

Insee Références



France, A Social Portrait

2015 Edition



Press Kit

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A focus on... the social situation in European countries since the beginning of the crisis

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INSEE in Brief

The *Insee Références* collection offers a periodic overview of major social and economic questions. The data and commentaries are based on official statistical sources and analysis methods.

**In the same collection
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**Forthcoming
Couples et Familles 2015**

Focus on...

the social situation in European countries since the beginning of the crisis



Focus on...

Introduction

In this publication, we shed light on the **social situation of the countries of Europe after several years of crisis**. In 2008-2009, Europe went through the most serious recession of the post-war period. In addition, some countries were severely affected by the sovereign debt crisis.

These different shocks had different social repercussions in different countries. On the one hand, the scale of the economic and financial crisis varied considerably from one country to another; on the other hand, the social policies put in place cushioned the effects of the crisis to varying degrees.

After several years of crisis, where do the European countries stand now? Where does France stand in relation to its European Union partners?

Through 4 spotlights, we shed light on the link between deterioration in the social situation and the intensity of the crisis in the countries of Europe:

Fertility: the economic crisis began in 2008 but did this lead to a drop in fertility in some European countries, and if so which ones?

Healthcare expenditure: following on from the crisis, has healthcare expenditure slowed or declined in the countries that have been hit hardest? Do we see any consequences for access to healthcare?

Labour market: has the deterioration in the labour market situation become widespread across Europe? Which countries have experienced the most unfavourable changes in employment, unemployment and activity rates?

Economically-precarious workers: has the proportion of economically-precarious workers in the working population increased since the crisis? How has the poverty rate among these particular workers changed?



1a. Fertility in France has held up through the crisis

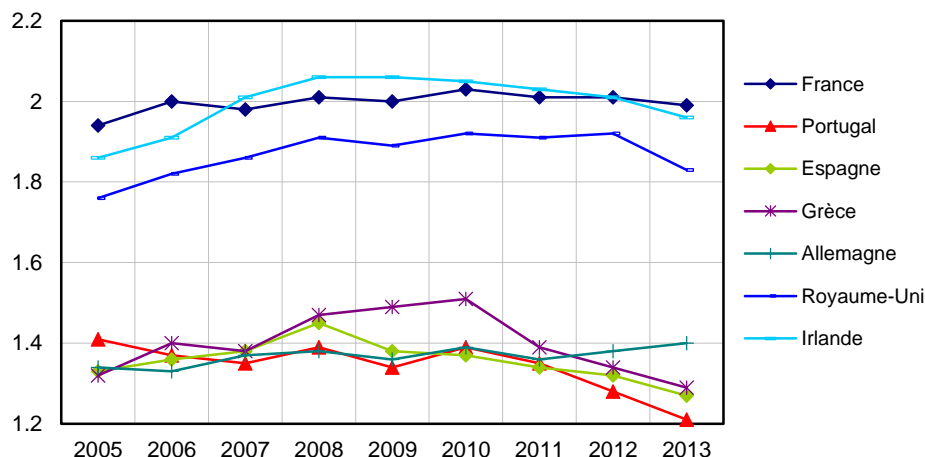
As a result of the economic crisis that began in 2008, fertility declined or stopped increasing in most European countries. The decline in fertility is most striking in those countries hit hardest by the crisis, Spain, Greece and Portugal. France is the exception: it is the only country in Europe to have had a high, stable fertility rate since 2006. Although a drop in income may play a part in affecting the fertility rate, it is mainly increases in unemployment, when these are significant, that seem to affect it most.

Since 2006, only France has a high, stable fertility rate

The southern European countries most severely hit by the crisis have experienced a significant decline in fertility. In Greece, Spain and Portugal, total fertility rates have fallen dramatically by 0.18 children per woman since 2008. Other countries experienced a less significant decline. In the countries studied, only the fertility levels of Germany and France seemed to be insensitive to the crisis, with France being unusual in having a fertility rate that remained both stable and high. In 2013, France had therefore become the European country with the highest fertility rate, at almost 2 children per woman.

Change in total fertility rate

number of children per woman



Source: Eurostat

Age at first childbirth increased more quickly than before in southern Europe and in the United Kingdom after 2008

Fertility behaviour since 2008 can be explained by the change in the age of mothers having their first child. This changed little in France between 2005 and 2013. In contrast, it increased sharply in southern European countries and the United Kingdom. If this delay in having children were to continue in Greece, Portugal and Spain, it could have an impact on the total number of children that women of the generations concerned will have in the course of their lifetime.

Fertility decreased in countries where unemployment has increased significantly and where incomes have fallen considerably

Unemployment has a negative effect on fertility, although its effect is only noticeable in cases where there is a major deterioration in the labour market. This was the case notably in Greece, Spain and Portugal where unemployment increased drastically between 2008 and 2013. Income also seems to have a degree of influence on changes in fertility, although this link is not so strong. In particular, the recent drop in fertility in the United Kingdom (-0.08 children per woman) can be linked to the considerable downturn in real disposable income per capita (-14% between 2008 and 2013), whereas unemployment has not risen a great deal.

The effect of family policies on fertility during the crisis was limited

While spending measures in favour of families have an important structural role to play in the level of fertility, they are probably less effective in limiting the short-term effects of an economic crisis. The United Kingdom, Ireland and Italy, countries that saw the greatest increases in their spending on families over the period in question, did not avoid a considerable drop in their fertility rates.



1b. The downturn in healthcare expenditure in countries hit hard by the crisis is detrimental to access to care

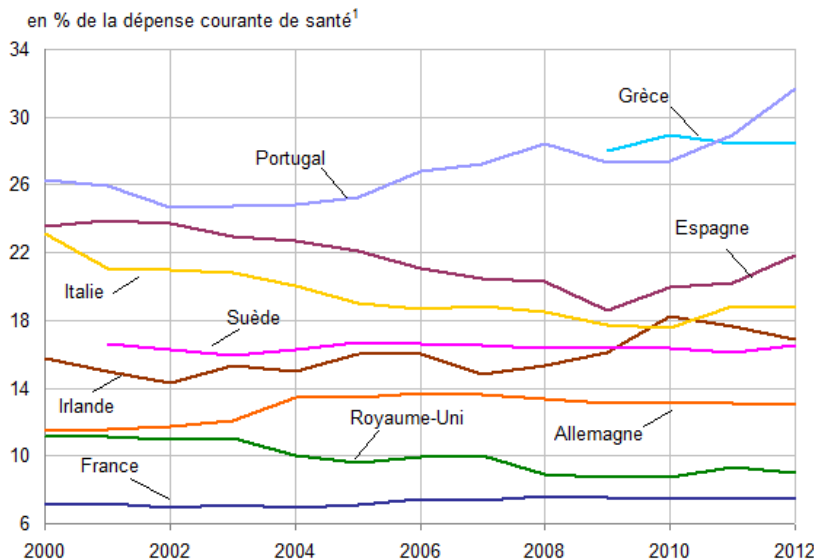
During the 2000s, healthcare expenditure as a proportion of gross domestic product had been increasing hitherto, and it continued to rise in most European countries, although it had virtually stabilised in Germany and France. Following the 2008 crisis, healthcare spending per capita slowed, and even declined in some cases, much more sharply in the countries of southern and north-west Europe. Economic difficulties and control spending measures contributed to limiting access to healthcare in the countries most affected by the crisis.

A sudden and sometimes marked drop in healthcare spending in countries hit hardest by the crisis

Since the start of the 2008 crisis, France and Germany, who had embarked earlier than most of their European partners on a process to control spending on health insurance, have stood out in Europe as their growth rate in health expenditure per capita in volume remained positive. The change in healthcare expenditure was much more sudden and pronounced between 2009 and 2011 in other European countries (Greece, Ireland and Portugal).

A particularly marked drop for some budget items linked to three economic drivers

The degree of change differed according to budget items, resulting sometimes in expenditure decreasing, especially in outpatient care and even more so for drugs. This is related to the three main drivers put in place to ensure the sustainability of health insurance systems: budget cuts, regulating the demand for care (increase deductibles and/or reduce cover) and reducing the cost of care (drop in price of health products and reduction in numbers of healthcare workers).



Increase in out-of-pocket expenditure in the majority of the countries most affected by the crisis

Before the crisis, households' out-of-pocket health expenditure already varied considerably across Europe, and since then it has evolved in different ways. It remained stable in France, the United Kingdom and Germany. In Italy and Spain, the crisis reversed a medium-term movement to reduce out-of-pocket payments; in other countries (Ireland, Portugal), its impact on out-of-pocket payments seems to have been delayed or to be less obvious.

Change in households' out-of-pocket expenditure in a selection of European countries

(1) Current health expenditure in the international sense since 2000.

How to read this chart: in 2000, in Portugal, households' out-of-pocket expenditure was 26.1% of health expenditure.

Note: for Greece, data are available only from 2008 onwards and are shown here from 2009, as the 2008 value was atypical, at 37.9%.

Source: OCDE, 2015.

Increase in unmet medical care needs in most European countries

With the exception of Germany and Sweden, the rate of self-assessed unmet needs increased in all the countries considered between 2010 and 2013. This rise was more marked in the countries most severely affected by the economic crisis (Greece, Italy, Ireland and Portugal).



1c. Effects of the crisis on European labour markets: intensity and duration vary

Following the economic crisis that began in 2008, almost all 15 countries in the European Union (EU15) were faced with a rise in unemployment, which was more pronounced among young people, and considerable job losses, especially in industry and construction. The unemployment rate increased most in the southern EU countries and Ireland. In 2014, with the moderate upturn in activity, the effects of the crisis on the labour market started to decline across all of the EU15, including countries in the South.

The deterioration in the labour market was particularly marked in Ireland and the southern countries (Spain, Greece, Portugal and Italy). In Ireland, and also in the United Kingdom, the situation has however improved considerably since 2011. The labour markets in the northern countries (Denmark, Finland, Netherlands, Sweden), which were in a favourable position before 2008, with the exception of Sweden, were very much affected by the crisis: their unemployment rate has not fallen since then, at least not by very much. In France and Belgium, the labour market was less affected overall than the EU15 average. Finally, Germany, Austria and Luxembourg were relatively unscathed by the crisis. Germany is the only country in the EU15 where the unemployment rate has decreased since 2008.

The employment rate dropped sharply in Europe following the crisis, but recovered slightly in 2014

Between 2008 and 2014, the employment rate* for 15 to 64-year-olds fell in ten of the EU15 countries. For all of the EU15, it has fallen 1.5 points on average since 2008, but picked up for the first time in 2014 (+0.6 points). The most marked declines can be found in the southern countries, which were also those most affected by the downturn in activity.

* The employment rate of a class of individuals is calculated from the ratio of the number of individuals in the class in work to the total number of individuals in the class.

The employment rate for men and young people fell more than that for women and 25 to 54-year-olds

Overall, men were affected more by the crisis than women due to the sector-based specialisation of their jobs: they work mostly in manufacturing and construction, sectors where the decline in employment was particularly marked. In the EU15, between 2008 and 2014, the employment rate for men lost 3.4 points, while the rate for women increased by 0.4. All countries were concerned, especially the southern and northern countries of Europe. The fall in the employment rate was very marked for young people (down 6.0 points since 2008 in the EU15). All countries were affected, apart from Sweden. Young people are more likely than older people to have temporary jobs, the first type of job to be hit by the economic crisis. Young people have also been able to delay entering the labour market by extending their studies.

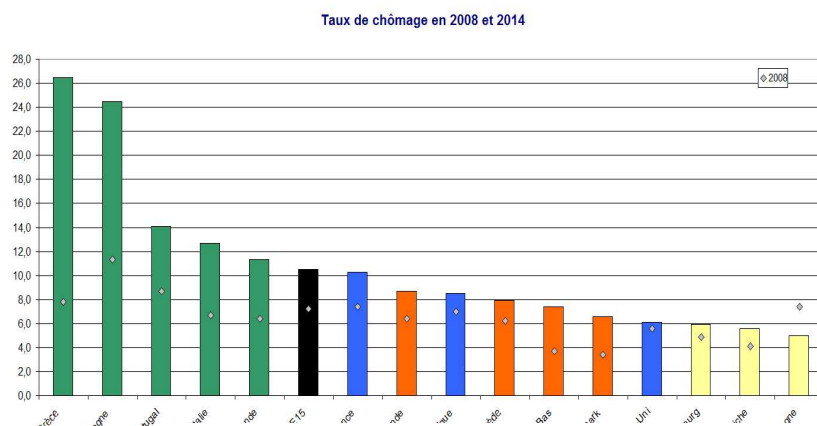
The employment rate of senior citizens continues to grow, linked with pension reform

Throughout the EU15, the employment rate of 55 to 64-year-olds continued to increase, despite the crisis, at an average annual pace of +1.1 points, as it had done in 2005-2008. This trend is particularly linked to the effects of measures taken in most countries to defer retirement. The rise was particularly marked in Germany. Only in the countries in the South, except Italy, did the employment rate for senior citizens decrease.

After a significant rise between 2008 and 2013, the unemployment rate has begun to fall in some countries

After dropping overall until 2008, the unemployment rate in the EU15 increased substantially until 2013 following the economic crisis (+3.9 points), especially for young people (+7.3 points). All countries were affected, except Germany. It was in the countries of southern Europe and in Ireland that the unemployment rate increased most after the crisis. In most of the northern countries, in France, Belgium and the United Kingdom, the increase in unemployment between 2008 and 2013 was less than the European average.

In 2014, for the first time since the crisis and in a context of moderate recovery, the unemployment rate in the EU15 fell (-0.6 points to 10.5%).



Source: Eurostat, Labour force survey (data extracted in June 2015) – INSEE, Employment surveys for France.



1d. Risk of poverty for low-income workers in European Union countries between 2008 and 2012

In 2012 in the European Union of 15 countries, 29 million workers (18%) were in an “economically precarious” situation. This means that if they were living alone and with no other resources than their income from work, they would be in a situation of monetary poverty. In almost all countries, women, young people and workers born abroad were more affected than others by economic precarity. In the EU15 in 2012, 30% of these economically-precarious workers were poor. The rest escaped poverty thanks to other market income received by their household and social transfers. Between 2008 and 2012, the poverty rate of economically-precarious workers increased slightly across the EU15 overall.

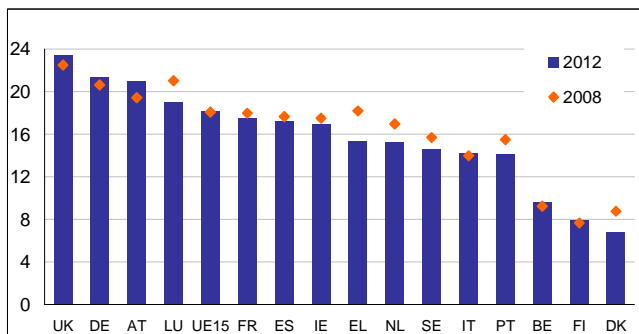
In 2012, 18% of workers were in an “economically precarious” situation in the EU15

In Denmark, Finland and Belgium, fewer than 10% of workers were in an “economically precarious” situation; this phenomenon concerned 14 to 16% of workers in Portugal, Italy, Sweden, the Netherlands and Greece, and about 17% in France, Ireland and Spain. Lastly, in the United Kingdom, Germany and Austria, over 20% of workers were concerned.

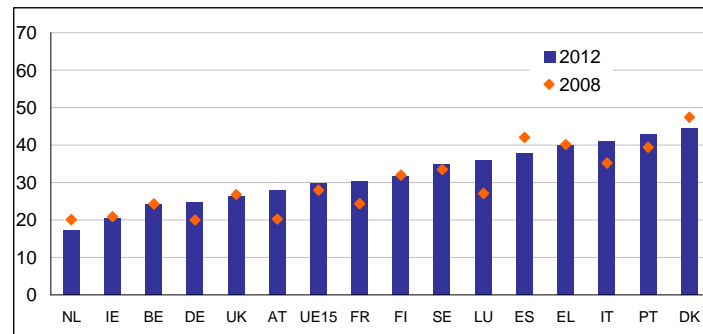
In the EU15 in 2012, three out of ten of these “economically-precarious” workers lived in a poor household

In 2012, the poverty rate of economically precarious workers ranged from 17% in the Netherlands to 44% in Denmark, and it stood at 30% in France which was the average for the EU15. Thus the majority of economically-precarious workers were able to avoid poverty thanks to other resources received by their household and income provided by the social protection system. Household income played a particularly important role in the Netherlands, Germany, Belgium and Austria, where more often than elsewhere economically-precarious workers were found to be women working part-time and living in a couple with a partner in employment. In Ireland and to a lesser extent in France, Luxembourg and the United Kingdom, poverty was fairly often avoided due to social transfers. Poverty was more common in countries where young people and people living alone were over-represented among economically-precarious workers; this was the case in the northern countries, especially Denmark. In the southern countries, these workers were rarely living alone, however, other members of their household tended to be unemployed, inactive or were themselves economically-precarious workers, and in these cases poverty was also more common.

Part des travailleurs économiquement précaires parmi les travailleurs



Taux de pauvreté des travailleurs économiquement précaires



Champ : travailleurs.

Champ : travailleurs économiquement précaires.

Note : Autriche (AT), Belgique (BE), Allemagne (DE), Danemark (DK), Espagne (ES), Finlande (FI), France (FR), Grèce (EL), Irlande (IE), Italie (IT), Luxembourg (LU), Pays-bas (NL), Pologne (PL), Portugal (PT), Suède (SE), Royaume-Uni (UK).

Source : Eurostat, EU-SILC 2009 et 2013 (2012 pour l'Irlande).

Between 2008 and 2012 in the EU, the share of economically-precarious workers remained stable but their poverty rate increased slightly

Between 2008 and 2012, the share of economically-precarious workers increased in Austria, the United Kingdom and Germany, and also in Italy, Belgium and Finland, but fell in all the other countries. However, the poverty rate for economically-precarious workers increased slightly across the EU15, due to the increase in Portugal, Italy, Austria, Germany and also France, although it remained more or less stable in most other countries. In almost all countries, the earned income of other household members was less effective in enabling economically-precarious workers to stay out of poverty in 2012 than in 2008.



Reports



2. Households' feeling of financial prosperity: stable from one generation to the next but fluctuating throughout a lifetime

In Metropolitan France, six out of ten households did not feel financially prosperous in 2011. Although the economic context has varied significantly over the last 30 years, this opinion by households of their financial situation has remained remarkably stable since 1979.

At individual level, standard of living¹ is still the major determining factor for the feeling of financial prosperity, as it was 30 years earlier. However, there are some more subjective factors that can have an influence. A household's opinion of its financial prosperity also depends on its employment situation and family situation.

The feeling of financial well-being varies throughout a person's lifetime: it is between the ages of 40 and 44 that households feel least financially secure.

In 2011, six out of ten households did not feel very secure financially

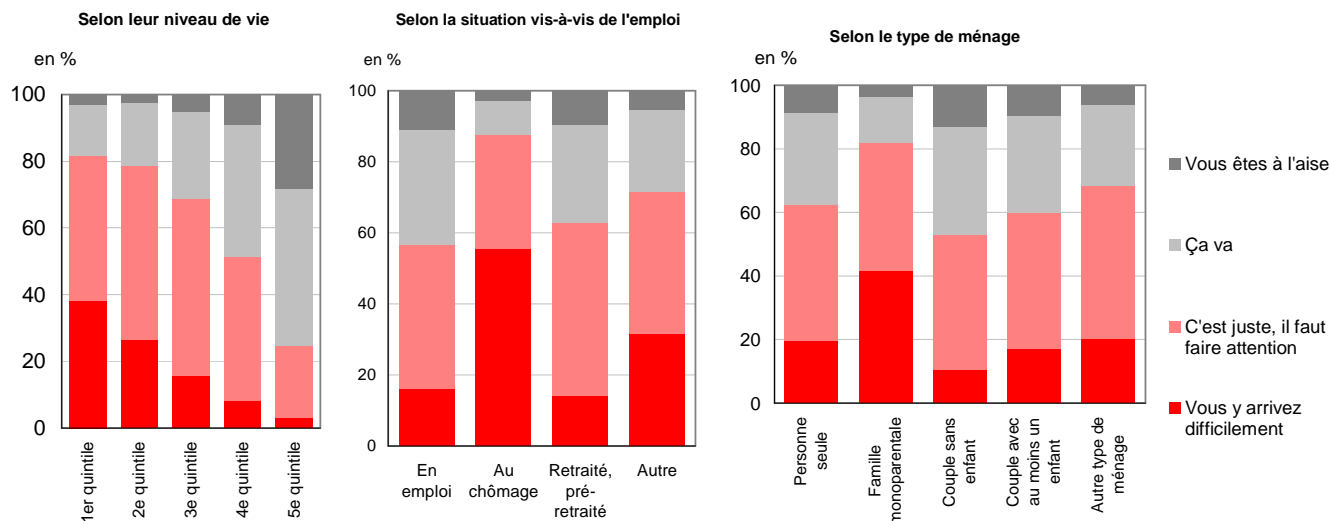
In 2011, 18% of households in Metropolitan France said that they "found it difficult to manage" and 43% said that their budget was "tight and that they had to be careful". In contrast, 29% of households said that they were "all right" and only 10% had a feeling of "financial prosperity".

The distribution of households according to their feeling of financial prosperity certainly remained stable for the period 1979-2011. For a specific level of qualification, the younger generations felt less financially prosperous than the older generations, which probably suggests that a certain level of qualification does not correspond to the same situation for different generations. However, given that the average level of study has improved since 1979, when all levels of qualification are combined, financial prosperity appears to have barely changed, on average, over the generations.

Households in an unfavourable professional situation and one-parent families were more likely to consider themselves to be in financial difficulty

For the last 30 years, standard of living has influenced the proportion of households who feel themselves to be in financial difficulty in the same way: unsurprisingly, the lower the household's standard of living, the more they say they have financial difficulties.

Sentiment d'aisance financière des ménages (ou de difficulté avec leur budget) en 2011, selon leur situation sociale et économique



Champ : France métropolitaine, ménages ordinaires.

Lecture : en 2011, 38 % des ménages métropolitains du 1^{er} quintile de niveau de vie estiment avoir des difficultés avec leur budget.

Sources : Insee, enquête Budget de Famille 2011.

¹ To take an example, for 2013, for a family consisting of a couple with two children under 14, the median standard of living corresponds to a disposable income of €42,000 per annum (or €3,500 per month). By construction, all members of the same household have the same standard of living. This is equivalent to the disposable household income divided by the number of consumption units in the household.

The majority of households where the reference person is unemployed say that they have difficulties managing their budget (55% in 2011) or that their budget is tight (32%). The opinion that those in retired households have of their financial situation is fairly similar to that of households where the reference person is in work (14% and 16% respectively of these households had difficulties with their budget in 2011).

One-parent families, who are over-represented among the least well-off households, feel least secure. In 2011, 42% said they had difficulties managing their budget.

70% of households who felt in financial difficulty saw a decline in their standard of living over the previous five years

In some cases, a household's assessment of their situation can differ from the true situation. This discrepancy between observed standard of living and the household's opinion of their financial situation may be due to a recent decline in standard of living to which the household has not yet had time to adapt. All standards of living combined, over 40% of households who felt they were in financial difficulty said that their situation had declined considerably in the previous five years, and 30% considered that it had deteriorated a little. One-parent families were particularly concerned: 55% said that their situation had deteriorated greatly over the previous five years.

Housing and food account for 40% of the budget of households experiencing financial difficulties

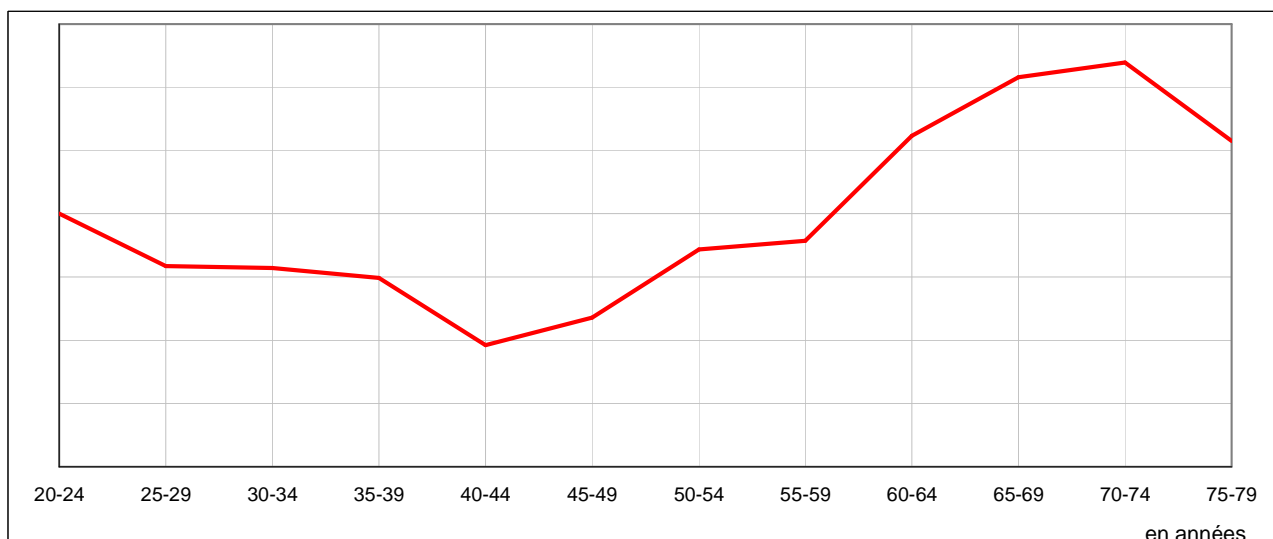
In 2011, as had been the case 10 years before, the two main items of consumption expenditure by households who feel they are in financial difficulty are housing and food, which represent 19% and 18% of their budget respectively, or more than one third overall. Transport is the third largest item of expenditure for these households (14%) whereas it is number one for households who consider that they are financially prosperous (19%), ahead of food (13%) and leisure and culture (12%).

When interviewed in 2011 about what they would do with a 10% increase in income, over one fifth of households in difficulty said that their priority would be to spend more on food. This proportion was 5 points higher than in 2006.

Households are more likely to feel they are in difficulty at around 40 to 44 years old

The graph showing the feeling of financial well-being according to age reveals that households feel financial constraints more in the first decades of adult life. They feel least secure between 40 and 44 years old. At this intermediate age, incomes are at their peak, but consumption is too. After this, the graph moves upwards and the feeling improves until around 70-74 years old, the age at which households feel most financial prosperity.

Effet de l'âge sur le sentiment d'aisance financière des ménages



Champ : France métropolitaine, ménages ordinaires.

Lecture : à date, diplôme et génération de la personne de référence donnés, le ressenti d'un ménage vis-à-vis de sa situation financière est au plus bas lorsque la personne de référence du ménage a entre 40 et 44 ans.

Source : Insee, enquêtes Budget de Famille 1979 à 2011.

Reports

3. Income sharing and decision making by couples – a European panorama

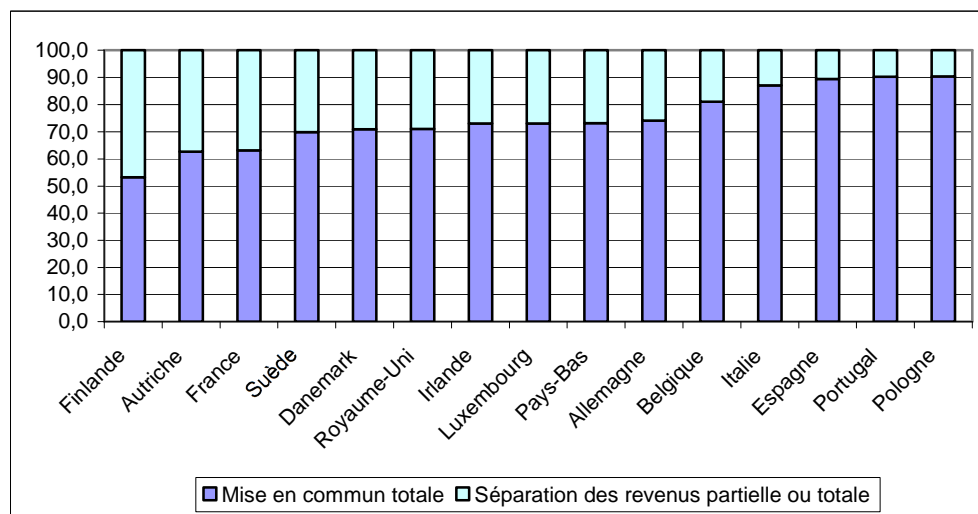
In all the European Union countries, the majority of couples say that all of their income is shared. There are, however, considerable variations in frequency between countries. Full income sharing varies according to marital status, the employment situation of the two spouses, their level of education and their standard of living.

Whether incomes are totally or only partly shared, the majority of men and women believe that, for their couple, all “important” decisions are taken in a balanced way and that they are always free to decide for themselves concerning personal spending. However, decisions about everyday purchases seem to be largely the woman’s “domain”, as are, to a lesser extent, decisions about spending on children.

Full income sharing predominates, though without being the general rule

In the 15 European countries studied, the majority of couples said that all their income was shared. There are considerable differences, however, in the size of this majority: at the lowest level, in Finland, full income sharing concerned only 53% of couples, compared with about 90% at the other extreme, in Spain, Portugal or Poland. Between the two extremes, this proportion was between 70% and 75% in most countries. France, with about 63%, is in the group of countries where full sharing seems least predominant.

Distribution of couples by income management system (%)



Scope: couples of working age.

Source: Eurostat, EU-SILC 2010 "Intra-household sharing of resources" module.

Marriage and having children increases the probability of full sharing; for working couples or those with a high level of education full sharing is reduced

The proportion of couples who share all their income is much higher in almost all countries for couples who are married than for other couples; in all countries it is also more common among couples who have at least one dependent child living with them, and this is true whether or not the couple are married. When both partners work, full sharing happens less often than in couples where only one partner is working; it is even less frequent when both partners work full-time. It is also less frequent in couples where both partners have a high level of education; these couples also tend to both be working and to have higher incomes than other couples, on average. All other things being equal, marriage seems to be the most divisive characteristic in all countries, with the exception of Ireland. The couple’s working activity is the second most divisive characteristic, but the top divisive factor in Ireland.



A country effect?

Once the characteristics defining couples have been taken into account, the tendency of couples to share all their income does not seem to differ significantly between France, Germany, Luxembourg, Denmark, the Netherlands and Sweden. The other countries fall into two groups. On the one hand are Belgium, Spain, Italy, Portugal and Poland, where the probability of full income sharing is significantly higher; on the other hand are Austria, Finland, Ireland and the United Kingdom where, conversely, all things being equal, the probability of full income sharing is lower.

Sharing “important” decisions as perceived by men and women: a perception of balance

In all countries, both men and women living in a couple considered that taking important decisions was generally done in a balanced way: this view was virtually unanimous in Germany, Denmark and Spain, and found in a slightly smaller majority in Finland, France and Sweden. The way income was managed made little difference.

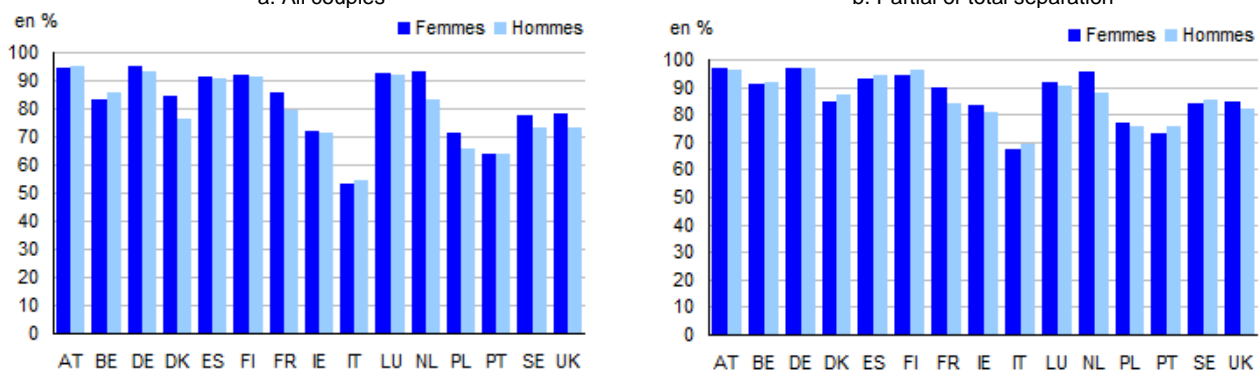
Decision-making on household expenses: perception of balance, but also gender imbalance

Perceptions were much more varied concerning spending decisions for the home. In the 15 countries, decisions on everyday purchases seemed, for men and women alike, to be largely the women’s “domain”. Decision-making on important expenses for children was largely perceived as balanced, both by men and women in all countries; there was a gender imbalance, however, although less marked than for decision-making on everyday purchases. These perceptions were not much affected by the way in which income was organised. Decision-making on expensive purchases of consumer durables and borrowing money was perceived even more massively as balanced, although slightly less when income was at least partially separate.

More autonomy in decision-making on personal spending money when incomes are not fully shared

In most countries, for decision-making on personal spending, a large proportion of both women and men considered that they were always free to decide, without consulting their partner. In contrast to other types of decision-making that were considered, the difference in perceptions according to the way income was organised was quite marked in some countries, with a higher proportion of women (as much as 16 points higher in Ireland) and men (up to 17 points more in Sweden) in most countries considering that they were always free to make their own decisions about their personal spending when the couple separated their income at least partially.

Share of women and men who consider that they can always make decisions about their personal spending without consulting their partner



Scope: women and men of working age living in a couple.

Note: Austria (AT), Belgium (BE), Germany (DE), Denmark (DK), Spain (ES), Finland (FI), France (FR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Poland (PL), Portugal (PT), Sweden (SE), United Kingdom (UK).

Source: Eurostat, EU-SILC 2010 "Intra-household sharing of resources" module.



Reports

4. For those wanting to join the civil service, what role do economic factors play?

In 2012, almost 240,000 candidates sat the external competitive exam of the State civil service (Fonction publique de l'État - FPE) to obtain one of the 23,000 posts available. These competitive exams represent a job opening at the end of undergraduate studies. The attraction of the FPE depends on several factors, and their influence may differ according to the level of the exam in the hierarchy: number of positions, level of unemployment and starting salary.

After increasing for twenty years, external recruitment has declined since 2003

Between 1985 and the start of the 2000s, in a context of trend growth in the number of State civil servants retiring, the number of positions offered in external competitive exams increased. Then from 2003 onwards, recruitment via external exams began to decline sharply, although the number of retirements still continued to rise until 2008. There are several reasons for this drop in recruitment through external exams: the end of the practice of systematically replacing those who retired, the transfer of skills to the local civil service and the opening up of alternative routes into the FPE to the competitive external exam, especially for less qualified applicants.

In the last thirty years, exam selectivity has doubled

Since 1985, selectivity* has doubled. This is an indicator of the tension surrounding competitive recruitment into the FPE. Selectivity was strong in 1985, but decreased until 1990 then rose again in the middle of the 1990s during the economic crisis. Since 2001, external exam selectivity has levelled out, despite the drop in recruitment, fluctuating between 10 and 14 candidates, depending on the years, for every available position. It has increased only moderately following the 2008-2009 crisis, with the number of candidates adjusting, overall, to the number of positions offered.

** ratio of the number of candidates present to sit the competitive exam to the number of positions offered through the external exams*

Potential candidates are more and more highly qualified

Young people entering the labour market have studied to an increasingly high level. The proportion that are eligible to apply for the competitive exams for category A posts, and even more so for category B and C posts, has increased three-fold since 1980. To enter the civil service, the most highly qualified can choose to "jump the queue" by sitting exams for which they can be considered to be over-qualified.

The number of positions offered has an impact on the number of candidates for all exams

Whatever the category of exam, a sustainable increase in the number of positions offered attracts more candidates. Adjusting the number of candidates to the number of places on offer cannot always be done immediately and takes place gradually. Increasing the number of positions offered by 10% for each category of exam and then keeping it at this level would only increase the number of candidates in the first year by about 1.5% for the teachers' exams, by 3% for the category B exams and by 4% for category A (excluding teachers) and category C exams. The following year, the number of extra candidates would increase further, but it would only be in the long term that the number of candidates for the exams became properly adjusted to the increase in the number of positions available, after 7 to 8 years for category B and teachers exams, and in the longer term for the category A exam. For the category C exam, this adjustment would never be fully implemented: in the long term the number of extra candidates would increase by only 5%.

Unemployment affects candidate numbers for categories B and C competitive exams

When unemployment is high, more candidates apply to take the exams. However, the unemployment factor has a much greater effect on candidate numbers for the category B and C exams and the teachers' exams than for the category A exams (excluding teachers). A 10% increase in the unemployment rate corresponding to each exam category would then result in the first year in an increase of around 3 to 4% in the number of candidates for the category A exams (excluding teachers) and the teachers' exam, 6% in the category C exam and 8% in the category B exam. The effect of unemployment on applicants for the category A exams, excluding teachers, would be temporary, since the number of extra candidates would slow from the second year. On the other hand, if unemployment were sustained at this level, candidate numbers would continue to increase in the second year for the teachers' exam (+6% compared with the original situation), the category B exam (+13%) and the category C

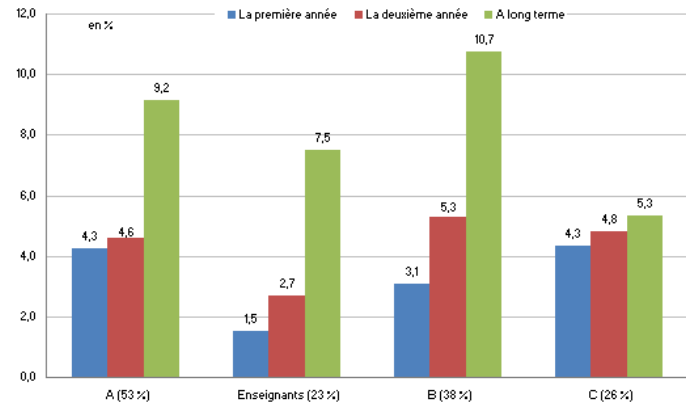


exam (+10%). In the long term, when faced with such an increase in the unemployment rate for young graduates, the number of extra candidates for the category B exam would be huge (+27%), with the teachers' exam and the category C exam attracting 17% and 13% of additional candidates respectively.

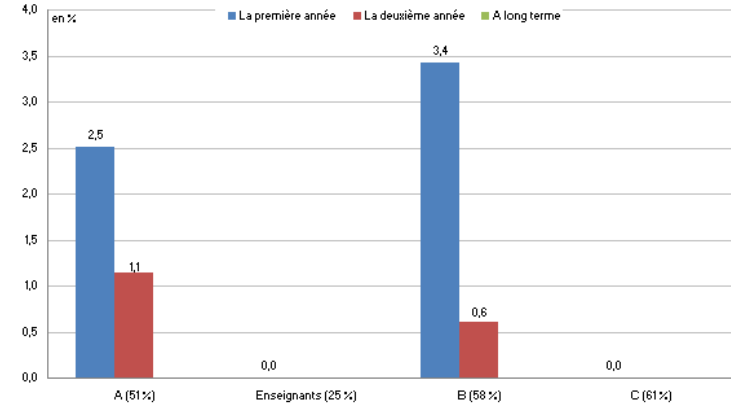
A higher starting salary attracts more candidates for the category A (excluding teachers) and category B competitive exams

In the short term, an increase in starting salary in the FPE, with wages remaining unchanged in the private sector, encourages more people to take a category A (excluding teachers) or category B competitive exam to join the FPE. We simulated a 2.5% increase in starting salary in the civil service compared with the private sector, which represents a monthly increase in the median net salary of €45 for category B employees and €60 for category A employees, excluding teachers. In response to this wage increase, candidate numbers would increase immediately (+2.5% for the category A exam, excluding teachers, and +3.4% for category B), then would gradually slow (+1.1% and +0.6% respectively the following year compared with the original situation) until the wage rise no longer had any effect. The long-term impact of raising starting salaries in the FPE would be zero.

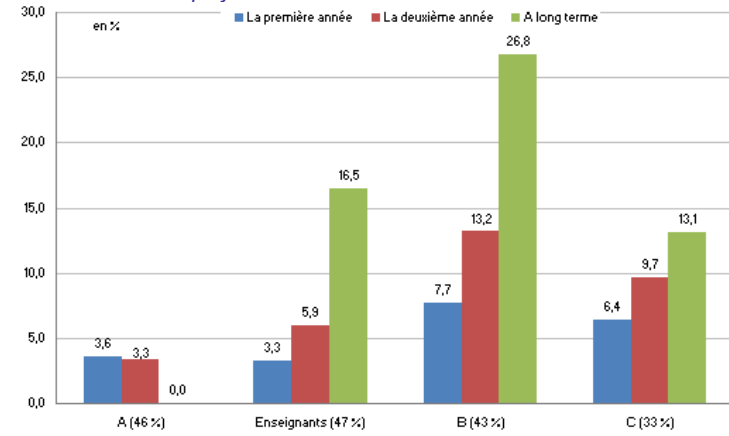
Short- and long-term impacts of an increase of
a. 10% in the number of positions available



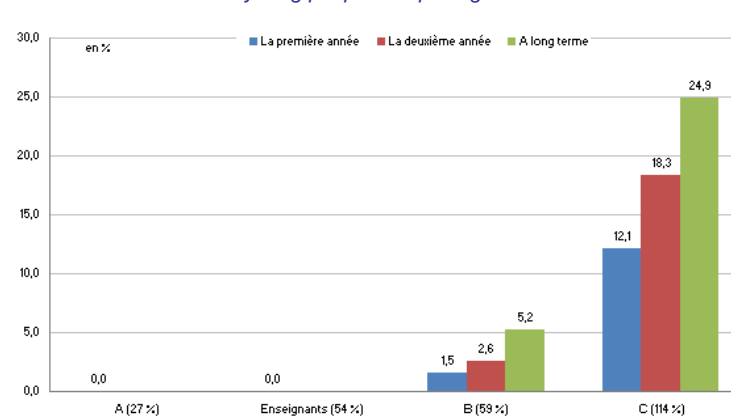
b. 2.5% in the starting salary in the FPE



c. 10% in the unemployment rate



d. 10% in the number of young people completing initial studies



Scope: 23 main external FPE competitive exams organised between 1980 and 2011.
 How to read this chart: if there were a 10% increase in the unemployment rate, 7.4% more candidates would apply for the external category B exams in the first year, 12.7% the following year and 16.5% in the long term. A 10% increase in the unemployment rate for this category corresponds to 43% of standard deviation for the counterfactual unemployment rate series for category B competitive exams considered for the period 1980-2011.
 Sources: DGAFP-DES, Overview of recruitment annual surveys; INSEE, Employment surveys, DADS, Panel of State agents and Permanent demographic sample.



5. Reforms to benefits and taxes and contributions introduced in 2014 penalise the most affluent 50% of households and spare the least well-off 10%.

The new social and fiscal measures introduced in 2014 reduced households² average standard of living by 0.5%. This was the result mainly of an increase in income tax, targeting the wealthiest individuals, and a rise in pension contribution rates. The new measures slightly reduced inequalities in standards of living, especially the compensation measures for low-income households: an exceptional reduction in income tax and exceptional increase in some benefits. When all the effects of the new measures are taken into account, the ratio of the average standard of living of the wealthiest 10% to that of the least well-off 10% is 6.32; without these new measures it would be 6.4.

The new measures reduced households' disposable income slightly

The measures adopted in the Budget Act and the Social Security Financing Act, which came into force in 2014, reduced households' standard of living slightly, whether through direct contributions or social benefits. In general, the purpose of these measures was to reduce the public deficit. If no new measures had been put in place, taxes and contributions would have been lower (-1.9%) and social benefits slightly higher (+0.1%). The average standard of living of households in euros per consumption unit (CU) would then have been 0.5% higher in 2014.

Rendement et effet moyen des principales mesures de 2014

	Effet sur le revenu disponible total (millions d'euros)	Nombre de ménages gagnants (milliers)	Nombre de ménages perdants (milliers)	Effet moyen sur le revenu disponible annuel par ménage concerné (euros)
Mesures concernant les prélèvements	-5 120	2 600	19 650	-230
Augmentation des taux de cotisation vieillesse	-2 410	0	17 700	-140
Impôt sur le revenu	-2 710	3 810	12 960	-160
Fiscalisation de la majoration de pension de retraite pour avoir élevé 3 enfants ou plus	-1 530	0	3 980	-390
Fiscalisation de la participation de l'employeur aux contrats collectifs obligatoires de complémentaire santé	-1 020	0	7 590	-130
Réduction du plafonnement des effets du quotient familial (QF) pour chaque demi-part	-1 150	0	1 400	-820
Réduction des crédits et réductions d'impôt	-110	0	30	-4 260
Réduction d'impôt exceptionnelle pour les bas revenus	1 430	2 960	0	480
Mesures concernant les prestations sociales	-70	3 360	3 220	-10
Prestations familiales et aides au logement	-450	870	4 660	-80
Minima sociaux et RSA activité	370	2 990	0	130
Ensemble des mesures nouvelles	-5 200	4 810	19 180	-220

Champ : France métropolitaine, ménages ordinaires, dont le revenu est positif ou nul et dont la personne de référence n'est pas étudiante.

Sources : Insee ; DGFIP ; Cnaf ; Cnav ; CCMSA, enquête Revenus fiscaux et sociaux 2012 (actualisée 2014), modèle Ines, calculs Drees et Insee.

Raising pension contribution rates reduced the standard of living of almost 18 million households very slightly

The most important measure in terms of total disposable income was the increase in the rate of employee contributions for old-age insurance (€2.4 billion), which affects all contributors in the active workforce. It resulted in an average loss of €140 of disposable income for almost 18 million households, while not tackling inequalities.

Lowering the family quotient ceiling and other tax advantages specifically targets better-off households

When considering income tax, the further lowering of the family quotient ceiling undermined the effect of taking dependent children into account when calculating the tax. Essentially aimed at families paying high taxes, this measure contributed most significantly to reducing inequalities in 2014 (34%) by reducing the disposable income of these households by €1.15 billion.

In addition, the ceiling for the global tax advantage from different credits and tax reductions was lowered significantly in 2014. This measure represented an additional average tax payment of over €4,000 for 30,000 households, virtually all of which are among the wealthiest 10%.

² To take an example, in 2013, for a family consisting of a couple with two children under 14, the median standard of living corresponds to a disposable income of €42,000 per annum (or €3,500 per month). By construction, all members of the same household have the same standard of living. This is equivalent to the disposable household income divided by the number of consumption units in the household.



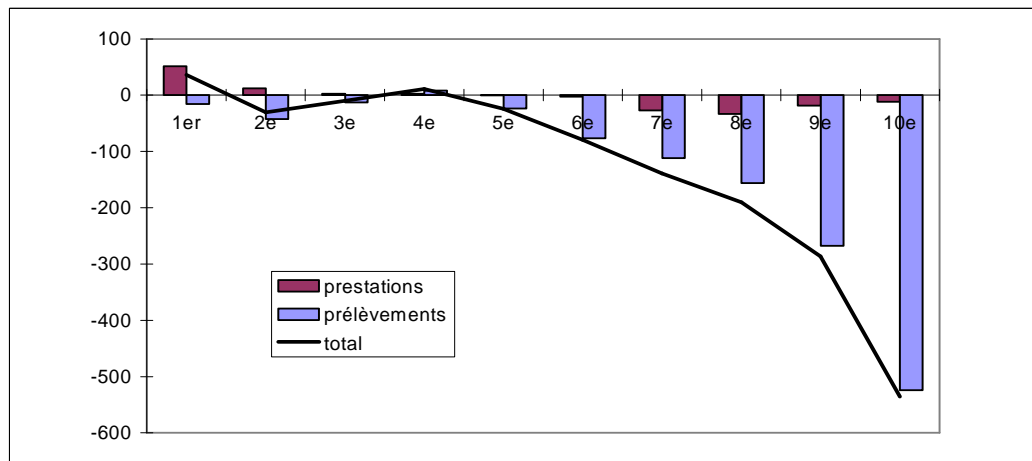
Two particularly profitable measures extended the income tax base of some private sector employees and some retired people

For private sector employees, the income tax exemption on the employer's contribution to funding supplementary health insurance in the case of a compulsory group contract ended in 2014. In addition, the pension increase of around 10% which is received by 4.0 million retired households who have brought up three or more children is no longer exempt from income tax as from 2014. These two measures, which are among the most profitable of those introduced in 2014, reduced the annual disposable income of the households concerned by an average of €390 and €130 respectively.

The exceptional tax reduction for those on a low income has limited the effect of the previous measures for the least well-off taxpayers

To ensure that taxpayers on modest incomes were not subjected to tax increases as a result of the measures described above and to limit the number of households who became liable for tax in 2014, an exceptional tax reduction for those on low incomes was introduced, of up to €350 for a single person and €700 for a couple. This had a huge effect for the 3.0 million households concerned: their disposable income increased by €480 on average, the total effect being €1.4 bn. This measure alone accounted for 30% of the reduction in inequalities brought about by the 2014 measures.

Effet des réformes sur le niveau de vie annuel des ménages en euros par ménage, par déciles de niveau de vie



Champ : France métropolitaine, ménages ordinaires, dont le revenu est positif ou nul.

Sources : Insee ; DGFIP ; Cnaf ; Cnav ; CCMSA, ERFS 2012 (actualisée 2014), modèle Ines, calculs Drees et Insee.

Despite a few notable changes, the effects of benefit reforms are limited in scope

Social benefits were affected by the 2014 reforms via two types of measure. The first penalised household income: this was the lack of increase in housing benefits, affecting the least well-off, and the reform of early childhood benefit (PAJE), affecting the better-off. The second type of measure was to support household income: it concerned in particular the exceptional adjustments to the active solidarity income (RSA) and the old-age minimum.

Taken together, these measures emphasise the redistributive nature of these transfers. For households in the 1st decile of the distribution, average annual living standards increased by €50, mainly thanks to the revision of the statutory minima and despite the loss of housing benefits. At the other end of the standard of living scale, the loss was greatest for households in the 8th decile (€30 on average), due to the reform of the PAJE, which can mean that the households concerned lose large amounts. However, these measures affected households less than the benefit changes: they accounted for 20% of the reduction in inequalities.

New measures slightly reduced standard of living inequalities

Overall, the average standard of living for the least advantaged 10% increased slightly as a result of the new measures, but remained generally stable for the other 40% most modest households. The average standard of living declined for the half that were better-off, with the drop being more marked in the upper part of the distribution, reaching -0.9% for the most affluent 10%. This led to a considerable reduction in inequalities in standards of living. Three quarters of this reduction in inequalities can be attributed to income tax reforms.



INSEE in Brief



INSEE and Official Statistics

A prime goal: to shed light on the economic and social debate

INSEE collects, produces, analyses and disseminates information on the French economy and society. This information is relevant to public officials, government bodies, social partners, businesses, researchers, the media, teachers and private individuals. It helps them to deepen their knowledge, conduct studies, prepare forecasts and make decisions.

INSEE is ...

- A public agency whose personnel are government employees. INSEE operates under government accounting rules and receives its funding from the State's general budget.
- An independent institute working in total professional independence. No external authority has inspection rights on the statistical results that it publishes. This professional independence is enshrined in law: the Economic Modernisation Act (*Loi de modernisation de l'économie*) of August 4, 2008 established the Official Statistical Authority (*Autorité de la Statistique Publique*), to oversee compliance with the principle of professional independence in the design, production and dissemination of official statistics.

INSEE coordinates the work of the official statistical service

The official statistical service comprises INSEE and the ministerial statistical offices (*services statistiques ministériels - SSM*), which conduct statistical operations in their areas of expertise. INSEE and the SSMs, under the coordination of the Institute, decide which methods, standards and procedures to apply in preparing and publishing statistics.

INSEE in EU and international bodies

INSEE works on a daily basis with Eurostat (the Statistical Office of the European Communities) and its EU counterparts. It thus contributes to the construction of the EU's statistical space. INSEE also participates in the statistical activities of the UN (United Nations), the IMF (International Monetary Fund), the OECD (Organisation for economic cooperation and development) and the World Bank. INSEE is a member of the UN Statistical Commission, the UN Economic Commission for Europe, and the OECD Committee on Statistics.

A brief history ...

The National Institute of Statistics and Economic Studies (*Institut national de la statistique et des études économiques*) - INSEE – was created by the Budget Law of 27 April 1946 (Art. 32 and 33). This new institution took over responsibility for public statistics, work that had been carried out continuously since 1833.

Today, INSEE is organised into five main directorates:

- Methodology, Statistical Coordination and International Relations Directorate
- Business Statistics Directorate
- Demographic and Social Statistics Directorate
- Economic Studies and National Accounts Directorate
- Dissemination and Regional Action Directorate

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