The French Family Allowance

Transfer payments, including family allowances, comprise a considerable percentage of personal income in France. The table below illustrates this fact.

TABLE II.—A COMPARISON OF TRANSFER PAYMENTS TO TOTAL FRENCH INCOME

Year	Social welfare payments (in thousand francs)	Total income including transfers (in thousand francs)	Percent
1959	31,780	210,391	15.1
1960	35,054	233,922	15.0
1961	39,803	251,972	15.8
1962	46,645	286,018	16.3
1963	55,252	318,192	17.4
1964	62,957	348,538	18.1
1965	70,160	372,540	18.8

Source: Etudes and Conjoncture, No. 1, January 1967.

The French family allowance system is one of the most comprehensive in the world. Unlike the Canadian and Danish family allowances, it excludes the first child in a family and varies in payment according to French regions. It is expressed as a percentage of a set minimum wage, which is 328 francs in the Paris area, and less in other areas. Also unlike the Canadian and Danish family allowances, it is financed by a tax on employers which amounts to 11.5 percent of income per employee up to 13,680 francs a year. A characteristic of the French social security system in general is that it is almost entirely financed by taxes on employers.

The French system of family allowances was started in 1858 at the initiative of several French public employers—the railways and the public administrative service. The Val-des-Bois Works, a private company, introduced a program of family allowances in 1870, in which workers with families received an additional 60 centimes per child per day. In World War I the family allowance was used by a number of French companies to attract scarce workers into employment. It was also used to resist worker demands for higher wages.

In 1932, the family allowance was incorporated into the French revenue and tax system. The rationale for its inclusion was to stimulate the birthrate in order to compensate for the enormous war losses sustained by the French in World War I. Whether or not the family allowance accomplished this objective is a subject for debate.

The current family allowance is based on a rather complicated procedure: Families with more than one child are eligible for an allowance that is computed on the basis of a base minimum salary which is 328 francs ($65) a month in the Paris area.[4] This minimum salary is considered to be the minimum that an unskilled worker would receive in the Paris area. It roughly corresponds to a minimum wage which is set by law and which is 2.2 francs an hour in Paris and 2 percent lower in other zones.

The rate of the family allowance is 22 percent of the base salary of 328 francs for the second child, 33 percent for successive children through the sixth child, and a flat 33 percent for all children over the sixth child. However, if the children are between the ages of 10 and 15, an additional increase of 9 percent of the base salary is provided, and for children who are 15 and older, an increase

[4] This base salary is actually an arbitrary determination on the part of the Government and is considerably less than the minimum income for an unskilled worker which is around $120 a month.