

Council For Employment, Income And Social Cohesion

President : Jacques Delors

MAIN CONCLUSIONS

This fourth report presents for the first time in France, a description of child poverty and its root causes.

Based on this analysis, the Council proposes the implementation of a nation-wide program to combat child poverty, and outlines its content.

One million children (under age 18) come from families whose standard of living falls below the monetary poverty line used in French statistics. When the threshold for the standard measurements in Europe (just 20% higher) is used, the figure reaches the two million mark.

This analysis highlights three main issues :

Child poverty stems mainly from the under-employment of parents. In the current climate of mass unemployment that affects the less-qualified in particular, certain parents face not only difficulties in finding work, but also problems in reconciling their professional life and their parental duties.

Financial aid for child care is not enough to facilitate this reconciliation : this aid is not sufficient for a large majority of low-income families to pay for child care. It is essential to create a local public service offering quality child care for pre-school and school-aged children, just as in the Scandinavian countries.

In addition, family responsibilities must be considered to a greater extent when calculating social minima, be it the RMI (minimum income allowance) or the single parent allowance, such that the return to employment is made easier for these families.

Child poverty is particularly pronounced among immigrant families (one in four poor children belongs to a non-E.U. citizen family) and points in particular to the problems of integration of these families in French society. This makes it all the more essential to fight discrimination in employment, housing, etc. that penalizes the parents and discourages the children.

Child poverty is linked to the insufficiency in transfer payments associated with the presence of a child. These transfer payments on the whole barely contribute to pushing the family income above the poverty line. With budgets remaining constant, a greater redistribution through transfer payments could contribute to combat child poverty.

The fight against child poverty is essential, not only from a perspective of social justice but also for the steady construction of cohesion in our society - being born into or growing up in a poor family increases the risk of exclusion or poverty for persons, once adult. This is manifested in the school failure rates among children from poor families. Here again, **the prevention of school failure** is an important dimension of the policy aimed at mitigating the consequences of poverty on the future of the children concerned.

Content of the report

"The poor are persons whose resources (material, cultural, social) are so limited as to exclude them from the minimum acceptable way of life in the member state in which they live." This definition proposed by the European Council must be extended when child poverty is concerned. Children are future adults; poverty in their case is not the mere lack of immediate resources, it also handicaps their capacity to evolve and to build assets of knowledge and skills, as also cultural, social and health assets, thus impeding their future.

The fight against poverty must pay special attention to children. They suffer from a condition without being in any way responsible for it. They are dependent on their families and on society (especially through schooling) and have no means of tackling the cause of their disadvantage. Finally, the poverty they experience in their childhood may have consequences that will last for their entire lives, and particularly when they enter adulthood, thus carrying forward the inequities from one generation to the next.

If we consider monetary poverty alone, how many children live in poverty? There is much debate as to the definition of the poverty line. In France, Insee uses half of the median standard of living¹ which, in 2003, was 650 euros per month. The European definition (60% of the median standard of living) represents about 800 euros.

Without entering this debate, we may emphasize that **in 1999-2000, about one million children aged less than 18 lived under the Insee poverty line, accounting for about 8% of all children** and about two million (i.e. representing a poverty rate of about 16%) were below the "European" poverty line. On average, the characteristics of the families vary little between either poverty line. When we analyze the differences in school achievement, the break is nearer to the "European" poverty line.

These figures do not account for all cases of child poverty as some children (probably a few tens of thousands) belong to households who are not included in public statistics and often live in far worse material conditions.

We must also stress that the child poverty rate is higher than the poverty rate of adults. France is not the only country in Europe to experience this situation. This observation is

¹ The standard of living of a household is defined as its disposable income after direct taxes, divided by its size. To calculate it, the first adult is counted as 1, the second adult and any child aged 14 and above as 0.5, and any child aged less than 14 as 0.3. In fact, where housing, transportation, etc. are concerned, the needs are less than proportional to the number of persons in the household. In 2003, the monthly disposable income corresponding to the Insee poverty line was 1,170 euros for a couple with one child aged under 14, 1,365 euros for a couple with two children aged under 14, and 1,495 euros if either of the two were aged over 14 years.

worrying, as it reinforces the risk of poverty being carried forward from one generation to the next.

KEY FACTORS OF CHILD POVERTY

In France, the poverty of households in the working population results less from low hourly wages (the minimum wage (Smic) is in fact 60% of the median wage) than from **insufficient or insecure employment**. To be placed above the standard poverty line, a couple with children needs one full-time job paid at the minimum wage and one part-time job, while a single parent family needs a full-time job paid at the minimum wage.

Consequently, **child poverty results mainly from the parents' employment problems**. Those with low qualification levels – who therefore have low earning levels – have the greatest difficulty in retaining full-time employment for long, given the widespread unemployment in France today. Such persons often undergo long-term unemployment, or alternate between short-term jobs with no job security and unemployment, or have to make do with part-time jobs.

Moreover, **the presence of children worsens the employment problem**. When the children are very young, the mother quits her job due to the difficulty in finding and paying for child care, and when the children grow older, the length of time she spent away from employment is an obstacle in finding a new job.

Most often, poverty strikes children from single-parent families or those from families with four or more children.

Child poverty by family type

		%	
		Distribution	Poverty rate
Single-parent families		23	14.6
	with 1 child	5	10.2
	2 children and more	18	16.8
Couples	1 child	10	4.8
	2 children	24	5.0
	3 children	17	5.8
	4 children and more	26	17.3

Insee poverty line

Reading: 23% of all poor children come from single-parent families; of all children from single-parent families, 14.6% are poor.

Source: Insee-DGI, Tax income inquiries 1999 and 2000.

For single parents, the difficulty in reconciling their professional and family responsibilities increases the risk of poverty. In the case of families with four or more children, there is an added structure effect; of these, many are immigrant families.

Poverty affects, in particular immigrants and especially new ones. This holds true whether or not the person is the head of a household. France holds the unflattering record among the European countries – it has the highest difference in poverty rates depending on whether or not the person is a citizen of a European member state.

Child poverty rates based on nationality and birth country of the head of household

	All	%		
		Citizen of EU-15		Citizen of a non-member state of EU-15
		Birth country		
	EU-15	Outside EU-15		
<i>Distribution</i>		66%	9%	25%
All	7.8	5.9	11.3	25.9
<i>Based on the number of children aged less than 18</i>				
1 child	6.8	5.6	11.0	25.8
2 children	6.4	5.2	9.2	25.4
3 children	7.8	5.9	10.8	21.3
4 children and more	17.1	11.9	19.2	31.2
<i>Based on the household type and employment</i>				
Single-parent				
With a job	7.2	6.3	7.0	23.4
Without a job	27.8	25.8	35.6	36.5
Couple				
Two jobs	1.9	1.7	3.0	7.8
One job	8.3	6.4	10.4	20.3
Without a job	44.1	40.0	49.6	50.2
<i>Based on the degree of the reference person</i>				
Without a degree	16.7	13.4	18.5	28.6
Lower secondary certificate BEPC, or vocational training diplomas CAP and BEP	5.4	4.8	11.8	17.6
<i>Baccalauréat</i> and beyond	3.1	2.0	6.2	20.9

Reading: the parents of 25% of poor children come from countries outside the fifteen European member states. Of the children of parents belonging to non-European countries, 25.9% are poor.

Source: Insee-DGI, Tax income inquiries 1999 and 2000.

This situation does not arise merely from the fact that the parents of these families are often less qualified and that the families are often large. It also reveals discrimination in the job market – how else can one explain, for instance, that in cases where the head of household has at least a french *baccalauréat*-level education, the risk of poverty is six times higher if he is an immigrant, or originates from a non-European country, than if he is of French or European origin?

Family policy plays an important role in maintaining the income of families; it however falls short of reducing child poverty to any significant extent.

Transfer payments based on the presence of a child, the “child benefit package” (family benefits, increase in housing allowance, scholarships, tax rebates, etc.) provide on average per child, in most of the test cases analyzed, an increase in income of just under 200 euros per month for a

couple, and about 300 euros per month for a single-parent family. These transfer payments vary little with the income level of the families.

In order that the presence of a child does not cause the family income to fall below the poverty line, the transfer payments linked to the child's presence must be at least equal to the child's weighting in consumption units (0.3 or 0.5) multiplied by the selected poverty threshold. According to the Insee poverty threshold, this represents about 200 euros for a child aged under the age of 14, and 330 euros for a child as of the 14th year.

This largely explains the very high concentration of children close to the Insee threshold. The standard of living of about 700,000 of the million poor children falls within the 80 to 100% bracket of the Insee threshold.

POVERTY IN CHILDHOOD AND RISKS FOR THE FUTURE

Living in a poor family, and moreover, for an extended period of time (about one third of poor children remain in this condition for at least three successive years) often entails living in an overcrowded house with health risks involved (including obesity). These different factors add up all too often, thus increasing the risk of difficulties in adulthood. Thankfully, however, this view is not absolutely deterministic.

The risk of breeding poverty arises mainly from school failure that afflicts children from low-income families in particular. This situation is recorded at the start of schooling itself. It tends to worsen during the course of the child's schooling. A majority of the children who are behind when starting 6th grade come from families with low living standards. This holds equally true of children aged 15 who are behind by two or more years. The gap in performance in school widens even more at the end of the compulsory schooling period. At 17, 18% of children from the lowest standard of living decile give up studies (of which 12% leave without any degree) as opposed to 1%, on an average, for the three most privileged deciles.

The channels that link poverty to difficulties in school are numerous. Some of these are obvious, such as overcrowded houses in which children do not have a quiet place to study, or public housing leading to segregation in certain areas in which schools have a higher concentration of children with learning difficulties, lesser access to cultural activities and vacations, as also lesser access to tuitions outside of school hours. Others are linked to factors that explain the parents' poverty – a lower level of education of the parents (especially the mother) is significantly linked to lower success rates of the children. There are also more indirect links – seeing their parents' inability to succeed may lead the children to feel that they will also fail to succeed, as well as feeling that their parents are discriminated against due to their origin, etc.

CHILD POVERTY IN FRANCE AND IN EUROPE

In the mid-nineties, the poverty rate in France was slightly lower than the average European Community rate. It is considerably lower than the poverty rate in the United Kingdom or in Ireland, where, like in France, the poverty rate of children is higher than the general poverty rate. This rate is significantly higher than in the Scandinavian countries where, in addition, the poverty rate of children is lower than the general poverty rate.

The root cause of child poverty may be more or less severe across countries. In comparison with France, the United Kingdom combined greater wage inequalities, a higher proportion of unemployed households with children, mainly due to lack of child care facilities, and lower transfer payments in favor of children. Matters are improving due to a major child poverty reduction plan implemented by the Labour government. The Scandinavian countries, on the contrary, have less wage discrepancies, a lower unemployment rate, and, in particular, are better organized to enable families reconcile their professional and family lives. Also, the child benefit package is quite generous.

FOR A NATIONAL PROGRAM TO COMBAT CHILD POVERTY

Targeting a significant reduction in child poverty is doubly justified. More than for any of its members, society must not accept the exclusion of its children. Moreover, reducing child poverty and fighting its destructive consequences for the child's future is an effective instrument for reducing poverty in the long-term in the entire population by breaking the cycle of exclusion breeding.

- **The focus must be on improving employment.** Unemployment and underemployment are the root cause of poverty in general and child poverty in particular, given that the parents' difficulty in reconciling their professional lives and their parental duties increases their underemployment. It seems essential to give parents (the mother in most cases) the possibility of going back to work rapidly, if they desire. The provisions of parental leave are inadequate. Furthermore, child care facilities must not only be stepped up, they must also be made more accessible to all families. At present (and probably even after the creation of the new PAJE young child allowance), poor families do not have the wherewithal to afford the necessary child care. As the Scandinavian example points out, a local public service must be created for infants and children during the first years of schooling; this public service would also contribute to furthering the interaction between the various strata of society.

On another front, policies aimed at facilitating the "return to employment"² for the recipients of social minima allowances do not adequately account for the presence of children.

² Several RMI recipients hold a job on an occasional basis. Their problem lies in finding jobs that are sufficiently stable and lucrative so as to obtain financial autonomy.

Firstly, as concerns the RMI (minimum income allowance), various reforms have been adopted in the past few years so that the access to employment results in a net gain in the disposable income of RMI-recipients. The reforms implemented have not, until now, looked into the problems and cost of child care. Where help from family members and neighbors is not available, the presence of children remains a major obstacle in the return to employment. The recent reform of the RMI and the creation of the minimum activity allowance (RMA) do not take this crucial aspect into account.

Secondly, the single parent allowance (API) must be reformed. In the case of the API, especially the "long-term API" that the mother receives until the child turns three, there is no well-defined procedure to help the mother find a job at the end of the allowance period (training, assistance in finding child care facilities, personalized addressing of problems, etc.). Faced with the lack of assistance for their return to employment, at the end of the eligibility period, many API-recipients, not surprisingly, become RMI-recipients. This causes a severe drop in their income levels and keeps their children in extended periods of poverty.

- Finding jobs that are sufficiently well-paid and of good quality (long-term, job security) is the "royal" exit path from poverty. As pointed out by the persons working directly with the poor and social rejects, this objective cannot be reached for all concerned. **A strategy for combating child poverty must also aim at improving the condition of children in families living on social minima allowances.** This raises the question of the level of the allowance – the increase per child must be upgraded.

- These two courses of action must not work against each other; this is why it is essential, as the Council underlined in its first report (*Access to employment and social protection*), that an entire range of actions be defined to include support for income from employment.

- The creation of a family allowance (means-tested or not) paid upon the birth of the first child would not only reduce the risk of poverty of these families, it would also not penalize the return to employment of social minima allowance recipients for financial reasons. In addition to this reform, the per-child increase calculated for children falling within the social minima bracket must be upgraded so as to proportionately increase the disposable income of low-wage earners. This can be done without increasing the budgetary outlay, by defining another profile for the working tax credit (PPE) centered on the working poor who have children. The Council had already highlighted these aspects in its first report mentioned above.

- The level of family benefits linked to the presence of children does not in itself significantly improve the

family standard of living with respect to the poverty line. What is needed is a substantial increase in child-related benefits, even if this means initiating an accrued distributiveness of the transfer system (benefits and tax rebates). In the present system, child-related transfers are on the whole neutral in terms of income redistribution.

In order for the increase in benefits to effectively improve the future of the children, various paths can be explored. A sizeable increase in the housing allowance for families with children could, for instance, help in reducing the overpopulation in poor family houses.

- **A strategy for combating child poverty must also aim at directly combating the negative consequences on the child's development.** Reducing the parents' poverty would have a positive effect on the future of the children, but it would not fully wipe out the effects of the factors underlying the parents' poverty and having a direct impact on the children's future, such as their schooling for example.

There are four particularly important guidelines.

Early intervention as concerns health, schooling, or even socialization is essential as the positive or negative processes are highly cumulative and strongly affect the child's development.

The intervention must respect the primary responsibility of the parents who must be encouraged and aided in their duties to the young children. As the children grow up, they must be given the possibility of gradually taking charge of their own future.

The action must be continual; at present, institutions concerned often tackle a specific "age group" as and when the need arises.

Finally, the coordination between the various actors is vital.

These four rules apply when defining and implementing any policy in favor of children. They must be abided by in particular when children of underprivileged families are concerned.

The Council deems it necessary to develop specific actions in certain domains.

The fight against school failure. Various provisions have been set up or are being tested in this area, such as priority education zones and more recently, the splitting of classes in primary schools. We must also mention the networks of specialists providing help to children with learning difficulties. Apart from these rather general provisions whose efficiency sometimes falls short of the hopes they inspired, it could be worthwhile to change the strategy used by heavily concentrating efforts on children with proven learning difficulties, at a very tender age (right from 1st grade), regardless of the family or geographic context, and sustain these efforts until these children "catch up with the others". In fact, in certain cases, this effort cannot be limited to the child and schooling alone, and must also encompass assistance to parents and consider other persons involved in addition to the teachers.

Children from immigrant families. In this case, the battle against the children's failure in school must be coordinated with the policies aimed at favoring the integration of parents, including within the school itself. Also, the fight against discrimination for job-seekers of immigrant origin is vital in order to assure them that their success in school will better their future.

Housing policy to reduce the risk of local segregation.

Consistency and continuity must be the attributes of any action undertaken by the national and local entities.

Although the information describing the overall condition of poor children is not lacking, it must be acknowledged that there is still a long way to go in analyzing the consequences, in the long run, of the poverty of children on their future, as also in the in-depth assessment of public policies. In the area of observation and analysis, France lags behind several European and Anglo-Saxon countries.

**THE COUNCIL FOR EMPLOYMENT, INCOME AND SOCIAL COHESION
HAS BEEN CREATED BY ON APRIL 7, 2000.**

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