

of 16 percent is provided. However, if a family has two children over 15, the oldest is excluded from the allowance.

The following table illustrates the family allowance and the method of computation.

TABLE III.—ILLUSTRATION OF THE FRENCH FAMILY ALLOWANCE

Number of Children ¹	Percentage of base salary ²	Amount of allowance (in francs)
1.....	22	72.16
2.....	55	180.40
3.....	88	288.64
4.....	121	396.88
5.....	154	505.12

¹ The children are assumed to be under 10 for the sake of simplicity.

² The base salary is 328 francs a month.

The average wage for a production worker in the Paris area is around \$190 a month. The family allowance for a worker with three children under 10 would amount to 180.4 francs (\$38) a month. This would represent a transfer payment which would amount to 20 percent of the average wage. If one child is over 10, the allowance would amount to 64 percent of the base salary, or 209.92 francs (\$42) a month. For a family with five children under 10, the allowance would amount to 396.88 francs (\$80) a month, which is almost half of the average salary for a production worker. It is entirely possible for the family allowance to exceed the wage for many low income workers.

The family allowance is exempt from the personal income tax and is paid to all families in France. As mentioned above, it is financed by a tax on employers. A characteristic of the French tax system is the reliance on indirect taxation to produce much of government revenue. Total tax revenues in 1966 amounted to 39 percent of gross national product—the highest ratio for any major country, with the possible exception of Italy.

In addition to the regular family allowance, there are other allowances which are a part of the family allowance system (prestations familiales). There is a single salary allowance for families in which there is one wage earner and the spouse is incapacitated, and allowances for widows with dependent children. In addition, a prenatal allowance of 22 percent of the base wage of 328 francs per month for 9 months and a maternity allowance of 200 percent of the base wage are paid to families. Finally, there is a housing allowance, payable on a monthly basis to families who devote a certain percentage of their income to rent or to house payments.

The family allowance system is divided into four categories:

1. family allowances under the basic system, which are applicable to all wage and salary earners in France;
2. family allowances for the self-employed;
3. family allowances for farm workers; and
4. family allowances for farm operators.

Administration of the family allowance is under separate funds (caisses) at three levels—primary funds, organized on a local or occupational basis; regional funds; and a national fund that acts as an equalization and reinsurance fund for the primary and regional funds. The funds are managed by boards chosen by employers and employees.

Expenditures on the family allowance amounted to 17.2 billion francs in 1966. This amounted to 24.4 percent of total expenditures on social welfare measures in France. On a relative basis, family allowances have declined in importance when compared to other social welfare measures. In 1959 it comprised 30 percent of total social welfare expenditures.

THE FAMILY ALLOWANCE IN SWEDEN

Sweden has one of the highest living standards in the world. In 1965 the average family income was approximately 27,500 kroner (\$5,300) and the median family income amounted to 26,000 kroner (\$5,200). The Swedish social welfare program is one of the most comprehensive in the world, and in 1964 amounted to 16.5 percent of net national product.