The Treaty of Rome and equality

By Hélène Périvier

> The Treaty of Rome: Article 119, Title VIII, "Social Policy, Education, Vocational Training, and Youth", Chapter 1: Social Provisions: *Each Member State shall during the first stage ensure and subsequently maintain the application of the principle that men and women should receive equal pay for equal work.*

Europe's institutions take pride in the fact that one of their founding values is the principle of equality between women and men[1]. Indeed, as early as the Treaty of Rome, the question of equal pay was the subject of negotiations that resulted in the adoption of Article 119, guaranteeing "the application of the principle that men and women should receive equal pay for equal work".

On closer inspection, the motives that led the signatory countries to adopt this article are not linked, at least not directly, to considerations of justice or to egalitarian values that the Member States might have upheld right at the outset, thereby making equality a founding "value" of Europe's institutions. No, the motives are above all economic in nature.

The Treaty of Rome is aimed at economic integration and not at

a political or social union. Re-examining the genealogy of Article 119 sheds light on the tension between economic issues related to the organization of trade and production and social issues, particularly those related to justice and equality.

Guaranteeing fair competition

Article 119 seeks to organize fair competition within the new space for the □□free movement of goods, services and people. Of the six countries signing the Treaty, it was France that demanded an article on equal pay. Indeed, unlike some of its partners, including Germany, France had already adopted legislation on women's wages and equal pay. In the framework of restructuring industrial relations after the Second World War, the French State had developed occupational classifications and a wage hierarchy that led in some branches to affirming the principle of equal pay, even if there was still substantial potential for discrimination (Saglio, 2007). In July 1946, the Croizat decision abolished the 10% reduction on women's wages. Finally, the Law of 11 February 1950 generalized collective bargaining agreements and introduced the principle of "equal pay for equal work" (Silvera, 2014).

France therefore feared that an opening up to competition in the market for goods and services would disadvantage productive sectors in which the proportion of women was high, especially in textiles (Rossilli, 1997). In 1956, the International Labour Organization (ILO), conscious of these issues, commissioned a report by a committee chaired by the economist Ohlin on the social consequences of European economic integration. The question of equal pay was raised explicitly (point 162, p. 64), and data at hand, the report denounced the risk of unfair competition in highly feminized industries (Ohlin, 1956) [2]. The differences in social rights between Member States called for labour market regulation in order to avoid distorting competition within the common market. The discussions, which led to Article 119, did not include discussion of women's rights or fair pay for women's

work (Hoskyns, 1996).

Principles of supranational justice and economic pragmatism

The inclusion in the Treaty of Rome of the principle of equal pay was thus motivated by economic and not ethical considerations, and it is for economic reasons that, even though the principle was announced, it was not applied immediately, as it would have led to a massive increase in wage costs (unless men's wages were cut). Despite all this, principles of justice were not completely alien to this process. Indeed, they were part of the international approach to the affirmation of human rights in the post-war years: the United Nations Universal Declaration of Human Rights of 1946 [3] affirms equal rights in its preamble, and the 1944 Declaration of Philadelphia, which underpinned the mandate of the ILO, states that, "all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity" [4]. The ILO Equal Remuneration Convention (No. 100), adopted in 1951, states that, "Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value" [5]. Some European countries adhered to the stated principles faster than others, including Belgium and France, which ratified Convention 100 respectively in 1952 and 1953. These countries pulled along their partner signatories to the Treaty of Rome in their path, in order to limit the distortion of competition that would result from a lack of uniform adherence to this principle of justice in an integrated economic area.

In looking further back at the genesis of texts pertaining to equal pay, economic motivations can also be found: the founding text of the ILO in 1919 does include the principle of

equal pay, regardless of gender, for work of equal value (Section II., Article 427, 7) [6]. This particular attention to equality is explained partly by the trade unions' fear that men's wages might fall. Indeed, during the war, women had worked for lower wages doing jobs reserved for men in peacetime. Demanding equal pay made it possible to contain this unfair competition represented by women (Ellina, 2003; Hoskyns 1996).

The metamorphosis of Article 119

It is fruitless to seek the historical roots of the affirmation of the principle of equal pay, as the economic argument is articulated around considerations of justice. This dialectic led the actors of the moment to draw on one or to reaffirm the other. During the Treaty of Rome negotiations, differences between countries concerning entitlement to paid leave, the regulation of working time and the payment of overtime were also identified as sources of the distortion of competition. It is thus not so much the place of gender equality in the negotiations between the signatory countries that is to be questioned as the very nature of a Treaty that aims at economic integration and not the harmonization of the social policies of the signatory countries. At the time, economic integration was probably the least confrontational perspective from which to negotiate and bring about a rapprochement between European countries.

Article 119 of the Treaty of Rome, although intended to regulate competition, has become a pillar of the construction of European law on equality and the fight against discrimination. In the late 1970s, under the impetus of feminist movements, this principle was used more and more and became a founding principle of Europe's institutions (Booth and Bennett, 2002). In 1971, the Court of Justice of the European Communities referred to it in declaring that the elimination of discrimination on the grounds of sex is one of the general principles of Community law (see the Defrenne

judgment[7]). In 1976, the scope of equal pay was extended by the 1976 Directive (76/207) to cover all the terms of hiring and training as well as working conditions (Milewski and Sénac, 2014). As a tool for regulating the common market, it has become a principle of law.

Finding the spirit of Philadelphia once again

The principle of equality as set out in the Declaration of Philadelphia does not rely on the economic interest of promoting gender equality but affirms this principle as a value in itself. During the negotiations preceding the signing of the Treaty of Rome, the harmonization of social provisions was achieved by generalizing the principle of equal pay to countries that had not yet taken it on board, not by asking countries that had already adopted it to abandon it. In this approach, the principle of justice takes precedence over the economic perspective: the evaluation of the economic consequences of having a principle of equal pay that had not been generalized in an integrated economic space led to its adoption by all the member countries in this space, and ultimately to strengthening it.

Since the 2000s, there has been a shift in the promotion of policy on equality: it is no longer a question of analyzing the economic consequences of the principles of justice or conversely of denouncing the infringement of the principles of justice of certain economic policies, but rather of overturning the hierarchy between the two perspectives. Equality is promoted in the name of the real or phantom economic benefits that it would produce. Supranational organizations, European institutions and national forces all tout the virtues of equality in terms of economic prosperity. The assertion of the principle of justice in itself is no longer sufficient to establish the merits of equality policies, which are a priori considered costly. Equality, which is often reduced to increasing women’s participation in the labour market and their access to positions of

responsibility, is a source of growth and wealth. It is no longer a question of a complex articulation between economic forces and founding principles, but rather the justification of these principles based on the profitability or efficiency of the market economy (Périvier and Sénac, 2017, Sénac, 2015). This approach, far from anecdotal, is endangering equality as a principle of justice, and distances us from the humanist approach of the supranational institutions during the first half of the 20th century. Have we lost the spirit of Philadelphia (Supiot, 2010)?

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Notes:

[1] http://europa.eu/rapid/press-release_MEMO-07-426_en.htm

[2] http://staging.ilo.org/public/libdoc/ilo/ILO-SR/ILO-SR_NS46_engl.pdf

[3] www.un.org/en/universal-declaration-human-rights/

[4] http://blue.lim.ilo.org/cariblex/pdfs/ILO_dec_philadelphia.pdf

[5] http://www.ilo.org/wcmsp5/groups/public/–ed_norm/–declaration/documents/publication/wcms_decl_fs_84_en.pdf

[6] http://www.ilo.org/public/libdoc/ilo/1920/20B09_18_fren.pdf

[7] http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:61975CJ0043&from=EN

Do separated fathers bear a greater sacrifice in their standard of living than their ex-partners?

by Hélène Périvier OFCE-PRESAGE

The recent study published by France Strategy on the sharing of the costs of children after a separation has caused a stir (see in particular Dare feminism, Abandoning the family, as well as SOS Papa [all in French]). The study analyses the changes in the standard of living of both the former spouses, taking into account the interaction between the indicative scale for child support and the tax-benefit system. This approach is stimulating, as it endeavours to see whether the redistribution effected through the welfare state fairly and equitably deals with the costs of the child borne by each former spouse.

It is reported that after separating, the living standards of the two former partners fell sharply. In addition, simulations of typical cases “indicate that as a result of applying the scale [the indicative reference scale provided to judges] under existing social and tax legislation, the care of children causes a significantly greater sacrifice in the

standard of living of the non-custodial parent than of the custodial parent". In other words, separated fathers are making a greater sacrifice in their standard of living than are the mothers, if the judge were to apply the indicative scale to the letter. But according to the Ministry of Justice the scale is not applied by judges, as both situations are always very specific. So the study looks at what the standard of living of the separated parents would be if the scale were applied, and not at their actual standard of living. However the table of results presented in the note on the front page is titled, "Estimating the loss of living standards incurred by the parents of two children (as a percentage compared to the situation with no child, calculation net of state aid)". Someone reading this quickly could easily think this was the real situation of separated parents.

Even though the study is based on the scale for support payments and not on the decisions of the judges themselves, it raises a relevant question. But the results are weakened by significant methodological problems: the concept of the sacrifice in the standard of living does not take into account the gender division of labour and its impact on mothers' careers; the typical cases highlighted are not necessarily representative (in particular concerning marital status prior to separation); using the equivalence scales [1] leads to conflating the "household standard of living" and "the individual standard of living"; and finally, an approach based on maintaining the child's standard of living would have led to a completely different result. Ultimately, proposing the micro-simulation model as an aid to the judges' decision-making seems somewhat premature in light of these criticisms.

On the concept of "a sacrifice in the standard of living"

In all the cases simulated, the separated parents' living standards go down relative to their situation as a couple (assuming unchanged income). This result is consistent with other recent work, such as Martin and Périvier, 2015; Bonnet,

Garbinti, Solaz, 2015; and the report of France's Family Council (the HCF). A separation is costly for both parents due to the loss of economies of scale (e.g. two homes are needed instead of one, etc.). In addition to the decline in living standards for each parent, the authors calculate the "sacrifice in living standards" experienced by the parents after the separation.

The "living standard sacrifice" is supposed to be calculated by comparing the cost of the child to the disposable income that the parent would have had if there were no child. However, the living standard sacrifice made by the mother with custody of the child (or the father, respectively) is actually calculated by comparing the child's cost with the standard of living of a single woman without children with the same salary level as the separated mother (and the same for the father).

This method cannot be used to estimate the "living standard sacrifice", since forming a couple and a family are accompanied by a gender division of labour, which has been widely documented in the literature and which implies that the separated wife has a salary level, and more generally a career, that is different from what she would have had if she had remained single with no children. If a woman senior executive living in a couple stops working in order to look after the children and then the couple separates, the concept of the "living standard sacrifice" would imply a significant gain in the quality of life for this woman, since the cost of the children would be relative to the RSA minimum income, whereas she would have received a higher salary if she had not had children because she would have continued to work.

In other words, the proper counterfactual, that is to say the situation with which we must compare the level of the separated parent so as to assess the living standard sacrifice that she (or he) suffers, should be the income that the woman (or man) would have had when separated (taking into account their individual characteristics) if she (or he) had not

entered a couple and if she (or he) had not had children. By doing this, the calculations would have led to a significantly greater sacrifice by the woman than that calculated in the study. Here we see the need for an economic approach that integrates the behaviour of agents, compared with an accounting approach.

Atypical typical cases?

The authors used the micro-simulation model *Openfisca* to simulate different situations and assess the loss in living standard by each former spouse after the separation.

The typical cases are used to understand the complex interactions between the tax-benefit system and, for the subject matter here, the indicative scale of child support payments. The criticism usually made of typical case studies is that they do not reflect the representativeness of the situations simulated: so to avoid focusing on marginal cases, data is added about the frequency of the situations selected as "typical". With respect to the distribution of income, in three-quarters of the cases the women earn less than their male partners (Insee). What would be needed is to look at the distribution of income between spouses before the break and see what are the most common cases and then to refine the operation by retaining only those cases where the judge sets a support payment, i.e. in only 2 out of 3 cases (Belmokhtar, 2014).

Likewise, focusing on the case of a couple with two dependent children is not without consequences[2], since with only one dependent child the amount of family benefits falls, meaning that the social benefits received by the mother would be lower (in particular the family allowance is paid only starting from the second child) as would her standard of living. Statistics provided by the Ministry of Justice indicate that the average number of children is 1.7 in the case of divorces and 1.4 in the case of common-law unions (Belmokhtar, 2014).

Finally, nothing is said explicitly about the marital situation prior to the separation: marriage or common-law?

– Either the authors are considering married couples. In this case, if the salaries of the ex-spouses are different (case 4 described as "Asymmetry of income"), how is the loss of France's marital quotient benefit (*quotient conjugal*) distributed? After divorce, the tax gain resulting from joint taxation is lost: the man then pays a tax amount based on his own salary and no longer on the couple's average salary. This additional tax burden hits his living standard, and the "living standard sacrifice" calculated for the divorced father would then partly reflect the loss of this marital quotient benefit, and not the cost arising from the expense of a separated child.

– Or the authors consider only common-law couples, which seems to be the case given the vocabulary used – "separation, union, separated parents, etc." – but then this brings back the criticism about the representativeness of the typical cases, since more than half of the court decisions regarding the children's residence are related to divorces (Carrasco and Dufour, 2015). Moreover, the support payments set by the judge are all the more distant from the scale in the case of a separation and not a divorce, which limits the scope of the study.

On the proper use of equivalence scales

Equivalence scales are used to compare the living standards of households of different sizes, by applying consumption units (CU) to establish an "adult equivalent". These scales are based on strong assumptions that do not allow the use of this tool in just any old way, i.e.:

– that individuals belonging to a single household pool their resources in entirety;

– that people belonging to the same household have the same

standard of living (the average standard of living is calculated by dividing the total household income by the number of household CUs). This assumption flows from the first; the standard of living is equated with well-being.

Equivalence scales give an estimate of the additional cost linked to the presence of an additional person in a household. They say nothing about the way in which resources are actually allocated within the household. This is due to the hypothesis that resources are pooled, which is questionable (see in particular Ponthieux, 2012) and which leads to attributing the household's average standard of living to each individual member. A couple has 1.5 CU. In fact, a couple A in which the man earns 3 times the minimum wage (SMIC) and the woman 0 times the SMIC would have the same standard of living as a couple B in which both earn 1.5 times the SMIC. This method can be used to compare the average living standards of two households, but not the living standards of the individuals who compose them. The woman in couple B probably has an individual standard of living that is higher than the woman in couple A, due to her greater bargaining power given the equal wages earned. So comparing the average living standards of the couple with the living standards of the individuals when the couple separates is misleading.

Likewise, to assess the financial burden represented by the children for the separated mother, for example, the authors apply the CU ratio linked with the children out of the total household CUs to the woman's disposable income (salary minus the taxes paid, plus the benefits received and the support payment by her ex-partner for the two children in her care). But there is nothing to say that the separated mother does not allocate more resources to the children than is estimated by the CU ratio (with regard to housing, for example, she might sleep in the living room so that the kids each have their own room).

The methodological criticisms made of equivalence scales limit

their use (see Martin and Périvier, 2015). They are not suitable for comparing the living standards of individuals, but only the living standards of households of different sizes.

What about the child's standard of living?

There is not much literature estimating the standard of living of separated parents. To fix CUs per child in accordance with the marital status of their parents (in couples or separated), the authors rely on an Australian study that leads them to increase the CU attributed to children once the parents are separated. The cost of a child of separated parents is higher than that of a child living with both parents. They opt for the following formula:

– a child living with both parents corresponds to a CU of 0.3;

– a child living with the mother in conventional custodial care is 0.42 CU and 0.12 for the non-custodial father, i.e. 0.54 total CU for the two households.

Thus the cost of a child of a separated parent is 80% higher than that of a child living with both parents. It is likely that most separated parents do their best to keep the lives of their children unchanged after a separation. An approach that seeks to maintain the child's standard of living makes it possible to take this into account. By increasing the cost of children by 80% when they live with both parents, and redistributing this in proportion to the CUs allocated for the children of separated parents, the custodial parent has a greater loss in living standard than that of the non-custodial parent (see the Table). This method is also questionable because it applies the additional CUs of children of separated parents over children living in couples to the monetary cost calculated in the case of a couple raising the children. But if this approach is chosen, then the result is reversed.

Table. Other method for estimating the loss of living standard borne by the parents of two children, with each parent earning 1.5 SMIC, after a separation, assuming that the indicative scale for child support is applied

	Couple	Custodial parent	Non-custodial parent	Total separated parents
CU* 2 children	0.6	0.84	0.24	1.08
Additional CU* for children of separated parents relative to those living with both parents				8%
Distribution of total cost of children between the separated parents		78% (soit 0.84/ 1.08)	22% (soit 0.24/ 1.08)	
Cost of children	10812	15136	4325	19461
Disposable income after transfers, income tax and child support payment	37841	24923	14932	
Distribution of total cost of children's lifeless loss level for children	10812	15136	4325	
Disposable income for the adult	18020	9787	10607	
Income level per adult**		-46%	-4%	
Loss in living standard Jelloul and Cusset (2015)		-25%	-33%	

* CU = consumption unit.
** CU = 1.5 for the couple and 1 for separed parents.
Sources: Jelloul et Cusset (2015); author's calculation.

Any statistical analysis is based on assumptions used to "qualify" what we want to "quantify", which is inevitable (either because we do not have the information, or for reasons of simplification and to facilitate interpretation). Assumptions that are too strong, results that are too sensitive, and perfectible methodologies are the daily lot of researchers. Providing insights, asking good questions, opening up new perspectives, feeding and feeding off of contradictions – this is their contribution to society.

The study published by France Strategy has the merit of initiating a debate on a complex subject that is challenging for our tax-benefit system. But the answers that it gives are not convincing. While the authors acknowledge that, "The interest of these simulations is above all illustrative," they nevertheless also want that "at least they provide judges and parents with a tool to simulate the financial position of two households that have resulted from a separation by integrating the impact of the tax-benefit system". This seems premature in view of the fragility of the results presented.

[1] To compare the standard of living of households of different sizes, equivalence scales are estimated from surveys and using a variety of methods. They are used to refer to an "adult equivalent" standard of living, or a "consumer unit" (CU). From this perspective, the standard of living of a household depends on its total income, but also on its size (number and age of its members).

[2] While Figure 7 of the working document summarizes the situations by the number of children, in the note the focus is on the case with two children.

Equality at risk from simplification

By Françoise Milewski and Hélène Périvier

Legislating to promote equality

The laws on equality in pay and in the workplace have come a long way since 1972, from the affirmation of the principle of equality to the production of a detailed numerical diagnosis that puts flesh on the bones of inequality (via the Comparative Situation Reports that have been drawn up since 1983 under the Roudy law) as well as to the duty to negotiate. The 2006 law paved the way for hitting recalcitrant companies with financial penalties, as set out in an article in the 2009 law on pensions. There were numerous attempts to limit the scope of the law up to 2012, when things were more or less

clarified: companies are now obliged to produce a CSR, which reports annually on the state of inequality in well-defined areas; they must then conduct negotiations on occupational equality and equal pay and, if there is no agreement, they are required to take unilateral action. There are exhaustive controls, with agreements or plans to be filed with the government (no longer on a one-off basis as in the first formulations of the implementing decree). Companies that fail to comply with the law are put on notice to remedy this on pain of financial penalties of up to 1% of payroll.

The duty to negotiate entails collective management of the issue. Since 2012, the number of agreements signed has increased, as have formal notices and sanctions. While the content of the agreements and plans is often too general, it's a start. The framework law of 4 August 2014 on equality has complemented and strengthened these arrangements.

Simplification: naïveté or retreat?

On the occasion of the Rebsamen bill on social dialogue, this long legislative process is suddenly being called into question under the pretext of simplification. In the bill's initial version, the requirement to produce a detailed diagnosis in a CSR is gone, having melted into the company's single database. The duty to negotiate on occupational equality also disappears, integrated into other negotiations (quality of life at work).

Given the extent of the reaction (associations, individuals, unions, researchers, etc.), the three ministries concerned issued a statement reaffirming certain principles, including that "it shall continue to be obligatory to transmit all the information that is currently found in the CSR". Amendments will be tabled to that effect. But nothing is settled. The gender indicators remain integrated into the single database, so the CSR loses its specificity. Negotiations that focus on equality are not restored, and their frequency remains unclear

(annual? triennial?). Uncertainty remains.

Whatever the outcome of the parliamentary debate that is starting up on social dialogue, business has been given the signal that equality policy can be challenged, that previous requirements are ultimately not all that imperative, and that the measures taken in recent years can be relativized in the name of simplification.

If, by leaving it up to the social partners to negotiate on gender equality, this issue had emerged on its own and led to significant progress, no law on the subject would have been necessary. It was in response to inertia and persistent inequality that constraints were imposed on companies. It is because our society needs to make gender equality a fundamental principle that laws, coupled with constraints, were approved. The complexity of the social dialogue on this subject reflects the resistance of the different parties. This simplification is at best naive, and at worst a refusal to come up with public policy to promote equality.

In the field of equality, vigilance is vital. Removing the constraints means going back on the principle of equality. A desire for equality requires clear, ongoing political will: continuity and coherence in public policy is crucial.

This is the meaning of a statement by men and women researchers that was published on the *Les Echos* website on 19 May.

Recession and Austerity: Gender Equality Jeopardized

By Anne Eydoux,[1] Antoine Math,[2] and Hélène Périvier[3]

The crisis that began in 2008 has hit European countries diversely, causing economic and labour market disequilibria of more or less magnitude. As with past global crises, the current one has gendered implications. While women's employment is said to have been preserved relative to men's in the early stage of a recession, austerity plans implemented in several countries to limit public deficits and debts are deemed to affect female workers more deeply. How gendered are labour market changes in recession and austerity and how should cross-country differences be analysed? This special issue of the Revue de l'OFCE notably points out the protective role of the gendered segregation of labour markets (i.e. the fact that women and men do not work in the same sectors or occupations): male-dominated sectors (construction, industry, etc.) are generally first hit in recession, while female-dominated sectors (services and the public sector) remain quite sheltered from a quick drop in the demand for labour – but are exposed to job losses at a later stage.

This collective publication aims to shed light on the differences in the gendered dimensions of past and/or present crises and related policies' impacts on European labour markets. The issue includes several comparative papers that either deal with gender at the European Union (EU) level, encompassing a variety of European countries, or that focus on more specific groups of countries, such as those most hit by the crisis and austerity (central and eastern European (CEE) countries, southern countries) or 'continental' countries (France, Germany). To complete the picture, a focus on specific country cases helps understanding the great variety of crises and how related policies impact on gender in labour

markets. For instance, in Germany where female employment has apparently been spared the effects of recession in quantitative terms, the focus is on the low quality of women's jobs. In central and eastern Europe, as well as in southern countries such as Greece, Portugal and Spain, male and female employment has been so deeply affected in quantitative terms (both in the recession and in the austerity phase of policy) that poverty and material deprivation have increased for all. In the UK, the impact of the recession and austerity has been selective, increasing existing inequalities by gender and by ethnicity, as well as within each category. In Sweden, where the public sector is widespread and female-dominated, the impact of recessions on women's employment has been delayed, occurring in austerity phases through the downsizing of the local government sector.

Various approaches are developed in this issue. First of all, many papers show the importance of the timing of recessions and define several phases with different gender implications, often distinguishing the recession and the austerity phases or adding an intermediate phase of recovery. When it comes to the analysis of crisis related policies, the phases may however sometimes appear less sharply, overlapping instead of alternating, for instance when austerity measures were implemented prior to the crisis – eventually in line with the economic governance of the euro zone or with a previous downturn. Several papers cover the long-term changes in labour market or public policies, trying to identify the impact of recession and austerity on trends in female and male employment (or foregone employment growth), and/or to question the change in public policies from a gender perspective. Others rather focus on the short-term gender impact of recession and austerity, exploring the relevance of common hypotheses regarding the demand for labour (segregation or buffer effects) or the labour supply (discouraged-worker or added-worker effects).

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Sharing parental leave: a must for equality

By Hélène Périvier

The bill on equality between women and men, approved by the Senate on 18 September 2013, includes a component aimed at modifying the arrangements for access to the allocation of parental leave [1] by introducing what is called the free choice of activity ("CLCA"). The latest *OFCE Note* (no. 34 of 26 September 2013) analyzes the consequences of this measure for gender equality and proposes other possibilities for a broader reform.

The right to the allocation of parental leave is a family right: it is allocated to a parent who cuts their working time or ceases working altogether in order to care for a child, for a maximum period of 3 years. Noting that 98% of the beneficiaries are women, the law aims to encourage fathers to take it up: henceforth, out of the 36 months allocated for parental leave, 6 must be taken by the other parent. In other words, once the mother has taken 30 months of parental leave,

the father must take over or else the family will lose the remaining 6 months. The UNAF, which opposes the reform, has published a survey on "fathers and parental leave" on its website. Arguing that the two sexes are complementary, it opposes the principle established in the law aimed at promoting the sharing of family responsibilities between mothers and fathers. Furthermore, the lack of childcare for young children is highlighted as a barrier to any modification of parental leave, on the grounds that this would accentuate the organizational constraints on parents of young children. Nevertheless, the gendered nature of parental leave is making this programme an obstacle to equality, even if some of the recipients say they use it out of personal choice. Making progress on gender equality thus requires reforming the mechanisms for access to parental leave. But will the proposed legislative changes be sufficient to shake up the boundaries of the existing sexual division of labour?

Redistributing the constraint between mothers and fathers

Given the struggle against the discrimination that affects most women, failure to make the CLCA reform would amount to introducing the freedom to use leave by some mothers and the freedom not to use it for all fathers. Parental leave is of course not the only factor responsible for gender inequality, but it is a driving force, and occupational inequalities in turn reinforce this inequality.

A policy designed to promote occupational equality cannot therefore avoid the reform of parental leave. Ending this vicious cycle necessitates major changes to this programme. Leave that is shorter and based on an individual right that is non-transferable between spouses, with compensation linked to the beneficiary's income, would undoubtedly be more attractive to fathers and would promote equality (Méda and Périvier, 2007). While not directly egalitarian in itself, such a scheme would have the enormous advantage of ensuring women's autonomy in relation to their spouse, thereby making economic

empowerment a principle of public policy. But it is not possible to shorten the duration of parental leave without having first filled the gap in childcare for young children, which is currently estimated at 350,000 places [2]. The re-organization of leave should therefore be part of an overhaul of early childhood care. Otherwise, shortening parental leave would wind up further increasing the burden weighing on parents, and mothers in particular. An ambitious early childhood care policy, featuring short parental leave paid in proportion to salary, would promote equality. This would require significant public expenditure, about 5 billion euros a year (Périvier, 2012). The trade-offs being made in the course of the government's budgetary adjustments point, however, to cutbacks in public spending.

In fact, due to a lack of funding, the proposed reform of the law is modest and will not really rebalance the sharing of family responsibilities between women and men. But it has the merit of highlighting the contradictions in society with respect to equality: without a requirement to share parental leave, this would be taken up only by women. The introduction of a period of parental leave allocated to the father will not directly increase the burden resulting from the shortage of childcare: the right to the allocation of parental leave is still 36 months for the family. It will merely spread the load between mothers and fathers. The trade-off facing fathers is the same as what mothers have faced for a long time. Given the low flat-rate amount of compensation, few fathers are likely to be tempted to take this leave. However, while the guidelines on budgetary matters are closing the door on any ambitious reform of early childhood care, women must not be the only ones to bear the consequences.

Reforming parental leave is thus imperative for equality.

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[1] It is important to distinguish the allocation of parental

leave as such from parental leave in terms of labour law (Labour Code Article L. 122-28-1), which, subject to certain conditions, guarantees that all employees will regain their job after taking parental leave for a period of one year, which is renewable three times. The first is paid by the CAF within the broader context of family policy, subject to certain conditions (rank of the child, past activity, etc.). The conditions of access in terms of past activity are more flexible for granting eligibility for the allocation than parental leave in the strict sense. In fact, only 60% of CLCA recipients benefit from a guarantee of re-employment (Legendre and Vanovermeir, 2011).

[2] See, in particular, the Tabarot Report, Périvier 2012.

Reforming the conjugal quotient

By Guillaume Allègre and Hélène Périvier

As part of a review of family benefit programmes (the motivations for which are in any case debatable), the government has announced plans to reduce the cap on the family quotient benefit in the calculation of income tax (IR) from 2014. The tax benefit associated with the presence of dependent children in the household will be reduced from 2000 to 1500 euros per half share. Opening discussion on the family quotient should provide an opportunity for a more general review of how the family is taken into account in the calculation of income tax, and in particular the taxation of couples.

How are couples taxed today?

In France, joint taxation is mandatory for married couples and civil partners (and their children), who thus form part of one and the same household. It is assumed that members of a household pool their resources fully, regardless of who actually contributes them. By assigning two tax shares to these couples, the progressive tax scale is applied to the couple's average revenue [(R1 + R2) / 2]. When the two spouses earn similar incomes, the marital quotient does not provide any particular advantage. In contrast, when the two incomes are very unequal, joint taxation provides a tax advantage over separate taxation.

In some configurations, separate taxation is more advantageous than joint taxation; this is due partly to the particular way that the employment bonus and tax reduction [1] operates, and to the fact that separate taxation can be used to optimize the allocation of the children between the two tax households, which by construction does not permit joint taxation. Tax optimization is complex, because it is relatively opaque to the average taxpayer. Nevertheless, in most cases, marriage (or a "PACS" civil partnership) provides a tax benefit: 60% of married couples and civil partners pay less tax than if they were taxed separately, with an average annual gain of 1840 euros, while 21% would benefit from separate taxation, which would save them an average of 370 euros (Eidelman, 2013).

Why grant this benefit just to married couples and civil partners?

The marital quotient is based on the principle that resources are fully pooled by the couple. The private contract agreed between two people through marriage or a PACS constitutes a "guarantee" of this sharing. In addition, the marriage contract is subject to a maintenance obligation between spouses, which binds them beyond the wedding to share part of their resources. However, the Civil Code does not link

“marriage” to the “full pooling” of resources between spouses. Article 214 of the Civil Code provides that spouses shall contribute towards the expenses of the marriage “in proportion to their respective abilities”, which amounts to recognizing that the spouses’ abilities to contribute may be unequal. Since 1985, Article 223 has established the principle of the free enjoyment of earned income, which reinforces the idea that marriage does not mean that the spouses share the same standard of living: “each spouse is free to practice a profession, to collect earnings and wages and to spend them after paying the costs of the marriage”. The professional autonomy of the spouses and the right to dispose of their wages and salaries are fully recognized in the Civil Code, whereas the Tax Code is limited to an overview of the couple’s income and expenditures.

In addition, there is some dissonance between the social and the tax treatment of couples. The amount of the RSA benefit [income support] paid to a couple is the same whether they are married or common-law partners. As for the increased RSA paid to single mothers with children, being single means living without a spouse, including a common law partner. Cohabitation is a situation recognized by the social system as involving the pooling of resources, but not by the tax system.

Do couples actually pool their resources?

Empirical studies show that while married couples tend to actually pool all their income more than do common-law partners, this is not the case of everyone: in 2010, 74% of married couples reported that they pooled all their resources, but only 30% of PACS partners and 37% of common-law couples. Actual practice depends greatly on what there is to share: while 72% of couples in the lowest income quartile report pooling their resources fully, this is the case for only 58% of couples in the highest quartile (Ponthieux, 2012). The higher the level of resources, the less the couple pools them. Complete pooling is thus not as widespread as assumed: spouses

do not necessarily share exactly the same standard of living.

Capacity to contribute and number of tax shares allocated

The tax system recognizes that resources are pooled among married couples and civil partners, and assigns them two tax shares. The allocation of these tax shares is based on the principle of ability to pay, which must be taken into account to be consistent with the principle of equality before taxation: in other words, the objective is to tax the standard of living rather than income *per se*. For a single person and a couple with the same incomes, the singleton has a higher standard of living than the couple, but due to the benefits of married life it is not twice as high. To compare the living standards of households of different sizes, equivalence scales have been estimated (Hourriez and Olier, 1997). The INSEE allocates a 1.5 share (or consumption unit) to couples and a 1 share to single people: so according to this scale, a couple with a disposable income of 3000 euros has the same standard of living as a single person with an income of 2000 euros. However, the marital quotient assigns two shares to married couples but one to the single person. It underestimates by 33% the standard of living of couples relative to single people, and therefore they are not taxed on their actual ability to contribute.

Moreover, once again there is an inconsistency between the treatment of couples by social policy and by fiscal policy: social security minima take into account the economies of scale associated with married life in accordance with the equivalence scales. The base RSA (*RSA socle*) received by a couple (725 euros) is 1.5 times greater than that received by a single person (483 euros). There is an asymmetry in the treatment of spouses depending on whether they belong to the top of the income scale and are subject to income tax, or to the bottom of the income scale and receive means-tested social benefits.

What family norms are encapsulated in the marital quotient?

The marital quotient was designed in 1945 in accordance with a certain family norm, that of Monsieur Gagnepain and Madame Aufoyer ["Mr Breadwinner and Ms Housewife"]. It contributed together with other family programmes to encouraging this type of family organization, *i.e.* the one deemed desirable. Until 1982, tax was based solely on the head of the family, namely the man, with the woman viewed as the man's responsibility. But far from being a burden on her husband, the wife produced a free service through the domestic work she performed. This home production (the care and education of children, cleaning, cooking, etc.) has an economic value that is not taxed. Single earner couples are thus the big winners in this system, which gives them an advantage over dual earner couples, who must pay for outsourcing part of the household and family work.

In summary, the current joint taxation system leads to penalizing single persons and common-law couples compared to married couples and civil partners, and to penalizing dual-earner couples compared to single-earner couples. The very foundations of the system are unfavourable to the economic liberation of women.

What is to be done?

The real situation of families today is multiple (marriage, cohabitation, etc.) and in motion (divorce, remarriage or new partnerships, blended families); women's activity has profoundly changed the situation in the field. While all couples do not pool their resources, some do, totally or partially, whether married or in common law unions. Should we take this into account? If yes, how should this be done in light of the multiplicity of forms of union and the way they constantly change? This is the challenge we face in reforming the family norms and principles that underpin the welfare state. Meanwhile, some changes and rebalancing could be

achieved.

Currently, the benefit from joint taxation is not capped by law. It can go up to 19,000 euros per year (for incomes above 300,000 euros, an income level subject to the highest tax bracket) and even to almost 32,000 euros (for incomes above 1,000,000 euros) if you include the benefit of joint taxation for the exceptional contribution on very high incomes. For comparison, we note that the maximum amount of the increase in the RSA for a couple compared to a person living alone is 2900 euros per year. The ceiling on the family quotient (QF), which is clear, is 1500 euros per half share. A cap on the marital quotient of 3000 euros (twice the cap on the QF) would affect only the wealthiest 20% of households (income of over 55,000 euros per year for a single-earner couple with two children). At this income level, it is likely that the benefit from joint taxation is related to an inequality in income that is the result of specialization (full or not) between the spouses in market and non-market production or that resources are not fully shared between the partners.

Another complementary solution would be to leave it up to every couple to choose between a joint declaration and separate declarations, and in accordance with the consumption scales commonly used to accord the joint declaration only 1.5 shares instead of 2 as today. The tax authorities could calculate the most advantageous solution, as households do not always choose the right option for them.

A genuine reform requires starting a broader debate about taking family solidarity into account in the tax-benefit system. In the meantime, these solutions would rebalance the system and turn away from a norm that is contrary to gender equality. At a time when the government is looking for room for fiscal maneuvering, why prohibit changing the taxation of couples?

[1] A tax reduction [*décote*]is applied to the tax on households with a low gross tax (less than 960 euros). As the reduction is calculated per household and does not depend on the number of persons included in the household, it is relatively more favourable for singles than for couples. It helps ensure that single people working full time for the minimum wage are not taxable. For low-income earners, the reduction thus compensâtes the fact that single persons are penalized by the marital quotient. No similar mechanism is provided for high-income earners.

Family benefits: family business?

By Hélène Périvier

Bertrand Fragonard has submitted his report to the Prime Minister; it aims, first, to enhance the redistributive nature of family policy and, second, to rebalance the accounts of the family branch, which have recently been running a deficit, by 2016. A realignment of family benefits towards low-income families is proposed as the first objective. As for the second, the two options proposed are adjusting benefits based on means, or taxing them. How can 2 billion euros be found in today's lean times?

With the cow already thin, is it really the time to put it on a diet?

The cutbacks in spending on family policy are part of a broader economic austerity policy aimed at rebalancing the

public accounts. The government deficit is of course a serious issue, which cannot simply be swept under the rug. It is bound up with the durability and sustainability of our welfare state, and as concerns the topic being discussed here more specifically, with the future of family policy. But the magnitude and timing of the fight against deficits are central to its effectiveness. The OFCE's forecasting work shows that the massive reductions in public spending being made by France will undercut growth. The lack of growth will in turn slow deficit reduction, which will thus not live up to expectations. Ultimately, you can't have your cake and eat it too, in particular if the economy isn't producing the ingredients.

If we continue down this path of trimming family policy, then how should we proceed? Who should bear the cost? Should we cut spending or increase revenues?

Staying the course?

A number of principles guide public action. They constitute a compass that helps to stay the course that we have set and to develop the tools needed to do this. With regard to family policy, the first principle concerns horizontal equity: this requires that a household should not see its standard of living fall with the arrival of a child. In other words, based on this principle, all households finance support that benefits only households with dependent children. This constitutes redistribution from households without children to those with children, whether the household is rich or poor. This sharing of the cost of children is justified by the idea that a healthy birth rate benefits everyone. Family allowances are emblematic of this principle.

The second principle concerns vertical equity: every household should participate in the financing of family policy in a progressive manner based on its income, and low-income households with dependent children should receive special

assistance, such as the family income supplement [*le complément familial*], a means-tested assistance for families with three or more children.

Nothing of course prevents us from changing tack by changing the relationship between these two principles. Indeed, family policy does need to be reformed: it should take into account the changes undergone by French society in recent decades (which policy now does only partially): increased numbers of women in the workforce, the rise in divorce and unmarried partnerships (today most children are born to couples who are neither married nor civil partners), new family configurations, concern for the equality of children with respect to collective care and socialization, territorial inequalities, etc. (Périvier and de Singly, 2013). These considerations on family policy need to be integrated into an overall vision of the tax-benefit system for families –otherwise public policy risks becoming incoherent. The mission statement behind the Fragonard report highlights above all rebalancing the family branch accounts by 2016, "with a significant shift from 2014".

Don't lose your bearings!

While staying the course on family policy, some leeway is possible. To draw on the contributions of all households, the taxation of the couple could be reviewed. Under the current system, married couples or civil partners have two tax shares; this leads to tax reductions that increase in line with the difference in the income of the two partners (the extreme case being that of Mr. Breadwinner and Mrs. Housewife, the arrangement that this type of taxation was designed to encourage). This is what is called the conjugal quotient [1]. This "benefit" is not capped [2], unlike the benefit related to the presence of a child (the famous family quotient, whose ceiling was recently reduced to 2000 euros). Capping the conjugal quotient would not call into question the principle of horizontal equity, as many childless couples benefit from

it, couples who, for the most part, had dependent children in the past and have benefited from a generous family policy. Doing this would spread the effort to rebalance the family branch accounts over a wide range of households, including those who do not have or no longer have dependent children [3]. The complete elimination of the conjugal quotient (*i.e.* the individualisation of taxes) would provide additional tax revenue of 5.5 billion euros (HCF, 2011). This tax "benefit" could initially simply be capped: the yield would be greater or smaller, depending on the ceiling adopted [4]. The distribution of the gain for couples related to the marital quotient is concentrated among the highest income deciles (Architecture des aides aux familles, HCF, 2011). Another possible tax revenue concerns the extra half-share granted for having raised a child alone for at least 5 years. Now capped at 897 euros, this benefit could be eliminated, as it does not meet any of the principles set out above and it is doomed to disappear.

These steps would increase tax revenue and help fund family policy. These options would unquestionably increase the tax burden on households. If we add to the effort requested the constraint to not increase taxation, then the 2 billion euros would have to be found through cuts in spending on family benefits. The room for manoeuvring becomes almost razor thin. Out of concern for vertical fairness, these cuts must be borne by the best-off families with children. But this vertical redistribution is conceived within the limited framework of families with children. Yet vertical equity generally consists of a redistribution from better-off households to poorer households. What is therefore being applied here would be a principle of vertical equity that could be described as "restricted vertical equity".

There is no free lunch…

The family allowance is clearly in the firing line in this narrow framework for family policy that excludes from its

scope the taxation of couples in particular. It represents 15% of the family benefits paid, or 12 billion euros. There are two main options: the amount could be adjusted in line with the level of household resources, or the benefits could be taxed. But which? Both options have advantages and disadvantages.

Subjecting the family allowance to conditions would help to target wealthy families while not affecting the others. This targeting would enhance the redistributive character of the system, which would definitely be an advantage. But this requires setting income thresholds above which the amount of benefits received decreases. So families in similar situations would receive different levels of benefits depending on whether their incomes were just below or just above the threshold. This would undermine the universal commitment to the welfare state. Furthermore, the thresholds could lead to a contraction in the labour supply of women in couples: the "classic" trade-off would be, "if I work more, we will lose benefits" – it is still the activity of women, and always the activity of women, that suffers. To limit these negative effects, the thresholds could be smoothed and variable income ceilings introduced based on the activity of the two partners by raising those applying to couples where both work. What would gradually emerge is a huge white elephant, a Rube Goldberg machine that generates higher management costs with extra work for the CAF service. In addition, the system would be less transparent, because it is more complex, leading to overpayments, fraud, and even more annoying, a lack of take-up (those eligible for a benefit don't apply). Finally, selective benefits are the breeding ground for debate around a culture of dependency, with the suspicion that "the reason these people don't work is in order to get benefits". Note that this risk disappears if the thresholds are set at a high level.

Taxing the family allowance would get around these problems: it is simple, with no extra management costs, as the amount of

benefits received would just be added to taxable income. So the progressiveness of the income tax system would apply. More affluent families with children would pay more than those on lower incomes. But targeting would be less accurate than before: many families with children would be affected, and households that were previously not taxable may become so (even if this involved small amounts). Finally, the tax burden would increase, which is politically costly.

By construction, in both cases families that have only one child would not be affected because, under a family policy designed to promote high birth-rates, they do not receive family benefits. And in both cases families without dependent children are not required to contribute.

Don't throw the baby out with the bath water ….

Adjusting the family allowance for income is the track that seems to be preferred by the Fragonard report. The opinion of the High Council for the family (HCF) indicates that this approach has been rejected by the majority of that body's members. Overall, the measures proposed in the report are to reduce the spending on families with dependent children within the limited scope of family policy, namely benefits. The danger looming is that the guidelines proposed lead to paralysis by freezing the different oppositions and exacerbating the conservative visions for family policy. Some will justly view this as a systematic attack on family policy, since the overall budget is cut. Nevertheless, an overhaul of family assistance is needed, but it cannot involve a reduction in spending in this area as the need is so great, especially to ensure progress with regard both to gender equality and equality between children. Any reform must be based on the principles of justice and on an approach to the welfare state that needs to be reviewed and renegotiated. Even though the budget constraints are serious, we cannot reduce the amount allocated to family policy, but nor should we retreat from the in-depth reform that is needed.

[1] Note that mechanisms such as a tax break or incentive to promote employment tend to favour people who are cohabiting over married couples. The interactions between the multiple tax provisions complicate comparisons of the tax treatment of people with different marital statuses.

[2] It is, implicitly, but for extremely high levels of income, reaching the upper end of the income tax brackets with or without the marital quotient (this implicit cap limits the advantage to 12,500 euros).

[3] On condition that these additional tax revenues are paid to the family branch.

[4] For a ceiling of 2,590 euros, the extra tax revenue from capping the conjugal quotient would be about 1.4 billion euros (HCF, 2013).

The taxation of family benefits – is this the right debate?

By Hélène Périvier and François de Singly

Debate on the taxation of the family allowance has begun once again. Faced with a deficit in the government's family accounts of about 2.5 billion euros in 2012, the idea of

taxing the allowance has resurfaced as a way to refill coffers that have emptied, in particular as a result of the economic crisis. The debate often pits an accounting logic that aims to make up the deficits quickly against the logic of a conservative family policy. This post offers a broader perspective that goes beyond this binary approach to the issue.

From family accounts that were balanced…

In the current period, dealing with the budget involves squaring a circle: less tax revenue and greater social spending because of the economic crisis. The temptation is to solve this equation by reducing social spending to make up for declining revenues. It is in this context that the proposal to subject the family allowance to income tax has resurfaced.

During economic crises, the automatic stabilizer role played by social welfare, including family policy, is fundamental. It limits the effects of the crisis on the living standards of those who are most at risk, and therefore also helps to contain the rise in inequality. By supporting household income, it prevents a collapse of economic activity. During the kind of economic downturn we are experiencing today, cutting social spending is not desirable and can be counter-productive macroeconomically.

However, it is not absurd to try to balance the budget for family expenditure over the medium and long term, as this ensures that public action to support families will be sustainable. The deficit in the family accounts comes to 2.5 billion euros. But this is mainly because of the crisis and the consequent reduction in revenues, and is thus cyclical. Mechanically, with legislation unchanged, the family accounts should balance again within a few years if economic growth returns (these assumptions are based on an annual growth rate of 2% from 2014). Although a debt would still exist due to the accumulation of deficits in 2012 and the following years [1],

this could be gradually eliminated using the surpluses generated after the return to equilibrium. But the outlook changes if there is no return to growth or if recovery takes longer than expected, in which case questions about the family budget allocation could be raised with regard to its redistribution or its level. The CNAF pays more than 12 billion euros for the family allowance [2], regardless of the parents' income. Families with two children receive 127 euros per month for the two children and 163 euros for each additional child. These family benefits are not taxed. Taxing them would reduce the amount of post-tax benefits paid to families, progressively in line with income. This would generate additional tax revenue of approximately 800 million euros. It might seem fairer if families with higher incomes bore more of the burden of budget cutbacks than families on lower incomes. But this issue is more complex than it appears.

The taxation of family benefits might seem to be a way to make up for the loss in the progressivity of the tax system that has occurred over the years, which is mainly due to lower marginal rates in the income tax system, and thereby make things more equitable. But this answer is only a race to the bottom socially, a headlong rush by our welfare state that would lead to reducing its scope of action.

Taxing the family allowance reduces the level of transfers from households without children to families with children, *i.e.* it violates the principle of horizontal equity. Of course, it also helps in particular to increase the level of transfers from the best-off families with children to those less well-off. But to strengthen the overall degree of vertical redistribution (that is to say, to increase the level of transfers from the richest households to the poorest), the tax system has to be made more progressive, which is what was done with the latest fiscal adjustments (introduction of a 45% tax bracket in particular). In this context, the universality of family allowances could then be maintained, which has the

advantage of consolidating the support of high-income households for the principle of the welfare state: they pay more taxes, but they receive the same amount of family benefits when they have children.

The taxation of the family allowance is not simply an adjustment in family policy, it also affects its values and in particular the principle of horizontal equity. While it may be necessary to rethink the objectives of family policy, which are now outdated in many respects, as we show in the next section, the current period is probably not the best for conducting this debate, because the urgency of the situation and the desire to find more room for fiscal manoeuvring would lead to the adoption of a short-term vision, whereas family policy is intrinsically long-term policy.

…to a balanced family policy

Nevertheless, this debate on the relevance of taxing the family allowance should not lead to policy paralysis. The principles of current family policy were established based on the way society was viewed over 70 years ago. Although adjustments have been made, the principles remain. Yesterday's objectives do not reflect tomorrow's challenges. It is thus essential to renegotiate the foundations of family policy. How should the welfare state's family activities be reoriented? What compass should be followed? This is the question we need to answer.

One of the goals of contemporary family policy is to prop up the birth-rate. State support increases with the birth order of the child, for example, by granting an additional one-half personal allowance on taxation per child, starting from the third child. When considering how to redeploy spending on family policy, removing the one-half personal allowance should be a top priority for proposals to rebalance the accounts. Similarly, the family allowance is paid only from the second child. France is one of the only countries in Europe not to

grant an allowance from the first child. But the dynamic fertility rate found in France is not the result of pro-childbirth family policies like this; instead, it has more to do with the support given for working women with children: kindergarten, extracurricular childcare, care in early childhood, as well as support for mothers in the workforce (rather than stigmatizing this, as is the case in Germany). Family policy needs to be reoriented towards an objective that respects the rights of every child regardless of their birth order. It should focus on the social citizenship of the individual (that is to say, a more individually-based method of acquiring social rights) from birth to death (while taking into account longer life spans).

A renovated family policy would reflect the principle of equality between children and equality between women and men, including in particular an overhaul of early childhood support, a massive increase in childcare and changes in the system of parental leave. The cost of dealing with early childhood support would be about an additional 5 billion euros per year. Furthermore, the latest publication of the OECD, Education at a Glance 2012, shows that in France children's academic success is strongly correlated with the level of the parents' education. Finally, the level of child poverty is disturbing. These are all major challenges we must meet.

The rise of partnerships outside marriage but also of divorces (and separations more generally) and family recompositions are a sign of greater individual freedom with regard to life choices. This constitutes a progressive step in the way our society functions. But separations are often accompanied by a decline in living standards and often are not financially possible for individuals on low incomes. In addition, the economic consequences when the couple breaks down hit women harder than men. [3] Single-parent families, most often mothers with the children in their care, are more exposed to poverty than other households. A family policy that is more in

line with these new living arrangements, and which would accompany changes in the family structure over the life cycle, needs to be considered.

It is necessary to redefine the content and contours of our future family policy, but the desire to balance the family accounts cannot be the sole engine driving this process. We must stop thinking about this kind of change in a narrow way, as we need to reform the very foundations of the system based on new needs and on the principles of justice and solidarity that underpin our social welfare state.

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[1] In 2011, the debt in the family accounts was transferred to the Caisse d'amortissement de la dette sociale (CADES), (Organic Law 2010-1380 – in French).

[2] Which represents about 15% of the total amount of benefits paid out of the family accounts.

[3] Jeandidier Bruno and Cécile Bourreau-Dubois, 2005, "Les conséquences microéconomiques de la disunion", In Joël M.-E. and Wittwer J., *Economie du vieillissement. Age et protection sociale*, Ed. L'Harmattan,, Vol. 2, pp. 335-351.