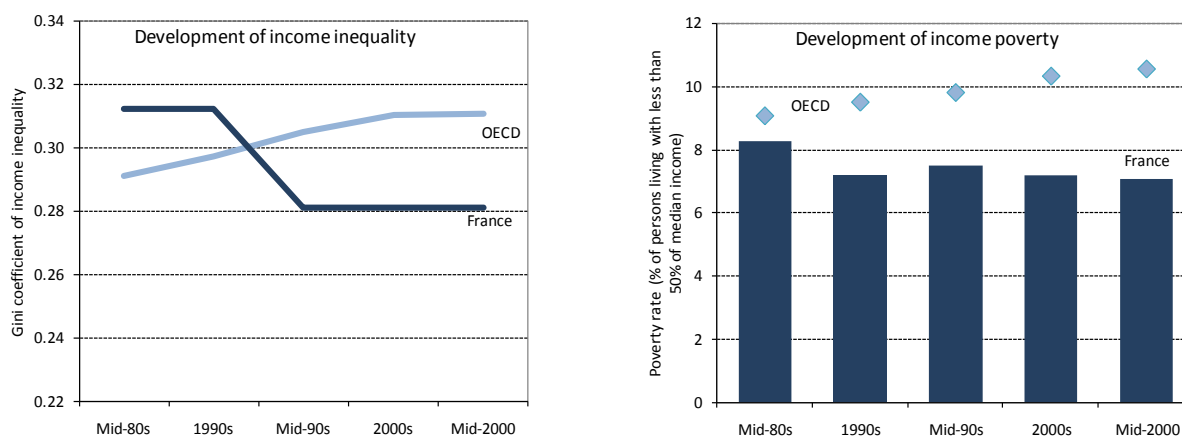


COUNTRY NOTE: FRANCE

France is one of only five OECD countries where income inequality and poverty have declined over the past 20 years. Inequality and poverty (meaning people who live on less than half median incomes) are below OECD average, though without reaching the very low levels of the Nordic countries.

Figure 1. **Income inequality and poverty have fallen**



Source: *Growing Unequal?*, OECD 2008. Income is disposable household income adjusted for household size.

- The richest 10% of the French population has an income of US\$ 54,000 per year, in purchasing power parities – about the same as the OECD average. Similarly, the middle class have an income level (US\$ 20,000) similar to the OECD average. However, the poorest 10% of the French population have an income of almost US\$ 9,000 per year – about 25% higher than the average for OECD countries.
- The decline in inequality is mainly because of changes in the labour market. The inequality of male full-time gross wages, for instance, has declined by 10% since 1985. In the typical OECD country, it increased by almost 20%.
- Furthermore, the share of working-age people in households where no-one works has fallen. Employment rates of those with low levels of education have increased, unlike in most other OECD countries, where employment rates of people with low levels of education have fallen.
- Spending on benefits such as unemployment and family benefits is high, accounting for one third of household income in France, compared with an OECD average of just 22%. However, whereas most countries target more social spending on the poor than on the middle classes, this is not the case in France – the poorest 20% get just 16% of spending on benefits.

- People near retirement-age (aged 51 to 65) have seen their incomes go up more rapidly than any other group. Poverty rates for this group have fallen from 10% to 5%. They have also fallen for people aged over 65 (from 10% to 8%).
- Poverty rates for working-age people living in households where no one works rose from 14% to 22% between the mid 1990s and 2005.
- At the same time, situations where people stay in income poverty for a long period (3 years or more) seems to be less of a problem in France than elsewhere. 3% of the population is poor for long periods of time, about half the OECD average.
- France ranks in the middle of OECD countries when looking at social mobility. What your parents earned when you were a child has more effect on your own earnings in France than in more mobile countries, such as Denmark and Australia, but less than in Italy, the United Kingdom and the United States.