In contrast, the Ministry of Employment and Ministry of Social Affairs give priority attention to these sectors (over 80 % unskilled, 70 % employment-seekers).

In addition, the way in which the VAE currently operates presents certain difficulties for the least qualified. The first lies in the requirement of certain writing standards for applying to be a candidate, notably for submitting a dossier. This procedure, in use in most certifying ministries, is a major obstacle for less-qualified candidates. Techniques used by the Employment Ministry in assessing professional standing can also be destabilising for the least qualified, as simulated work situations do not always correspond to professional experience. Lastly, the skills of the least qualified do not always meet the standards required by those granting diplomas.

- The recent training reform and its impact upon the least qualified: waiting for concrete results

The national agreement on professional training reached by social partners on 20 September 2003 and taken up by the Law of 4 May 2004 on lifelong training and social dialogue aims to reduce inequities in accessing training. The law developed collective bargaining on training objectives and priorities; created the individual right to training, provided that part of training sessions can take place outside working hours; and set up professional interviews revolving around both professional projects and training projects in an attempt to improve access and desire for additional training for the least qualified. Likewise, it established the possibility of a professionalisation contract and period, thus increasing access to training for unskilled youth and employment-seekers.

An analysis of the first meetings of concerned sectors, organised to define the conditions by which the new measures were carried out, reveals that the definition of priorities in terms of sectors is frequently too general, and not specific enough. We will have to wait for an analysis of training expenditures by companies and their mutualising organisations to evaluate the impact of these reforms upon access to training among the least qualified.

Employment policies and policies to fight poverty: sometimes divergent rationales

For several years now, employment policies have revolved around two major axes: a reduction in labour

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costs through exoneration of social charges paid for low-wage earners, and a series of reforms which aim to provide financial incentives for returning to employment. These two orientations, coupled with a decrease in subsidised contract schemes, can have a negative impact on individuals experiencing the greatest hardships if they are carried out at the expense of poverty-reduction goals while underestimating the complexity of transitions back and forth from unemployment to employment.

Integration into the labour market currently encompasses a broad spectrum of situations: a large portion of those individuals experiencing the greatest difficulty receive social minima and employment-seeker assistance; another portion works while receiving an allowance; still others alternate between periods of work and unemployment. Financial gain does not appear to be the key determinant in regaining employment in these situations, and employment policies need to assist those in greatest difficulty in surmounting the many obstacles which are not financial in nature to regaining employment.

After having explored the position and evolution of these policies over the recent past, we return to the analysis of financial incentives to regaining employment.

A reduction of subsidised employment in non-market sectors to the social cohesion plan: a negative impact for those most in difficulty (2003-2005)

- The reduction of subsidised contracts in the non-market sector had repercussions on the evolution of employment and unemployment in 2003 and 2004

The continued decrease in 2003 and 2004 in the number of individuals entering targeted employment policy measures (subsidised contracts, training programmes, non-activity schemes) has restricted possibilities of accessing employment for the most disadvantaged, within an overall economic climate in which a deteriorating labour market offers them few other employment options. In late 2004, 335,000 fewer people were covered by an employment policy measure than in 2002. This decrease primarily concerned subsidised contract beneficiaries within the non-market sector, whose numbers dropped by nearly 200,000 from 2002 to 2004. This can be explained notably by the failure to continue the new Services-Emplois Jeunes programme in the summer of 2002 (-118,000 beneficiaries in two years), and by a marked decrease in the two major subsidised contracts aimed at sectors experiencing integration difficulties (-76,000 Employment Solidarity Contracts and Consolidated Employment Contracts in two years), for which the very slight rise in the CI-RMA (Insertion Contract-Minimum Employment Income) and the Social Integration Contract-associations failed to compensate.

The radical cutbacks in subsidised jobs in the non-market sector had negative repercussions on employment and unemployment trends: -73,000 jobs in 2004 and +58,000 unemployed, given that non-market sector contracts couldn't play their traditionally contracyclical role. It wasn't compensated by the trends in subsidised contracts in the market sector, of which the number of beneficiaries stagnated in 2004 after having decreased by 142,000 between 2002 and 2003. In all, from 2002 to 2004, the decrease in new subsidised contracts had negative repercussions on employment trends (-106,000 in 2003; -77,000 in 2004) and on unemployment (+60,000 in 2003; +71,000 in 2004). The situation is even more concerning in that it was accompanied by a dramatic drop in the number of highly disadvantaged individuals accessing these contracts.

- Decreased access of RMI recipients to employment policy measures since 1998

The decrease in targeted employment policy schemes is coupled with a reduction in access to these contracts among the most disadvantaged sectors. The number of social minima recipients accessing subsidised contracts dropped from 222,000 in 1998 to 137,000 in 2004.

RMI recipients, who make up 39% of CES contracts, suffered most from cutbacks: 70,000 fewer had access to a CES contract in 2004 than in 1998. The proportion of unemployed RMI recipients who gained access to subsidised employment the following year dropped from 19% in 2002 to 13% in 2004.

- Subsidised contracts have a major impact upon exiting poverty

Subsidised contracts do not always allow for a rapid long-term reintegration onto the labour market.

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although they frequently improve to a slight degree living conditions for the most disadvantaged sectors.

Individuals accessing subsidised contracts (CES, CIE) often face financial hardships prior to entering the scheme. In the late 1990s, over one-half were living below the poverty line (expressed at 50 % of median income) - a percentage well higher than in households with an unemployed individual (26 %), and 20 % had virtually never worked at all. Beneficiaries of non-market sector measures live in much more difficult conditions than those accessing market sector contracts.

Subsidised contracts often result in an improved financial situation and living conditions for recipients. In 75 % of cases, the household’s standard of living three years after exiting the scheme is higher than that observed prior to entering the scheme, although individual situations vary. Over one-third of former CES or collective SIFE beneficiaries are still living in households below the poverty line, whereas this percentage is only 16 % for former CIE beneficiaries. The majority of beneficiaries estimate that the measure has helped improve their financial situation.

Since the late 1990s, the drop in subsidised contracts, notably in the non-market sector, has in part relegated the issue of integrating disadvantaged sectors to the general scheme which reduces charges for low-wage earners. These measures, which aim to stimulate demand for low-skilled labour in the market sector, cannot however constitute the sole response to the specific problems of integrating the most disadvantaged sectors. The accumulation of obstacles which these sectors face in regaining employment call for the establishment of personalised assistance in finding long-term employment.

From this perspective, the January 2005 Law on social cohesion marked a significant change in direction. By radically reshaping all targeted schemes and slowing down the redeployment of government interventions in the market sector, it was to increase access of social minima recipients to subsidised employment. Yet, despite the ambitious entry objectives set for 2005 for new public and non-profit sector contracts (“contracts for the future” and subsidised employment contracts), the increase in these schemes was very slow in the first semester of 2005 as a result of the complexities in the decentralised operation of the “contract for the future” and delays in operators adapting to radically reformulated contracts. After three years of consecutive decline, the third trimester revealed a slight increase in the number of subsidised employment beneficiaries in the public and non-profit sector, yet the decentralisation of the “contract for the future” may cause relative concern due to the scheme’s complexity and the risks of bias in applying it from territory to territory.

Recent trends of employment and integration policies towards the reinforcement of financial incentives to work

In addition to a recentring of employment policies around general measures of lowering labour costs instead of targeted instruments for regaining employment for the most disadvantaged, recent trends of employment and integration policies have emphasised financial incentives to work. This emphasis on the need to “make work pay” finds its origin in a series of OECD recommendations dating from the mid-1980s, which were proposed again in 2003 as an element of the major objectives of European employment strategy. It is based on the premise that the absence of sufficient financial gain to regaining employment limits the desire to regain employment, by creating “inactivity traps” for social minima recipients or “unemployment traps” for unemployed individuals receiving compensation.

This premise moulded several socio-fiscal system reforms since the late 1990s which aimed to boost the financial attraction of low-paying jobs45: modification of the profit sharing system (1998), modification in calculating resident’s tax and its exemption scheme (2000), creation of a uniform system for housing assistance scales in the rental sector and easing transitions for RMI recipients regaining employment (2001-2002), and the extension of the possibility to temporarily couple employment income and income from social minima. These reforms were later pursued as part of the fiscal income reforms, with a decrease in taxability of income tax, and the creation and extension of employee bonuses.

An analysis of the impact of these reforms highlights the tension that exists between objectives fostering incentive and redistribution: although they resulted in an increase in standard of living for individuals across the spectrum of standard of living levels, these increases are unevenly distributed throughout the population, notably due to the taxable income reform, which primarily benefitted the wealthiest. The impact of the reforms was evaluated as being equal to an annual 180 euros on average for the 20 % of individuals with the lowest incomes (or 3.2 % increase in standard of living), and an annual 980 euros (2.4 %) for the 20

% wealthiest. As a proportion of initial income, increases in standard of living have been greater for the two opposite ends of the standard of living spectrum than for those in the middle. Among those individuals in the first quintile (20%), the reforms least benefited the poorest, and in particular social minima recipients.

The same tension exists in part in negotiations over unemployment insurance, in which the attempt to limit the alleged risks of disincentive to regaining employment due to receiving replacement income risks causing an increase in poverty for employment-seekers receiving little or no compensation.

Among the reforms put into place to improve financial incentives to employment, the role of the PPE (Employment Bonus) stands apart from the others. The scheme targets a social justice objective by systematically improving the situation of employed recipients and securing a monetary increase at work, yet it appears that the scheme’s current amplitude and target population are limited to a certain extent. Firstly, until 2006, a one-time payment which is delayed, without any apparent relationship to the fact of having a job, greatly hinders the scheme’s legibility. In addition, the choice of a largely open scheme (the PPE benefits over 8 million households) radically reduces its redistributive character as well as its impact in providing incentives to work.

Table 18
Households having received a PPE for 2002 income based on standard of living

<table>
<thead>
<tr>
<th>Decile of standard of living</th>
<th>Proportion of households having received the PPE (%)</th>
<th>Average amount received in 2003 (euros)</th>
<th>Households having received the PPE</th>
<th>Portion of available income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1</td>
<td>36.7</td>
<td>330</td>
<td>330</td>
<td>2.4</td>
</tr>
<tr>
<td>D2</td>
<td>64.0</td>
<td>318</td>
<td>318</td>
<td>1.7</td>
</tr>
<tr>
<td>D3</td>
<td>67.1</td>
<td>306</td>
<td>306</td>
<td>1.5</td>
</tr>
<tr>
<td>D4</td>
<td>66.7</td>
<td>282</td>
<td>282</td>
<td>1.3</td>
</tr>
<tr>
<td>D5</td>
<td>54.0</td>
<td>283</td>
<td>283</td>
<td>1.1</td>
</tr>
<tr>
<td>D6</td>
<td>42.1</td>
<td>304</td>
<td>304</td>
<td>1.0</td>
</tr>
<tr>
<td>D7</td>
<td>35.9</td>
<td>272</td>
<td>272</td>
<td>0.9</td>
</tr>
<tr>
<td>D8</td>
<td>20.6</td>
<td>255</td>
<td>255</td>
<td>0.7</td>
</tr>
<tr>
<td>D9</td>
<td>9.1</td>
<td>231</td>
<td>231</td>
<td>0.5</td>
</tr>
<tr>
<td>D10</td>
<td>3.9</td>
<td>242</td>
<td>242</td>
<td>0.3</td>
</tr>
<tr>
<td>Total</td>
<td>38.4</td>
<td>294</td>
<td>294</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Scope: households in which the reference person is under age 60, is not a student, and whose declared income is positive or nil.
Findings: among the 10% of households with the lowest income (D1), 36.7% received the PPE for an average amount of 330 euros for 2003; this represents 2.4% of their available income.
Source: 2002 Taxable Income Survey, INSEE-DGI.

In fact, the relatively low amount for the PPE (294 euros annually in 2002, or an average 1.2% of available income) and its distribution among the overall population (the PPE is received by households belonging to all income deciles) limit its being a redistributive benefit, targeting above all low-wage working individuals, and not the most vulnerable sectors. Its role in reducing the poverty rate remains relatively minor, because without the PPE, the poverty rate would have been 6.1% instead of 6% in 2002.

The differential between social minima and work income also rose under the impact of successive increases in the minimum wage; it was much higher than re-evaluations of the amount of social minima - an evolution that the Observatory had already underscored in its previous rapport.

Graph 6
Evolution of purchasing power of several social benefits, net average income and monthly minimum wage

(*ARE = Return to Employment Aid Allowance / AUD = Downward Sliding Unemployment Benefit)

Source: INSEE (price index, average salary, minimum wage), UNEDIC (ARE, AUD), DREES (API, RMI, AAH).

Following this series of reforms to boost financial incentives to regaining employment, an analysis of the various profiles found led to the conclusion that “non-employment traps” had virtually disappeared. The various estimates carried out by the social security department for the “Families, Vulnerability, Poverty” commission found that, for nearly all of the configurations studied, regaining employment led to monetary profits. These elements were confirmed by a study carried out by the Direction Générale du Trésor et de la Politique Économique (Treasury and Economic Policy General Directorate) demonstrating that in 2004, in comparison to 1998, there were no more situations resulting in a marginal taxability rate over 100%. These financial gains remain relatively low, however, and can be cancelled out if local aid is taken into account, which can represent up to 20% of national assistance for minima recipients.

Employment and integration policies need to encompass more than just greater financial incentive to working

The important role granted to the “non-employment traps” and more broadly the priority given to financial incentives in measures aiming to improve integration of the most disadvantaged individuals was part of the emergency employment plan announced by the prime minister in June 2005 and the proposed law relative to regaining employment and the development of employment presented at the Council of Ministers on 8 November 2005 by the minister for Social Cohesion and Parity.

The text, currently being discussed in Parliament, aims above all to “move out of the assistance schemes all recipients of the RMI (Guaranteed Minimum Income, Revenu Minimum d’Insertion), ASS (Specific Solidarity Allowance, Allocation de Solidarité Spécifique) and API (Single Parent Allowance, Allocation de Parent Isolé) by fostering the regain of employment for periods of time sufficient to ensuring financial autonomy of these wage-earners and their families”.

To achieve this, they established a bonus system for recipients of the three schemes, based on the payment of lump-sum bonuses: all RMI, ASS and API recipients starting or regaining employment for over 78 hours a month would receive:

- for the first three months, his or her allowance and his or her salary;
- for the next nine months, a monthly bonus of 150 euros (with an additional bonus of 75 euros a month for families);
- a bonus of 1,000 euros during the 4th month following the onset of employment;
- a monthly employment bonus and an average sum of 66 euros.

These orientations are sound in principle, given the concern for social justice as well as economic efficiency by which a return to employment is accompanied by financial profits for the recipient. Yet the form decided upon to carry out these orientations presents several major difficulties: first, people who, despite themselves, have chaotic professional lives for over a year (temping, fixed-term contract, periods of unemployment) or very few working hours (a few hours of housework per week, for example) are not eligible to participate in this bonus system (with the exception of the PPE) and have almost no financial interest in working, which raises issues of equity; secondly, calculating the amount is complex, raising concerns on the part of those concerned about the amount of bonus system they’ll dispose of, whereas, at this level of resources, it is essential that they be able to plan for the amount of income to be received; lastly, the multiple threshold effects it engenders represent a source of inequities and precipitous drops in income. Given these observations, the “Family, Vulnerability and Poverty” commission in 2005 and the Economic and Social Council in 2003, in the report on l’Accès de tous aux droits de tous par la mobilisation de tous, (General Access to Rights Through General Mobilisation) made suggestions (“revenus de solidarité active, or active solidarity income”, “allocation compensatrice de revenu, or income compensation allowance”) to work towards a unified bonus scheme which was simpler, fairer and devoid of any threshold effect.

Yet how relevant are integration and employment policies based primarily on this issue? It appears that, based on empirical evidence and the numerous studies focusing on this theme, the existence of financial profits in regaining employment is not a determining factor of social minima recipient behaviour. In addition, transitions between employment and non-employment must be analysed as a continuum of given situations, rather than as a series of ruptures between unemployment and employment. Lastly, it appears that the obstacles to regaining employment for the most disadvantaged individuals are caused by multiple factors and are much more complex than the sole financial issues, which justify integration and employment policies revolving around assistance to individuals facing a series of hardships.

• **Financial profit is not the main determinant to regaining employment**

Empirical elements stemming from surveys on the future of RMI recipients and on the social reintegration of social minima recipients nearly invalidate the hypothesis of the existence of inactivity traps. These surveys provide a radically different profile of the social minima recipients in comparison to the image of individuals “chronically” on welfare assistance, who do not bother looking for work given the low profit in regaining employment.

Among RMI recipients on 31 December 2001, one-fourth worked during the first trimester of 2003 (or just over a year after) and nearly one-half were seeking employment. Among those who were working, one-half were still receiving RMI benefits, either through bonuses or through marginal part-time work without any bonus whatsoever. For the most part, the jobs offered little security, and were frequently subsidised and part-time.

Earlier surveys revealed that unemployed minima recipients were looking for employment as actively as other unemployed individuals were; the number of years of having been in the scheme did not have a significant impact on the intensity of the employment search.

They do note, however, the low success rate of these employment searches, since half of the recipients seeking employment were not contacted for follow-up interviews. When they were, their interviews very rarely led to them being hired. Only 10% had refused employment, rarely for financial reasons. Conversely, the survey revealed that one-third of former recipients who had accepted employment found no improvements in income; one third of recipients who had re-entered the labour market experienced no financial improvement since regaining employment, while 12% noticed a deterioration of their situation.

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48 If additional costs, such as transport and childcare, are factored in.
49 Threshold for the monthly duration of work (less or greater than 78 hours); threshold for the length of work contract (less or greater than three months): threshold after one year of work when the bonus scheme (except for PPE) ends abruptly.
51 Notably the 1998 survey on those exiting the RMI system.
These results were corroborated by a recent study highlighting the absence of any direct link between financial incentive to regaining employment and the behaviour and actions of parties concerned, and the role played by non-financial factors (age, family situation, housing constraints) in decisions related to employment. On the other hand, the low - sometimes non-existent - financial gain in regaining employment can hinder long-term professional integration, keeping the concerned parties in a situation of chronic penury which obliges them to focus simultaneously on work and the struggle for daily survival.

The behaviour of a large number of RMI recipients is thus not coherent with the approach in terms of traps, which is based solely on employment offers. The conditions for regaining employment for social minima recipients and employment-seekers remain largely conditioned by available employment offers. Thus, despite the fact that the reforms allowed for an improvement in potential financial gain when regaining employment, the recent period witnessed a significant increase in the number of social minima recipients. In contrast, the preceding period allowed a major decrease in the number of RMI recipients for the first time, due in the first place to a particularly favourable economic climate, as well as to the establishment of measures to assist a return to employment for the most disadvantaged and the particular obstacles they encounter. The origin of the difficulties in regaining employment for social minima recipients seems to lie primarily not in the existence of “traps” but in the insufficient demand for work during periods of unfavourable economic climate, during which they are the hardest hit by the lack of low-skill employment options.

**Non-financial obstacles to regaining unemployment experienced by disadvantaged individuals**

Employment and integration policies must also incorporate the existence of non-financial obstacles to accessing employment. The studies carried out on professional pathways of social minima recipients stress in particular the obstacles linked to age, low level of skills and training, illiteracy and costs related to employment-seeking (notably for transportation), as well as health problems and difficulties in reconciling family life and professional life. A study carried out for DARES on employment, health and social integration emphasises the role of health problems in social integration difficulties and alienation from the labour market, as well as the difficulty of integration and employment re-entry agents in taking into account these health issues in social and professional integration work.

The difficulties in reconciling family life and professional life do not concern only disadvantaged households, yet they are more acute, given the low levels of resources available for childcare. They can also play a role in their impoverishment when the family situation leads to a total or partial withdrawal from the labour market, trapping disadvantaged families in a vicious circle that is particularly difficult to resolve. We have observed a higher proportion of women from precarious and low-skilled households renouncing jobs, which can in part be explained by difficulties in accessing childcare to reconcile family life and work. It appears that the use of different forms of childcare varies greatly depending on income ; more modest families rely less frequently on paid childcare, which hinders their career possibilities. In 2000, only 5 percent of children from the most modest-income families attended childcare centres (in comparison to over 20 % for children from median or wealthy households) ; 7 % were cared for by a child minder (13 % for children from median and wealthy households) ; and over 60 % were kept at home by a family member receiving or not receiving a parental education allowance (versus 35 % for children from median households and 14 % for those from wealthy households).

These factors therefore highlight the existence of non-financial obstacles to employment re-entry, and the necessity for employment and integration policies to incorporate multiple factors. Family policies thus are a determining factor in the employment of the most impoverished:

- by promoting the development of individual childcare services rather than collective services, early childcare policies do not sufficiently promote the redistribution of assistance from the wealthiest families to the most modest ; from this perspective, the measure provided for in article 6 of the legislative

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52 Y. L’Horty, “Que nous apprennent les bénéficiaires du Rmi sur les gains du retour à l’emploi ?”, research report by the Centre d’études de l’emploi, 2005.

53 A. Belleville-Pla, op. cit.


proposal related to regaining employment, which gives priority access for RMI, API and ASS recipients with employment to childcare establishments and services (when they are alone or have a partner working as well), marks a positive step in the right direction;

- the establishment of measures encouraging a withdrawal from employment can have repercussions on the most disadvantaged women: various analyses of the parental education allowance reveal that this benefit is unfavourable to the least qualified women, often relegating them to precarious employment patterns, and even causing a total withdrawal from the labour market. It thus has a polarising effect among the female population, with on the one hand women who are guaranteed to get their jobs back because they benefit from maternity leave, and on the other the more vulnerable women who withdraw from employment.

Beyond the sole concern for financial gain in regaining employment, professional integration of disadvantaged individuals seems to depend therefore on the availability of measures providing personalised assistance recognising the particular hardships of each individual, and the setting up of monitored pathways to integration, of which long-term employment is sometimes only the end result, once obstacles related to family situation, health problems and difficulties accessing training and transportation have been taken into consideration. The various subsidised employment measures - on condition that they are in line with this reasoning on long-term integration - are key tools for regaining employment and for the fight against poverty.

Directing integration policies towards the issue of inactivity traps, beyond any limited efficiency, notably during periods of low growth and high employment, does not seem to be in line with the objectives to reducing poverty: the growing erosion of replacement and transfer income with respect to work income, regardless of whether this involves social minima or unemployment compensation systems, leads to increased poverty and “holes” in the transfer systems. At the same time, measures that provide incentives to regaining employment can have perverse effects, notably by motivating individuals to resume poor-quality jobs and/or low-paying jobs, which could lead to the development of the number of working poor.

Multiple deprivations and constraints weigh heavily on lifestyles of poor individuals and on access to fundamental rights

Inequities in consumer spending: a reflection of budgetary cutbacks

In a market economy, difficulties in accessing consumption are the most visible elements of poverty. Measuring these hardships enables an assessment of the sense of deprivation inherent in poverty; it is also among the most difficult.

In most Anglo-Saxon countries, for reasons that are largely historical, poverty is still measured in terms of possession of certain material goods, deemed essential to ensure minimum standards of comfort. The poverty line is defined as the level of financial resources necessary to attain these standards. The definition of the material goods to be taken into consideration thus implies the existence of a social consensus on what decent living conditions should be and on the monetary value of relevant goods and services.

Most developed economies which have adopted this measurement of poverty have been gradually evolving it. In the United Kingdom, for example, the recent establishment of deprivation indicators was the subject of a long consultation procedure, involving the individuals themselves, according to age bracket, to define with the individuals those deprivations characteristic of poverty.56 For example, the fact of not being able to heat one’s residence and of not owning two pairs of shoes per individual, appropriate for weather conditions, were seen as two main characteristics of poverty among adults surveyed; for children, it was the fact of not being able to spend a week’s holiday each year away from home or to swim in a swimming pool once a month.

This consumer-based approach to poverty, which highlights individuals’ hardships in meeting certain fundamental needs (nutrition, housing, clothing…), is less feasible in a highly complex society in which nearly all the production of wealth is monetary, most consumer products are converted and where access to certain basic services is an essential element of decent living conditions. This approach then raises the

question of the individual's capabilities: the possibility of maintaining decent living conditions over time, and the possibility of participating in the social body and accessing certain fundamental rights.

In France, the choices of household consumption appear to be determined primarily by the level of income. The study carried out based on the INSEE Family Budget Survey enables an analysis of the differences in consumption of low-income households and other households: on average, the former have expenses some 36% lower than median households; the difference varies from 60% for transportation expenses to 15% for tobacco and alcohol.

**Differences in consumer spending between wealthy households and poor households**

The results available on the structure of household spending reveal that differences in household consumption do not represent a “rich/poor” dichotomy, but involve all sectors of society to various degrees.

**Graph 7**

Distribution of budgetary coefficients for food, housing and transportation based on deciles of standard of living

<table>
<thead>
<tr>
<th></th>
<th>déciles de 1 à 10</th>
<th>déciles de 1 à 10</th>
<th>déciles de 1 à 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>food</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Finding:** food expenditures represent on average 20% of expenditures for households in the first decile of standard of living.

**Source:** INSEE, 2001 Family and Budget Survey - used by DREES.

In particular, household spending (rent, taxes and utilities, maintenance costs, water, gas, electricity and other fuels) represent the major budgetary entries for low-income households: their proportion in total household spending for households in the first decile of living standard increases to 28.5% and quickly drops down to stabilise at around 18% for the three last deciles. Spending on food represents 20% of the budget for 20% of the poorest households, whereas it represents only 13% for the wealthiest.

A certain hierarchy seems to exist for the various consumer entries:
- entries for spending said to be hard to compress, which correspond to “fundamental” needs of individuals (housing, food), occupy a greater portion of budgets for low income households;
- conversely, the portion of household budget for entries appearing to have less priority (hotels and restaurants, transportation, recreation and culture) increase with wealth;
- lastly, certain entries (health and “other goods”, notably insurance) correspond to what could be

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qualified as “intermediary goods”, which seem to have equal weight in nearly all households.

Two entries which weigh heavily in low-income household budgets without being considered as fundamental needs of individuals are not included in the typology as described:

- communication costs, primarily telephone communication: the budgetary coefficient of this entry is rather uniform across the board (around 3 %) for all households whose living standard falls under the eight top deciles, whereas it is higher for the fifth decile of poor households (respectively 4.1 % for the first decile and 3.7 % for the second decile);

- likewise, alcohol and tobacco expenditures exceed 3.5 % of consumption only for households in the first two deciles (respectively, 320 and 330 euros average spending annually per consumption unit).

There are several plausible explanations for these exceptions based on an analysis of organisational modes for concerned markets (existence of quasi-monopolies and the relatively indivisible nature of consumption) as well as lifestyle (addictions, trends).

Another difference between households stems from the fact that low-income households more frequently purchase clothing in supermarkets and markets, less frequently at retailers, particularly for clothing for women over age 25.

Whereas food is the second leading entry for spending for the poorest households, nearly one out of five households in the first decile maintain they would put any supplementary resources towards food expenses (in comparison to one household out of twenty among those in the fifth decile). This approach with respect to consumption inequities demonstrates the weight of nutritional deprivation in poor households. The evolution of housing and food prices burdens the budget of poor households. These studies raise the issue of possibilities of choices in consumption available to individuals after incompressible expenses such as housing are factored in.

Differences in food consumption and quality of products consumed are telling in situations of poverty

The presentation of the Family Budget Survey's major spending entries largely ignores the different effects which products within the same budgetary entry can have - notably the difference in the quality of products consumed by wealthy household and poor households. It is also inadequate to describe the impact of inequities of consumption on lifestyles.

Consumption restricted to staples

The Continuous Survey of Living Conditions of Households reveals that in 2004, 5 % of the French population lacked sufficient means to eat meat, chicken and fish every other day. These households were found notably in inactive households, and for those employed, in age brackets under age 30 and among 40-49 years of age and 50-59 years of age. They tended to be single-parent families or single individuals, frequently living in large and medium-sized cities around the Mediterranean, the Southwest, the Paris region and northern France.

According to the same source, in 3 % of households “it occurs that an individual spends a day without having at least one complete meal due to a lack of money during the last two weeks of the month”.

Box 3

Use of the Family Budget Survey to measure disparities in consumption between wealthy and poor households

To better grasp the characteristics of consumption for the lowest-income households, an analysis of consumption structures using major budgetary entries, which indicates the areas in which expenditures are particularly low compared to “average households”, can be carried out.

Household standard of living is determined using a standard equivalency scale, which accounts for

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60 Given the burden of housing costs in low-income households, several associations have campaigned for the introduction of a “reste à vivre” (remainder to live on) as part of social schemes.
household composition and permits comparisons among them. Households are ranked by decile according to their standard of living: the first decile (low-income households) corresponds to the 10% of households with the lowest standard of living, the second decile corresponds to the next 10%, etc. Median households are defined here as those households making up the fifth decile for households (income level that divides the French population in two), wealthy households are those making up the 9th decile (or 10% of the population with the highest income).

Household consumption expenditures cover expenses carried by households to acquire consumer goods and services. They exclude expenses used to acquire housing or for major renovation and maintenance work, which constitute capital, as well as to acquire valuable objects. Designated products, as recommended by Eurostat, can be broken down into twelve major spending entries: food products and non-alcoholic beverages, as well as alcoholic beverages used for household consumption (the others falling under the category of restaurant expenses), tobacco and narcotics, clothing and shoes, housing (rent, charges, maintenance costs, water, gas and electricity and other fuels), furniture, household appliances and home maintenance, medical and health services corresponding to out-of-pocket expenses, transportation (purchase and maintenance of vehicles and use of public transportation), communication (postal services, purchase and use of telephones), recreation and culture, schools, hotels, restaurants and cafés and other goods and services.

- **An analogous consumption structure for poor households, but a different breakdown between prices, quantity and quality depending on products**

  The distribution via spending entry for different products consumed varies little according to income, with the exception of a few products. Differences between households can thus be found for different reasons: the brand, quality, diversity and quantity of products consumed. The weight of each of these factors is, however, difficult to document.

  Households in which diet is “poor in fruit and vegetables” are for the most part those with low incomes. Recently, several elements seem to suggest that this situation is deteriorating: CREDOC surveys of the entire population demonstrate that fresh fruit purchases have decreased by 3% in value from 2001 to 2003. This tendency, which is worrisome in terms of healthcare, can in part be explained by unfavourable climate conditions in 2003 and 2004.

- **Breakdown is highly variable according to socioeconomic status, sex, age and level of education of individuals**

  An increase in the level of education can decrease the absolute level of food expenditures: this is true for vegetables, animal and vegetable fats and meat. The less educated earmark a higher proportion of their budget for meat (25.5% versus 20.0% for the more educated) as well as for animal and vegetable fats (2.5% versus 1.7%). Conversely, for cereal products, there is no correlation between degree earned and, all other factors being held constant, the portion spent on alcoholic beverages is greater among the more educated (10.3%).

- **Unfavourable nutritional consequences for poor households**

  Even the slightest variations in terms of overall balanced diet can have major nutritional repercussions, particularly for disadvantaged sectors of the population.

  Taken as a whole, no significant differences are observed in levels of AESA (apports énergétiques totaux sans alcool, or calorie intake without alcohol) and intake of macronutrients (in % of AESA) for adults and children from poor households compared to adults and children with family income above the poverty line.

  Concerning the nutritional density of food, adult women from disadvantaged households have lower

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62 F. Caillavet et al., op. cit.
density levels of certain antioxidant vitamins than those for adult women with higher incomes. Likewise, other studies have demonstrated that this lower nutritional density correlates with a greater incidence of cancer and cardiovascular disease among disadvantaged sectors of the population in France.

The impact of inadequate diet on poor households is now well known, notably in terms of obesity. In most industrialised countries, sectors of the population with low socioeconomic status show greater rates of obesity than wealthier classes. Although rates of obesity and excess weight are among the lowest in Europe, France is no exception. Survey results for Year 9 students reveal that 4.5% of children of skilled workers (and 7.4% of children of unskilled workers) were obese at that age, in comparison to under 0.7% for children of executives. These results are corroborated by other surveys with children aged 2 to 17:

Despite the significant impact of the CMU (Universal Sickness Insurance), difficulties persist for poor households in terms of health

Social inequities in healthcare are pronounced in France. Life expectancy is shorter and health problems begin earlier and in more pronounced ways for socially disadvantaged sectors of the population. One could even speak of a continuum of excess risk of mortality, morbidity and handicaps proportionate to social disadvantage. Social inequities in health have not been decreasing over the past few decades. Reasons cited for this include individual living conditions, as well as access and recourse to medical treatment. Difficulties are compounded for the most vulnerable individuals due to higher exposure to risk and difficulty in accessing information and treatment. They also accumulate hardships with respect to many aspects of healthcare, particularly with respect to disease (cardiovascular, various types of cancer, oral and dental hygiene, mental health, etc.) and to their causes (alcohol, tobacco, diet, etc.).

Inequities in life expectancy per socio-professional category and income level growing increasingly pronounced

Life expectancy is partially determined by healthcare. Until the late 1990s, the difference in life expectancy at age 35 for a worker and an executive was 6.5 years, with disparities in mortality rates continuing into later years. A higher mortality rate among the workers-employees group for all types of causes has been observed. The greatest disparities observed are due to alcohol.

The most recent available surveys confirm this deterioration of the situation: between the early 1980s and mid-1990s, life expectancy at age 35 had increased for all social categories, but the differences in life expectancy between socio-professional categories have become even more pronounced for men, while remaining stable for women. Differences in mortality rates remain much less pronounced for women than for men: according to mortality rates based on sex and age observed in the mid-1990s, life expectancy at age 35 for female executives was three years longer than for female workers, versus a difference of seven years for male executives and workers.

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65 DREES, Données sanitaires et sociales en France en 2004, La Documentation française.
The risk of death is as strongly correlated with income level as it is with socio-professional category.\footnote{F. Jusot, “Mortalité et inégalités de revenus en France”, working document, http://www.delta.ens.fr} This relationship exists across the income distribution spectrum, regardless of region affected.

**Morbidity linked in part to precarious situations**

Social inequities in healthcare exist for many precarious sectors of the population in such areas as cardiovascular and respiratory disease, diabetes, certain types of cancer (oesophageal, upper respiratory and digestive tracts, cervical), dental hygiene, mental health problems (psychological difficulties, behavioural problems, depression), osteoarticular diseases,\footnote{E. Cambois, “Les personnes en situation sociale difficile et leur santé”, in Les Travaux de l’Observatoire national de pauvreté et de l’exclusion sociale 2003-2004, La Documentation française.} as well as certain contagious diseases (tuberculosis, hepatitis B and C). Recent studies demonstrate that the prevalence of hepatitis B virus carriers is three times higher among CMUC beneficiaries than non-beneficiaries; for the hepatitis C virus, the rate is 3.5 times higher among CMUC beneficiaries in comparison with non-beneficiaries.

A survey of those seeking assistance at shelters and soup kitchens carried out in 2001 revealed that 25 % among them claimed to be depressives (compared to 3 % for the general population), 14 % claimed to have respiratory problems (versus 6 % in the general population), 10 % had osteoarticular problems and 10 % had digestive problems. Some 30 % of the women said they suffered from migraines (versus 7 % in the general population), possibly due to visual problems which went uncorrected, whereas men claimed to suffer from difficulties linked to previous accidents or illnesses.\footnote{B. De la Rochère, “La santé des sans domicile usagers des services d’aide”, Insee Première, n° 893, 2003.}

**Health problems linked to living conditions, notably during childhood**

Health inequities are determined by inequities in living conditions, education, employment, housing, and leisure activities. These inequities impact upon lifestyles, particularly nutrition, high-risk behaviours,
exposure to disease and to accidents. In addition, a deteriorated state of health and precarity tend to 
exacerbate one another. For example, psychological difficulties, behavioural problems, depressive states 
and other mental health problems come up repeatedly in studies on the health of the most disadvantaged; 
this applies to children as well. Over extended periods of time, living conditions of those in precarious 
situations lead to, trigger or expose individuals to latent pathologies, thus explaining the much greater 
prevalence of pathologies found in disadvantaged sectors of the population. In contrast, when poorly 
identified and untreated, such diseases can lead to professional and social exclusion in the wake of 
academic and professional failures. Health inequities appear early on in life, with children living in poor 
households experiencing a great frequency of asthma and ear, nose and throat problems, migraine and 
other headaches, dental problems, mental health problems and insomnia. Whether it’s extreme obesity or 
merely being overweight, the proportion of overweight children appears clearly higher in Priority Education 
Zones (ZEP). Children attending schools in ZEPs also have twice as many cavities as children in other 
zones. These cavities frequently go untreated. With respect to visual problems, the overall frequency of 
anomalies observed during exams is equivalent both in and outside ZEPs, but the percentage of known 
anomalies prior to the examination and the proportion of children wearing glasses was lower in ZEPs. 
Difficulties and delays in language and verbal skills are also more pronounced in ZEPs.

The 2003 perinatal survey\textsuperscript{71} corroborates the existence of social disparities throughout the course of 
pregnancy (medical treatment or nicotine addiction) and following birth (prematurity and birth weight). The 
vast majority (95 \%) of intermediary professions, civil servants and executives carry out all medical visits 
recommended by the law (seven in all). In contrast, over 10 \% of unskilled workers and 15 \% of women who 
do not work fail to carry out all of the medical visits. The difference between households is even more 
pronounced for tobacco addiction. Among smokers, one-fifth (22 \%) of unskilled workers agree to stop 
smoking before the third trimester of their pregnancy, whereas over three-fifths (62 \%) of female executives 
agree to do so. In this way, during the third trimester of pregnancy, 22 \% of women smoke according to 
highly different patterns depending on profession - 9 \% for female executives and up to 38 \% for unskilled 
workers.

\textbf{Differences in seeking medical treatment: from general practitioners to emergency treatment to 
no treatment at all}

There are also certain patterns in terms of access to treatment for the most disadvantaged sectors. 
Social milieu seems to have significant influence on the nature healthcare sought. Studies have revealed, 
for example, that there is a marked opposition between individuals from households in which the reference 
person is a worker, with a tendency to opt for hospital expenditures, and those from households in which the 
reference person is an executive, which tend to opt for ambulatory care facilities. Within ambulatory 
facilities, the greatest difference between executives and workers involves recourse to specialists and 
optical expenditures.\textsuperscript{72}

The CMU removed most of the financial obstacles to access to medical treatment. Yet many low-income 
individuals do not seek medical treatment. This can partly be explained by inadequate accessibility to the 
classic treatment scheme and the individual situations of disadvantaged individuals. With respect to 
children, some 60 \% of advice and recommendations given during school health examinations has no 
impact whatsoever since recommended treatments are not part of overall treatment patterns (notably the 
use of specialists) or because it requires taking “active” steps on the part of the patient.

Efficient access to treatment implies relying on health services in such a way as to obtain the best 
possible results in terms of health. The use of services depends on the individual’s predisposition to use 
such services, his or her ability to request services, and his or her state of health (perceived or 
anticipated).\textsuperscript{73} Yet disadvantaged individuals pay less attention to various symptoms, are less informed 
about disease and available treatments, and demonstrate a degree of scepticism towards medicine.

Beyond economic factors, difficulties in accessing treatment and disease prevention for those in greatest 
difficulty also depends on many psychological and cultural factors, including the relationship to one’s body

\textsuperscript{71} 2003 National Perinatal Survey, Compléments de cadrage: les disparités sociales en matière de santé périnatale et apports des autres 
sources, DREES, February 2005.

\textsuperscript{72} D. Raynaud, “Les déterminants individuels des dépenses de santé: l’influence de la catégorie sociale et de l’assurance maladie 

\textsuperscript{73} P. Lombrail, “Accès aux soins”, A. Leclerc et al., Les Inégalités sociales de santé, INSERM, La Découverte, 2000.
and health, fear of misdiagnosis when one is the head of the household, and poor knowledge of treatment facilities.74

The CMU represents significant progress in access to treatment for recipients, yet is not enough to offset the impact of poverty on healthcare

Complementary healthcare coverage, which benefits 4.7 million individuals, has led to significant improvements in access to treatment and healthcare for recipients. Citing financial reasons for failure to seek medical treatment, particularly for dental, optical and specialist treatments, has fallen by over one half when individuals are covered by complementary health insurance.

Yet 5.5 million people were still not receiving complementary coverage in 2003,75 in one out of two cases, for financial reasons. The CMUC remains affected by a very pronounced threshold effect (587 euros per month76 on 1 July 2005), which excludes many poor individuals. Health insurance reform has in part compensated for this oversight by creating assistance in acquiring complementary health insurance. In August 2005, 113,000 recipients benefited from this assistance, which is relatively low with respect to the number of potential recipients (2 million).

Access to the CMU does not guarantee effective access to treatment for recipients. Some 15 % of CMU recipients interviewed declared that a doctor or other health professional has refused to see them or receive them because they are CMU recipients. Those health professionals most frequently cited were specialists (7 % of people interviewed), dentists (6 %) and to a lesser extent general practitioners (2 %).77

Data based on the activities of the association Médecins du Monde corroborates the existence of this type of difficulty. While 81 percent of Médecins du Monde patients theoretically should benefit from health coverage, the association observes that 80 % of consultants show up without having registered for eligibility rights. This gap primarily concerns potential AME (Free Medical Care, or Aide Médicale d’État) recipients, over 92 % of whom have not validated their rights. Concerning difficulties in accessing treatment, the association emphasises the lack of information for foreigners in the French medical treatment system. It also appears that foreigners are frequently refused treatment. Yet the data reveals that beyond restrictions on access to the AME, the percentage of potential health insurance recipients who do not access the system remains significantly high despite the CMU.

Table 19
Evolution of potential rights to health coverage among patients treated by Médecins du Monde from 2001 to 2004 (in %)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health insurance</td>
<td>41</td>
<td>37</td>
<td>37.1</td>
<td>35.9</td>
</tr>
<tr>
<td>State health assistance</td>
<td>50</td>
<td>53</td>
<td>53.7</td>
<td>45.1</td>
</tr>
<tr>
<td>No eligibility</td>
<td>9</td>
<td>10</td>
<td>9.2</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Observatory report on access to treatment by Médecins du Monde, 2005.

A structural phenomenon of eviction of poor households in the housing market

In its previous reports, the Observatory had launched a major analysis of difficulties in accessing housing for poor households. Given the pivotal role of housing issues among the daily hardships which poor households face, it seems crucial to summarise the main conclusions.

Non-coverage of housing needs, generally estimated to range from 400,000 to 500,000 units, is a burden in many ways for poor households: by relegating them to the periphery of the housing market and

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76 The poverty line was 645 euros/month in 2003 (at a threshold of 50 percent of median income).
exacerbating overcrowding in existing housing, by maintaining them on a long-term basis in precarious and insalubrious housing conditions.

The rapid growth in demand for housing over the past thirty years, an annual average of 0.8% higher than that of the population, is partly due to the decrease in household size linked to recomposed family structures and to ageing. But this is not an automatic procedure. It stems primarily from the collective choice of keeping elderly people at home.

**Overcrowded housing for poor households**

Situations of overcrowded housing have decreased slightly since 1988 for households overall (falling from 9.5% to 6.8%), and remaining concentrated among poor households, one out of five of which live in overcrowded housing.

**Table 20**

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low-income households</td>
<td>Modest-income households</td>
</tr>
<tr>
<td>Very marked undercrowding</td>
<td>11.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Marked undercrowding</td>
<td>16.8</td>
<td>16.6</td>
</tr>
<tr>
<td>Moderate undercrowding</td>
<td>24.6</td>
<td>28.5</td>
</tr>
<tr>
<td>Normal density</td>
<td>27.0</td>
<td>28.5</td>
</tr>
<tr>
<td>Moderate overcrowding</td>
<td>14.6</td>
<td>10.9</td>
</tr>
<tr>
<td>Marked overcrowding</td>
<td>6.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: households with two or more individuals.
Source: 1988 and 2002 housing surveys, INSEE.

**A rise in residing with third parties**

Over the past ten years or so, the number of people living with third parties in housing arrangements has remained relatively stable at 1.7% (in 2002, nearly 980,000 people). It increased by 50,000 in six years. People housed with others can be broken down into “forced living arrangements” - those 18 years and older who are not seeking independent housing and do not have the financial means to do so, and those who claim to be living in this type of housing arrangement because they are facing financial hardship. Those forced to live with others due to these types of circumstances represent over one-third of the total number of people housed with others (376,000 in 2002), including 262,000 youth. Among the latter, some 60,000 are students, 81,000 are unemployed and 94,000 are employed (20,000 of whom have part-time jobs).

Drawing on the same survey, the Fondation Abbé Pierre, in its 2005 report on unsatisfactory housing conditions, estimated that from 150,000 to 300,000 people were living in housing arrangements with others due to a lack of other options, and that 1 million people overall were housed with others. According to the report, the average income of sheltered people represents about one-half of that of those in the general population of the same age. One RMI recipient out of six and one API recipient out of ten are living with an extended family member or friend.

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79 The data does not include young people returning to parents’ homes following graduation; see Djirikian and Laflamme, “Les formes marginales de logement”, Document de travail, INED, 2006. The authors estimate that the number of individuals housed ranges somewhere from 416,000 to 1.412 million people.
80 A. Belleville-Pla, op. cit.
<table>
<thead>
<tr>
<th>Relationship to reference person</th>
<th>Forced</th>
<th>Not forced</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children of reference person or of his or her spouse</td>
<td>262</td>
<td>195</td>
<td>457</td>
</tr>
<tr>
<td>Other family member of reference person or of his or her spouse</td>
<td>77</td>
<td>233</td>
<td>310</td>
</tr>
<tr>
<td>Friend of reference person</td>
<td>38</td>
<td>98</td>
<td>136</td>
</tr>
<tr>
<td>Boarder, sublet</td>
<td>0</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Live-in maid or paid helper</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>376</td>
<td>597</td>
<td>973</td>
</tr>
</tbody>
</table>

Scope: ordinary households, metropolitan France.
Source: 2002 Housing Survey.

These housing arrangements can exacerbate problems of overcrowding. Most often, people housed with others are not given priority for social housing. They do not receive individual assistance in that they are discharged from rent; they aren’t systematically categorised as dependents for housing assistance which the household could eventually receive.

**Tendency for social housing to focus more on poor households**

Social housing, originally intended for the overall population, is becoming increasingly earmarked for the poorest households: the number of low-income households has steadily risen and that of wealthier households fallen.

**Graph 9**
Composition of social housing tenants

![Graph 9: Composition of social housing tenants](image)

Source: INSEE, 2002 Housing Survey.

**Poor households found in the oldest and poorest-quality housing**

The gradual pauperisation of the social housing estate is accompanied by a greater density of low-income tenants in the estate’s oldest sectors: 40.5 % of low-income households live in housing built between 1962 and 1974 compared to an average of 34 % for households overall. Conversely, 9.2 % of these low-income households live in housing built since 1990, compared to an average 15.1 % for households overall.

Interviewed about the quality of their housing, low-income households clearly outnumber the others in

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describing the noise-level, the upkeep of the building's communal property and the safety level of their housing as “mediocre”.

**Table 22**

“Mediocre” status for three housing features for social housing tenants

<table>
<thead>
<tr>
<th></th>
<th>Noise-level of housing mediocre</th>
<th>Upkeep of communal property mediocre</th>
<th>Safety of neighbourhood average or mediocre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income households</td>
<td>41.3</td>
<td>22.7</td>
<td>56.5</td>
</tr>
<tr>
<td>Modest-income households</td>
<td>32.7</td>
<td>14.2</td>
<td>52.0</td>
</tr>
<tr>
<td>Other households</td>
<td>2.0</td>
<td>13.3</td>
<td>51.1</td>
</tr>
<tr>
<td>Total households</td>
<td>32.6</td>
<td>15.6</td>
<td>52.5</td>
</tr>
</tbody>
</table>

Source: INSEE, 2002 Housing Survey

**Home-ownership becoming increasingly inaccessible for poor households**

There is a marked difference among households concerning homeownership. Approximately 57% of households were homeowners or homeowners with loans in 2002; the percentage dropped to 35% for low-income households. This gap has widened since 1988: 47% of low-income households were homeowners or in the process of acquiring a home.

**Table 23**

Status of occupation of households in 1988 and 2002

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Poor households</td>
<td>Modest-income households</td>
</tr>
<tr>
<td>Debt-free homeowners</td>
<td>35.8</td>
<td>28.4</td>
</tr>
<tr>
<td>Homeowners with loans</td>
<td>11.6</td>
<td>18.3</td>
</tr>
<tr>
<td>Rentors in the social housing sector</td>
<td>19.1</td>
<td>23.0</td>
</tr>
<tr>
<td>Rentors in the private sector</td>
<td>19.5</td>
<td>18.8</td>
</tr>
<tr>
<td>Other status</td>
<td>14.0</td>
<td>11.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: INSEE, 1988 and 2002 housing surveys.

**A radical increase in rents with harsher repercussions for poor households**

As observed, housing expenditures are taking up an increasing share of the budgets of poor households. The general rent index (the calculation of the rate has recently been reformed), rose rapidly then dropped from the mid-1990s on. It stabilised between 1997 and 2001, ranging from 1.5% to 2.5%, and has risen slightly since 2001, mainly due to increases in the construction cost index which, given the moderate evolution of consumer prices, resulted in a slight increase in real terms.

Rent increases were across the board, but they had a most severe impact on poor households. A rise of some 80% was observed between 1988 and 2002 in the average monthly rent paid by poor households. This increase, which was particularly acute in the private sector (+104%), was greater than the increase observed for tenants overall (+71.6%).
Table 24
Average monthly rent and net housing expenditure based on type of household

<table>
<thead>
<tr>
<th></th>
<th>Average monthly allowance</th>
<th>Net housing expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Poor households</strong></td>
<td>143</td>
<td>222</td>
</tr>
<tr>
<td><strong>Social housing sector</strong></td>
<td>151</td>
<td>222</td>
</tr>
<tr>
<td><strong>Private housing sector</strong></td>
<td>130</td>
<td>222</td>
</tr>
<tr>
<td><strong>Modest-income households</strong></td>
<td>111</td>
<td>152</td>
</tr>
<tr>
<td><strong>Other households</strong></td>
<td>84</td>
<td>117</td>
</tr>
<tr>
<td><strong>Total households</strong></td>
<td>108</td>
<td>170</td>
</tr>
</tbody>
</table>

Source: INSEE, 2002 Housing Survey.

After housing allowances are added in, housing expenditures after taxes for poor households are the same level as those for households overall (16%). Housing expenditures however are highly variable depending on the sector: from 10% in council housing, to 26% in the private housing sector.

Graph 10

Evolution of the general rent index, consumer prices and ICC since 1981
Source: INSEE, Trimesterly Rents and Social Charges Survey.

A paradoxical situation: rents more expensive on average per square metre for poor households than for wealthy households

Households belonging to the first income decile pay per square metre significantly higher on average than what the middle class pays (fifth income decile) and equivalent to what the wealthiest pay (tenth decile). One factor may explain the evolution of characteristics of the poor today: they are younger, more urban than in the past and are more frequently renters.

Recent research82 demonstrates that in a highly inelastic market context (monopoly of homeowners), characterised by the development of third-party payment for assistance, the increase in rents per square metre is believed to be linked to the extension of personal housing assistance for students (also referred to as “housing boosts” for housing assistance), the amount of assistance often being expressed wholly or

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partially as rent hikes. There is some debate over this analysis\textsuperscript{83}; the Observatory is unable to test the validity of this hypothesis and notes that the conclusions may be somewhat controversial.

\textsuperscript{83} This hypothesis was previously posited by Lafferère and Le Blanc in 2002. It is strongly contested by the High Commission for Housing for the Disadvantaged in its most recent report, \textit{Face à la crise: une obligation de résultat}, La Documentation française, December 2005.
Chapter 3

Territories and poverty

This chapter presents the monograph studies conducted in several employment zones in mainland France and in the overseas départements (DOM). For the first time since it was founded, the Observatory conducted a series of studies on poverty in the DOM. Using the Family Budget Survey, the Observatory estimated the local low-income thresholds and analysed household expenditure and situations of restricted consumption. Data concerning the social minima, employment policies and local integration policies were used to draw up an overview of public responses in the DOM to combat poverty in areas characterised by particularly high unemployment rates. Local studies are increasingly important in mainland France and in the DOM, as large discrepancies exist in local poverty figures. They also illustrate the advantage of exchanging statistical and practical information concerning poverty. They raise questions concerning our methods of using data produced locally. Not only does the poverty rate vary widely throughout France, but above all, the territorial forms of poverty differ. Significant differences exist between the poverty in declining industrial zones, isolated rural areas, downtown sections of medium-sized towns, suburbs of major cities and overseas départements. It is necessary to understand the territorial contexts to better assess the specific situations as well as the mechanisms for exiting poverty and for becoming poor.
Over the past 20 years, social policies in France have been increasingly decentralised. This decision has been based on the basic principle that transfer measures - social assistance, integration measures and, since 2003, benefits such as the RMI - are more effective when they are managed at a local level.

In terms of poverty, this principle is based on at least three factors:
- the fact that local situations vary widely (according to differentiation),
- the need for additional information provided by a comparison of local experiences (according to experimental practice),
- the sense that local participative action is superior to measures “imported” from a national level (according to participative practice).

These factors, particularly the first one, are inadequately documented. The initial results of previous studies by the Observatory provided information concerning the wide diversity in local poverty figures, but the elements explaining this diversity are still largely open to debate. This is why the Observatory deemed it necessary to launch new studies on this subject.

This lack of information may seem paradoxical given the clear demand and the numerous publications: paralleling the process of decentralisation was a need for “territorial diagnostics” and organisational “diagrammes” at a departmental or infra-departmental scale. These are most often the starting point for contractual policies among public authorities (local and national level, the Family Allowance Office or the CAF, etc.), which require the availability of local data and elements for comparative analyses.

The insufficient amount of information is illustrated by the impossibility of breaking down the rate of monetary poverty at the departmental level. This problem is not exclusive to France: most of our partners, encouraged by the European Commission as part of the National Action Plans for Inclusion (PNAI, Plans nationaux d’action pour l’inclusion), are examining how to obtain territorial breakdowns for the major poverty indicators.

The ongoing reorganisation of our system for poverty-related information therefore focuses on several points:
- the profusion of local observations in the form of social atlases, through the creation of joint general-purpose institutions (regional information mission on social exclusion in the Rhône-Alpes, information mission on social exclusion in Île-de-France, regional social observation measures in Provence-Côte d’Azur…), and even via more specialised institutions (such as local housing observatories);
- the identification of new network coordinators: National Observatory of Sensitive Urban Zones (ONZUS, Observatoire national des zones urbaines sensibles), Territorial Observatory, etc.

This restructuring should augment knowledge about poverty, without undermining what already exists: the more localised approaches do not always provide up-to-date and readily available statistical information, yet they have the advantage of being closer to the actual experience of poverty and being able to assess the overall social and economic impact, including the integration of historical poverty situations and the culture of each territory.

The monographs for several territories demonstrate the relevance of the methods by creating a link between the statistical data and other information, notably information provided by social workers, support groups and the poor population itself. A comparison of these different sources provides a more complete view (notably concerning issues inadequately quantified at the local level, such as housing and the influence of cultural communities), but most often, it confirms or else delimits the extent of current knowledge, and finally, can sometimes contribute to mutual adaptations.

85 These include the departmental integration plans, the city contracts, the departmental plans for housing underprivileged individuals, and the local integration plans via the economy (PLIE, Plan local d’insertion par l’économie).
86 The summary of INSEE studies conducted at the local level, drawn up by M. Mansuy and D. Pallez in 2002, noted more than 80 publications on this theme; see “Dimensions territoriales de la pauvreté”, Les Travaux de l’Observatoire national de la pauvreté et de l’exclusion sociale 2001-2002, La Documentation française.
The aim here is not to analyse poverty solely as an array of characteristics found among poor individuals - a binary approach presenting a uniform category distinct from the rest of society - but to return to a broader sense of poverty, defined as the diminished ability of people to access income and consumption levels, a situation that exists within a local community, that has its own culture, its specific difficulties and that encompasses an array of actors employing a two-way dialogue with the public authorities.

**Poverty in France: increasingly urban**

**Poverty is concentrated in a few regions**

In 2001, the employment zones with the greatest inequities in the distribution of taxable income as measured by the interdecile ratio - a figure which parallels the rate of monetary poverty fairly closely - were in Provence-Alpes-Côte d’Azur, Corsica, Languedoc-Roussillon, Picardie, Île-de-France, Nord-Pas-de-Calais and the Ardennes. Several large metropolitan areas were also included; these are isolated spots in areas with relatively low rates of poverty (Bordeaux, Toulouse, Pau, Limoges, Clermont-Ferrand, Saint-Étienne, Orléans, Poitiers, Besançon, Strasbourg, Mulhouse, Annecy, Lyon).

**Map 1**

Interdecile ratio of tax income per employment zone in 2001 (mainland France only)

Source: INSEE-DGI 2001 (Territorial Observatory).

The interdecile ratio of taxable income reflects the declared income inequities. It cannot determine inequities in standard of living because it does not include social benefits.

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Thus, for Sen, “what is considered a deprivation may vary from one society to another, and from a sociological point of view, these variations are studied objectively. We can debate the exact method according to which normative assessments can factor in these social variations, but the essential operation that consists in identifying material poverty must be affected by the way various types of hardships are viewed within the specific society. Denying this relationship is not being super-objective, but super-stupid.” A. Sen, *Repenser l’inégalité*, Seuil, 2000.
This map parallels the one drawn up by the Observatory in 2001 using data provided by the CNAF concerning individuals under age 65 with low incomes. It can practically be overlaid atop the map of territorial density, with the exception of certain cities in western France which seem less affected (Nantes, Rennes, Angers, Tours) and certain predominantly rural areas, which are, on the other hand, more strongly affected (notably in the Bourbannais region, the Massif Central and the Alps).

The localised exceptions are less obvious from a geographical analysis of RMI recipients in 2004, which includes a breakdown per département. Given the effect created by the change in scale, which accentuates or plays down highly localised poverty phenomena - depending on the demographic weight of the employment zone in question - this map is generally similar to the map of interdecile ratios. As opposed to the preceding map, it includes the overseas départements and illustrates the magnitude of poverty in these regions.

Map 2
Proportion of RMI recipients per département in 2004 (for 1,000 individuals aged 20 to 59)

And finally, an analysis of a third poverty index, the distribution in beneficiaries of the Complementary Universal Sickness Coverage (CMUC), reveals a virtually identical result.
The principal conclusion to be drawn from these three observations is that the geographic concentration of the overall population and poverty phenomena are closely linked. Geographically speaking, poverty in France today is chiefly based in urban areas.

**Poverty continues to grow in urban areas**

Available data on monetary poverty at a national level confirms the growing geographical concentration of poverty. From 1996 to 2002, poor households (at a threshold of 50% of median income) tended to be located less and less in the least dense territories, and increasingly in large towns, i.e., urban units with more than 200,000 residents, and the greater Paris area, where the poverty rate has risen sharply. In these areas, the number of poor people rose by 8% between 1996 and 2002. Thus in 2002, more than one in three people living in a large urban area was poor.

Nevertheless, the risk of being poor remains high in rural areas (25%); one in four people continues to live in a rural town.
Graph 11
Spatial distribution of poverty: a comparison of 1996 and 2002


Box 4
The level of urban poverty is reduced according to the method used to calculate the monetary poverty rate

The results of the spatial distribution of poor individuals, as well as poverty per type of household, vary according to the methods used to measure net income. Several recent studies illustrate how this distribution is affected by the assessment of “imputed rents”, calculated as income in the national accounts, and which should, in the next few years, also be included in the household survey data. When the additional income (“imputed rents”) of homeowners living in their own homes is factored in, the dimensions of poverty are altered considerably: poverty is less rural and more often experienced by young urban tenants than when the current methods are applied. In particular, poor rural households drop to 22% of low-income households when imputed rents are included, as opposed to 32% when excluded. This difference is largely due to the fact that there are more homeowners in rural areas, and that the inclusion of imputed rents therefore eliminates more of the low-income population.

Local observation is essential to understanding how poverty situations arise

Factors of territorial poverty situations are now compounded in multiple ways

Poverty occurs in the centre of medium-sized towns and on the outskirts of large cities

The available monographs show that poverty most often occurs in the centre of towns (Bordeaux and Nancy, for example). Poverty is therefore not outside the city limits. On the contrary, it is more widespread in urban centres than on the outskirts: this phenomenon is particularly striking in areas that have experienced major industrial redevelopment (Saint-Étienne, Sochaux, Montbéliard). The Observatory studies also noted this phenomenon in the canton of Saint-Chamond (see box). The only exceptions seem to be the city centres of the largest French cities (Paris and Lyon), where the poverty level is lower than in

the suburbs.  
	These observations can most often be explained by the spatial mismatch between the employment areas and the residential areas. The appearance of pockets of poverty in areas immediately adjacent to cities (the nearby suburbs) would therefore correspond to a restricted choice determined by the housing location and the location of employment centres, which vary according to the sector of activity. 

A situation in which employment is located far from the house can become long-term insofar as the distance between the place of residence and employment zones represents an obstacle to job-seekers. 

M. Fitoussi, E. Laurent and J. Maurice have described this “spatial hysteresis”, which has at least two repercussions:

- the distance increases the costs of a job search (notably in terms of transportation) and reduces the amount of information available: for example, if companies use local recruitment methods, such as publishing job offers in local newspapers or putting up notices on bulletin boards, this considerably diminishes the chances for individuals who live farther away to obtain these jobs;

- distance can also discourage economic agents from accepting a job, in that the transport costs significantly increase in proportion to the distance separating the site of employment and the place of residence.

The relationships between poverty and long-term unemployment are complex and vary in time and space: while the correlation between the poverty rate (as defined by the CNAF) for employment areas and the long-term unemployment rate was low overall in 2000 (with a coefficient of 0.3) at a nation-wide level, the correlation was much higher (a coefficient of 0.6) for predominantly urban and semi-urban employment zones (a coefficient of 0.7).

This link between unemployment and poverty in urban zones also appears in a more detailed breakdown of this relationship in large urban areas, where the geographic locations of long-term unemployment and low-income households virtually overlap: this is illustrated in the case of Bordeaux. On a smaller scale, this observation also applies to the canton of Saint-Chamond, where the contrast with the rural or peri-urban areas of the foothills of the Gier Valley is high.

**Box 5**

**When the spatial mismatch is linked to deindustrialisation: the canton of Saint-Chamond**

The monograph for the Gier region reveals the impact of a territory’s social and economic history on the occurrence of poverty situations. Poverty in the Gier Valley is linked entirely to the initial industrialisation phase (heavy metallurgical industry), which is associated with the traditional textile and glass industries, and to the downturn in these industries over the past three decades.

Poverty and mass unemployment coexist, particularly in the canton of Saint-Chamond

- The interdecile ratio of tax income before social transfers is much higher (5.08) than that of the département (4.66); 38.3% of CAF recipients are low-income individuals, as opposed to 30.1% for the département overall. Half of the beneficiaries receive one minimum social benefit (as opposed to 43.1% for the département).

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90 M. Mansuy, D. Pallez, _op. cit._ Similarly, in the United States, Glaeser, Kahn and Rappaport demonstrated that 17.5% of households living in urban centres live below the poverty threshold, while this figure drops to 6.9% for households living on the periphery of cities.


93 L. Davezies, E. Korsu, _op. cit._

In 1999, the unemployment rate as defined by INSEE (16%) was considerably higher than the average in the Loire département (12.6%). This rate rose by 2.2 points from 1990 to 1999, while it was dropping in other cantons throughout the valley at the same time. From 1999 to 2003, the number of wage-earners in the private sector dropped by 9.3% (-17% for female wage-earners). The proportion of individuals who had been looking for work for over one year (29%) and for more than two years (9%) was high in 1999. Job offers dropped most for women (-17% from 1990 to 1999), with an employment rate for women (44.5%) far below the regional average (50%).

Job restructuring was primarily linked to the downturn in industrial activities (-24% overall for the entire valley), which was only partially offset by growth in services (+8%) and construction (+13%). These figures mark the end of a long industrial cycle, which was accelerated by the bankruptcy of Creusot-Loire in 1984, after it was acquired by Empain-Schneider.

Unskilled individuals aged 15 and older represent one-quarter (24.6%) of the canton’s population, while the proportion of individuals with diplomas beyond the level of the baccalaureate is much lower than the average rate in the département (11% as opposed to 14%).

This figure may be explained by the exodus of more highly skilled categories of individuals, which contrasts with the process underway in the neighbouring hillsides. The canton of Saint-Chamond experienced a negative migratory phenomenon from 1990 to 1999 (-1,508 residents for a population of 35,000, or -0.7%, as opposed to an average of -0.47% in the département of the Loire and -0.16% for the Gier region overall), while rural areas such as the Gier hillsides and the nearby Pilat massif overlooking the Gier Valley have experienced positive demographic growth, with the arrival of upwardly mobile middle-class families purchasing homes. One-third of the people living on the hillsides are residents who arrived between the two census periods of 1990 and 1999, as opposed to just one in five for the valley.

The structure of households has therefore changed considerably, with a clear drop in families with children and an increase in small households. From 1990 to 1999, the canton of Saint-Chamond recorded a rise of 21% in single-person households and a drop of 24.7% in families with four or more children.

The relatively positive social housing policy (in 1999, 37.2% of households were tenants in low-rent social housing, which is twice the overall rate for the département) seems to draw poor populations.

The geographic location of poverty is increasingly defined in opposition to the residential strategies of wealthy households

In France, the spatial mismatch between the place of residence and place of employment results from the combination of two different dynamics, which vary according to the cities involved:

- a traditional dynamic of more widely dispersed poverty, linked to the rental costs of housing in the downtown areas of large cities, which forces poor households to the periphery of these areas, despite a fairly large demand for unskilled workers. This geography of urban poverty, consisting of concentric circles, was found in cities in the 1970s, notably Reims. It brought to light a high concentration of poor families in peripheral areas of the city, linked to a high number of children with special needs;

- a more recent dynamic linked to urban sprawl, and to a growing trend towards the decentralisation of service jobs, which increase hardships for households living in city centres (notably through a decrease in the availability of service jobs).

From 1996 to 2000, for the 316 employment zones in mainland France, the wealthiest employment zones did not post the most positive figures in terms of evolving poverty, notably in the employment zones of Alsace and Île-de-France. In the wealthiest region of France, defined in terms of per capita GDP, the number of poor people (low-income population according to the CNAF) rose by 1.6%, while it dropped by 4 percent in the provinces. At the same time, the number of poor people decreased in 20 of the 25 least-wealthy employment zones (notably in areas of the Massif Central and the Southwest).

This evolution can be explained by changes in the nature of unskilled jobs over the last two decades, marked by a considerable loss of jobs in the industrial sector and the creation of jobs in household services. The phenomenon contributes to a decentralisation of economic activities, a corollary of urban decentralisation. This creates different links between poverty and territories, a situation that is favourable

to so-called “residential” zones (characterised by the proportion of tourist expenditure and pensions in the overall income) to the detriment of so-called “productive” zones (characterised by the proportion of earned income). This is the situation in Sud-Grésivaudan.

**Box 6**

**Residential poverty and “productive” poverty: contrasts in the territories of Sud-Grésivaudan**

This territory in the Isère is characterised by a large number of pensioners (which represent over one-quarter of the population, as opposed to one-fifth the population of Grenoble) and a small amount of agricultural activity (farmers make up only 6.1 %, which is low considering the agricultural nature of the region).

The population in this area has a low level of qualification, but overall, poverty is no higher than in the rest of the *département* (21 % of the CAF beneficiaries have low incomes, as opposed to an average of 20 % for the *département*; in 2002, 5.7 % of the CAF beneficiaries received the RMI, as opposed to 5.9 % on average). Yet the proportion of unskilled individuals (22.8 %) is much higher than in the Isère (18.5 %), but this is not reflected in a higher unemployment rate (10.7 % in 1999, as opposed to an average of 11.4 % for the overall *département*). Furthermore, the authors noted several factors facilitating professional integration for RMI recipients.

The study noted contrasts between the two territories:

- Poverty is low along the main roads in the Isère Valley, notably in the canton of Vinay (a rate of 10 % for low-income households as opposed to 13 % in the Isère, and 2.5 % of RMI recipients as opposed to an average 3.9 %). The region is becoming increasingly residential and decentralised; this phenomenon is characterised by a migration balance that is much higher than the *département* average (+1,000 inhabitants from 1982 to 1999). This contrasts with a negative natural increase, due to the fact that seven in ten people in the labour force work outside of the canton, half of them in the greater Grenoble area, and because of a structural gain in the skills of those in the labour force.

- The level of poverty in towns with the most economic activity, notably Saint-Marcellin, is higher (with a rate of 16 % for low-income households as opposed to an average of 13 %, and 4.3 % for RMI recipients as opposed to an average of 3.9 %) and involves more wage-earners. This area has more than 63 % of the jobs in the Sud-Grésivaudan and 60 % of the companies. Large companies opted to set up in this city: 11 of the 21 companies with more than 50 employees are located here.

The contrast between these two territories is most obvious in the breakdown in poverty per type of household: in Saint-Marcellin, 43 % of low-income households consist of single individuals, as opposed to 38 percent in Vinay (and an average of 42 % in the Isère); in Vinay, on the other hand, 25 % of low-income households consist of couples with one or two children, as opposed to only 14.5 % in Saint-Marcellin (and an average of 16 % in Isère).

**Social housing and urban transport policies are the most decisive factors in the geography of poverty**

Urban transport policies play a major role in the organisation of the social sphere. Hence Paris, whose city centre is relatively free of poverty as compared to medium-sized cities, plays a role in the congestion of the Île-de-France region. The factor of ground rent can explain the difference between Paris and Brussels in the location of households in terms of income. In Paris, the wealthier people live in the city centre, while in Brussels, they reside primarily on the periphery. Traffic and congestion, which are greater in Paris than in Brussels, reflect this phenomenon.

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96 L. Davezies and E. Korsu, op. cit.
97 E. Maurel, D. Mansanti, op. cit.
The role of social housing as a geographic factor of poverty varies widely throughout France. Roughly speaking, the country is divided between the north and the south: in 2002, while 54% of low-income households lived in social housing in Rouen, and 48% in Lille, this proportion was 32% in Marseille and 20% in Montpellier.

In Provence-Côte d'Azur, a study concerning the differences between the coastal areas and other territories\(^9\) showed that the difficulties experienced by low-income households in finding housing are much more severe along coastal regions: 4% of low-income households (as defined by the CNAF) lived in social housing in Antibes (as opposed to 50% in Avignon); the proportion of social housing in the Alpes-Maritimes is half the national average. Poverty in these territories is relegated to the peripheries of cities due to the high cost of real estate.

The unique situation of the coastal towns\(^10\) offers another illustration of the links between ground rent, social housing and poverty in the coastal areas. In the coastal towns of the Bouches-du-Rhône, the rapid drop in the number of low-income households can be linked to the pressure on the property rental market. The lack of housing in the Thau basin is also evident in the development of various forms of temporary dwellings for low-income households: campsites for occasional occupancy, as well as cabins along the Thau pond and squats in the city of Sète.

**Box 7**

**Ground rent, social housing and poverty in the coastal towns of La Ciotat and Cassis**

The territory of Aubagne-La Ciotat\(^10\) includes two coastal towns: La Ciotat, an industrial town undergoing restructuring after the closure of the shipyards in 1986, now shifting towards a new specialisation in yacht repair and refitting; and Cassis, basically a residential town.

As compared to the rest of the area in question, these two territories share certain characteristics:

- Pressure on the rental market: while the ownership rate in most of the towns in the area is somewhere between 60 and 80 percent, the rate in La Ciotat and Cassis is 50% (48.3% and 52.1%, respectively), which brings them closer to the département average (45.5%). This pressure is particularly strong in Cassis, which recorded a very high rate of households residing free of charge (11.4% as opposed to an average of 5% for the département). This pressure comes from a lack of social housing (the amount of social housing represents only 4% of the total housing in this city). In both towns, the high demand for housing is not met, and there are virtually no vacant dwellings.

- A large number of residents are aged 60 and over, representing 26% of the population in the canton of La Ciotat, as opposed to 21% overall for the département. Pensioners, particularly those who worked at the shipyards, are especially numerous.

These characteristics are linked to a higher rate of poverty: data from the Bouches-du-Rhône CAF seem to indicate that these zones are poorer than the overall area, even though the situation is better than in the centre of Marseille. In 2002, La Ciotat recorded a rate of low-income beneficiaries of 28.6% (among all beneficiaries), as opposed to 35.6 in Cassis.

If we consider that the rate of homeowners can be compared to the imputed rent value, this situation may appear to be paradoxical, as the poor households are concentrated in an area where the pressure on the rental market is high. Yet the recent evolution contradicts this paradox, with a considerable drop in the rate of low-income beneficiaries since 1998: -36.5% in Cassis and -31.7% in La Ciotat. From 1998 to 2002, La Ciotat and Cassis were relatively spared by the rapid rise in the number of RMI recipients in the zone in question (+5%) and in the département (+8%).

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101 F. Bellaredj et al., op. cit.
This evolution was paralleled by an upswing in the job market, with a corresponding strong drop in the unemployment rate from 1998 to 2003, which dropped from 20% to 14.7% in La Ciotat, and from 15.5% to 10.8% in Cassis. This favourable economic climate is linked to public policies (a plan to revive the shipyards), but also to higher qualification levels among the residents; this was particularly clear in Cassis, where only 15.7% of individuals aged 15 and over were unskilled (as opposed to 22% in the Bouches-du-Rhône), and where the proportion of individuals who have pursued higher education is increasing.

In all, it seems that in varying degrees, the two towns of La Ciotat and Cassis have benefited from the tight real estate market in their region by attracting more skilled jobs, while reducing the proportion of low-income households. This evolution could explain the observation drawn up by social services, which notes a considerable deterioration in the situation of poor households in these towns, marked by a lack of housing.

### Cumulative phenomena of poverty in certain areas

#### Territory as a factor of poverty in terms of living conditions

The quality of housing depends not only on the job market, but also on the nature of the amenities (natural, historic and so forth) and public facilities (schools, sports complexes, childcare facilities for young children) available in a given territory.

The study conducted by Oates in 53 New Jersey towns all within the greater New York area demonstrated the impact of municipal tax programmes on decisions by households to move to these towns. It noted that the increase in decentralisation gave voters a wide choice of towns where they could live. Similarly, it also noted that in the United States, the quality of the public schools was a major factor in deciding where households would live.

In France, elements from the 2001 Vie de Quartier\(^{102}\) survey illustrated major differences:

- City centres are better off than outlying areas: in 2001, for urban units of 50,000 to 100,000 inhabitants, the proportion of very well-equipped households was 24% in the suburbs, as opposed to 54% for people living in the centre.

- In urban areas, wealthy neighbourhoods also had more facilities closer to peoples’ homes. Thus, in the centre of urban units with more than 200,000 inhabitants, 88% of the households in neighbourhoods with the wealthiest quintile of inhabitants were very well equipped, as opposed to less than 70% for the least wealthy quintile. In the centres of urban units with 50,000 to 200,000 inhabitants, these proportions are 71% and 58%, respectively, and in the suburbs of Paris, 67% and 55%. The gap is even greater in terms of transportation and shopping facilities. However, the relative advantage of wealthy neighbourhoods - all facilities included - diminishes when public services and facilities are the only factors taken into consideration.

- Industrial towns (where a majority of residents work in industry) have fewer facilities than other towns. This disadvantage is particularly striking in terms of shops: fewer than 40% have several bakeries nearby, as opposed to 56% on average; 30% have several food stores nearby, as opposed to 50% on average. Overall, households in industrial towns are much worse off than those in “poor urban neighbourhoods”, as the proportion of very well-equipped households is only 30% for the former, as opposed to 55% for the latter. They are even largely under-equipped in terms of public services: approximately half the households have access to a social and cultural centre, as opposed to 70% for others. The difference is comparable in terms of sports facilities and libraries; it is even more striking for public transport.

#### The difficulties of using social networks to find employment

Several studies have shown that poverty zones are generally characterised by weak social networks, which has repercussions on the chances of finding a job. In the United States,\(^{103}\) for example,

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approximately 50% of workers employed at a given time found their jobs through friends or contacts. In Île-de-France, the impact of the place of residence on the unemployment rate is primarily linked to the social makeup of the neighbourhood (notably the proportion of “executives” in the population), and to a lesser extent, to the physical accessibility of employment.

**The problem of residential mobility**

The 2005 report by the Observatoire National des Zones Urbaines Sensibles (ZUS, Sensitive Urban Areas) reveals the cumulative effect of mobility on territorial situations of poverty:

- Residential mobility, measured using INSEE’s permanent demographic sample, is greater in sensitive urban areas than in other comparable urban units: 61% of people who lived in a ZUS in 1990 lived in a different dwelling in 1999.
- The migration balance for the ZUS is largely negative: departures from ZUS were only partially offset by new arrivals: for 100 people who moved out of a ZUS, 59 moved in. Most of the people moving into a ZUS did so because of housing problems.
- This turnover is detrimental to the ZUS, as it augments the number of individuals who are in the most tenuous professional situations; the majority of people moving in are entering the social housing system, and these people are in worse situations than those who leave the ZUS. They are relatively unskilled, most often have no job security, and are more vulnerable to the risks of unemployment and a drop in professional status.

These recent results reveal a pattern of social disqualification linked to the poorest neighbourhoods: “It is no longer society that is being invaded by the poor, but instead, society that is putting a physical distance between the two, as it fears any amalgamation.”

**Box 8**

**The residential mobility of poor individuals in the Sud-Grésivaudan: the impact of family disruptions**

In the Sud-Grésivaudan, an analysis of the files examined by the social services provides information on the reasons motivating poor households to move to this territory. In 48 of 92 cases, or more than half of the new households, the arrival of the poor household can be explained by a retreat to familiar networks in the wake of a crisis, particularly a move closer to family, but also closer to friends. Households do not seem to be mobile by choice, but rather by necessity: households do not necessarily come to this area to take advantage of the greater housing possibilities, but to be close to familiar family references after a difficult situation.

**Local poverty figures are influenced by history, the socio-cultural context and public policies**

**Tools do exist, although they are still imperfect**

Localised studies of poverty phenomena require sources other than the usual national surveys used to measure monetary poverty and poverty in terms of living conditions.

Despite efforts already made to provide available data at a local level, the data is necessarily limited for at least three reasons:

- infra-departmental data are not all or always available, which means that rural (especially agricultural) zones are passed over for urban zones;

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105 Observatoire National des Zones Urbaines, 2005 report, *La Documentation française*.
- the territories concerned by public actions differ from one public policy to another. Hence, available data does not cover the same territories (notably for data concerning employment and data provided by the CAF).
- some data, considered sensitive, is virtually impossible to obtain for a local level, notably administrative data concerning excessive debt or data concerning housing conditions (overpopulation, quality, etc.).

Box 9
The sources available for assessing monetary poverty at a local level, and their drawbacks

Three types of indicators for monetary poverty are available at an infra-departmental level:

- The number of social minima recipients - notably the number of beneficiaries of the different social minima and their proportion in the population - is most directly linked to national indicators. The only data available at the canton level, however, is that provided by the CAF and primarily concern the RMI, the API and the AAH. Sums paid by the CRAM as part of the Old-Age Supplementary Allowance and the Widowhood Allowance, and by the CPAM for the allowance of the social fund for disability are also distributed by the cantons. Information is harder to obtain for other benefits (notably the Integration Allowance and the Specific Solidarity Allowance). Furthermore, information on recipients of social minima covered by the Mutualité Social Agricole (MSA, Mutual Insurance System for Farmers) is only available at the département level. This is negligible, however, as MSA beneficiaries only represent a very small proportion of the total number of working age social minima beneficiaries.

- Data provided by tax sources: the amount of household resources can be obtained from the net taxable income figures, or from the total income prior to taxes (minus deductions). Comparing this with the Filicom files from the Ministère de l'Equipement provides figures per household, rather than for a residence as defined by tax purposes (foyer fiscal). On the other hand, social transfers are included, which is a major drawback in that these transfers lower the poverty rate by half. It could reasonably be argued that this bias applies fairly uniformly over the territory, and therefore that the image of the geographic breakdown of poverty would not be seriously affected. In addition, the specific nature of tax returns filed by farmers limits the range of these studies for the observation of poverty in low-density zones.

- Data from the Caisses d'Allocations Familiales (CAF, Family Allowance Fund Agency) concerning resource levels for family allowances, which are generally described as indicators of low-income: this presents the major advantage of including social transfers and therefore concerns the available income of beneficiaries. Rates of low-income households are determined using the monetary poverty rate, by comparison with the demi-median of available gross income per consumption unit. This low-income threshold is updated every year using data from the national auditing offices. It is relatively close to the poverty threshold (698 euros in 2002, compared to 627 euros for the monetary poverty threshold). This information presents three drawbacks: the figures do not concern all households, but beneficiaries according to the legislation of family benefits, which can introduce discrepancies between young adults and the elderly; they only cover a population of 10 million households, while the DGI/Filocom file covers 23 million households; and finally, farmers (who are not covered by the CAF) and most pensioner households are once again excluded from this data.

Local observations: a combination of statistical information and practical experience

Professionals in the field of social work, integration, urban planning and local social development have at their disposal a large quantity of information on poverty, on how people live, on local situations and so on. Similarly, volunteers in associations know about poverty, through their permanent contact with the poor.

Monographs demonstrate the relevance of non-statistical knowledge in describing the territorial dynamics of poverty and variations in its intensity. These elements can be used to support or contradict an analysis drawn from statistical observations or to fill in missing information. This knowledge is complementary to statistical information and it can be easily used in collaborative efforts to understanding poverty. Yet this coproduction implies new methodologies and a comparison of knowledge - an approach
Box 10

The participatory approach of the Mission Régionale d'Information sur l'Exclusion (MRIE, Regional Mission for Information on Exclusion) in the Rhône-Alpes

One of the distinct aspects of the MRIE is an approach that coordinates information on social exclusion with groups of people who are experiencing these situations directly. They adopted this approach largely from the ATD Quart-Monde - an association which was involved in the creation of the MRIE in the early 1990s. They expanded it by making a collaborative approach a basis for their social observation activities conducted in Rhône-Alpes. More specifically, it draws conclusions by comparing the viewpoints and knowledge of professionals, specialists and the people experiencing poverty and economic and social vulnerability.

Three years ago, the MRIE Rhône-Alpes completed a participatory study concerning “Everyday life and access to rights”, which brought together people facing economic and social vulnerability, professionals in the field and institutional directors. As a follow-up to this approach, the MRIE is pursuing this examination and fine-tuning the methodological information.

Given the difficulties experienced by people in expressing their situations (interiorisation of their inability to alter their lives, a sense of uselessness, etc.), the method initially selected was not aimed at having the poor population and the institutions work together, but rather to progress via intermediate steps, in which each group could pursue their own direction, which was then transmitted to the others. The work began with five groups of users (formed with the support of local structures). They described the everyday hardships they experienced in accessing their social rights. A sociologist was asked to draw up specific directions from these experiences. The work was then taken up by a group of 20 institutions and associative directors, who pursued the observations. Finally, the group of users examined the last stage of work to develop paths to improvement.

This method evolved as the study progressed. Resource people were picked out to link the two worlds (users/institutions). The regional relays consisting of institution and association directors helped make sure that the collective discussion remained focused on the contributions by the members of the local groups. These resource people played an essential role in that they were with the users when the works were presented, with a view to preparing the seminar. This collaborative work created an atmosphere of working “side by side” rather than the usual “face to face”.

The approach of the MRIE Rhônes-Alpes illustrates the problems in achieving legitimacy for this type of intervention. The issue of representation is crucial. Considered a pretext by some, a real drawback by others, this question has now put a brake on further approaches of this type. It could be considered a rather irrelevant question, in that the approach is not intended as a substitute for the traditional approaches to poverty, but as a way to provide complementary information.

The complementary functions of non-statistical knowledge are essential, notably concerning housing issues, as data usable at a local level is virtually non-existent due to the absence of census information. In particular, it is not possible to obtain data at a local level concerning overpopulation or the quality of housing, to know the demand for social housing or even the occupancy rate of social housing. The intense real estate pressure in certain territories has resulted in temporary forms of housing, such as the phenomenon of “cabins” noted along the Thau basin (see part 1).

On the other hand, the local production of statistical information is essential to guard against the creation of discrepancies between the representations of poverty and the reality. Monographs confirm the numerous existing studies demonstrating that local representations of poverty are focused on the poverty of young people and the homeless, with the risk of making the poverty situations of disabled persons,
the elderly and single-parent families “invisible” to local decision-makers.  

Finally, monographs seem to indicate another characteristic of poverty which is never described as such, either by professionals or by the system of statistical data: the poverty of foreigners or persons of foreign origin - while in some areas, 70 to 80 % of the people who seek help from associations or shelters are immigrants. These people, “forgotten by history”, appear in the monographs in the description of situations of former immigrant workers who live in shelters for migrant workers (Aubagne, La Ciotat, Mulhouse) and in the slums for Tunisian workers in Cassis.

**Formulating a public response to poverty : the impact of history**

While the decentralisation of the RMI could make it appear that social measures were first designed at a national level before being shifted to a local scale, the monographs - notably those concerning poverty in the cities of Besançon and Mulhouse - demonstrate that the process is basically the opposite. In particular, they reveal the impact of local history in the process undertaken by public authorities to respond to poverty situations.

Common sense, as was provided by such painful historical episodes as the Lip affair in Besançon, therefore seems to be more useful than all the expert reports as a way to formulate and manage local social actions. It acts at several levels to lower the negotiating costs between social actors and thus to encourage innovation:

- to move beyond political divisions between local and regional authorities;
- to enable coherent action in the network of social workers;
- to encourage a participatory approach with people living in poverty.

For example, Besançon's clear preference for monetary measures, as opposed to non-monetary assistance, and the resulting goal of providing beneficiaries of social measures with autonomy now seem to be fundamental elements used by social workers in the Doubs département.

**The difficulties faced by social workers in intervening in poverty-related situations**

The monographs by the Observatory this year, as well as previous studies concerning the way asylum-seekers are treated in emergency shelters, reveal the problems faced by people living in poverty-related situations, but also those experienced by the social workers who are responsible on an everyday basis for implementing the policies in the fight against poverty.

While the need to increase social support for people experiencing hardships is reaffirmed regularly, several elements - some of which are contradictory - make the job of social workers difficult.

A list, though not exhaustive, includes the following elements:

- The new responsibilities which now fall within the scope of the Conseils Généraux in the sphere of social action (RMI, APA, disabilities), but also in terms of infrastructure (national roads) and security services (fire), in a period when budgetary cutbacks could lead to compromises that could limit the means of intervention;
- economic factors, such as the increase in the number of RMI recipients, given that the services have been reorganised and decentralised;
- the lack of social housing or affordable housing, which makes it difficult for people to leave shelters, along with a large number of asylum-seekers in emergency shelters;
- budgetary cutbacks which affect services and the recruitment of qualified staff; this imperils small structures, notably those concerning integration;
- complex social situations which compound the problems of poverty, mental health, family disruptions;
- legislative or regulatory texts, such as those concerning users’ rights, RMI reform, which impact the actions of social workers;

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110 In the Gier valley and in the Sud-Grésivaudan, the number of AAH recipients is almost as high as the number of RMI recipients; yet these people are not considered to be poor, nor are the elderly who receive FSV (Old-Age Solidarity Fund) allowances; see E. Maurel and D. Mansanti, op. cit.
- a media-hyped social demand to respond to emergency situations immediately, at the expense of medium- or long-term support.

**Box 11**

**Mulhouse and Besançon**

The monograph underscores the impact of history and social memory in the formulation of social measures in Mulhouse. It discusses several factors, particularly the fact that these measures still seem to be strongly influenced by the effects of the rapid demographic growth which occurred in the 19th century, when the population rose from 6,000 residents at the turn of the century to nearly 100,000 people in 1909. This growth was essentially due to the massive arrival of immigrants arriving from Switzerland and the Rhineland, who were escaping poverty and/or were drawn to the city’s industrial development. Faced with this influx of people, the social measures were soon saturated. Local entrepreneurs then directly took charge of social issues, which resulted in the construction of a large number of social dwellings, via the creation of the Société Mulhousienne des Cités Ouvrières in 1853. The city still has traces from this period, notably in the lack of a Centre Communal d’Action Sociale (CCAS, Community Centre for Social Action) and the strong presence of associations, as well as decrepit social housing, which is a significant factor - the number of social housing units in the city of Mulhouse is 30 points higher than the national average, and twice the regional and departmental averages. The neighbourhoods constructed from 1850 to 1910, which essentially consist of small adjoining buildings with three to five apartments, form a dense urban fabric; most of the people living in poverty are concentrated in this area. According to the Observatoire des Quartiers de l'Agglomération Mulhousienne, more than 15 % of the dwellings are still without full comfort; unemployment in this area is 20 %.

Furthermore, Mulhouse still has some specific legislation (recognised by article 220 of the law concerning social modernisation, dated 17 January 2002) from the long period during which Mulhouse was annexed to Germany and therefore under the jurisdiction of German social legislation (from 1870 to 1918). It is still regulated by the *Reichsgesetz über den Unterstützungswohnsitz*, dated 30 April 1908, and the *Elsass-Lothringische Ausführungsgesetz*, dated 8 November 1909, which are local German laws that remained in force when Mulhouse was returned to France. They require the city to provide social measures for people “in need, who are age 16 and over”. The town determines the attribution criteria; assistance can be either monetary (housing allowance, payment of various costs) or non-monetary (distribution of food and clothing). Although there is no CCAS, the Mulhouse social services provide most of the emergency social assistance and run the CASU’s Comité Technique office.

Social assistance in the city of Besançon seems to be highly influenced by recent history and marked by the parallel industrial restructuring of nearly 30 years, notably the Lip affair.

In 1973, the Swiss shareholders, who were the majority owners of Lip, began to dismantle the firm, which led to the firing of 300 employees. This social conflict had an international impact, and created numerous tensions locally. The collective response gradually took shape through the creation of the Scop Les Industries de Palente, in 1977, and the extension of the guaranteed minimum income, a benefit that had first been created in 1967 by replacing non-monetary assistance for the elderly and for widows. This measure was expanded to include single women in 1974, principally those affected by the Lip affair. The creation of this measure paralleled a strong growth in the CCAS, which has expanded continuously since the 1960s (more employees, larger budget, etc.) and is still the key to the strong municipal character of the social assistance and the source of major innovative measures. For example, after a proposal by the housing services and housing delegations, the city of Besançon recently decided to set up a solidarity fund supporting the creation of jobs and activities in the social economy and support sector, the creation of subsidised public housing, and access to individual consumer credit.

Many organisations note the discouragement of social workers, both in the associations which run emergency social and integration structures and in regional authorities or social protection agencies.

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Given the extent and complexity of poverty-related situations, and the urgent demands on the part of users for shelter, housing, employment, an unpaid allowance, supposed rights, etc., "front-line" social workers have to "improvise" in a context where available responses are often lacking (notably in terms of housing).

Several sectors are now having trouble recruiting qualified social workers, and there is a high turnover in the most difficult jobs. This results in unfilled positions, notably in the regional authorities, or jobs occupied by people "filling in" within associative structures.

In light of these various reports, the Observatory drew up an initial assessment, before undertaking other investigations. The first remark : there are few working papers or up-to-date research projects concerning social workers, and even less on how their field functions - whether it involves recruitment procedures, working conditions, etc. - while the regulatory and legislative context has been modified considerably, and the process of accreditation on the basis of experience (VAE, Validation des Acquis de l'Experience) may, over time, alter the process of becoming a social worker.

The second remark: while the difficulties encountered today by social workers in their field have not been widely researched, they nevertheless exist, as demonstrated by attempts, for example, to create collective (notably in support of the right to housing) or in such initiatives as "7, 8, 9, les États généraux du social en 2004", which could point to the possibility of a global burn-out. The professional commitment of social workers to the people they encounter is nothing new, but what is noteworthy - and new - is the emergence of more radical positions in opposition to political and professional responses which are considered inadequate.

More generally, given the recurring housing problems encountered by people with few resources, mental health problems that are inadequately or not at all addressed by public psychiatric services, the accumulation of all sorts of hardships, "front-line social workers are working in emergency situations in which the problems seem to be persistent, chronic or else reversible within a time frame not available to them". Even if they are trained and accustomed to hearing "the world's misery", experiencing these situations on an everyday level, combined with the absence or inadequacy of public policies - sometimes compounded by a lack of human resource managements on the part of the employers - adds to their being overwhelmed and even to the abandonment of this professional path.

The feeling of being devalued and the lack of recognition for a professional-level social response on the part of political and administrative decision-makers - as opposed to the recognition given to volunteer participation - have contributed to both discouragement and exhaustion.

In terms of the fight against poverty, social workers have been faced with a multitude of new measures, regulations and professional paths over the last 20 years, which are sometimes contradictory and may even run counter to the deontological rules of their profession. The growing number of texts, paralleled by a decentralisation of social action, has been concurrent with a growth in administration services, notably in terms of mid-level managers from other professional sectors who are responsible for managing the social work and social intervention. Thus, social intervention has been re-examined in part, as have the references to the professional culture of social work - therefore generating a feeling of non-recognition among social workers.

All these elements deserve further study as part of the surveys or research that the Observatory should undertake in the future. Indeed, although we have elements - albeit partial - concerning the motivation to undertake training for social work, as well as the steps of young professionals entering the work force, we have little information concerning the professional "life span" of social workers, reasons for giving up the occupation, profession retraining or what causes this. We also have little information on the actual employment of social workers assigned to one or another measure for fighting poverty, or about vacant positions, the sectors involved or the reasons for the vacancies.

While several laws and measures refer to the need for individual support of people experiencing hardships, the human resources needed to provide this support - the work load - are rarely assessed in the field of social work.

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113 See also the comments by Michel Autès concerning the way poverty is represented in the press, in Les Travaux de l’Observatoire national de la pauvreté et de l’exclusion sociale 2001-2002.
In terms of the organisation and management of human resources, it would also be useful to have information concerning recent recruitment figures, the qualifications of the staff hired in terms of social support, as well as ongoing reorganisations both at the regional level and within associations, and the position given social workers within these new plans.

**Poverty in the overseas départements**

Poverty in the overseas départements is rarely studied from a global perspective. Most often, a depiction of poverty in these territories is limited to an absurd description of administrative poverty indicators: the rate of social minima beneficiaries and the rate of CMUC beneficiaries. As discussed in the first part of this report, the fact that the tax surveys do not include these territories limits the possibilities of analysing poverty in these départements.

Continuing the approach used to analyse local poverty situations, the Observatory wanted to pay particular attention to the territorial nature of poverty and to compare administrative poverty data with available data concerning the level of economic development, the demographic situation and the socio-cultural data of these départements.

The contrast with mainland France is striking at every level. But this contrast forms a coherent array of observations which characterise a situation of poverty that is more intense, but also more widespread throughout the population - and which is, overall, more integrated into the society.

Depending on the overseas départements and in varying degrees, poverty is more widespread throughout the society and is characterised by a comparatively lower level of development, a worsening job market and the importance of family links and support. It is interesting to note that the transfer measures, which are basically the same as those in mainland France, have reached a saturation point.

**Poverty is more widespread in the overseas départements than in mainland France, given the slower economic development.**

**Slower economic development**

In 1945, the standard of living in the overseas départements was close to that of developing countries (DME 2004). It rose strongly, due to a growth rate that was structurally greater than that recorded in mainland France. During the 1990s, the annual growth rate remained higher than that of mainland France, even though it was below the levels recorded in the 1960s.

This trend meant that the residents of the overseas départements are now structurally richer than the residents of neighbouring countries.

**Table 25**

<table>
<thead>
<tr>
<th>GNP/Purchasing power parity 1999 in US $</th>
<th>Guadeloupe</th>
<th>Martinique</th>
<th>French Guiana</th>
<th>Réunion</th>
<th>Guadeloupe</th>
<th>Martinique</th>
<th>French Guiana</th>
<th>Réunion</th>
<th>Guadeloupe</th>
<th>Martinique</th>
<th>French Guiana</th>
<th>Réunion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haiti</td>
<td>13,053</td>
<td>14,509</td>
<td>11,454</td>
<td>12,041</td>
<td>13,053</td>
<td>14,509</td>
<td>11,454</td>
<td>12,041</td>
<td>13,053</td>
<td>14,509</td>
<td>11,454</td>
<td>12,041</td>
</tr>
<tr>
<td>Bahamas</td>
<td>15,500</td>
<td>5,210</td>
<td>6,840</td>
<td>790</td>
<td>15,500</td>
<td>5,210</td>
<td>6,840</td>
<td>790</td>
<td>15,500</td>
<td>5,210</td>
<td>6,840</td>
<td>790</td>
</tr>
<tr>
<td>Barbados</td>
<td>14,010</td>
<td>11,596</td>
<td>3,330</td>
<td>3,780</td>
<td>14,010</td>
<td>11,596</td>
<td>3,330</td>
<td>3,780</td>
<td>14,010</td>
<td>11,596</td>
<td>3,330</td>
<td>3,780</td>
</tr>
<tr>
<td>Cuba</td>
<td>2,351</td>
<td>7,690</td>
<td>5,240</td>
<td>8,950</td>
<td>2,351</td>
<td>7,690</td>
<td>5,240</td>
<td>8,950</td>
<td>2,351</td>
<td>7,690</td>
<td>5,240</td>
<td>8,950</td>
</tr>
</tbody>
</table>


Despite the long-term evolution, the per capita GDPs in the overseas départements remain far below the national average: in 2001, they were between 50 and 63 percent of the French GDP. Several economic factors can be put forward to explain this difference: notably, the economic fabric in the four
overseas départements, which is structured around activities that generate a lower added value than in mainland France (expansion of the tertiary sector, low industrial activity); high birth rates (which results in a lower proportion of working age people); and a lower rate of employment among women.

Graph 12

Per capita GDP in metropolitan France and in the overseas départements in 2001
Source: DOM accounts and national accounts – INSEE.
Note: For French Guiana, the GDP is primarily generated by the activities of the space centre, and there were few launches in 2001.

A drastic job market
Starting in 1998, the four départements recorded a significant drop in their unemployment rates. Despite this progress, unemployment remained very high. In 2004, it was 28.2% for the four DOM, as opposed to 9.8% in mainland France. The unemployment rate as defined by the ILO was 22.4% in Martinique, 24.5% in French Guiana and 24.6% in Guadeloupe.

The high unemployment rate is compounded by its duration. In May 2005, 42% of category 1 job-seekers in the DOM had been registered with the Agence Nationale pour l’Emploi (ANPE, National Employment Agency) for one year or longer, as opposed to 31.5% in mainland France. The proportion of long-term unemployment is particularly high in the Antilles: 48.1% in Guadeloupe and 46.3% in Martinique. With 37% of long-term job-seekers, Réunion has a higher rate than in mainland France, while the rate in French Guiana (33.6%) is lower than in the Nord-Pas-de-Calais (34.5%) and Picardie (35.2%).

These figures are primarily due to the unskilled labour force: 45.8% of workers in the DOM do not have a diploma, as opposed to 15.9% in mainland France. Yet with the same level of training, unemployment is far higher in the DOM. Young people, women and unskilled workers are at a particular disadvantage.

Furthermore, given the high birth rate in the 1980s, the massive arrival of young people into the work force aggravates the difficulty in finding a job. Given the low employment rate of young people, particularly in the Antilles, the difference between the DOM and mainland France is much lower, if the proportion of unemployed people aged 15-24 is separated from the overall population.

Finally, the overseas economies are characterised by a large rate of undeclared jobs, representing 10% of the total jobs, or 20% of private jobs, according to a recent INSEE estimate.

Poverty is more widespread than in mainland France
Measuring poverty in the overseas départements is difficult because of the problem of sources. The Tax Income Survey does not include the DOM, so there is no way to compare the rate of monetary poverty with the rates in mainland France presented in the first part of the report. This problem can, however, be bypassed, by using the five-year Family Budget Survey, which is conducted both in mainland
France and in each of the overseas départements, using a sample of representative households.\textsuperscript{114} To prevent any confusion between the data presented in the first part of this report, we will use the term “low-income households” rather than “poor” households, but the methodology used is virtually identical.\textsuperscript{115}

Given the per capita income discrepancies between mainland France and the overseas départements, the use of the mainland France threshold results in very high low-income rates: the proportion of households whose income is less than 50\% of the mainland median ranges from 18\% in Martinique to 45\% in French Guiana. But the importance of this data is revealed more by analysing the differences in development between the mainland and overseas than by analysing inequities within each territory.

If we measure the low-income rates of each overseas département, taking into account the fact that household income is lower than in mainland France, the low-income thresholds are considerably lower than those in mainland France. These calculations reveal three different situations:

- in Réunion, the low-income rates recorded are lower than in mainland France;
- in Guadeloupe and in Martinique, the low-income rates recorded are slightly higher than those in mainland France;
- and finally, in French Guiana, the level of inequality is far higher than the level recorded in mainland France.

Table 26

The thresholds and proportions of low-income households at 50 and 60\% of annual income (in euros), per consumption unit, for mainland France and for the overseas départements.

<table>
<thead>
<tr>
<th></th>
<th>Metr</th>
<th>Gua</th>
<th>Mar</th>
<th>Guy</th>
<th>Réu</th>
<th>Metr</th>
<th>Gua</th>
<th>Mar</th>
<th>Guy</th>
<th>Réu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income threshold (in euros)</td>
<td>8,241</td>
<td>4,941</td>
<td>6,240</td>
<td>4,555</td>
<td>4,929</td>
<td>9,889</td>
<td>5,929</td>
<td>7,488</td>
<td>5,466</td>
<td>5,915</td>
</tr>
<tr>
<td>Comparable low-income rate</td>
<td>7.4</td>
<td>8.3</td>
<td>8.5</td>
<td>20.5</td>
<td>7.0</td>
<td>13.6</td>
<td>14.1</td>
<td>13.9</td>
<td>24.7</td>
<td>12.1</td>
</tr>
<tr>
<td>Low-income rate at the mainland France threshold</td>
<td>7.4</td>
<td>34.2</td>
<td>18.0</td>
<td>45.2</td>
<td>31.7</td>
<td>13.6</td>
<td>50.0</td>
<td>31.0</td>
<td>53.8</td>
<td>50.2</td>
</tr>
</tbody>
</table>

Source: INSEE, 2001 Budget Survey (N. Alibay and G. Forgeot).

Thus, French Guiana, which has the lowest median income, also records the largest spread. This situation can be explained in part by administrative factors: the bonus allocated to civil servants and to wage-earners in certain sectors such as banking increases the income of a small section of the population, while the minimum wage is the same as in mainland France.

High poverty intensity

The most significant data concerning the discrepancies which exist in poverty-related situations as observed in mainland France, and those experienced overseas, concern data relating to poverty measured in terms of living conditions.

\textsuperscript{114} The household resources selected here to determine the position in the scale of income, social transfers, income from personal assets, monetary transfers between households and imputed rents. Housing offered among households offers a better way to compare the living standards of property owners and tenants.

Nearly half of the overseas households in the first quintile lack hot water, as opposed to less than 3% in mainland France.

**Graph 13**

Housing amenities according to the income quintile per consumption unit (in %)

Source: INSEE 2001 Budget Survey.

Interpretation: At 1 in Réunion, nearly 10% of the housing in the first quintile do not have a bathroom or shower, as opposed to 1% in the last quintile.

This difference, which is particularly striking in French Guiana, coincides with problems in accessing such basic services as water and electricity: while 6 out of 10,000 households in mainland France do not have access to water, more than 1 in 10 are in this situation in French Guiana.

**Table 27**

<table>
<thead>
<tr>
<th></th>
<th>Households without running water</th>
<th>Households without electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland France</td>
<td>0.06</td>
<td>0.03</td>
</tr>
<tr>
<td>Guadeloupe</td>
<td>3.2</td>
<td>2.8</td>
</tr>
<tr>
<td>Martinique</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>French Guiana</td>
<td>12.8</td>
<td>6.7</td>
</tr>
<tr>
<td>Réunion</td>
<td>0.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: INSEE, 2001 Budget Survey.

Finally, this difference parallels data concerning the existence of household appliances.

**Table 28**

Percentage of deprivation per quintile, for household appliances (in %)

<table>
<thead>
<tr>
<th></th>
<th>No refrigerator</th>
<th>No washing machine</th>
<th>No microwave oven</th>
<th>No air conditioning, fan</th>
<th>No stove</th>
<th>No water heater</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland France</td>
<td>Q1 2.8</td>
<td>19.7</td>
<td>46.7</td>
<td>88.1</td>
<td>9.4</td>
<td>42.9</td>
</tr>
<tr>
<td></td>
<td>Q5 1.1</td>
<td>4.3</td>
<td>27.0</td>
<td>84.3</td>
<td>4.4</td>
<td>41.2</td>
</tr>
</tbody>
</table>

96
These elements tend to reveal the particular hardships of the overseas départements as compared to mainland France, and also point to the difference in the nature of poverty in these territories as opposed to the mainland. In particular, the feeling of deprivation is not attached to the same consumer goods.

The impact of private support, while still consequential, is changing rapidly as family structures evolve.

Family support in terms of taking care of poverty-related situations has a greater impact in the DOM; this is reflected in the proportion of households that live in their homes free of charge. This figure is much higher in the DOM, and at every income level.

Tableau 29
Households living free of charge, according to the income quintile per consumption unit (in %)

<table>
<thead>
<tr>
<th></th>
<th>Housed free of charge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
</tr>
<tr>
<td>Mainland France</td>
<td>5.4</td>
</tr>
<tr>
<td>Guadeloupe</td>
<td>12.7</td>
</tr>
<tr>
<td>Martinique</td>
<td>11.6</td>
</tr>
<tr>
<td>French Guiana</td>
<td>14.5</td>
</tr>
<tr>
<td>Réunion</td>
<td>15.1</td>
</tr>
</tbody>
</table>

Other studies reveal that financial assistance for young households is substantial in the overseas départements, a phenomenon that leads to a certain harmonisation in living standards according to age.

One factor which may explain this support is based on living patterns in the DOM, which are much different from mainland France. Couples without any dependents and single individuals are less common, while "complex" households are far more numerous. Studies have revealed the instability of couples, and recomposed families are characteristic of households in the Caribbean. For example, nearly 8% of households in French Guiana could be characterised as "complex" in 1999, as opposed to 5% in mainland France.

The impact of family support also appears in the breakdown per type of household for social minima recipients: in mainland France, RMI recipients are primarily single individuals (nearly 60%), including a majority of men; in the overseas départements, the proportion of single individuals is 15 points lower.

On the other hand, the large number of single-parent families seems to be highly characteristic of the départements.

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117 A complex household is a household which includes one family and one single individual, or several families, living together.
DOM: 36% of RMI recipients, as opposed to 24% in mainland France. The overrepresentation of single-parent families occurs in the four overseas départements, but it is particularly high in French Guiana (45%).

Table 30
Breakdown of RMI recipients according to family situation (in %)

<table>
<thead>
<tr>
<th></th>
<th>Single individuals (men or women)</th>
<th>Including men alone</th>
<th>Single person with dependent(s)</th>
<th>Couples (with or without children)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guadeloupe</td>
<td>48.8</td>
<td>34.2</td>
<td>38.9</td>
<td>12.3</td>
</tr>
<tr>
<td>French Guiana</td>
<td>40.5</td>
<td>26.4</td>
<td>45.3</td>
<td>14.2</td>
</tr>
<tr>
<td>Réunion</td>
<td>39.5</td>
<td>28.6</td>
<td>32.3</td>
<td>28.2</td>
</tr>
<tr>
<td>Martinique</td>
<td>51.7</td>
<td>36.4</td>
<td>37.7</td>
<td>10.5</td>
</tr>
<tr>
<td>Overseas départements</td>
<td>44.2</td>
<td>31.3</td>
<td>35.9</td>
<td>19.9</td>
</tr>
<tr>
<td>Mainland France</td>
<td>58.6</td>
<td>38.2</td>
<td>24.1</td>
<td>17.2</td>
</tr>
<tr>
<td>France</td>
<td>56.8</td>
<td>37.3</td>
<td>25.6</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Source: CNAF-DSER – field : Caf.

Transfer policies, which have been widely transposed from mainland France, are reaching saturation point

Support measures have been largely transposed from mainland France

In principle, legislation concerning family and social benefits for the overseas départements differs from that in mainland France. The family benefit scheme in mainland France, introduced by the law of 1946, was never extended to these départements, which are still governed by the law dated 11 March 1932. For many years, multiple allowances were paid in the DOM under varying conditions, as well as at different rates.

Hence, the rights of beneficiaries differ between mainland France and the DOM. For example, in the DOM, family benefits are paid starting with the first child; the Family Complement is paid until the child reaches age 5, as opposed to 21 in mainland France. The Housing Grant (APL, Aide Personnalisée au Logement) does not exist, while the amount of the Single-Parent Allowance (API, Allowance pour Parent Isolé) will only be aligned with that rate in mainland France in 2007. However, these départements have a specific allowance, the RSO (Revenu de Solidarité, Minimum Income Support), attributed to RMI recipients aged 50 and over, who have been registered for at least two years and who would like to leave the labour force.

Fighting for “global social parity, social equality, alignment”, the boards of administration of Family Allowance Fund Agencies (CAF, Caisse d’Allocations Familiales) have successfully argued for the gradual alignment of a certain number of benefits. In 1993, notably, the amount of family benefits paid in the DOM were aligned to those in mainland France. Furthermore, the orientation law for the DOM stipulates an alignment of the RMI to the amount paid in mainland France in 2002, while the alignment of the amounts for the API should be completed in 2007.

A phenomenon of saturation

The table below illustrates the significant difference between the overseas départements and mainland France in the rate of accessing measures to fight poverty. While international comparisons generally point to a link between the extent of poverty levels and a low access to social assistance measures, the national situation reveals the reverse. This can be viewed in several ways: we could see this as reflecting a major national support effort towards the départements in question, or as the result of the discrepancy between social measures designed for a low level of poor people and the particular situation of poverty in the overseas départements, leading to the construction of “transfer societies”, in which nearly one in six people between the ages of 20 and 59 is an RMI recipient.
Table 31
Proportion of social minima recipients, measures encouraging subsidised employment and the CMUC (Complementary Universal Sickness Insurance) among the eligible population

<table>
<thead>
<tr>
<th></th>
<th>Number of RMI recipients (for 1,000 people aged 20 to 59)</th>
<th>Number of AAH recipients (for 1,000 people aged 20 and over)</th>
<th>Proportion of individuals participating in measures encouraging jobs</th>
<th>Proportion of CMUC beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guadeloupe</td>
<td>141.2</td>
<td>24.3</td>
<td>8.5</td>
<td>32.8</td>
</tr>
<tr>
<td>Martinique</td>
<td>151.7</td>
<td>24.7</td>
<td>8.5</td>
<td>25.4</td>
</tr>
<tr>
<td>French Guiana</td>
<td>133.3</td>
<td>15.2</td>
<td>13.5</td>
<td>30.6</td>
</tr>
<tr>
<td>Réunion</td>
<td>182.5</td>
<td>22.1</td>
<td>23.5</td>
<td>42.9</td>
</tr>
<tr>
<td>Average in mainland France</td>
<td>31.7</td>
<td>16.3</td>
<td>2.8</td>
<td>6.8</td>
</tr>
<tr>
<td>DOM average</td>
<td>160.9</td>
<td>22.7</td>
<td>14.8</td>
<td>35.2</td>
</tr>
</tbody>
</table>


Several factors explain this high proportion of social minima beneficiaries, particularly RMI recipients:
- The high rate of long-term unemployment “mechanically” reduces the perimeter of unemployment compensation and increases the share of RMI recipients: in December 2004, only 37% of category 1 through 6 job-seekers in Guadeloupe were compensated at the end of the month, either through unemployment insurance or as part of the solidarity scheme; 44% in Martinique, 36.2% in French Guiana, as opposed to approximately 60% in mainland France.
- The specific nature of family structures in the DOM is another element explaining the high rate of RMI recipients in the DOM. In particular, the larger number of single-parent families and single individuals in these départements reduces the effect of household support and hence increases recourse to social minima benefits.
- Several elements of the legislation concerning social and family benefits in the DOM still differ from laws in mainland France, with an impact on the number of RMI recipients. In particular, the non-payment of Housing Grants (APL, Aide Personnalisée au Logement); the fact that family allowances are paid starting with the first child; the Family Complement is paid until the child reaches the age of 5, as opposed to 21 in mainland France; and delays in bringing the amount of the Single-Parent Allowance (API) into line with the mainland France rate (which will be completed in 2007) all generate an increase of approximately 6% of RMI recipients overseas as compared to the rate in mainland France. This difference is primarily due to the methods for allocating the API and should disappear as part of the plan to bring the allowances into line with those in mainland France.
- The burden of immigration seems to be particular to French Guiana, where 48% of the RMI recipients are foreigners; while the national average is 14%. Its geographic location is probably a decisive factor: it shares a border with several countries where the standard of living is comparatively low and where some (Suriname) have suffered serious political disturbances. It has therefore attracted a relatively large number of immigrants. In the other three DOM, however, the proportion of foreign beneficiaries is lower than in mainland France.

Special efforts to boost integration measures

Facing the relative saturation in the social minima allocated in the DOM, the legislature set out to solve the structural weaknesses in these regions by adapting the integration measures in these départements, notably through the creation of Agences Départementales d’Insertion (ADI, Departmental Integration Agencies). These agencies were established to determine the strategic directions for the départements in terms of integration - resulting in departmental integration plans - and to implement

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118 Non-compensated unemployment is certainly more pervasive than is indicated by the figure. Unemployed individuals are less likely to register with the ANPE than in mainland France, and this percentage has dropped recently; while 90% were registered with the ANPE in 2001, only 86% were registered in 2004.
practical integration measures through their local branches. The status of these agencies has changed several times, with the aim of expediting administrative procedures by eliminating the dual responsibility of the Overseas Ministry and the Ministry of Finances, and to increase the role of local authorities. The aim is to formulate integration measures which are adapted as closely as possible to actual needs. This integration policy involves other participants, such as the members of the ADI board and specific integration measures: the Conseil Général, the Direction du Travail, de l'Emploi et de la Formation Professionnelle, as well as the Direction des Services Sanitaires et Sociaux.

Local integration agencies prepare beneficiaries for integration contracts. Conventions have been signed to implement departmental integration plans, notably with towns, associations and other public or private entities participating in integration, professional training and the fight against poverty and exclusion.

Similarly, subsidised employment contracts were added, given the particular situation in the DOM. In addition to contracts available at a national level, the overseas beneficiaries of social minima have access to three special measures: the contrat d’insertion par l’activité (CIA, Integration through Employment Contract), Access to Employment Contract (CAE) and the Return to Employment Allowance.

Table 32
Subsidised employment contracts specific to the DOM

<table>
<thead>
<tr>
<th>Specific measures</th>
<th>Specific measures</th>
<th>Specific measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration through Employment Contract (CIA)</td>
<td>CDD (fixed-term employment contract) for a minimum period of 3 months, renewable within a total span of 24 months</td>
<td>RMI recipients and spouses</td>
</tr>
<tr>
<td>Access to Employment Contract (CAE)</td>
<td>CDD (minimum 1 year and maximum 2 years) or full-time or part-time CDI</td>
<td>RMI recipients, young people under 26, long-term job-seekers</td>
</tr>
<tr>
<td>Return to Employment Allowance (ARA)</td>
<td>Allowance</td>
<td>Social minima recipients (RMI, etc)</td>
</tr>
</tbody>
</table>

Source: DARES.

The rate of accessing subsidised employment by job-seekers and RMI recipients is much higher in the DOM than in mainland France: 30% of job-seekers and 15% of RMI recipients obtained a subsidised contract in the DOM in 2003 (as opposed to 20% and 9%, respectively, in mainland France).
Conclusion

As in its previous reports, the Observatory sought to assess poverty in France by measuring poverty-related situations in terms of long-term trends and the impact of the economy, as well as by analysing the multiple dimensions of poverty. The deteriorating labour market which began in the second half of 2001 and continued through mid-2005, combined with increasing restrictions on conditions for unemployment compensation, resulted in a sharp rise in the number of social minima beneficiaries. According to data available for RMI recipients, this increase continued in 2005.

The impact of the economic climate on the evolution of monetary poverty and poverty as defined by living conditions is much less straightforward, even though the monetary poverty rate increased slightly in 2003 after dropping for several years. As noted by the Observatory, the monetary poverty indicator, as well as the indicator for poverty in terms of living conditions (which measures relative poverty by comparing the situation of the poorest people to that of the rest of the population), are relatively unaffected by the economic climate.

These observations and the analyses came up repeatedly in every report; the National Observatory on Poverty and Social Exclusion therefore came up with a proposal to use pivotal indicators in identifying evolutions in poverty and social exclusion, which would be assessed and improved over time.

While access to employment is a crucial part of public action in the fight against poverty, studies conducted by the Observatory underscore, once again, the diversity of situations separating employment from non-employment. An assessment of the transitions from non-employment to employment demonstrates a continuum of situations in the job market and a combination of situations between poverty, employment and unemployment. While securing a job is an essential factor in exiting poverty and is a priority for government action, employment does not always protect individuals from poverty. Deteriorating job conditions, along with alternating periods of employment and unemployment, can lead to poverty, while financial incentives encouraging a return to work may be insufficient to combat poverty. Furthermore, the fact that numerous adults of working age have trouble reading and writing, and that there are fewer possibilities for wage-earners and unskilled unemployed individuals to access training programmes, raises questions concerning their chances of obtaining good jobs.

In addition to studying the financial incentives to a return to work, the Observatory also stresses the need to incorporate and act simultaneously in the various fields involved in combating poverty. These include literacy programmes, training, health, housing and employment, including individuals close to
obtaining work. For those who are the most alienated from the labour market, the question of a return to employment cannot be tackled independently of overall integration efforts; these include social and medical support, transportation, childcare, etc. Finally, housing and food costs remain a major element of the budgets of poor households; they can, for example, compromise the future, notably in terms of health.

Understanding local poverty-related situations was a major goal of the Observatory's studies in 2002. This direction has been pursued in the report, but from a different viewpoint. The studies did not merely differentiate territories according to poverty levels or explain the causes, but rather analysed the responses provided to combat poverty. This information was based on qualitative studies conducted in various territories in mainland France, and used an array of qualitative and quantitative studies conducted in the overseas départements.

The analyses presented in this report provide an outline for investigations which should be pursued in more depth in upcoming years.

Basically, the analyses presented by the Observatory are based on economic, statistical and sociological studies. It is important to expand the scope of investigation by incorporating other disciplines, such as philosophy, history and law.

Since the creation of the National Observatory on Poverty in 1998, other observatories have also been formed, notably the National Observatory on Sensitive Urban Zones, the Territorial Observatory, and the Immigration and Integration Observatory. While the missions of these different observatories are distinct, there are nevertheless certain overlaps and an exchange of information. Collaborative efforts are a natural outcome and should be pursued.

These collaborative efforts and exchanges are necessary to improve localised knowledge of poverty and the responses provided by the territorial authorities and the decentralised public policies. It is especially important to pursue and improve them, in conjunction with local observations, given that social policies, training policies and most housing policies are now decentralised. An analysis of specific implementation methods can therefore throw light on observed territorial inequities. This should contribute to a better understanding of the multiple interactions between the socio-economic factors linked to the local production and to population characteristics on the one hand; and of the socio-institutional factors corresponding to the priorities of locally defined actions and the type of individual participation on the other hand.

In the fight against poverty, social workers - whether employed by local authorities, social protection agencies or associations - are often called upon by the government to process applicants, provide shelters and housing, and offer social support for RMI recipients. Yet is the manpower required to accomplish these various missions sufficient? What are the conditions for social workers today given the complexity of poverty-related situations? Until now, the Observatory has rarely looked at the social workers who actually implement the policies to combat poverty, an omission which should be remedied in partnership with the Territorial Observatory and the National Observatory of Sensitive Urban Zones.

Similarly, collaborative efforts with the Immigration and Integration Observatory should provide a better understanding of poverty-related situations experienced by foreigners and/or immigrants.

In terms of poverty risk for individuals, special attention must be directed to education and to the risk of reproducing poverty situations from one generation to the next. Available studies are still too unreliable, yet they are central to assessing the effectiveness of our society's principles of social justice.

The problems of integration and the risk of poverty among individuals aged 18 to 25 remain a particular cause for concern in France. In 2000, the Observatory conducted an assessment on poverty and lack of job security among the young. Their situation has hardly improved since. The major problems that already existed in terms of finding a job are now compounded by the difficulty of finding housing - a situation that can compromise mobility and independence.

Training and social and professional integration for young people are pressing issues requiring further study.

The future risk of poverty for the elderly also needs to be examined. For several decades, this sector of the population suffered most severely from poverty, but the elderly are now relatively protected. The choices made concerning pension reform, however, along with professional paths that are not always linear - late entry into the labour market, compensated and uncompensated periods of unemployment, early retirement - and family situations (divorces, single-parent situations, recomposed families) raise
questions about the possibility of increasing poverty for elderly individuals. Future studies should also be undertaken to examine this subject.

An analysis of household expenditure revealed the impact of housing and food in the budgets of low-income households. This issue should be re-examined to take into account increases in energy costs, rising rents and higher transportation costs.

Finally, to improve statistical knowledge of poverty-related situations, two types of data are still lacking. First, there is an absence of longitudinal data for a more dynamic assessment of situations, in order to better distinguish permanent situations from temporary states. The development of panels should resolve this problem in the future. Second, in order to improve the selected pivotal indicators, it would be worthwhile acquiring further information concerning the housing difficulties experienced by poor households. Aside from the widely documented Housing Surveys which are conducted every four or five years, we have relatively little information concerning housing for poor households - whether it concerns social housing requests, housing conditions in private housing, residential mobility, rental evictions or the development of new forms of temporary housing situations.
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CEREQ : Bref


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Appendices
Acronyms used

A

AAH Allowance for Disabled Adults
ADI Departmental Integration Agency
AER Allocation Equivalent to a Substitution Pension
AESA Calorie Intake Without Alcohol
AI Integration Allowance
ANPE National Employment Agency
APA Personalised Independence Allowance
API Single Parent Allowance
ARE Return to Employment Aid Allowance
ASS Specific Solidarity Allowance
AVS Old-Age Supplementary Allowance

C

CAF Family Allowance Fund Agency
CASU Emergency Social Action Coordination
CCAS Community Centre for Social Action
CEC Consolidated Employment Contract
CERC Council of Employment, Revenues and Social Solidarity
CEREQ Centre for the Study and Research on Employment and Qualifications
CI-RMA Insertion Contract — Minimum Employment Income
CIVIS Social Integration Contract
CJE Youth Employment Contract
CMU Universal Sickness Insurance
CMUC Complementary Universal Sickness Insurance
CNAM National Health Insurance Fund
CNAVTS National Pension Fund for Wage-Earners
CNIS National Council of Statistical Data
CNLE National Council for the Fight Against Poverty

D

DARES Divisions of Research Organisation, Studies and Statistics
DEFM End of month Employment-Seekers
DGUHC Directorate General of Urban Planning, Housing and Construction
DOM Overseas Département
DREES  Division of Research, Studies, Assessment and Statistics

E  
EAPN  European Anti Poverty Network

F  
FSV  Old-Age Solidarity Fund

G  
GDP  Gross Domestic Product

H  
HLM  Low-Rent Social Housing (Council Housing)

I  
ILO  International Labour Organisation
INEC  National Institute of Demographic Studies
INSEE  National Institute for Statistics and Economic Studies
IRDES  Research and Information Centre on Health Economics

M  
MSA  Mutual Insurance System for Farmers

O  
OECD  Organisation for Economic Cooperation and Development
Onzus  National Observatory for Sensitive Urban Zones

P  
PAP  Personal Action Plan
PARE  Return to Employment Aid Plan
PLIE  Local Integration Plan via the Economy
PPE  Employment bonus

R  
RAC  Unemployment Insurance Scheme
RMI  Guaranteed Minimum Income
RSO  Minimum Income Support

S  
SIFE  Insertion and Training Stage Programme
Access to Employment Programme
<table>
<thead>
<tr>
<th>U</th>
<th>UNEDIC</th>
<th>Inter-Professional National Union for Industrial and Commercial Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>V</td>
<td>VAE</td>
<td>Accreditation on the basis of experience</td>
</tr>
<tr>
<td>Z</td>
<td>ZUS</td>
<td>Sensitive Urban Area</td>
</tr>
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</table>
The Observatory on Poverty and Social Exclusion

The missions of the Observatory on Poverty and Social Exclusion

The law of 29 July 1998 (article 153) regarding the fight against exclusion assigned to Observatory four missions:

- to gather, analyse and disseminate information and data concerning situations of poverty, social and economic vulnerability, and the policies implemented;
- to help develop knowledge and information systems in poorly studied fields;
- to commission surveys, research and assessments in collaboration with the National Council for the Fight against Poverty and Social Exclusion (CNLE);
- to present an annual public report of the data gathered.

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14 avenue Duquesne – 75350 Paris 07 SP

National Council for the Fight Against Poverty and Social Exclusion

The National Council for the Fight Against Poverty and Exclusion (CNLE) operates under the authority of the Prime Minister and provides recommendations to the government concerning all aspects of the fight against poverty and social exclusion. It coordinates efforts between public authorities, associations, organisations and competent individuals. It consists of fifty-four representative members. The president, Bernard Seillier, senator from the Aveyron, is a member by right of the National Observatory on Poverty and Social Exclusion, just as the president of the Observatory is a member of the CNLE.