

# Household income and wealth



## Press kit

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### INSEE in brief

The *InseeRéférences* collection offers a periodic overview of the major social and economic issues. The data and commentaries are based on public statistical sources and analysis methods.

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France, social portrait, edition 2015  
Couples and families, edition 2015  
French economic tables, edition 2016  
The French economy, edition 2016

**Forthcoming in 2016**

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## For a better understanding

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### Urban area/urban centre/periphery

According to the 2010 zoning of urban areas, an **urban area** consists of an **urban centre** and most often a **periphery**. An urban centre is an urban unit (a continuously built-up zone with at least 2,000 inhabitants) with at least 1,500 jobs. Its periphery corresponds to municipalities or urban units with at least 40% of active residents who work in the centre or in the municipalities which are attracted by the centre.

**Gini index:** This has several equivalent definitions. It is half of the difference in the standard of living, expressed as a fraction of the average standard of living, of two individuals taken at random in the population. It is also (to within a proportionality coefficient) the average gain (as a fraction of the average standard of living) of an individual moving up one place in the ranking of standards of living. The Gini index varies between 0 (absolute equality of all income) and 1 (when a single individual holds all the mass of income). This indicator is one of the most commonly used to measure inequality.

**Deciles:** If a distribution of wages, income, wealth, etc. is put in order, deciles (9 of them: D1 to D9) are the values that divide that distribution into ten equal parts. The median (D5) divides the population into two equal subpopulations. The 1st decile (or 9th decile) is the threshold below (or above) which 10% of households (or persons) with the lowest (or highest) salary, income, wealth, standard of living, etc.

**Standard of living:** This is defined as the **disposable income** of the household divided by the number of **consumer units** (CUs). The standard of living is therefore the same for all the individuals in a given household.

**Disposable income** This includes income declared to the tax authority (earned income, retirement pensions, unemployment benefits and some income from assets), undeclared imputed financial income (life insurance, tax-exempt savings, PEA, PEP, CEL, PEL savings schemes), social benefits and income support received, net of direct taxes (income tax, local residence tax, CSG (general social contribution), CRDS (social debt reduction contribution) and social contributions paid on income from assets).

**Household consumption units:** The expenditure of a household is not strictly proportional to the number of members of the household, due to the economies of scale resulting from the sharing of certain goods. Therefore, to compare the standards of living of people living in households of different sizes or compositions, we use a measurement of income by consumption unit, using an equivalence scale. The most widely used scale at present (known as the modified OECD equivalence scale) consists of counting 1 consumption unit (CU) for the first adult in the household, then 0.5 CU for the other persons aged 14 years or older, and 0.3 CU for children under 14 years

### Central town/suburb

When a large urban centre is made up of several municipalities, those municipalities are either **central town** or **suburb**. If the municipality represents more than 50% of the population of the urban centre, it is the sole central town. Otherwise, all the municipalities that have a population higher than 50% of the most populated municipality, as well as the latter municipality, are central towns. Urban municipalities that are not central towns form the suburbs of the urban centre.

Large urban centres can be of very different sizes. We have limited ourselves to the most populated, using only the three largest bands defined in the census, corresponding to urban units with a population of more than 100,000 inhabitants. The urban area of Geneva-Annemasse was excluded from this set, as the central town is situated outside of French territory. 53 urban areas are analysed.



# Overview







## Inequalities in standards of living and poverty in 2013

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In 2013 in Metropolitan France, the median standard of living of the population stood at 20,000 euros a year. Since the beginning of the economic crisis, the median standard of living has fallen 1.1%, a moderate drop compared to those seen in other European countries.

Since 2008, inequalities remained relatively stable: the gap widened under the effect of increased unemployment between 2008 and 2011, before being reduced again between 2011 and 2013, due in particular to the drop in income from assets held. Low incomes have been the worst affected by the economic crisis: the first standard of living decile fell by 3.5% in constant euros between 2008 and 2013.

In 2013, the poverty threshold, which corresponds to 60% of the median standard of living of the population, stood at 1,000 euros a month. 8.6 million people are living below the poverty threshold, or 14.0% of the population. This proportion fell back slightly in 2012 and 2013 (– 0.4, then – 0.3 points), but over five years, poverty has increased by 0.7 points. This increase in poverty, which is more moderate than elsewhere in Europe, mainly affects households in work, in particular manual workers, single-parent families and large families.

### Warning

*The method of measuring living standards was improved twice between 1996 and 2013 (a first time in 2011 and again in 2013). In order to enable the calculation of yearly change, the year preceding the change of methodology was recalculated using the same method. It is not possible to compare the values for two years separated by a break in series directly. To do this, it is necessary to chain-link the annual changes.*

### The 2008 crisis impacted the median standard of living, reducing it by 1.1% between 2009 and 2013

In 2013, the median standard of living was virtually stable (- 0.1% in constant euros) and stood at 20,000 euros a year (or 1,667 euros a month).<sup>1</sup>

With the 2008 crisis, the median standard of living fell slightly, by 1.1%, between 2009 and 2013

In 2009, the standard of living of households did not fall immediately, but it did slow down very markedly (+0.3%), even though the automatic stabilisers (unemployment insurance, social benefits, taxes) and stimulus measures absorbed some of the shock from the crisis that began at the end of 2008. In spite of the recovery, the median standard of living fell slightly, by 0.2% a year in 2010 and 2011. Unemployment, especially long-term unemployment,

increased a little, and certain exceptional measures taken in 2008 to stimulate the economy came to an end.

In 2012 and 2013, GDP per consumption unit slowed very markedly and the unemployment rate started to rise again. At the same time, the median standard of living fell by 0.8% in 2012, then 0.1% in 2013. **Over the period 2008-2013, the median standard of living fell 1.1%, or 0.2% a year on average.**

### Since the 2008 crisis, inequalities widened before being reduced again

In 2011 inequalities reached the highest level observed over the period 1996-2011, due to a sharp increase in high incomes and a drop in the lowest incomes between 2008 and 2011. Thus, between 2008 and 2011, the ratio between the mass of income held by the wealthiest 20% of the population and that held by the poorest 20% rose from 4.3 to 4.6.

**The tax and benefit system cushioned the impact of the economic crisis on the growth in inequalities. Social transfers (family benefits, housing benefit, statutory minimum) and taxation (income tax, CSG, etc.) helped to reduce the gap.**

<sup>1</sup>For a family consisting of a couple with two children aged under 14 years, that corresponds to a disposable income of 42,000 euros a year (or 3,500 euros a month). This amount divides the population in two, with the first half situated below this level and the second half above it.

## The contrasting evolution of the components of disposable income from 2011 to 2013 cancelled out the increase in inequalities observed between 2008 and 2011

Between 2011 and 2013, the ratio between the mass of income held by the wealthiest 20% of the population and that held by the poorest 20% fell from 4.6 to 4.3 to return to its 2008 level.

Inequalities fell in particular because the share of income from assets held (financial income,

rents received by landlords from a dwelling they own) in households' disposable income fell sharply, from 11.9% to 10.9% between 2012 and 2013. This fall mainly concerned income from life insurance in 2012, then dividends and interest received in 2013. It explains the very marked decline in living standards for those on high incomes. **Two phenomena could explain this substantial fall in income from assets held in 2013. The fall in interest rates and the prospect of a rise in the tax on dividends paid in 2013**, which may have led some companies, smaller one in particular, to lower or postpone their dividend payments. In addition, the wealthiest households were more affected by tax rises from 2011 to 2013. Finally, in 2012, earned income fell sharply for the wealthiest households, due to a fall in the incomes of the self-employed and a fall in the highest wages.

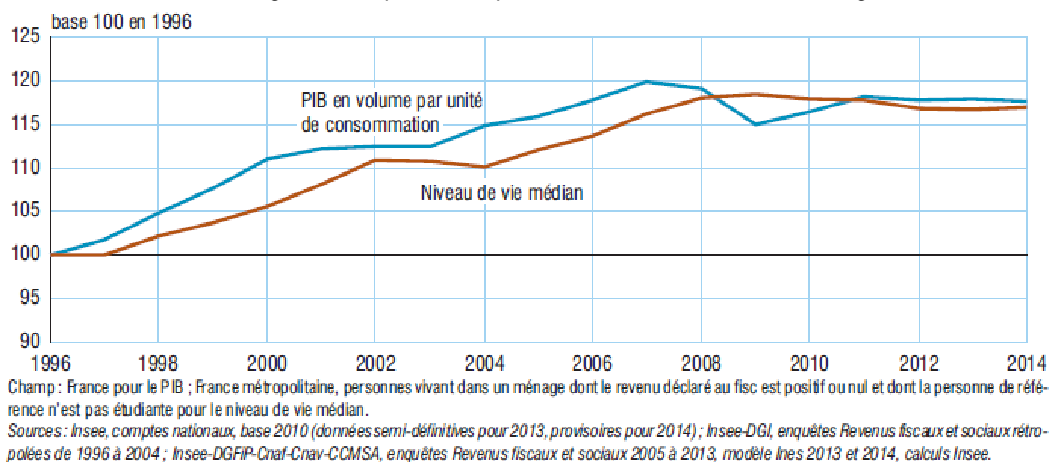
### 14% of the population were living below the poverty threshold in 2013

In 2013, 8.6 million people were living below the income poverty threshold.<sup>2</sup> The income poverty rate in 2013 was 14.0% of the population. The poverty rate increased sharply between 2008 and 2011 (+ 1.4 points), before falling 0.7 points between 2011 and 2013, in a context where the poverty threshold itself fell by 1.1% over two years. At the same time, since 2008, the poverty gap increased by 0.5 points, reflecting the deterioration in the situation of the poorest section of the population compared to the rest of the population.

In 2013, the situation regarding the labour market remained the main factor explaining income poverty. Income poverty affects active people less than the inactive: 10.5% of the active population have a living standard below the poverty threshold, compared to 14.8% of inactive people. But above all, among the active, the risk of being poor is 4.9 times less for those in work than for the unemployed (37.3% of whom are below the poverty threshold). However, having a job does not always protect from poverty: 1.9 million people in work are living below the poverty threshold, or 7.6% of the working population.

Among inactive people, the retired are the least affected by poverty: thanks to the pension system, the old-age minimum and housing benefits, only 7.9% of pensioners are living below the poverty line.

Changes in GDP per consumption unit and median standard of living from 1996 to 2014



The crisis has not changed the profile of poverty, but it has accentuated certain aspects of it: a bigger poverty gap, a bigger presence of the unemployed, manual workers, single-parent or large families, with a strong knock-on effect on child poverty. The child poverty rate increased continually between 2008 and 2012 (+ 2.6 points), but fell back slightly in 2013, to reach 19.6% in 2013.

<sup>2</sup>The poverty threshold corresponds to 60% of the median standard of living of the population; in 2013, it stood at 1,000 euros a month for a single person and 2,100 euros for a couple with two children under the age of 14 years.

## Assets held at the beginning of 2015

*p.23 of the publication*

In 2015, almost 94% of households held some private assets other than a current account and over 60% of households owned real estate. Over recent years, ownership of securities has dropped sharply, from 24.2% in 2004 to 16.5% in 2015. At the same time, the possession of retirement savings plans (including life insurance) went the other way: the proportion of households holding them increased from 36.9% in 2004 to 44.2% in 2015.

The ability to cope with an unforeseen event, to prepare for one's old age and finally to buy one's home, are, in that order, the main reasons given for saving.

### Households more reluctant than ever to hold securities

This almost universal possession of some assets - 94% of households have some private assets - is a longstanding and stable phenomenon: between 1998 and 2015, the overall rate barely varied, by less than one point.

In 2015, these assets consisted of:

- 90.1% of people hold financial assets (savings accounts, housing savings plans, securities, life insurance or retirement savings products);
- 62.6% possess some real estate (their home, a second home, an investment property);
- 15.0% have professional assets.

**What is notable is that only 16.5% of households in Metropolitan France own securities** (either directly, or through share savings plans or a securities account), **a proportion that fell by 8 points between 2004 and 2015**. The financial and economic crises of 2008 probably led households to shun risky investments in favour of forms of saving that are more advantageous in terms of security and taxation. Indeed, **retirement savings plans<sup>3</sup>** began to appeal to households once more. **The rate of holding such plans increased by just over 7 points between 2004 and 2015, to reach 44.2%, a higher level than in 1998** (40.9% in 1998). Life insurance and retirement savings plans are, after savings accounts (another type of assets considered as risk-free), households' preferred investment.

### Having a reserve in case of unforeseen events is the main reason for saving

Putting aside a reserve as a precaution in case of unexpected expenses is the reason most often given (42% of households who save). This concern depends little on income: approximately the same proportion (40%) of households save above all for this reason, whether they have a disposable income of 1,200 euros a month or over 4,000 euros. It is however more age-sensitive: more people in the 30-59 age group (around 44% of them) put money aside for unexpected expenses than younger people (only 31%). Manual workers and white collar employees are the most concerned about being able to fall back on such reserves in case of need (44.8% and 47.1% respectively).

Almost a quarter of households that save state that it is mainly to "prepare for their old age". The self-employed<sup>4</sup> mention this reason substantially more than salaried employees, a choice which is explained by the lower replacement rate of this category's retirement pensions. Perhaps more unexpectedly, it is also a reason much mentioned by older people. Those who, at this age, are still saving therefore seem to be anticipating the extra financing needs linked to very old age.

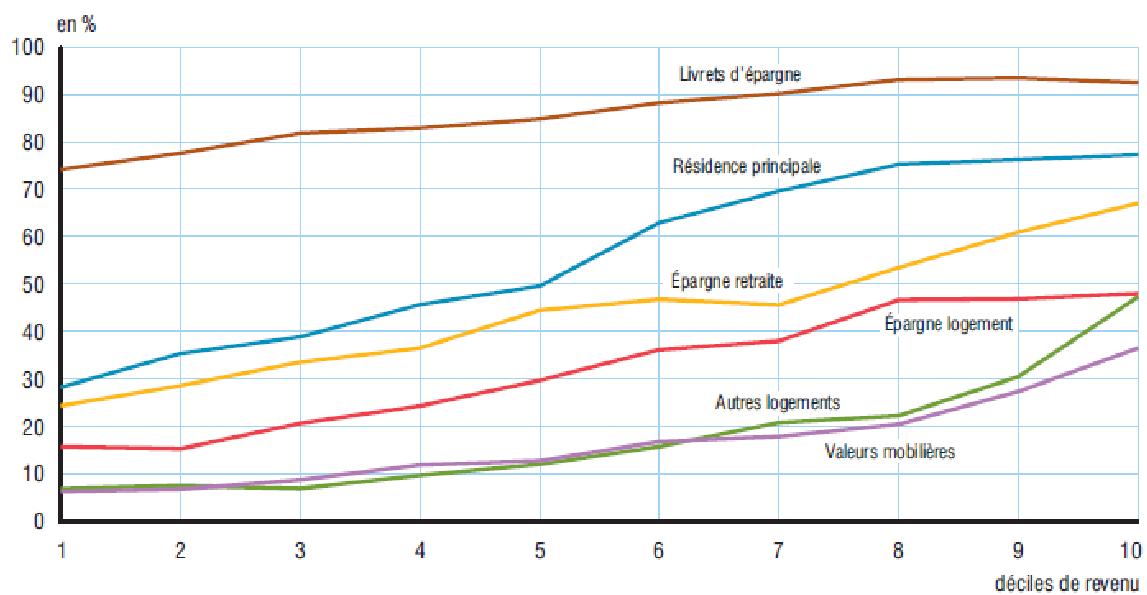
**To buy one's home is the reason for saving given by 10% of households who save**. Purchasing a home is, for the most part, a concern for younger households. Mentioned by a third of the under-30s, after the age of 50 it is practically never mentioned. By that age, of course, most people have already bought their home (70% of the over-50s owned their own home in 2013<sup>5</sup>). That being the case, very generally, either the household expects to stay in that home (almost 9 households of over-50s out of ten), or, if they intend to move, they expect to finance the purchase of the new home by selling the old one, without any need for extra savings. As for households who do not own their own home after the age of 60, they are faced with less favourable credit terms due to the cost of insuring the loan, which increases with the age of the borrower.

<sup>3</sup> Category including life insurance, which is its main component

<sup>4</sup> Category including the Professions

<sup>5</sup> According to the national Housing survey

Rate of ownership of assets according to household income decile in 2015



Champ : France métropolitaine, ménages ordinaires.

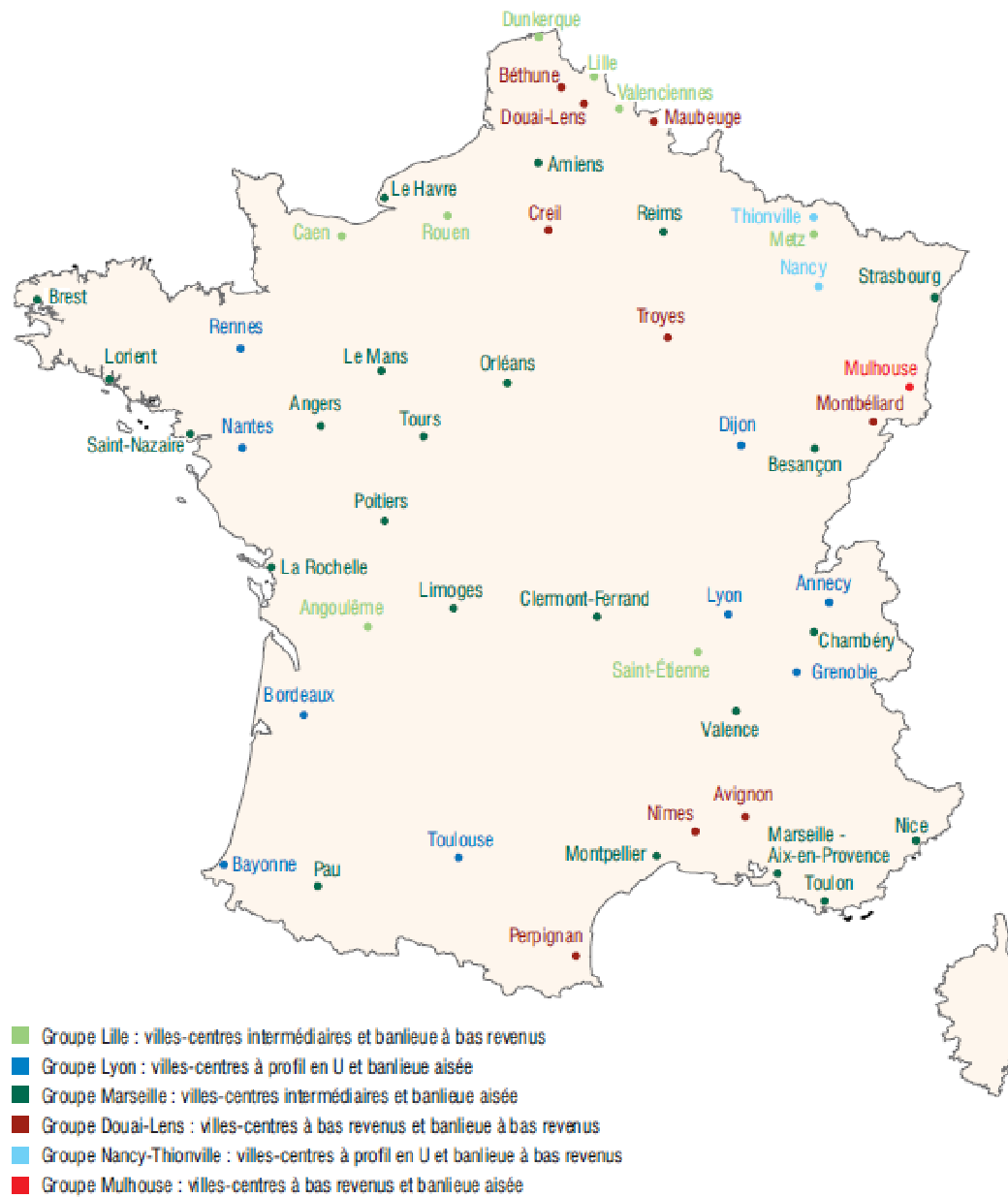
Note : le revenu considéré est le revenu mensuel global du ménage déclaré à l'enquête.

Source : Insee, enquête Patrimoine 2014-2015.

# Files



Typology of urban centres according to the distribution of living standards



## Income disparities and segregation in large urban centres

*p.41 of the publication*

Low-income populations, but also those with high incomes are on average over-represented in large urban centres compared to the national average. This average conceals more heterogeneous situations. While practically all the urban centres have more poor people than the average, some have virtually no high-income population, whilst it the most numerous population group in others. Schematically, 4 groups of urban centres can be distinguished. In the first, which includes Lyon for example, the suburbs house populations that are "quite well-off" and the central towns a very heterogeneous population, with both the poorest and the best-off being over-represented. In the next 2 groups, the central towns have a varied population, with no marked over-representation of poor or well-off households, and quite well-off suburbs (such as the Marseille-Aix-en-Provence urban centre) or on the contrary, quite disadvantaged suburbs (case of Lille). Finally, the fourth group includes the urban centres that have both central towns and suburbs that are quite disadvantaged (for example Douai-Lens). The Paris centre, for its part, stands out as relatively singular, with at once a high proportion of low-income households, but also a very strong proportion of high-income households.

### On average, the poor and very high incomes are over-represented in central towns

Central towns are therefore much more contrasted than the national average. When we compare them to the whole of France, we find that, on average, the urban centres, and in particular the central towns contain more poor people than the average for France: **central towns have 22.5% of the total population, but they include 31% of poor households**. At the other end of the scale, very high incomes are also over-represented in the central towns. **36.5% of the richest 1% live in central towns**.

Are there variations between the different urban centres? To answer this question, the population is separated into 10 groups according to the standard of living deciles. Then we look at the proportion of each of these groups in the urban centre (by construction, at national level, this proportion is 10%). Three types of central town and two types of suburbs emerge.

### Three central town profiles

#### Profile 1: "Low-income" profile

*11 central towns: a large number of the major urban centres; the urban centres of the Nord-Pas-de-Calais-Picardie region are numerous (Béthune, Douai-Lens, Maubeuge, Creil).*

*10% of the total population of central towns excluding Paris*

In this group we find towns whose standard of living is falling sharply: large numbers of people in the least well-off 10%, slightly fewer in the next 10% and so on in decreasing order up to the wealthiest 10%. For this profile, only the three first deciles are over-represented compared to the national population. The richest (last decile) only represent 5% of the population of the central town.

#### Profile 2: "U" profile

*11 central towns: this group includes a large number of large urban centres, including several metropolitan centres such as Lyon, Bordeaux, Toulouse, Nantes, Grenoble and Rennes.*

*28.1% of the population of central towns excluding Paris*

The poorest 10% are over-represented. Up to the 6th decile, the proportion of the population diminishes the higher up the standard of living scale. It then increases again. Deciles 1, 9 and 10 are over-represented here.

#### Profile 3: "Intermediate" profile

*The majority of central towns (31), in particular Marseille-Aix-en-Provence, Nice, Lille, Montpellier, Strasbourg belong to this group as well as medium-sized cities such as Amiens, Poitiers, Limoges or Besançon 61% of the population of central towns excluding Paris.*

This profile is similar to that of the low-income central towns (profile 1) at the bottom of the distribution scale, but the proportion of the groups with a high standard of living does not fall after the 6th decile. Once again, the only groups over-represented are deciles 1 to 3, but deciles 6 to 10 each represent around 8% of the population of the central town.

Treated separately, Paris corresponds to an extreme case of the U profile, more of a "J" in fact, with always a little more of decile 1 than the whole of the population, but above all, 30% of its inhabitants are in the wealthiest 10% of French people.

**The suburbs only have two types of profile.** The first corresponds to a more "low income" profile, where the weight of the deciles increases with the standard of living. The second is a mirror image of that. The suburbs that belong to this group are qualified as "quite well-off".

The suburbs of U-profile central towns are most often associated with well-off suburbs, and "low-income" central towns often go with "low-income" suburbs as well, whereas we find both types of suburbs for intermediate towns.

Among the six possible mixes between these three central town profiles and two suburb profiles, **four groups of urban centres emerge:**

- **the Lyon group** which combines "quite well-off" suburbs and central towns with a U profile;
- **the Marseille-Aix-en-Provence group**, where the central towns have an "intermediate" profile and the central towns are "quite well-off";
- **the Lille group**, with "intermediate" central towns, but this time with "low-income" suburbs;
- **the Douai-Lens group**, made up of "low-income" central towns and suburbs

**Where the concentration of low-income populations is high, the concentration of high-income populations is lower and vice versa**

However, another question arises concerning the distribution of the different standards of living in an urban area: how are they distributed spatially? Indeed, even with identical proportions of the different standard of living groups, these can be distributed uniformly across the urban area, or, on the contrary, be concentrated in certain specific places according to their standard of living.

**Two measurements are used, the concentration of low incomes and the concentration of high incomes.**

The concentration of low-income populations is measured by the ratio, on the one hand, of the number of people whose standard of living is lower than the second national standard of living decile, living in small areas (squares 200m by 200m) and where they represent more than 40% of the population, to the total number of low-income people, on the other hand. A symmetrical definition applies to high-income people.

It is generally observed that **in cities where the concentration of low-income populations is high, the concentration of high-income populations is lower and vice versa.** In addition, these measurements of concentration are connected to the central town/suburb groups: the Douai-Lens group corresponds to urban centres where low-income populations are very concentrated (over 50%) and high-income populations not very concentrated (often less than 20%). The opposite applies to the Lyon group, where the concentration of high-incomes is over 30%, but that of low-income populations is less than 35%. The Marseille and Lille groups appear more average, with the two populations at each end of the scale being moderately concentrated there.

**Once again, Paris stands out as a special case, since although the concentration of low-income populations is average at around 32%, it is by far the city with the largest concentration of wealthy populations, with an almost 65% concentration of this population.**



## Changes in inequalities in standards of living between 1970 and 2013

*p.55 of the publication*

The evolution of the main inequality indicators in France since 1970 shows a reduction in the level of inequalities until the beginning of the 1990s, then an increase in the 2000s, although they have not returned to the 1970 level. Other countries have had trajectories that are very different, but France has remained constantly below the OECD average in terms of inequality measured by the Gini index. Over time, the explanatory power of socio-demographic characteristics such as the socio-occupational category on the level of inequality has diminished, as inequality has risen within each category.

### Falling until the 80s, stable in the 90s, increasing in the 2000s

Over the course of the 1970s, all the indicators showed a rapid and steady reduction in inequalities in France. The pace of this fall slowed during the 1980s. During the 1990s, inequalities remained generally stable.

During the 2000s, inequalities rose during the early part of the period, driven by the increase in the living standards of the wealthiest 10% of the population. The end of the period, however, saw a certain stabilisation.

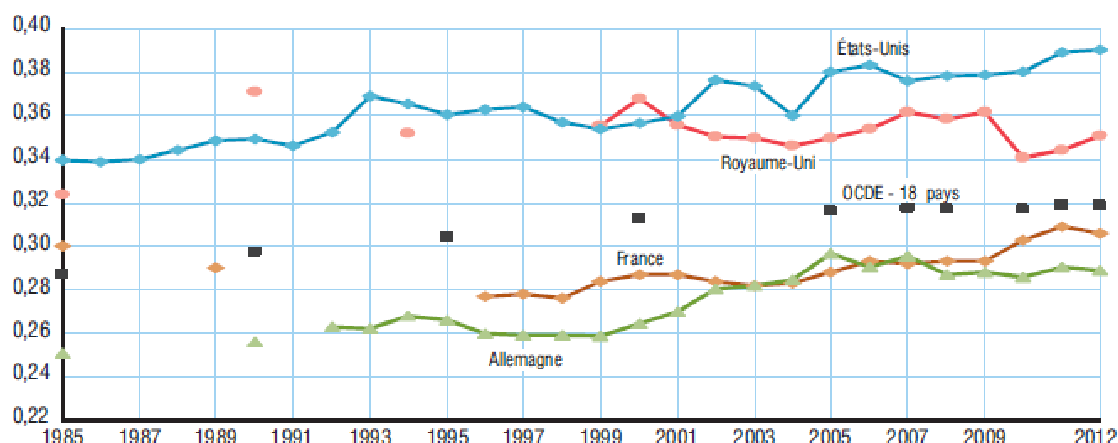
### Other countries have their own inequality trajectories

The United States has seen a more or less continuous rise in inequalities. In the United Kingdom, after the sharp rise in the 1980s, the next two decades both saw a phase where they fell, then a phase where inequality began to rise again.

In Germany, inequalities were stable until 1999, then they saw a sudden and substantial increase until 2005, followed by a very moderate reduction over the period 2005-2012.

These very different evolution profiles, however, do not affect the hierarchy of global inequality between these countries. The degree of inequality is higher than the OECD average for the United States and the United Kingdom, with the United States having widened the gap over the last decade. Conversely, France and Germany still have levels of inequality below the average of the OECD countries.

Evolution of the Gini index in different OECD countries between 1985 and 2012



Lecture : en 2012, l'indice de Gini vaut 0,351 au Royaume-Uni et 0,319 pour les 18 pays européens de l'OCDE.

Note : Les concepts utilisés diffèrent de ceux utilisés dans les autres figures de l'article.

Source : OCDE, Income Distribution Database (IDD).

**Today socio-demographic characteristics explain inequality less well than before**

Individual socio-demographic characteristics only moderately explain the level of inequality. This is first of all determined by the inequality within each category (social class or age group for example) rather than by differences in living standards between these categories. **Over the period, the weight of inequality between categories has fallen in favour of that of intra-category inequalities.**

**There are more people with higher education qualifications than before, but the associated effect on inequality is weaker**

**We can therefore distinguish the effects of the structural socio-demographic changes that occurred in the French population between 1996 and 2013 (ageing, increased weight of management levels, increased weight of higher education qualifications, etc.) from the changes in the effect of each of these characteristics on inequality.**

The picture painted by these changes is complex: the effect of individual differences (in age, social category, qualifications, etc.) is tending to lessen. If the French population of 2013 had kept its 1993 composition inequalities would have been slightly smaller (the Gini index would have been 0.8 points lower).

**But the changes that have occurred in the social structure have led to an increase in inequalities, to arrive at an overall increase in the Gini index of 0.7 points.**

The use of recent statistical techniques enables the study to go into this breakdown in more depth and to offer an analysis of the role of individual characteristics in determining inequality.

## Mobility in standards of living in France

p.71 of the publication

Income inequalities in a country are analysed with regard to the distribution of standards of living among the population, so that it is the deformations in that distribution over time that lead to a diagnosis of increasing or diminishing inequalities. It so happens, in practice, that these deformations remain generally limited in scale: it is rare that the differences in evolution between standard of living deciles from one year to the next exceed a few points. And yet, this overall result covers individual variations that are much greater in scale and number. In France on average, each year, a quarter of individuals see their standard of living increase by 10% or more, and a quarter see it fall in similar proportions. In view of this individual mobility from one year to the next, it is important to try to measure inequalities in the standard of living not only in a given year, but also on average over several years. In the end, the overall diagnosis is modified only slightly: inequality in the distribution of living standards taken as an average over five years is admittedly a little lower, but it remains close to the inequality in current living standards.

### The evolution of the distribution of living standards does not describe the distribution of individual changes

Every year, INSEE presents a statistical snapshot of the standards of living scale. The rungs on the ladder do not move much: **between 2012 and 2013, the average standard of living fell by 1.7%, while the variation in the standard of living deciles remained between -1.8 and +1.1% inclusive.**

And yet, in the population, many people experience considerable variations in their position on the ladder: **for half of the population the standard of living increased, or fell, by more than 10%.**

**It is the individuals situated at either end of the scale who experience the proportionally strongest variations.** Among the poorest 10% in 2012, a quarter of individuals saw their standard of living rise by more than 25%. In the wealthiest tenth, a quarter of individuals saw it fall by more than 15%.

However, **radical changes of situation are rare, as positions tend, qualitatively, to be maintained from one year to the next.** In general, even when they see an increase, modest standards of living remain modest. Symmetrically, most of the best-off people in a given year find themselves still at the top of the scale the following year, even when they experience a fall in their living standard.

**The relationship between an individual's relative standards of living in two consecutive years makes it possible to measure the degree of mobility along the scale.** The lower an individual's position is today, the less it will determine his position tomorrow.

**Thus, in the period studied (2007-2013), an individual who was 20% above the average standard of living in one year could still expect to be 16% above it the following year. An individual 20% below had still to expect to 15% below one year later.**

Over the period 2007-2013, the average value of this ratio across the entire population was quite stable, 76% on average. It can differ from one individual to another, according to certain socio-demographic characteristics. **All other things being equal, having a low standard of living increases mobility** (the ratio is reduced to 16 points), **as does exercising a liberal profession** (reduction of 13 points) **or having a postgraduate qualification** (reduction of 7 points).

### **Variations in earned income: the main determinant of variations in standard of living**

**For people whose standard of living rises, on average almost 19% between 2011 and 2012, the increase in earned income contributes more than 8 points.** This may also be because people are receiving new sources of income (a retirement pension, a social benefit), particularly for those with the lowest incomes. **For the best-off tenth of the population in 2011, the increase in their standard of living was first of all the result of an increase in income from assets held (10.8 points out of the 24.6% increase in 2012).**

Symmetrically, when the standard of living falls, it is first and foremost because earned income has fallen. For those on the lowest incomes, also because social benefits are lost or reduced. For the best-off tenth, which saw a fall of 22%, almost 9 points were due to a decline in their income from property, or almost as much as that in earned income (-11 points).

### **Even in the medium term, mobility in living standards remains limited**

Annual mobilities do not compound: between an individual's standard of living in 2007 and his standard of living five years later, in 2012, the ratio is of the order of 65%. It would be 25% if the annual mobilities were not correlated to each other.

This means that someone who in 2007 had a standard of living 20% higher than the average could still expect, in 2012, to be situated about 15% above average, instead of the 7% only that would have been implied by a ratio of 0.25.

**If long-term mobility is lower than what annual mobility might suggest, it is because today the position in the standard of living scale depends not only on the position last year, but also the positions in the earlier years (essentially the last three). Which tends to stabilise positions in the scale.**

**Over the period 2007-2012, the inequality in the distribution smoothed in this way is only slightly less than that of current standards of living observed on average over these years.** 26.7% for the Gini index for the former, approximately 29.0% for the latter. The small gap between these two values confirms that mobility in living standards is limited.

Taking it into account does not lead to a description of inequality that is notably different to that produced by the annual snapshot of the distribution of standards of living.

**The current standard of living (that is to say that observed in the year) of an individual therefore constitutes, most often, quite a reliable indicator of his average position over several years.**

# 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 take 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

INSEE is also present in the regions, with its regional offices.



## Press office

### Press office opening times

Monday to Thursday: 9:30-12:30 / 14:00-18:00

Friday: 9:30-12:30 / 14:00-17:30

### Press office contact

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