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La Nation assure à l'individu et à la famille
les conditions nécessaires à leur développement ²

The French socio-fiscal system is fundamentally family-based. It is the resources of the family as a whole that determine entitlement to child benefits (also known as family benefits), assistance benefits (such as the RSA (*Revenu de Solidarité Active*, Active solidarity Income), and housing allowance), and income tax. In the 2000s, the European Union and certain feminist movements strongly promoted the project to individualise social rights (see, for example, Lanquetin and Letablier, 2003, and Sterdyniak's response, 2004). Since then, individualisation has rarely been promoted as a global project. However, it returns episodically to public debate, particularly with regard to the family quotient (abolition of which was on the agenda of several left-wing parties in 2022), decoupling the AAH (*Allocation aux Adultes Handicapés*, Adult disability allowance), reforming survivor's pensions and introducing a universal income in place of the RSA or an autonomy allowance for young people. First, we will discuss individualisation as an overall political project. Then, we will examine its consequences in detail in terms of universal benefits, social insurance benefits, assistance benefits, and finally, taxation.

Individualisation as a Political Project

The socio-fiscal system must determine its basic unit. The French system is fundamentally family-based. It is the family that constitutes the unit of taxation or entitlement to assistance. Society recognises individuals' right to marry (or enter into a civil partnership), start a family and pool their resources. This right has been extended to same-sex couples. Society considers family members to pool and equitably share their resources. This conception of the supportive family is descriptive and normative: married people owe each other assistance, and parents must provide their children with the same standard of living as they enjoy themselves. This forms the basis for maintenance obligations, alimony, and survivor's pensions.

Some advocate the individualisation of the socio-fiscal system. In this system, society would recognise social rights for each individual and require each individual to contribute to public expenditure. Family life choices would not be considered by society, as they would be considered solely private; the autonomy of each person would be recognised.³ Ultimately, public recognition of marriage would be abolished and only specific private contracts signed before a notary would exist.

¹ This article updates Sterdyniak (2004) and Sterdyniak (2024).

² "The Nation provides individuals and families with the conditions necessary for their development", Article 10 of the Preamble to the 1946 Constitution.

³ However, this does not apply to couples who cannot be linked by a sexual relationship: brother and sister, parent and adult child.

The choice between individualisation and familialisation is fundamentally political. Of course, a society consisting solely of adults could prioritise individual autonomy. However, the existence of children leaves little choice in the matter⁴. Society needs children to survive and children need a family. Ideally, this would be a stable family with two socially recognised parents, regardless of biological ties. Society must recognise the family as the basis of our society and the choice of the majority of the population. According to the 2020 census, 83% of people in France live as a couple or in a family. Society has the right (and the duty) to perpetuate itself and its values, and therefore to help raise children.

From birth until they enter working life, which is now typically between the ages of 18 and 23, children depend on their parents not only financially, but also for care, education, time and attention. Society must take this into account. Raising children is voluntary slavery. From the moment two people decide to have children, their autonomy as individuals is inevitably compromised. Society requires them to bear the consequences of this choice: legally, through the obligation to provide financial support; and practically, by ensuring their children enjoy the same standard of living. The equitable sharing of income within the family is both the reality and the social norm rather than each parent keeping their salary for themselves while the children live on social benefits alone, a practice which could justify individualising the socio-fiscal system in itself.

It is preferable for parents to raise their children together than for the children to be solely dependent on their mother while the father is relieved of all responsibility.

The majority of people want to live as a couple and raise children, as evidenced by the demonstrations for 'marriage for all'. Society recognises this desire by recognising marriage (and civil partnerships) and contributing to a certain extent to the costs of raising children.

At the same time, the stability of couples is decreasing; the number of divorces and single-parent families is increasing, and many children now live in blended families. This development must be considered by society, even if it has serious social consequences. Divorce often plunges women and children into poverty (see Bonnet et al., 2024). Society must provide significant support to single women with children, even though this situation is undesirable. From this point of view, making medically assisted reproduction available to single women is problematic.

The debate between individualisation and familialisation masks a profound disagreement about the nature of the family. For some, the family is a remnant of the patriarchal model, which is necessarily unequal and based on male domination of women. Deconstructing the family (and the couple) is necessary for women to become autonomous. Women in relationships should not rely on the illusory security provided by marriage. They must preserve

⁴ On 1 January 2023, 23.3% of the French population will be under the age of 20 (INSEE, *Bilan démographique 2023*).

their autonomy to protect themselves from the risks of separation, and to have the option of ending the relationship. The individualisation of social rights and taxation would contribute to this deconstruction. It would encourage everyone to live as autonomous individuals rather than as members of a couple or family (Périvier, 2015).

For many people, including us, the family is a fundamental part of society that must be considered. By definition, it is necessary for raising children. Although it was often unequal in the past, it is evolving towards an egalitarian association that allows two people to express their affection and solidarity and declare that they will share their resources with each other and their children. While society is based on the traditional family model of two parents and children, it must also recognise childless couples and, above all, support single-parent families. Recognising families in this way enables specific support to be provided to those in difficulty, such as single-parent families. It reduces the loss of living standards resulting from the breakdown of the couple and, from this point of view, paradoxically promotes autonomy.

Some neo-classical economists argue that the individualisation of social rights would incentivise married women to work. This would result in a reduction in the social rights of married women, such as the end of survivor's pensions and compensatory benefits, and higher taxes for single-income couples or couples with different salaries. However, the female employment rate is already high in France. Should we try to increase it by reducing the standard of living of heterosexual couples, divorced women, or widows.

For us, social rights must consider families as they exist, recognising that there is a tension between family rights and individual rights, between family solidarity and social solidarity, which must be managed. The socio-fiscal system should not support a project to dismantle the family, as this project lacks coherence. Can we expect a couple with children to provide a different standard of living for each family member? Can we expect the development of the model of 'single mothers with children/fathers relieved of all parental responsibility'?

While familialisation is not problematic when it increases household income (family allowance, survivor's pension, etc.), it does pose a problem when it leads to a reduction in income (welfare benefits), when the notion of family solidarity reduces social solidarity, when it forces people into solidarity, or when it leads to a person without resources appearing to be dependent on their spouse. It is nevertheless necessary from the point of view of fairness, but these situations must either be avoided or managed with flexibility. The tension between two concerns (paying benefits to the households that need them most and guaranteeing everyone's independence) must be recognised and managed.

Social rights can be divided into three categories: universal rights, social insurance and welfare benefits, bearing in mind that the distribution between these categories is also a social choice, subject to tensions.

Universal rights.

Universal rights benefit everyone, so the question of individualisation does not arise. This is the case with the right to education and, now in France, thanks to universal health coverage, the right to healthcare.

Box 1. Family quotient.

Statisticians (OECD, Eurostat) consider that families pool their resources; the needs of each family are estimated on the basis of consumption units (CU): the first adult counts as 1, the second and children over 14 as 0.5, and children under 14 as 0.3; A family's standard of living is measured by its total resources divided by its number of CU⁵. National taxation and local assistance benefits use scales that are more or less similar to consumption units.

Some people believe that the family quotient is inappropriate because income is not shared equally among family members. However, in the vast majority of cases, parents and children share the same home, the same meals, the same durable goods and the same holidays⁶. Parents have a moral and legal obligation to provide their children with the same standard of living as themselves. Children (and mothers) are better protected under the current system, which is based on this obligation, than under an individualised system, which would consider it legitimate for each parent to spend their income on themselves, without taking their children into account. On the contrary, this obligation should be strengthened, in particular by significantly increasing the amount of maintenance payments.

Challenging the family quotient, individualisation, would not allow for the assessment of families' standard of living for taxation, RSA (*Revenu de Solidarité Active*, Active Solidarity Income), housing allowances, means-tested benefits, school grants, canteen prices and extra-curricular activities; it would not allow to distinguish between single women with children (who need massive support) and women in couples, who share their income with their spouse.

The scope of these rights is subject to social choices. With regard to education, while nursery school is free, this is not the case for childcare for very young children (up to 3 years old), which should be provided by a universal and free public service, thereby promoting women's employment and child development. Similarly, the extension of free extracurricular activities is desirable.

Until 1999, health insurance rights were family-based: they were available to a social security contributor through their work-related contributions and to their family members through their status as dependants (*ayant-droit*). This status now only exists for young people under the age of 18. The creation of the CMU (*Couverture maladie Universelle*, universal health coverage) in 1999, followed by the PMUa (*Protection universelle maladie*) in 2016, made these rights universal. However, the decline in health insurance coverage now makes it essential to have a supplementary health insurance. The poorest households certainly benefit from a *Complémentaire santé solidaire* (C2S), which is free (below a certain income threshold) or inexpensive (up to another threshold), but the non-take-up rate is high (31% for the free C2S, 66% for the paid C2S). Employees are entitled to supplementary health insurance, provided

⁵ The measurement of UCs is open to debate. It would undoubtedly be appropriate to increase the number of UCs for single-parent families by counting 0.5 for the first child (Pinel *et al.*, 2023). The notion of "need" is open to debate insofar as kinship modifies the utility function of adults.

⁶ According to Ponthieux (2012), 64% of couples pool their income completely (74% of married couples; 30% of civil partnerships, 37% of cohabiting couples); half of the others share household expenses in proportion to their income.

by their employer and covering their families, so that the concept of dependants reappears. Retired people must bear the full cost. This dual system of health insurance and supplementary health insurance is a source of additional costs, without really improving the governance of healthcare. Here too, extending universal entitlement to include expenses currently covered by responsible contracts should be considered. Universality is preferable to individualisation.

Family allowances currently have an ambiguous status, which makes it difficult to classify them as a universal benefit. They depend on the number of children in the family (zero for one child, €72 per month per child for a family with two children, €108 per child for a family with three children, €182 per additional child, €71 extra per child over 14 years of age), which is justifiable if the objective is to maximise per capita income for families under budgetary constraints: families with many children are in greater need of assistance⁷. Fortunately, child benefits are supplemented by the family supplement (*Complément familial*) for families with three or more children (survival of a single wage allowance) and by a Back-to-School Allowance, both of which are means-tested. In 2014, child benefits were reduced for families above a certain income level⁸ even though for these families, they were already very low in relation to their income. Here too, in order to make these benefits means-tested, it is essential to consider the parents' combined income.

The implicit strategy of successive governments has been to focus assistance on poor families, abandoning the goal of horizontal family equity (ensuring the same standard of living for families with children as for couples) and, moreover, to facilitate women's employment (work-life balance) rather than distributing benefits. As a result, child benefits cover only an increasingly small proportion of the cost of raising a child; at best, they are indexed to prices rather than wages⁹. In 2023, the median income per consumption unit was around €2,160 per month; with one child representing an average of 0.35 consumption units, the average cost is around €750; in the case of a family with two children, family allowances represent only 10% of this cost. The burden of raising children is therefore largely borne by their parents. The cost of raising children is therefore largely borne by their parents. The French social security and tax system could only be individualised if child benefits covered the entire cost of raising children, which would require a significant increase in the amount of these benefits (to around €750, or 35% of median income, or at least €450, or 35% of the 60% poverty line). Familialisation makes it possible to distinguish single-parent's families and offer them a more favourable status. The individualisation of social rights and taxation would not justify child support and ASF (family support allowance). Familialisation protects women; for example, a

⁷ See Sterdyniak (2011). The poverty rate is 12.1% for families with one child, 13.7% for families with two children, 24.2% for families with three children, and 44.8% for larger families (ERFS, 2021).

⁸ In the case of a family with two children, they are divided by 2 if the monthly income exceeds €6,247, and by 4 if it exceeds €8,326.

⁹ Child benefit for two children fell from 20% of the minimum wage in 1950 to 13% of the minimum wage in 1983 and 8.5% in 2022.

married woman who decides to divorce is entitled to children support and possibly a compensatory payment.

A woman¹⁰ with children are entitled to the AFS (*Allocation de soutien familial*) if the children's father is deceased or does not pay a child support superior to the ASF. The ASF is a universal benefit paid without means testing. However, unlike child support, it is no longer paid once the woman enters into a new relationship, which can be an obstacle to remarriage (see below). Some parliamentarians have proposed decoupling the ASF from marriage, continuing to pay it to women who remarry, but it would be strange to pay ASF to a family where the father has returned after a temporary abandonment. ASF suffers from a high non-take-up rate (around 50%) because it is perceived as an intrusive welfare benefit. Undoubtedly, cases where the new partner does not contribute to the children's expenses should be treated with leniency.

The poverty rate is particularly high for single-parent families (38.9% compared to 15.8% for two-parent families). Divorce inevitably reduces the standard of living of both parents, who no longer benefit from the economies of scale that come with living together, but it is the mother, who generally has custody of the children, who suffers the greatest drop in income, and therefore the children (Bonnet *et al.*, 2024). The ASF was increased by 50% in November 2022, from €123 to €184. However, it remains insufficient.

Children support payments are logically deducted from the income of the parent who pays them and are taxable for the family that receives them. Several parliamentary bills have been introduced to make children support payments non-taxable at the income tax. In our opinion, this would not be appropriate. All income should be subject to tax; this measure would only benefit the wealthiest; single-parent families already benefit from an additional half-share for the income tax.

However, ASF is not considered when calculating housing benefits and is only partially considered when calculating RSA and *Prime d'activité*, meaning that a family may see its income decrease if it receives children support rather than ASF. For example, a single woman with two children who works for the minimum wage has a monthly income of €2,423 if the children's father does not pay maintenance, which falls to €2,154 if he pays maintenance equal to the ASF¹¹. It would be difficult (and undesirable) to correct this advantage of the ASF. It would be desirable for the ASF to be revalued, for it to be taxable, but above all for child support payments to be higher¹².

Social insurance

Social insurance (pension, unemployment, workplace accidents, sickness and maternity benefits) are social rights linked to employment (and now more generally to economic

¹⁰ As 82% of beneficiaries are women, we use this gender.

¹¹ Figures for 2023 provided by the DREES Edifis simulator.

¹² Thus, in the case of two children, child support is, according to the unofficial scale, 11.5% of the father's income per child. A rate of 15% would be more appropriate (it corresponds to the share of the father's income devoted to the child in the case of a married couple with the same income).

activity). Reserved for people who have contributed, deferred and socialised salaries, these are logically individualised benefits¹³. However, there are a few exceptions.

The ASS (*Allocation Spécifique de Solidarité*, Specific Solidarity Allowance (which extends unemployment benefits, ARE, *Allocation de Retour à l'emploi*) is conjugalised. It is an intermediate benefit between a social insurance benefit (you must have contributed for at least five years and exhausted your unemployment benefit entitlements; it allowed you to accumulate entitlement to unemployment benefit) and a welfare benefit: it is not paid if the spouse exceeds a certain salary level; however, dependent children are not taken into account. Its conjugalisation is not justifiable. It would be logical for it to be individual, like the ARE. On the contrary, the government has planned to abolish it and pay to those concerned the RSA.

In terms of pensions, there are conjugal and family rights, the logic of which can be questioned. The increase for children raised (10% for each parent who has raised at least three children) has two flaws. It is proportional to the pension, so it is higher when the pension is higher (in line with horizontal equity), whereas the current logic of family benefits is that they should be higher when income is lower (in line with vertical equity). This may be justified by the desire to compensate for the low standard of living (or lack of savings) of parents during the period of raising children, but it would be better to increase family benefits rather than introduce compensation after *the fact*. The pension bonus benefits men more than women, even though men, unlike women, do not suffer any loss of earnings as a result of raising children (Pora and Wilner, 2019); the bonus benefits women who have been able to pursue a normal career more than women who have suffered as a result of raising their children. The disparity in increases between men and women is all the more worrying as divorce rates rise. The right reform would be to award a lump sum benefit (e.g. £100 per month in additional pension per child raised), paid to the mother (unless otherwise specified).

Survivor's pensions, paid to the surviving spouse after the death of a person entitled to a retirement pension, are an important part of the French pension system. In 2021, they paid out €37 billion, representing 11% of old-age pensions and 1.5% of GDP¹⁴. Differences in life expectancy and age at marriage mean that 88% of beneficiaries are women¹⁵. The issue of survivor's pensions is therefore linked to gender inequalities in terms of employment, wages and, so, of direct pensions.

Survivor's pensions partially compensate for the differences in pension levels between women and men. They make them more bearable. However, making an unfair situation more bearable also prolongs it. Survivor's pensions can be seen as a remnant of an outdated patriarchal model, where women depended on their husbands' wages, and as an unfair advantage granted to married women. This system, which does not benefit women in civil

¹³ This is not the case in Belgium, where the level of unemployment and retirement benefits depends on family circumstances, so it is often Belgian authors who advocate individualisation.

¹⁴ According to: DREES (2023): *Retraites et retraités*.

¹⁵ To simplify the expressions, we will always assume that the surviving spouse is the wife.

partnerships, women who have lived in cohabitation, or single women, seems increasingly incompatible with the rise in cohabitation, divorce and remarriage.

Pension inequalities should be reduced by making it easier for women to work full-time (through the extension and provision of free childcare and the sharing of parental leave) and by combating wage differences that disadvantage women's jobs. However, these inequalities will persist for a long time and must be taken into account. Few feminist movements are calling for the immediate abolition of survivor's pensions (even if, contradictorily, they may call for an end to the marital quotient).

For some, the abolition of survivor's pensions would encourage married women to work more; it would remove the illusory security they provide, a security that can be undermined by divorce. Can we reduce the standard of living of many women in order to increase the incentive for some to work? Should we use a tool that has been in place for more than 30 years, after the decision not to work? Many women have little choice and have to take poorly paid, part-time jobs, even if these jobs only provide them with a small pension.

The survivor's pension is in line with the objective of social insurance to guarantee pensioners a standard of living close to that of people of working age, without the need to save or to resort to the financial markets. The survivor's pension allows the wife to maintain her standard of living after her husband's death; it prevents couples from having to plan for the financial consequences of the husband's death. From this point of view, the existence of survivor's pensions would be justified even if men's and women's pensions were equivalent. However, this argument requires a rethink of how survivor's pensions are calculated, in line with this objective (i.e. two-thirds of the deceased spouse's pension minus one-third of the surviving spouse's pension).

The survivor's pension rewards couples who have entered into marriage. Marriage enables society to save on welfare benefits; each spouse undertakes to support their partner and, where applicable, to pay compensation as determined by a court decision. This social reward is not shocking if it is open to all types of couples. Civil partnerships do not currently provide sufficient guarantee of mutual assistance to entitle the partner to a survivor's pension. They do not necessarily end with a court decision. Conversely, non-sexual couples (two sisters living together, for example) should have the right to give themselves this guarantee by means of a civil partnership. Furthermore, the rise in non-marriage is a cause for concern; women risk finding themselves in poverty in the event of separation or widowhood. There are two possible developments: either to promote marriage, or to change civil partnerships so that they give rise to a commitment to mutual assistance and must be terminated by a court ruling, which would make them eligible for survivor's pension rights. This cannot be the case for cohabitation, which is virtually impossible to establish legally (as Napoleon said: "cohabitants ignore the law; the law ignores cohabitants").

Some people, motivated by a legitimate concern for equality, propose that public pensions should become universal, paying an equal pension to all persons above a certain age. This

overlooks the fact that in all countries where public pensions are universal, they are low, so that employees and their companies set up supplementary, capitalised schemes that are more unequal and less secure than the public scheme.

Box 2. Marriage, civil partnerships, cohabitation

Legislation has had to adapt to different forms of cohabitation, resulting in a disparate but justifiable system. For income tax purposes, civil partnerships are equivalent to marriage; cohabitations, which have no legal status, do not allow for joint tax returns. For inheritance tax purposes, civil partnerships are equivalent to marriage only in the case of a will, i.e. the explicit wishes of the deceased spouse; cohabitation does not confer any rights. Only marriage entitles the surviving spouse to a survivor's pension. For welfare benefits (and the IFI, real estate wealth tax), cohabiting couples are supposed to be financially dependent on each other, so as to avoid married (or civil partnership) couples being disadvantaged compared to cohabiting couples.

Welfare benefits

Assistance benefits are paid to the poorest households to ensure a minimum standard of living. They are family-based. Thus, the RSA (ASPA, the minimum income for elderly people) paid to a couple is 1.5 times (1.55) that paid to a single person; the RSA paid for a child is 0.3 times that of an adult (0.4 times from the third child onwards). The standard of living of families receiving RSA is therefore approximately the same, regardless of the composition of the family. This choice is debatable: society has chosen to keep RSA at a relatively low level to encourage adults to work, but is it fair to keep their children in poverty when they are not responsible for their parents' lack of resources?

The RSA reform decided in the Full Employment Act of July 2023 provides for the possibility of suspending the allowance if the beneficiary does not meet the obligations of their commitment contract; it seems difficult to apply this to families with children. Furthermore, it theoretically requires both parents to sign a commitment contract, even if the mother, for example, cannot consider working because she has young children.

Familialisation is based on the principle of sharing resources within the family. Therefore, benefits depend on the family's overall income. The society does not pay benefits to a voluntarily inactive spouse of someone with sufficient income. However, this spouse is taken into account by the family quotient when calculating income tax for the family. Nor does the society pay benefits to unemployed spouses who have exhausted their entitlements and whose spouse has sufficient income — in this case, family solidarity must come into play. Family solidarity is reflected in the family quotient and survivor's pensions, but these only apply in the case of marriage. Assistance benefits, on the other hand, force cohabiting couples into solidarity.

Some people are campaigning for a universal basic income (De Basquiat, 2017), but it is unlikely to be introduced, both because of its cost and the necessary upheaval to the socio-fiscal system (Sterdyniak, 2017). A virtually equivalent measure would be an unconditional guaranteed minimum income. However, there would be no escaping the choice between an

individual income that would be costly and would ensure a higher standard of living for couples than for single people (e.g. €900 per adult, regardless of their spouse's income, €360 per child, regardless of their parents' income, so that families have the same minimum standard of living as couples) and a family income, which is better targeted and less costly, but which would require continued monitoring of the family situation. (€900 for a single person, €1,350 for a couple, €270 extra per child).

In order not to disadvantage married or civil partnership couples, social protection almost automatically assumes that two people living together share their resources, which means that two people receiving RSA who live together have their pensions reduced, and that a person receiving RSA loses their benefit if they live with someone with sufficient resources. Similarly, a single woman with two children receives substantial assistance, which she loses if she cohabits with someone with a high income. This is legitimate for welfare benefits. However, it can discourage people without resources from forming couples. The CAF (*Caisse des Allocations familiales*) carries out checks that those concerned perceive as intrusive. This is one of the reasons for non-take-up (about 30%). Some situations are ambiguous: should the benefits of a woman with children who is having a temporary relationship with a man who does not contribute to the children's expenses be reduced? The CAF should exercise a degree of leniency in contentious cases. Society faces a difficult choice: maintain a well-targeted system with its implementation difficulties, or switch to a more simplified, individualised system, which will inevitably be less equitable and either more costly or less generous.

The minimum income for the elderly (ASPA) is, in theory, only paid if the person's sons/daughters are unable to provide for the elderly person. National solidarity only comes into play after family solidarity. These allowances are also recoverable from the estate if it exceeds a certain amount. This is satisfactory: national solidarity takes over from family solidarity if the latter is lacking, but does not replace it. But this is one of the reasons for high non-take-up (estimated to be 45%).

The activity bonus (*Prime d'activité*) is family-based. It functions both as a supplement to family benefits for low-income families¹⁶ and as an employment bonus for each member of the couple, which is cancelled when the couple's combined income exceeds a certain limit. A person is not eligible if its spouse has a high income. A single person on the minimum wage (€1,383 gross) is entitled to an activity bonus of €227, giving them an income of €1,611, while a person whose spouse earns three times the minimum wage is not entitled to the bonus. Conversely, the gain from working at the minimum wage is €753 for a single person (who loses the RSA and housing allowance) and €996 for a person whose spouse earns three times the minimum wage. The family-based approach to the activity bonus does not reduce too much the gain from employment.

The AAH (*Allocation d'adulte handicapé*) is an individual allowance. In the past, its ceiling depended on the family's resources and composition. In the case of a couple without children,

¹⁶ With the disadvantage of disappear if the breadwinner becomes unemployed, which greatly reduces the family's resources.

the income ceiling was €1,758 per month for a couple, with 72% of the spouse's salary taken into account, so that the allowance was cancelled when the spouse's income exceeded €2,442. In August 2022, the AAH was decoupled; the spouse's resources are no longer taken into account. This prevents a disabled person from being entirely dependent on their spouse's income. This can be seen as a weakening of the family-oriented nature of the French system. The ceiling depends solely on the income of the disabled person and the number of children they have. This can be seen as weakening the family-oriented nature of the French system. A certain inconsistency has been introduced: for the AAH, the spouse is no longer expected to share their income with their disabled spouse, even though they are expected to share it for income tax purposes; children are dependent on the disabled person for the AAH, but on both parents for income tax. Should we not consider that the AAH has thus become a compensatory income rather than an assistance benefit, so that it should be paid without means testing (like the ARS)?

The issue of young adults.

Life stages have shifted. A period now exists between the ages of 18 (the age at which the Baccalaureate is obtained) and 23 (the median age at which people first become employed), during which young adults transition from complete financial dependence on their families to financial independence. Young adults do not currently have an individual right to RSA¹⁷, a s justified by two arguments: the obligation to provide maintenance stipulates that parents must provide for their children's needs; young people must not "become dependent on assistance". Young adults only have rights through their families: RSA supplement for the poorest, family quotient up to the age of 20 (25 for students), deduction of maintenance payments for the income tax of their parents, academic scholarship taking into account parental resources. However, there are also rights to housing benefit for those who no longer live with their parents and the limited-term Youth Commitment Contract (CEJ, *contract d'engagement jeune*), the amount of which varies depending on whether the parents are taxable or not, 317 or 528 euros per month.

It is not acceptable to leave a young person without resources, but who should provide these resources? According to the family-oriented view, young adults remain the responsibility of their families, unless they belong to a poor family; assistance should be allocated based on family income. According to the autonomist point of view, young adults should be socially supported and assistance should no longer take into account their parents' resources. This is what student organisations are calling for.

An independence allowance paid for five years to all young people would be very costly¹⁸; the allowance cannot be reserved for students who, on average, come from more privileged backgrounds than young workers or unemployed people. We will probably have to resign

¹⁷ Except in special cases: having a dependent child or having worked full-time for two years.

¹⁸ The study by Favrat *et al.* (2020) considered a flat-rate distribution of tax and social assistance benefits for 18-24 year old. At constant cost, this would only amount to a monthly benefit of €117 in 2015 (i.e. approximately €140 in 2023), which would not enable young people to be financially independent and would not justify ending the tax "advantages" for parents.

ourselves to a compromise solution. Young people looking for work could receive an integration allowance, regardless of their parents' income or family situation, subject to pension social contributions, accompanied by specific training and internship offers. Student aid would be concentrated on those from poor and middle-income families, by increasing the income ceilings and the amount of grants. Wealthy families would continue to support their students (benefiting from the family quotient or the child support deduction); in the event of a problem, the student could request this assistance from their parents through the CAF.

Family taxation

In terms of taxation, France uses the family quotient (QF, *quotient familial*) system (and the marital quotient, which is an obliged companion). Each family is allocated a number of tax shares, P , based on its composition; society considers that the family shares its resources equally among each of its members, who have a standard of living equivalent to that of a single person with an income of R/P ; the family is therefore taxed as P persons with an income of R/P . Thus, the tax treatment of families does not require any specific arbitration: the tax scale for families is derived from that for single persons. The progressivity of the tax system is the same for all households. The QF does not provide any specific advantage to families; it only ensures that the tax burden is the same for families of different sizes but with the same standard of living. It is a necessary and logical component of progressive taxation.

Challenging the QF would be contrary to the Declaration of Human Rights: "Everyone must contribute to public expenditure according to their ability to pay." Taxation must necessarily assess the ability to pay of families of different compositions. The only socially and intellectually acceptable criticisms of the QF must therefore focus on its methods and not on its principle: do the tax shares correspond to consumption units?

Some people criticise the QF for not benefiting the poorest families who are not taxable, and for benefiting rich families more than poor ones¹⁹. This is unfounded. Taxation cannot help poor families more than by not taxing them. Poor families pay VAT (and sometimes the CSG), but do not pay income tax. They would benefit from an extension of the weight of income tax (including the family quotient) instead of the CSG or VAT. The injustice of the tax system is not the family allowance, it is that this single progressive tax is not more significant; it is that capital income escapes progressivity through the PFU (*Prélèvement forfaitaire unique*); it is the burden of proportional (CSG) or regressive (VAT) taxes that are not family-based.

Some advocate individualised taxation²⁰. This is only justified if married couples do not pool their resources and parents have no maintenance obligations towards their children, if the husband spends his salary (€3,000, for example) on himself, the wife spends hers (€1,500, for

¹⁹ See, for example: Landais *et al.* (2011). The Family Council (2011) writes: "The advantage of the family quotient increases in line with income up to the ceiling, and this anti-redistributive feature is often highlighted. Furthermore, it only benefits taxable families (unlike tax credits)." The NUPES programme proposes to "replace the current unfair family tax quotient with a tax credit that could be claimed by all families".

²⁰ See, for example, Landais, Piketty and Saez, *op. cit.*

example) and the children live on family allowances (€108 per child in the case of a family with three children). Taxation cannot be based on a concept of the family that is contrary to family law and socially accepted and practised norms. The QF cannot be abolished on the grounds that a childless couple with £4,500 in income and another couple with three children and £4,500 in income have the same ability to pay. This would only be justified if family benefits covered the cost of children: child benefit, which should be €750 per month (or at worst €450) per child, i.e. 35% of median income (the poverty line) to ensure they have a median income (to prevent them from falling into poverty). As society does not pay such benefits, children are the responsibility of their parents; this must be considered when calculating all progressive taxes²¹ ; this is also the view of the Constitutional Council (decision of 19 December 2000).

Could we envisage a system where the family quotient is used for benefits but not for taxes? This would require a complete overhaul of the socio-fiscal system. Logically, the end of the family quotient would entail the end of maintenance obligations, maintenance payments and survivor's pensions.

The family quotient is an element of joint taxation, which some criticise for discouraging women from working, subsidising couples with unequal incomes, and accepting wage inequalities between women and men²² . Joint taxation equalises the tax rate for both members of the couple. In a couple with a large income gap, the marginal tax rate for the woman (assumed to be the lower earner) is higher than it would be if she were single. This would discourage her from working and makes her dependent. Switching to separate taxation would reduce the marginal tax rate for women and thus increase their participation rate.

However, the employment rate for women aged 25-49 is relatively satisfactory in France. In full-time equivalent terms, the employment rate for women in 2022 was 15.9 points lower than that for men in France, compared with 12.6 points in Sweden, but 19.3 points in the euro zone, 23.5 points in Germany and 26.6 points in the Netherlands.

The gain from returning to work is much greater for married women (who only suffer from additional tax) than for single women (who lose their RSA and housing benefits). Separate taxation would have no impact in situations where the disincentive effects are strongest. The family quotient effect often offsets the marital quotient effect. A woman earning €2,000 per month is married to a man who earns €4,000. Without children, her marginal rate corresponds to that of a single woman earning €3,000. With two children, her rate falls to that of a single woman earning €2,000; with three, to that of a single woman earning €1,500. In fact, married women work less as they have more children, so that their marginal tax rate is low.

²¹ One cannot write, as Christiane Marty does, that "tax policy should stick to considering a person's income to determine their ability to contribute to the budget" (*in* Marty and Harribey, 2017) and forget that having dependent children reduces this ability.

²² NUPES programme: "*End the marital quotient, a patriarchal system that promotes wage inequality between women and men*".

Separate taxation would result in higher taxes for couples with unequal incomes. This is not legitimate if these couples share their income equally, particularly for the purpose of raising children. Should heterogamy be taxed?

The successful transition to taxation at source (with the possibility of requesting individualised tax rates) has strengthened the legitimacy and acceptability of the marital quotient.

Certain benefits given to households can be considered tax expenditures. This is the case for the additional allowance for the third child onwards, which does not correspond to an additional number of consumption units, and for the non-taxation of family benefits. These measures favour the wealthiest among the people concerned. However, the beneficiaries of these measures are also the people who lose the most in terms of relative living standards by having children. These measures merely compensate (partially) for the low level of family benefits for the middle classes. Overall, the socio-fiscal system does not compensate for the cost of having children; large families are those that lose the most in terms of relative living standards compared to couples. Large families and two-income families, where parents (and especially mothers) juggle their schedules to take care of their children while working, are not favoured by the system. Taxing family benefits and reviewing the additional half-share allowance from the third child onwards are desirable measures; they should be accompanied by a significant increase in family benefits.

Joint taxation has been extended to civil partnerships. In his 2022 election manifesto, Emmanuel Macron proposed allowing unmarried couples to be taxed jointly on their income. We do not believe this is a viable option. Joint taxation based on a simple declaration would open the door to a new form of tax evasion. A very wealthy person could find someone with no income; by filing a joint tax return, they could earn €32,350, which they could then share between them. To avoid this, cohabitation would have to be monitored, with a minimum duration and registration at the town hall required; this would result in registered and unregistered cohabiting couples. This would be a new complication, whereas civil partnerships resolve the issue and, in principle, separate unmarried couples who share their income from those who do not. The issue is rather one of allowing non-sexual couples to enter into civil partnerships.

People living alone, the truly single, are disadvantaged by the QF system because they are only entitled to one tax share, whereas they should have 1.33 if the couple has two. The same injustice would persist in an individualised system. This justified the fact that widows (or widowers) used to be entitled to 1.5 shares. Giving 1.33 shares to truly single people would be more in line with the marital quotient, but would only be possible if they could be distinguished from cohabiting couples. Can taxpayers be trusted to declare their situation honestly, whether they are truly single or living as a couple?

French family policy: a mixed bag?

French family policy does not lift all children out of poverty, such as children from single-parent families where the parent is on income support or in precarious employment (Table 1), or children from single-income families on income support or the minimum wage (Table

2). At the bottom of the income scale, the system only ensures parity in living standards with childless couples, whereas a higher level of RSA for families with children would be necessary. France should set itself specific targets for the minimum living standard of families with children and for reducing the child poverty rate.

Above 1.5 times the SMIC, families with children have a standard of living (measured by income per consumption unit) that is significantly lower than that of a couple without children (-23% with two children, -28% with three children). This would argue for a return to universal family allowances and a significant increase in their value. Family benefits should, be indexed to median income per consumption unit or to average wages (for example, 10% of average wages for two children, 20% for three). On the contrary, they are threatened by pressure on public and social spending. In order to reduce the public deficit, they often suffer from insufficient indexation. The family branch is often stripped of resources in favour of the pension branch. Unlike pensioners, children do not vote.

Table 1. Single-parent family income in 2023

		RSA	0.5 SMIC	Unemployed***	SMIC	1.5 SMIC	2 SMIC
0 child	%RM*	38.4	52.3	52.6	74.6	92.1	118.1
2 children	%RM	53.2	65.3	59.0	76.0	85.4	97.7
	**	138.6	124.1	112.1	101.8	92.8	82.6

* Ratio of income to median income per person; **Ratio of income per person to income per person without child; *** after a SMIC

Table 2: Couple income in 2023

		RSA	0.5 SMIC	Unempl.	SMIC	Two-earner household				
			Inactive	Inactive	Inactive	1,5 SMIC	2 SMIC	3 SMIC	5 SMIC	10 SMIC
0 child	RM°	34.7	47.0	39.3	58.8	72.2	90.3	122.0	188.5	344.2
1 child	%RM*	34.8	44.3	36.4	54.7	65.3	79.8	103.6	160.9	290.1
	**	100.8	94.2	92.7	93.0	90.5	88.3	84.9	85.3	84.4
2 children	%RM*	36.2	45.4	36.8	53.4	60.6	73.8	93.6	144.3	253.1
	**	104.3	96.7	93.6	90.8	84.0	81.7	76.7	76.5	73.5
3 children	%RM*	40.1	48.2	43.2	55.6	60.3	69.8	89.9	134.7	232.1
	**	115.5	102.5	109.9	94.6	85.6	77.3	73.7	71.1	66.4

* Ratio of income to median income per person; **Ratio of income per person to income per person without children

Inheritance. an excessive familialisation

Inheritance tax is highly familialised in France: Married spouses are exempt from inheritance tax, as are civil partners for assets bequeathed by will ; children benefit from the reserved portion of the estate (thus, in the case of a deceased person who had three children, each is entitled to a quarter of the estate); this limits the ability of parents to consider the respective situations of their children (wealth, income, number of children, disability) and the relationships they had with them ; inheritance tax rates applied to heirs who are not direct descendants (nephews or nieces, non-family members) are 60% (whereas they remain below 20% up to €550,000 for a direct descendant inheritance). This is particularly unfair for people who have not had children (and want to leave their estate to their nephews and nieces), and for step-parents who want to leave their estate to their partner's children from a previous

marriage. It is questionable that an inheritance to a non-family member whom the deceased has chosen in their will out of friendship, gratitude or trust should be penalised to such an extent compared to an automatic inheritance to a descendant.

A desirable reform would therefore be to significantly reduce inheritance tax in the case of an heir designated by will, even if this means increasing it for family transfers.

Conclusion.

The individualisation of taxation and social benefits would refuse to recognise family solidarity and income sharing within families. It would reduce the relevance of redistribution by the socio-fiscal system. It would have to be accompanied by the abolition of maintenance obligations, survivor's pensions and alimony. This choice would harm many women and children, unless it were accompanied by a sharp increase in family allowances, which is unlikely at present, given the objectives of reducing social spending. The French system must remain based on familialisation; however, it should evolve: extension of universal rights (free public early childhood services and extracurricular activities), extension of school support for children from disadvantaged backgrounds or children with learning difficulties; massive effort (in terms of education, but also community facilities) in areas with a high percentage of children from immigrant backgrounds; increase in family benefits; overhaul of benefits for 18-23 year old. This must not be at the expense of financial assistance to families. This effort must be paid for by all taxpayers (and not just families).

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