

What the United States Can Learn From France: A Summary of an Important New Book on Child Poverty

This Research-in-Brief summarizes an important new book by Barbara R. Bergmann, professor of economics at American University and an affiliated member of the IWPR Information Network. Published by the Russell Sage Foundation in 1996, Saving Our Children From Poverty: What the United States Can Learn From France draws important lessons for the United States from the French experience with policies that aid families with children. This Research-in-Brief is part of a new series that highlights the work of researchers affiliated with IWPR on topics of importance to women.

The child poverty rate is 6 percent in France and 22 percent in the United States. This difference in child poverty rates cannot be attributed to demographic differences between the two countries: France and the United States have a similar proportion of births to unmarried mothers and have minority populations of comparable size.

The French spend a great deal more than the Americans to help families with children. But the difference in child poverty in the two countries is due only in part to differences in the amounts spent. It also reflects differences in the structure of the countries' programs. French parents at all income levels get a great deal of government help with child care, are members of a system of national health insurance, and are eligible for cash benefits. Those with low wages get extra help. French benefits go to two-parent families as well as single-parent families. These benefits do not discourage marriage or job-holding on the part of parents.

By contrast, Americans have in the past directed the bulk of their aid to single mothers who do not have jobs, but provide full-time care to their own children. Their non-earning has been a condition of maintaining their benefits. That aid did prevent homelessness, hunger, and untreated illness in this group. But it did not keep these families out

of poverty. Only very modest benefits have been available to American single mothers who work, even if their earnings have been insufficient to get them above the poverty line. Reliable government help with child care and health care has not been available to many low-wage parents. As a result, single parents on welfare were discouraged from working, and many of those who do work are poor.

The recently enacted welfare reform in the United States may succeed in getting more single mothers into jobs. However, in the absence of government help with child care and health care of the type that the French give, the reform is unlikely to reduce U.S. child poverty, and by most estimates will considerably increase it.

The easiest way to compare the French and United States programs is to look at the situation of a single mother in both countries. A single mother in the United States who goes off welfare and takes a low-wage job can receive a maximum of \$3,600 in government grants for two children (or \$2,200 for one child) from the Earned Income Tax Credit plus food stamps. Except for a transitional period, she would no longer be entitled to free health insurance, and she would incur additional expenses for child care, expenses that she would not have had if she had stayed home with her children.

Working single parents typically spend approximately 25 percent of their income on child care. Therefore, the single-mother family in the United States loses when she moves from welfare to a low-wage job.

Under the welfare reform, an American single mother may no longer have a choice between welfare and work. However, her chance of escaping poverty remains poor, in the absence of substantial new appropriations for child care and health care aimed at the low-income population.

In comparison, a single mother in France who moves from welfare to work retains \$6,000 in government cash and housing grants. She would still receive free health insurance and would pay a negligible amount for child care. Since many of these benefits are available to middle-class and even upper-class families, and to two-parent families, there is no stigma attached to receiving them.

Even though the standard of living provided by welfare in the United States is lower than in France, a higher proportion of American single mothers depend on it, because life on a low-wage job is so

difficult for them. In 1991, about 23 percent of France's single mothers were collecting welfare-like benefits, while in the United States, 67 percent of single-mother households were welfare-dependent. Because of the smaller proportion of single mothers who are welfare recipients in France, the cost of the program is lower than in the United States, in spite of the higher benefit payment. It is important to note, however, that, after adding in the cost of non-cash benefit programs (e.g., child care, health insurance) that are used by both poor and middle class families, France spends more money overall on social welfare programs.

Government Expenditures on Child Well-being in France and the United States

As Table 1 shows, if the United States were to increase spending on programs for child well-being to French levels, our local, state, and federal governments would have to spend 59 percent more

Table 1.
**Comparison of French and United States Government Expenditures
for Children's Well-Being, 1991**

Type of Expenditure	France		United States
	Billions of Francs	Billions of Dollars*	Billions of Dollars
Child care and development	63.9	\$45.4	\$23.9**
Income supplementation payments	139.0	98.8	64.5
Income tax reductions	50.0	35.5	25.4
Medical care for low-income children***	39.8	51.7	32.1
Total	292.7	\$231.4	\$145.9

* French expenditures are translated into dollars of equivalent purchasing power and then multiplied by 4.6 to make them comparable to figures for the United States, which has 4.6 times the number of children that France has.

** Includes expenditures for kindergartens and Head Start.

*** Medical expenditures by government for other than low-income children under France's national health insurance plan are excluded to make the figures for the two countries comparable, since in the U.S. most children of higher-wage parents get employer-provided health coverage.

Source: Table 2.1 in Barbara R. Bergmann, *Saving Our Children From Poverty*, Russell Sage Foundation, New York, NY, 1996.

than the current levels (\$85.5 billion in addition to the \$145.9 billion spent in 1991).

Table 2 highlights expenditures of both countries for child well-being as a percentage of defense spending, total government spending, and Gross Domestic Product, as of 1991. The French spent more on helping families with children, and they spent a greater percentage of their budget on these programs. France spent 66 percent more on child well-being than it did on defense. By contrast, the United States spent less for child well-being than we spent on defense, only 44 percent as much. (Of course, France has a much smaller defense budget, with less than half the per-capita cost.)

Annual Expenditures	France*	United States
	(in billions)	(in billions)
Programs for children's well-being	\$231	\$146
Defense	139	331
Total government spending	2,249	1,941
Gross domestic product	4,806	5,611
<u>Government spending on children's well-being as a percentage of:</u>		
Defense	166%	44%
Total government spending	10%	8%
Gross Domestic Product	5%	3%

* French expenditures are translated into dollars of equivalent purchasing power and then multiplied by 4.6 to make them comparable to figures for the United States, which has 4.6 times the number of children that France has.

Source: Table 2.2 in Barbara R. Bergmann, *Saving Our Children From Poverty*, Russell Sage Foundation, New York, NY, 1996.

Similarities between France and the United States

There are many economic and demographic similarities between the United States and France. Both countries have similar female labor force participation rates (72.0 percent in the United States, 73.5 percent in France) and percentages of births outside marriage (28.0 percent in the United States, 30.0 percent in France). The annual rate of growth is the same for both countries and the annual rate of investment is similar (See Table 3). France does, however, have much higher taxation and higher unemployment than does the United States. Policies that work to reduce child poverty and increase single-mother job-holding in France would, with suitable modifications, work similarly in the United States.

Data	United States	France
Population	252,688,000	57,050,000
Per-capita gross domestic product	\$22,204	\$18,227
Annual rate of growth, 1981-91	2.2%	2.2%
Annual rate of investment	2.1%	2.3%
Taxation as a % of GDP	29.9%	43.7%
Unemployment rate	6.6%	9.3%
Women's labor force participation rate, ages 25-54*	72.0%	73.5%
Births to unmarried women as a % of all births	28.0%	30.0%

Source: Table 1.2 in Barbara R. Bergmann, *Saving Our Children From Poverty*, Russell Sage Foundation, New York, NY, 1996.

Description of Programs for Child Well-Being in France

The French government has three types of programs to help families with children: child care and development, income supplementation, and medical care.

France provides free high-quality public nursery schools for children ages two-and-a-half through six. There is no shortage of places. By the time they are three years old, 100 percent of French children attend, because parents know that the nursery schools help the children get ready for elementary school. For parents who need their children cared for beyond the school hours, well-coordinated before- and after-school care is available at nominal fees. The analogous U.S. programs to the French nursery schools are Head Start and public kindergarten. However, these American programs are mostly half-day, and are available only for one year of the children's lives. Thus they do not provide to American parents the kind of care their children need if the parents are to hold jobs.

In addition, France maintains public centers for the care of infants and toddlers of some working parents, has paid maternity leave, and provides subsidies for out-of-pocket child care expenses.

French supplements to the incomes of families with children include family allowances, housing assistance, and cash payments to pregnant women and parents of young babies. Some of these benefits are available regardless of income. They are not limited to families in which there is no substantial job holder, and they are available to couples, married or not. Less than 10 percent of French expenditures on income supplementation are targeted exclusively to families with no earnings. All the rest go to a broader group of parents, including those with low or no earnings. In the United States, only the EITC program targets families with low earnings, and it constitutes a small percentage of U.S. income support expenditures. Total French expenditure on income supplementation programs is \$98.8 billion in U.S. equivalent dollars. Of that total, \$53.5 billion is available to all families with children, regardless of income (see Table 4).

Table 4.
Details of French Government Expenditures on Selected Programs for Children's Well-Being, 1991

Expenditures	Billions of Francs	Billions of Dollars*
<u>Child care</u>		
Provision of care	46.897	\$33.329
Infant care	7.209	5.123
Nursery schools	37.316	26.520
Other benefits to families for child care	16.993	12.077
Mother-care for large families (APE)	5.923	4.209
Paid parental leave	9.257	6.579
Income tax reduction for child care expenses	1.000	0.711
Other	0.813	0.578
Total spending on child care	63.890	\$45.406
<u>Income supplementation payments</u>		
Available to all families regardless of income	75.326	\$53.533
Available to families with modest or no wage income	56.512	40.161
Available only to those without substantial wage income	7.192	5.111
Single parent subsistence (API)	3.841	2.730
Minimum income to assist job entry (RMI)	3.351	2.381
Total spending on income supplementation payments	139.028	\$98.806

* French expenditures are translated into dollars of equivalent purchasing power and then multiplied by 4.6 to make them comparable to figures for the United States, which has 4.6 times the number of children that France has.

Source: Tables 3.1 and 4.1 in Barbara R. Bergmann, *Saving Our Children From Poverty*, Russell Sage Foundation, New York, NY, 1996.

France provides national health insurance to all its legal citizens. This health insurance is not lost if a citizen changes or loses her or his job, goes from welfare to work, or develops an illness that is expensive to treat. In contrast, 72 percent of U.S. citizens in 1992 are covered privately, mostly under employer-provided plans. People with unstable attachments to the labor force (part-time or temporary workers) and low-wage job holders are generally not provided with this health insurance. Eleven percent of the U.S. population is covered by Medicare and Medicaid, leaving 18 percent of the total population not covered by any health insurance plan. Twelve percent of American children are uncovered.

The French government also supports a special corps of public health nurses who monitor and promote children's health and well-being. They supervise child care facilities and visit the homes of children thought to be at risk of neglect or abuse.

Conclusion

The level of expenditures on child well-being is higher in France than in the United States, and the French programs are much more effective at keeping children out of poverty. The smaller amount of money the United States government is currently spending has substantially less effect on child poverty rates. As Bergmann's book illustrates, the French model provides some useful ideas which could be adopted for use here. Most obvious would be programs to provide child care and health care

to help low-earning parents keep their children safe, healthy, and on the track to school success. As the French example shows, however, such programs are not cheap.

Can the United States afford a large-scale government program to reduce child poverty? Barbara Bergmann asks what politicians mean when they assert that the federal government cannot afford any additional expenditures for children. This statement can be interpreted two ways: it can mean that it would be financially impossible, or it can mean that the desire to spend additional monies is not strong enough to warrant a restructuring of the budget. By all measures, the United States is an extremely wealthy country, with one of the lowest tax rates. The French example should prompt policymakers to ask whether it would be worth reducing some other portions of the budget to provide child care and health services to children, thus enabling their parents to hold jobs, and thereby reducing children's poverty rates.

Bergmann proposes a "Help For Working Parents" program for the United States inspired by the French example, but less universal. It would provide child care vouchers, with the poorest 20 percent receiving full financial support, and those better off getting partial support. In addition, the proposed program would provide medical insurance to all families with children who do not receive it from an employer. She estimates a cost of \$80 billion additional. Only with programs like these, Bergmann argues, will we win the war against child poverty in the United States.

This fact sheet is based on the book Saving Our Children From Poverty by Barbara R. Bergmann, professor of economics at American University and an affiliated member of the IWPR Information Network. It is part of a series by IWPR which highlights the work of IWPR's affiliates on topics of importance to women. This Research-In-Brief was written by Barbara Bergmann, with the assistance of Jodi Burns and prepared by Jill Braunstein in March 1997. The Institute for Women's Policy Research (IWPR) is an independent, nonprofit research institute dedicated to conducting and disseminating research that informs public policy debates affecting women. Members of the Institute receive regular mailings including fact sheets such as this. Please see below or contact the Institute for further information about individual and organizational memberships.

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