ECONSTOR
Make Your Publications Visible.

A Service of

ZBW Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Karen, Rachel

Working Paper

Private transfers and poverty reduction in the United States and France

LIS Working Paper Series, No. 864

Provided in Cooperation with:
Luxembourg Income Study (LIS)

Suggested Citation: Karen, Rachel (2023) : Private transfers and poverty reduction in the United States and France, LIS Working Paper Series, No. 864, Luxembourg Income Study (LIS), Luxembourg

This Version is available at:
https://hdl.handle.net/10419/283871

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

LIS
Working Paper Series

No. 864

Private Transfers and Poverty Reduction in the United States and France

Rachel Karen

September 2023

Luxembourg Income Study (LIS), asbl

Private Transfers and Poverty Reduction in the United States and France

Rachel Karen
rachel_karen@utexas.edu

Abstract:
Prior research has documented financial transfers between kin and how such assistance often alleviates material hardship, yet few studies have attempted to systematically document the redistributive impact of these transfers. The current study explores the effects of financial transfers on poverty rates using data from the Luxembourg Income Study (LIS) to understand the role of public and private transfers on poverty reduction in the United States and France. This study analyzes poverty outcomes based on (i) market income (income prior to taxes and transfers), (ii) market income plus public transfers, and (iii) income plus private transfers. This disaggregation provides insight into the extent to which public and private transfers reduce market-generated poverty. Results indicate that private transfers can be an important source of household income for American and French families, however, such transfers frequently benefit households who are already at lower risks for poverty. Private transfers are not limited to covering gaps in the safety net but rather reflect one means by which families may confer advantage across generations.

INTRODUCTION

Despite growing G.D.P. and a range of "poverty protections," child poverty remains stubbornly high in the United States compared to other Western democratic nations. More than 20% of American children live in poverty, above the OECD average of 12.8% and well above the thirteen OECD countries with child poverty rates below 10% (OECD 2021). While the COVID-19 pandemic highlighted longstanding concerns about economic inequality and precarity among certain segments of the workforce, key policies put in place during the pandemic to protect families kept 3.7 million American children out of poverty and strengthened the American safety net (Center on Poverty and Social Policy). These policies included expansions of Medicaid and food assistance (SNAP) as well as direct monetary relief to families through stimulus checks and child allowances to families. The Committee for a Responsible Federal Budget estimates that the American government spent five trillion dollars on pandemic-related relief helping families and businesses (CRFB 2023). When the monthly Child Tax Credit expired in January of 2022, child poverty in the U.S. increased by 41% (Parolin, Collyer, and Curran 2022).

The impact of that pandemic-related aid on poverty rates reveals how policy choices can powerfully affect the lives and well-being of families. Different policy choices help explain observed differences in poverty rates across countries (Chen and Corak 2008; Rainwater and Smeeding 2003). Research on poverty in high-income countries most commonly focuses on policies of public redistribution such as social insurance, social assistance, universal transfers, and direct taxes - institutions which form the modern welfare state (Garland 2016; Esping-Anderson 1990). Comparative studies leverage differences in welfare state policies to explore the extent to which different policy choices affect the material resources of households and their risk of falling

into poverty. Indeed, prior research has found that welfare generosity has a negative effect on the likelihood of poverty, net of individual characteristics and structural context (Brady et al 2009).

A key component of these studies is the recognition that households have access to resources from various sources. While there is a long tradition of scholars studying the effects of public transfers on households' resources and material well-being, a more complete accounting would include private financial transfers among households as well. Prior research has documented financial help among kin and how such assistance often alleviates material hardship (Verdery and Campbell 2019; Halpern-Meekin et al 2015) and can be used to maintain the class status of the recipients (Semyonov and Lewin-Epstein 2005; Hertz and Ferguson 1998). Due to data limitations, these familial transfers are not as commonly studied, yet there are empirical and theoretical reasons to suggest that private transfers among households could powerfully affect households' standards of living and broader levels of poverty.

The aim of this study, therefore, is to explore the effects of financial transfers on poverty rates using data from the Luxembourg Income Study (LIS) to understand the role of both public *and* private transfers on poverty reduction in the United States and France. France is a useful comparison to the United States given that France has the largest proportion of social welfare expenditures relative to GDP among all the OECD countries and it ranks among the top five countries in terms of public spending on cash benefits relative to GDP (OECD 2020). Comparing the situation of Americans in low-income households with their counterparts in France therefore presents a perspective on the context and effectiveness of social policies and private transfers on poverty reduction.

Using LIS data, I first examine the size and distribution of public and private transfers among French and American households. I then decompose household income into market

income, public transfer income, and private transfer income to determine the proportion of French and American households below the poverty line prior to receiving each type of transfer and then after receiving each type of transfer. This decomposition reveals the extent to which public and private transfers lift household income above the poverty line in the United States and France. This approach is consistent with "pre-fiscal" versus "post-fiscal" studies which take the difference between income that excludes transfers ("pre-fiscal" income) and income that includes transfers ("post-fiscal" income) as an indication of redistribution. This study extends prior research by incorporating private transfers to investigate the interplay of both public and private transfers on poverty reduction in the United States and France. Results indicate that private transfers do lift a non-trivial number of families in both countries above the poverty line, however, these effects are more pronounced among households that are already at a lower risk for poverty. In this way, private transfers reflect ways families could try to confer advantage across generations.

BACKGROUND

Different households face different risks of being in poverty. Prior research has shown that within countries, the likelihood of living in a poor household is shaped by household demography such as the size of the household, the gender and age of the household head, and the earning statuses of people in the household. Single-parent headed households, especially single-mother households, are correlated with higher risks of poverty (Weinshenker and Heuveline 2006; Bane and Zenteno 2005; Beaujot and Liu 2002). Households with a single (or no) earner are at a higher risk of poverty than household with multiple earners (Misra et al. 2006; Munzi and Smeeding 2006; Moller and Misra 2005). While labor market income is essential to ensure that households are not living in poverty, this income alone might be insufficient for certain households. For

instance, low pay, precarious employment, and limited work hours can hinder families' ability to remain above the poverty line from labor market earnings alone.

Poverty rates also vary across high-income countries and much of this variation is due to differences in the structure of the labor market and differences in tax and transfer policies. Upper income countries with relatively similar demographic characteristics have substantially different poverty rates (Gornick and Jantii 2009; Chen and Corak 2008; Rainwater and Smeeding 2003). Research consistently reveals that poverty reduction is highest in Nordic/ social democratic states such as Sweden and Finland, followed by corporatist/conservative states such as Germany and France, and lowest in liberal welfare states such as the United States (Makinen 1999). Among Western democratic nations, the United States is unique in that it historically has higher levels of overall poverty and child poverty than its peers, even after public transfers. Comparative research demonstrates that demographic factors that help explain within-country poverty are not the leading factors helping us understand poverty across countries. In other words, demographic shifts are not the primary driver of high poverty rates in the U.S., rather, the structure and limited generosity of transfers produces high poverty rates (Chen and Corak 2008; Rainwater and Smeeding 2003).

Inter-household Financial Transfers

Scholars of social mobility are often concerned with the transmission of resources and privilege across generations. There is agreement in the sociological stratification literature that the transmission of family resources across generations is a source of socioeconomic inequality. Yet private transfers among households and their relationship with poverty reduction specifically are more commonly studied in context of low- and middle- income countries, where the state and effective systems of public safety nets are less developed (McKenzie and Rapoport 2007; Cox 2002; Bamberger, Kaufmann, and Velez 2000). For instance, as East Asian states like Korea and

Taiwan were developing, private transfers were a more crucial income source for elderly households than public transfers (Kwon 2001; Biddlecom et al. 2001). Even after social policy reforms in the 1990s, private transfers reduced the poverty rate by 19% in Korea and 25% in Taiwan (Kim and Choi 2011). In China, Peru, and the Dominican Republic, private cash transfers between households and remittances sent from abroad act as important source of support (Cai and Evans 2018).

One study that included private transfers in its analyses of child poverty reduction in high- and middle- income countries found that private transfers play a limited role in reducing formal child poverty in high income nations but a more substantial role in reducing extreme child poverty in the U.S. (Cai and Smeeding 2019). It is well documented that private financial transfers in the United States often help alleviate material deprivation for American families who receive them (Verdery and Campbell 2019; Edin and Schaefer 2015; Halpern-Meekin et al 2015;). Prior research has found that transfers of money are an important form of parental support and that the frequency and size of such transfers varies across race, ethnicity, and family structure (Turney and Kao 2009; Sarkisian and Gerstel 2004). The ability to transfer money across families, of course, is constrained by the material resources that households command, though recent work reveals how individuals and families are increasingly using access to credit to mitigate financial hardship and to provide monetary assistance to family members in need (Pugliese, Bourdais, and Clark 2020).

While there are theoretical and empirical reason to believe that private transfers among households could be helping to cover gaps in the safety net, these cash transfers could also be a way for families to provide assistance in a way that reinforces inequality. Households with more income, wealth, and/or education are associated with higher likelihoods of transferring money

(Hurd, Smith, and Zissimopoulos 2007). Prior research also shows that young adults of parents in the top income quartile receive six times more financial assistance than young adults with parents in the bottom quartile (Wightman, Schoeni, and Robinson 2012). In a study of Jewish Israeli families, those who received support from parents were more likely to (a) come from affluent families and (b) enjoy higher living standards as demonstrated by consumption expenditures net of current SES status (Semyonov and Lewin-Epstein 2005). In a study of middle-class single mothers in Massachusetts, half of the sample had non-wage income ranging from $2,000 to $40,000 per year, primarily from inheritance, rental income, and regular financial gift-giving (Hertz and Ferguson 1998). Eliciting and receiving this money was part of a larger strategy by these women to use their class position and networks to maintain their class status by offsetting costs of child rearing. Thus, family income and wealth are resources that can be redistributed and then subsequently used by recipients to enhance their own positions.

Institutional Context

The need or desire for financial transfers among families also depends on the larger institutional environment in which households exist (Garland 2016; Gottlieb, Pilkauskas, and Garfinkel 2014; Brady et al. 2009). Government policies redistribute resources among citizens through monetary transfers such as social insurance, social assistance, and universal transfers as well as through direct taxes; these institutions form the modern welfare state (Garland 2016; Esping-Anderson 1990). As stated above, differences in national labor markets and welfare state policies affect the proportion of citizens living in poverty. This suggests that private financial transfers to poorer households are less likely to occur in places with generous welfare states and more likely to occur in places with less generous welfare states. Indeed, prior research has found

differences in transfer behavior across welfare regime types, where transfers are both larger and more frequent in southern European states and less frequent in Nordic welfare states (Albertini et al. 2007).

The United States is unique in that it is the most "liberal" of liberal welfare states as it lacks basic programs that are common in other liberal regimes such as universal healthcare, family allowances, and maternity leave (Garland 2016). The U.S. is also characterized by low levels of government social expenditures and welfare generosity which result in some of the highest levels of poverty and inequality in the developed world. Public social spending is around 18.7% of GDP, lower than the OECD average (OECD 2020). Public spending on cash benefits and on family benefits as a percentage of GDP is also significantly lower in the United States compared to other OECD countries. The American welfare state is divided between "entitlements" (federal, contributory, rights-based, and culturally perceived as "deserved") versus "welfare" (local, non-contributory, needs-based, and cultural perceived as "undeserved"). The American welfare state's preference for markets and private institutions also reinforces a cultural perception of poverty because of individual failure. Given the restricted range of social protections and services compared to other Western democratic nations, the United States is frequently seen as a welfare state laggard (Quadagno and Street 2006) and poverty remains stubbornly persistent despite G.D.P. growth, large productivity gains, and rising corporate profits. This raises the possibility that given the restricted nature of U.S. welfare state policies, private transfers among American families could help cover gaps in the American safety net.

In contrast to liberal welfare states such as the United States, conservative welfare countries such as France have much more generous income transfer systems. While Germany is considered the "ideal type" of a conservative welfare regime, the French welfare state resembles Germany

with wage-deducted contributions and wage-related benefits as well as social insurance schemes that are organized along occupational lines, which works to maintain status and occupational hierarchies. Benefits are generally family-centered rather than individual-centered and tend to reinforce traditional divisions of labor between men and women. Unlike the American system, however, the French Social Security system is comprehensive and universal and includes health, maternity, paternity, disability, and death insurance, along with government pension contributions, family allowances, and unemployment benefits. Across OECD countries, public social spending is the highest in France at just over 30% of GDP (OECD 2020). This includes cash allowances for families with children as well as a minimum income (*revenue de solidarité active*) for those who are at least 25 years of age, unemployed, and unable to claim unemployment benefits from prior employment.

In conclusion, differences in American versus French policy affect the prevalence of poverty and shape the broader environment in which private redistribution among households occurs. In the United States, poverty remains much higher than other Western democratic nations. Research on poverty and redistribution in high-income countries such as the United States and France most commonly focuses on public redistribution, however, the limited nature of the American welfare state suggests that private redistribution might play a significant role in poverty reduction in the U.S. This study uses data from the Luxembourg Income Study to investigate whether and how public and private transfers affect the prevalence of poverty in the United States and France. This comparison will shed light on the relative importance of private transfers for poverty reduction in countries with different welfare state regimes.

DATA, MEASURES, & METHODS:

Data:

Data for this study comes from Wave XI of the Luxembourg Income Study (LIS). The LIS Database is comprised of harmonized household and individual income microdata for fifty countries. The U.S. data in Wave XI comes from the 2018 Current Population Survey conducted by the U.S. Census Bureau. The French data comes from the 2018 Tax and Social Incomes Survey conducted by the National Institute of Statistics and Economic Studies and is the most recent harmonized data available for France. For this study, the sample is restricted to working-age households where the household head is 62 years or younger. Sixty-two is chosen as the cut-off point as this is the minimum age in both the United States and France when individuals can claim social security benefits.

The LIS database includes a detailed disaggregation of household income and social program provisions in each country. This includes information about different income streams including wage income, self-employment income, capital income, income from pensions, and income from public social benefits such as unemployment, sickness, disability, or maternity, and income from other households. For this reason, LIS data is particularly well-suited to investigate the redistributive effects of public transfers, social benefits, tax systems, and private transfers within and across countries. The LIS harmonized data also includes household and individual level information. This includes demographic information about the composition of the household, socio-demographic characteristics of the household head including age, education, marital status, and information about the household head's labor market status and occupation. The household and individual files were merged to obtain socio-demographic characteristics of the household head. However, all analyses were conducted at the household level. Descriptive statistics of the

2018 LIS data for the United States and France are presented below in Table 1. Individual-level statistics are provided for the household head.

[Table 1 here]

Measures:

The aim of this study is to explore the effects of different household resources on poverty rates to understand the role of the public and private transfers on poverty reduction in the United States and France. The key dependent variable is the *poverty rate*, or the percentage of households with income at or below the relative poverty line. Traditional relative poverty rates are often calculated by creating a threshold that is a certain percentage of disposable income adjusted for household size. For international bodies such as the OECD, LIS, and UNICEF, among others, 50% or the "half-median" line is a standard measure of relative poverty. This paper adopts this standard and uses the relative poverty line at 50% of median equivalized income based on the distribution of household income among the total population. Income is equivalized to account for household size by dividing disposable household income by the square root of number of members in the household. The relative poverty line is half of the median equivalized income. In 2018, the relative poverty line in the United States was $18,893.50. In France, the relative poverty line in 2018 was €11,470. As shown in Table 1, after taxes and transfers 15.8% of American households were in poverty and 11.1% of French households were in poverty.

Disposable household income includes labor income, transfer income, and capital income with taxes and social security contributions subtracted out. Disposable income is adjusted for differences in family size by using the square root scale. Zero, negative, or missing values of

income were excluded from the sample. The percentage of observations in each country that is dropped due to such exclusions is 0.89% (N=603) for the U.S. and 3.5% (N=1,726) for France.

A key strength of the LIS data is the ability to decompose disposable household income to assess the redistributive effects of public and private transfers. *Market income* is defined as income from the labor market. *Public transfers* encompass a wide range of public redistribution including family benefits, unemployment benefits, sickness and work injury pay, disability benefits, general assistance, and housing benefits. *Private transfers* encompass cash transfers from other households, including payments such as alimony, child support, and remittances. After household income is decomposed into these three parts, public and private transfers are then added back to understand the effects of private and public transfers on a household's likelihood to be in poverty. This decomposition of household income allows for the addition of private transfers and public transfers to market income to see whether and to what extent these types of transfers raise non-elderly households above the relative poverty line.

The likelihood for American or French households to experience poverty significantly varies by socio-demographic characteristics of the household and of the household head. Three key demographic characteristics about the composition of households include whether households contain children (one or more persons aged 17 years or younger present in the household), whether households contain children under 5 years old, and the number of earners in the households (zero, one, or multiple). Additional socio-demographic characteristics of the household head were obtained by merging the household and individual files. These characteristics include the age, gender, level of education, and race/ethnicity or immigrant status of the household head. In this study all non-elderly households were split in to three main cohorts depending on the age of the household head: "young" (age 18-34), "middle-age" (age 35-47) and "older" (age 48-61).

Education is coded by LIS into three categories consistent with UNESCO's International Standard Classification of Education (ISCED) corresponding to less than secondary education, completion of secondary education, and completion of tertiary education. Racial and ethnic identification is only available for the United States data and was recoded to the categories of White, Black, Asian, and Other. A dummy variable was also created to indicate Hispanic ethnicity for the U.S. sample (1=Hispanic). Given that France does not collect official statistics on race/ethnicity, immigrant status (1= immigrant) is used as a proxy.

Methods:

The purpose of this study is to determine whether and to what extent public and private transfers lift non-elderly families out of poverty in two high-income countries with different welfare state regimes. I consider the percentage of households who receive public and private cash transfers in both countries and the average size of such transfers as a proportion of average disposable household income for non-elderly households and for households with children. Disposable household income is equivalized to account for differences in household size.

The first analytic aim is to investigate the extent to which public and private transfers lift non-elderly household income above the poverty line in the United States and France. The distribution of equivalized disposable household income is used to determine the relative poverty line in each country, defined as half of the median equivalized income. Next, households' disposable income is decomposed into market income, public transfer income, and private transfer income. The proportion of non-elderly households below the relative poverty line in each country is calculated if households only had access to market income, then if households have access to market and public transfer income, and finally for if households have access to market, public, and

private transfer income. This decomposition provides a measure of the extent to which public and private transfers lift non-elderly household income above the poverty line in the United States and France. This approach is consistent with "pre-fiscal" versus "post-fiscal" studies which take the difference between income that excludes transfers ("pre-fiscal") and income that includes transfers ("post-fiscal") as an indication of redistribution. This study extends prior research by incorporating private transfers to investigate the interplay of both public and private transfers on poverty reduction.

The second analytic aim is to investigate whether and to what extent private transfers lift different households above the poverty line across socio-demographic groups. Given that different households face different risks of experiencing poverty even after public transfers, the second set of analyses compare households with different socio-demographic characteristics including the number of earners present in the household, whether the household contains children, and the age cohort, sex, education level, race/ethnicity or immigrant status of the household head. The proportion of households below the relative poverty line is first calculated if households only had access to market and public transfer income (i.e. "before" private transfers). Private transfer income is then added to determine the proportion of households below the relative poverty line after receiving private transfers. This decomposition reveals the percentage change in the proportion of American and French households below the poverty lines before and after private transfers.

RESULTS:

American and French households have access to income from various sources including the labor market, the state, and other households. Public transfers are commonly reported in the

United States and France and represent a sizeable proportion of total household income for households in both countries. In the United States, 71.3% of non-elderly households receive some form of public assistance and those transfers represent, on average, 11.2% of disposable household income. Almost all the households with children in the US sample (98.6%) report receiving a public transfer, representing 12.5% of disposable household income. In France, 65.5% of non-elderly households receive some form of public assistance and such transfers represent 27.9% of disposable household income for these families. 88.8% of French households with children report receiving a public transfer, representing 23.3% of disposable household income. Public transfers are therefore an important component of the monetary resources available to both American and French households who receive them, but are a much larger proportion of income for French households. This is consistent with the understanding that the French welfare state is much more generous compared to the American welfare state: the financial well-being of French households (as measured by income) is much more dependent upon public transfers than American households.

[Table 2 here]

Private cash transfers are not commonly reported in either the United States or France, however, these transfers represent a non-trivial proportion of total household income for the households that do receive these transfers. In the United States, 7% of non-elderly households report receiving a private cash transfer and these transfers represent, on average, 17.4% of disposable household income. Among households with children, 10% report receiving a transfer and these transfers represent 12.5% of disposable household income. In France, 5.9% of non-elderly households report receiving a transfer and these transfers represent 12.7% of disposable household income for these families. 8.6% of French households with children report receiving a

transfer, representing 9.7% of disposable household income. These private cash transfers are therefore a non-trivial component of the monetary resources available to the households that receive them in both countries. Such transfers are also a larger proportion of total household income for non-elderly American households than for French households (17.4% versus 12.7%). This suggests that private transfers are a relatively more important source of income for American households, which could stem from the more limited forms of public assistance American households can access compared to their French counterparts.

[Table 3 here]

Overall Poverty Reduction

The first aim of this study is to see the extent to which public and private transfers reduce the amount of French and American households in poverty. Results from the income decompositions presented in Table 4 report changes in the proportion of households defined as poor to understand the effects of public and private transfers on poverty reduction in the United States and France. Poverty rates are based on market income (column A), market income plus public transfers (column B), and then market income plus public *and* private transfers (column C). The differences in poverty rates are reported in columns D and F. The percent change in poverty rates due to private transfers is reported in column E; the share of private transfers in overall poverty reduction from all transfers is reported in column G.

First, results indicate that while most poverty reduction in the United States and France is through public transfers, private transfers lift a greater proportion of families out of relative poverty in the United States and France. In 2018, the relative poverty line, or half of the median equivalized income, in the United States was $18,893.50. Looking at only market income, 25.1% of non-

elderly American households would be considered poor. After public transfers, the proportion of non-elderly American households below the relative poverty line drops to 16.9%. After private transfers, 15.8% of non-elderly American households were in poverty. The inclusion of private transfers results in a 1.1 percentage point difference in the proportion of non-elderly American households below the poverty line; this different represents a 6.5 percent *reduction* in poverty due to private transfers.

In France, the relative poverty line in 2018 was 11,470 euros. Looking at only market income, 28.4% of non-elderly French households are below the relative poverty line. After public transfers, the proportion of non-elderly French households below the relative poverty line drops to 11.9%. Public transfers in France are therefore more effective in reducing the proportion of French households in poverty than public transfers in the United States are in reducing the proportion of American households in poverty. After private transfers, 11.1% of non-elderly French households were in poverty. This 0.8 percentage point change represents a 6.7% reduction in poverty due to private transfers. In sum, while most poverty reduction in the United States and France is attributable to public transfers, private transfers lead to similar percent reductions in relative poverty in both countries.

[Table 4 here]

Second, the portion of total poverty reduction from transfers due to *private* transfers is larger in the United States than in France. Referring to column G in Table 4, private transfers represent less than 5% of overall poverty reduction from transfers in France and almost 12% of overall poverty reduction from transfers in the United States. This suggests that given the less generous American welfare state, private transfers are relatively more important source of transfer income in the United States than in France. These findings are consistent with the hypothesis that

private redistribution would play a larger role in poverty reduction for households located in more limited welfare states compared to households located in more generous welfare states. For many American families, financial assistance from other households helps cover gaps in the American safety net.

Private transfers and poverty reduction across different household types

The second part of this study investigates whether and to what extent private transfers specifically lift different households above the poverty line across socio-demographic groups. Results are reported for the United States in Table 5 and for France in Table 6. Poverty rates are based on income before private transfers (column A) and then after private transfers (column B)[1]. The difference in poverty rates is reported in column C; the percent change in poverty rates due to private transfers is reported in column D.

[Table 5 here]

There are two ways to understand patterns of poverty reduction from private transfers among households in the United States and France. The first is to focus on the ways in which these financial transfers are benefitting French and American households that are already at higher risks for poverty. Before private transfers, 12.9% of male-headed households in the United States are below the poverty line compared to 21.1% of female-headed households. After private transfers, 12.1% of male-headed households and 19.5% of female-headed households remain below the poverty line. This represents a 6.2% reduction in poverty for male-headed households and a 7.6% reduction in poverty for female-headed households in the United States.

[Table 6 here]

[1] Note that these two columns correspond with columns B and C in Table 4.

A similar pattern is observed in France wherein private transfers lead to larger reductions in poverty for female-headed households than male-headed households. Before private transfers, 8.3% of male-headed French households are below the poverty line compared to 23.1% of female-headed households. After private transfers, 7.8% of male-headed households in France remain below the poverty line compared to 21.1% of female-headed households. This represents a 6% reduction in poverty for male-headed households and an 8.7% reduction in poverty for female-headed households. Private transfers are thus relatively more important for the financial well-being of female-headed households than male-headed households in both the United States and in France. In both countries, private transfers lead to larger reductions in poverty for female-headed households than for male-headed households, which is important given that female-headed households are more likely to be poor. Private redistribution is thus an important source of income for female headed households even within countries with more generous forms of public assistance.

There are two other instances where private transfers are helping households at higher risks for being poor. In the United States, private transfers also lead to larger reductions in poverty for younger households compared to middle-aged households. As reported in Table 5, 20.7% of young American households are below the poverty line. After private transfers, 18.4% of young American households are below the poverty line. This 2.3 percentage point change represents an 11.1% reduction in poverty among young American households. For middle-age American households, 14.5% are below the poverty line. After private transfers, 13.6% of middle-age American households are below the poverty line. This 0.9 percentage point change represents a 6.2% reduction in poverty among middle-age American households. 16.3% of older American households are below the poverty line; after private transfers, 15.7% of older households remain

below the poverty line. This 0.6 percentage point change represents a 3.7% reduction in poverty among older American households. Private transfers are thus relatively more important for the financial well-being of younger American households compared to middle-age or older American households. Private redistribution can therefore be an important source of income for young adult households.

In France, private transfers lead to larger reductions in poverty for single-earner households than multiple-earner households. As reported in Table 6, 13.6% of French households with a single earner are below the poverty line before private transfers. After private transfers, 12.4% of single-earner French households are below the poverty line. The inclusion of private transfers leads to an 8.8% change in poverty among single earner households compared to only a 5.9% change in poverty among multiple earner households. In certain circumstances, therefore, private transfers among households in the United States and France lead to larger percent reductions in poverty among households already at higher risks of being poor, including female-headed households, younger households in the U.S., and single-earner households in France.

The second way to understand private transfers between households is to see such transfers as an attempt at class reproduction, or as a means in which families could pass resources on to other family members. Results from this study also reveal the instances where private transfers are relatively more effective in reducing the percentage of households in poverty among households that are already less likely to be poor in the first place. The starkest example of this for both countries is how private transfers lead to much larger reductions in poverty among highly educated households than among households with low levels of education. In the United States, 43% of households with less than a secondary degree fall below the poverty line. Private transfers reduce the percentage of American households with less than a secondary degree that are below

the poverty line by 2.3%. For American households with a secondary degree, private transfers lead to a 6% reduction in the number of households below the poverty line. For households with a tertiary degree, private transfers lead to a 13.4% reduction in the number of households below the poverty line. In France, private transfers lead to a 4.9% reduction in the poverty rate for households with less than a secondary degree, 6.4% reduction in the poverty rate for households with a secondary degree, and 11.7% reduction in the poverty rate for households with a tertiary degree.

Similar patterns are observed when looking at the racial/ethnic (for the United States) and immigrant status (for France) of the household head. In the United States, private transfers lead to larger reductions in poverty among white and Asian households than among Black and Hispanic households. As shown in Table 5, the inclusion of private transfers results in a 7.4% reduction in poverty among White households and a 14.8% reduction among Asian households. For Black households, the addition of private transfers leads to only a 4.6% reduction in the percentage of households below the poverty line. Private transfers lead to a 5% reduction in the percentage of Hispanic households below the poverty line. White and Asian households face lower risks of poverty and disproportionately benefit from private transfers.

In France, private transfers lead to larger reductions in poverty among native-born households than among immigrant households. Immigration status is used as a proxy for race/ethnicity in the French sample as collection of race/ethnic identification is not allowed under French law. As shown in Table 6, 10.6 of non-immigrant households in France are below the poverty line compared to 20.3% of immigrant households. After private transfers, 9.7% of non-immigrant and 19.4% of immigrant households are below the poverty line. This represents an 8.5% reduction for non-immigrant households compared to a 4.4% reduction for immigrant

households. Native French households face lower risks of poverty and disproportionately benefit from private transfers.

There are two other instances where private transfers are relatively more effective in reducing the percentage of households in poverty among households that are already less likely to be poor in the first place. Private transfers are more effective in reducing the percentage of American households in poverty among multiple-earner families than single-earner families. Yet multiple-earner American households are less likely to be poor. In France, private transfers are relatively more important for middle-age French households. Referring to results in Table 6, the addition of private transfers results in a 5.4 percent reduction in poverty among young French households, a 10 percent reduction in poverty among middle-age households, and a 7.3 percent reduction in poverty among older French households. Young French households are at the highest risk for being poor yet benefit the least from private transfers.

DISCUSSION:

French and American households receive income from multiple sources, including private transfers from other households. In both countries, private transfers reduce the proportion of households in poverty by over six percent, suggesting that households located in generous welfares states also benefit from private redistribution. However, the portion of total poverty reduction from income transfers due to *private* transfers is larger in the United States than in France: private transfers represent almost 12% of overall poverty reduction from income transfers in the U.S. compared to less than 5% of overall poverty reduction from income transfers in France. Put differently, private transfers make up a larger portion of poverty reduction from market-generated poverty in the United States than in France. These findings are consistent with the hypothesis that

private redistribution would play a larger role in poverty reduction for households located in more limited welfare states compared to households located in more generous welfare states.

Findings also indicate that private redistribution leads to larger reductions in poverty within each country among certain types of households. Private transfers lead to larger reductions in poverty for female-headed households than male-headed households in both the U.S. and France. Private transfers also lead to much larger reductions in poverty among highly educated households than among households with low levels of education in both countries. In the United States, private transfers also lead to larger reductions in poverty for younger households and households with multiple earners compared to middle-aged households and households with only a single earner. In France, private transfers lead to larger reductions in poverty for single-earner households compared to multiple-earner households. In the United States, private transfers lead to larger reductions in poverty among white and Asian households than among Black and Hispanic households. In France, private transfers lead to larger reductions in poverty among native-born households than among immigrant households. Together, these findings suggest that private transfers should not be ignored by scholars studying poverty and redistribution even in high income countries with generous welfare states.

Results from this study also reveal how private transfers affect living standards and the extent to which such transfers may reinforce and reproduce social and economic inequality. If private transfers are in fact one facet of class reproduction, we would expect that these transfers would disproportionately benefit households that are least likely to be poor, such as multiple-earner households, households headed by someone with a tertiary degree, and native / white households. Indeed, results from this study reveal that private transfers are relatively more effective in reducing the percentage of households in poverty among various types of households

that are already less likely to be poor in the first place. In other words, results from this study indicate that in places where poverty is the least present in society, private transfers lessen it even more so. Highly educated households and white/ native households benefit generally from these categories being in privileged positions. Yet being in these positions can also give these households access to strategic actions by family members to benefit from them even more.

Substantively, results from this study draw attention to how micro-level processes, such as transfers of small amounts of money, can impact social mobility and do so differently in societies with dramatically different welfare states and economic structures. There is a burgeoning literature on the accumulation and transmission of wealth and the unequal distribution of inheritances and gifts (Adermon, Lindhal, and Waldenstrom 2016; Piketty 2014). Such transfers are shown to have enormous implications for recipients' abilities to build wealth and accumulate capital (Pfeffer and Killewald 2018; Killewald, Pfeffer, and Schachner 2017). This study adds to this body of work by highlighting how inter-household transfers, irrespective of size, fuel inequality in a meaningful way. These findings motivate further sociological inquiry into how transmission of family resources among households influences the distribution of inequality.

Limitations:

The methodological approach used in this study "stimulates" poverty before ("pre-fiscal") and after ("post-fiscal") taxes and transfers to examine the role of the welfare state and private transfers on poverty alleviation. This pre- versus post- fiscal approach, however, may biased because there is an interdependence between pre-fiscal incomes and public taxes and transfers (Bergh 2005). In other words, the pre-fiscal income distribution itself is not entirely independent of the welfare state as the income distribution depends on the structure of taxes and contributions.

Furthermore, individuals and households might also make decisions about entering and exiting the labor market depending on the very system of public support that is in place.

A second limitation of this study is that public and private transfers could be underreported in both surveys (the United States and France), which would overstate the dispersion of the income distributions in both countries and the proportion of households in poverty. Under-reporting of public transfers could be due to interviewees forgetting or misremembering having received various types of transfers or the stigma surrounding certain type of public assistance. Private transfers are typically poorly captured by household surveys unless such transfers are made on a regular basis and/or if they are legally required (for instance, in the case of child support payments). This study should therefore not be considered as a definitive accounting of the total redistributive effects of public and private transfers on poverty reduction in either country.

Lastly, the LIS database harmonizes cross-sectional data from the United States and France. While cross-sectional poverty rates provide the poverty rate in a given year, cross-sectional data cannot provide insight into how long households remain in poverty, or for how long households receive private or public transfers. The LIS database is also not well suited to investigate the dynamics of poverty reduction among elderly households in France, as the harmonized French data lacks disaggregated information on pension income.

CONCLUSION:

In conclusion, both public and private transfers impact the prevalence of poverty in the United States and France. By including private transfers in a "pre- versus post- fiscal" analysis, this study provides a more complete accounting of the material resources available to households. Results indicate that private transfers are an important source of household income for American

and French families, however, such transfers frequently benefit households who are already at lower risks for poverty. Such findings motivate further inquiry into the redistributive role of private cash transfers between households, to the extent that it is possible given current data limitations. What activates this support / transfer behavior besides material necessity? When and under what circumstances are such transfers given? How long do households receive such financial assistance?

These findings also motivate further inquiry into how such transfers are spent by the household. Cultural sociologists argue that money carries social meaning that shapes its use, and research in sociology and behavioral economics suggests that money is "earmarked" differently depending on the mode through which such money is received (Sykes et al. 2015; Zelizer 1997; Thaler 1990). Given the unequal distribution of private transfers across the income distribution (Chapter 1), and different cultural conceptions of financial transfers, it would be valuable to explore how families conceptualize private financial transfers and the implications of these conceptions on how the money is spent. Another important consideration is whether and how the use of this money (whether it is used to increase consumption, invested, or saved) reproduces inequality. A more detailed analysis of both the financial resources of households and of household expenditures will therefore provide a better accounting of the effects of private transfers on households' material and social well-being.

REFERENCES:

Adermon, Adrian, Mikael Lindahl, and Daniel Waldenstrom. 2016. "Intergenerational Wealth Mobility and the Role of Inheritance: Evidence from Multiple Generations." 10126. IZA Discussion Paper Series. Bonn, Germany: Institute for the Study of Labor.

Albertini, Marco, Martin Kohli, and Claudia Vogel. 2007. "Intergenerational transfers of time and money in European families: common patterns – different regimes?" *Journal of European Social Policy* 17(4): 319-334.

Allen, R. C. 2017. "Absolute poverty: When necessity displaces desire." *American Economic Review* 107(12): 3690-3721.

Atkinson, A.B. 2015. *Inequality: What can be done?* Harvard University Press.

Atkinson, A.B. 2016. *Monitoring Global Poverty: Report of the Commission on Global Poverty.* The World Bank, Washington D.C.

Bamberger, M., D. Kaufmann, and E. Velez. 2000. *Interhousehold Transfers: Using research to inform policy.* (No. 11440). The World Bank.

Bane, Mary Jo and Rene. Zenteno. 2005. "Poverty and Place in North America." *LIS Working Paper Series* No. 418.

Bergh, Andreas. 2005. "On the Counterfactual Problem of Welfare State Research: How Can We Measure Redistribution?" *European Sociological Review* 21(4): 354-57.

Beaujot, Roderic and Jianye Liu. 2002. "Children, Social Assistance and Outcomes: Cross National Comparisons." *LIS Working Paper Series* No. 304.

Biddlecom A., A. Hermalin, M. Ofstedal, M-C Chang, Y-L Chuang. "Tradeoffs Between Public and Private Economic Support of the Elderly: Results from a Natural Experiment in Taiwan." *Comparative Study of the Elderly in Asia, Report No. 01-58.* Population Studies Centre, Michigan, University of Michigan.

Bitler, Marianne and Hilary W. Hoynes. 2010. "The state of the safety net in the post-welfare reform era." *National Bureau of Economic Research Working Paper Serioes, No. 16504.* http://www.nber.org/papers/w16504

Backman, Olof. 2005. "Welfare States, Social Structure and the Dynamics of Poverty Rates: A Comparative Study of 16 Countries, 1980-2000." *LIS Working Paper Series* No. 408.

Bradshaw, J. 2013. "Child Poverty and Child Well-Being in a Comparative Perspective," in P. Kennett (ed), *A Handbook of Comparative Social Policy*, 2nd edition. Cheltenham: Edward Elgar Publishing.

Brady, David. 2006. "Structural Theory and Relative Poverty in Rich Western Democracies, 1969-2000." *Research in Social Stratification and Mobility* 24(2): 153-175.

---. 2005. "The Welfare State and Relative Poverty in Rich Western Democracies, 1967-1997." *Social Forces* 83(3): 1329-1364.

Brady, David and Rebekah Burroway. 2012. "Targeting, universalism, and single-mother poverty: a multilevel analysis across 18 affluent democracies." *Demography* 49:719-746.

Brady, David, Ryan Finnigan, and Sabine Hubgen. 2017. "Rethinking the risks of poverty: a framework for analyzing and comparing prevalences and penalties." *American Journal of Sociology* 123(3): 740-786.

Brady, David, Jennifer Moren Cross, and Andrew Fullerton. 2009. "Putting Poverty in Political Context: A Multi-Level Analysis of Working-Aged Poverty Across 18 Affluent Democracies." *Social Forces* 88(1): 271-299.

Cai, Yixia and Martin Evans. 2019. “Informal Transfers in Comparisons of Income Distributions: Lessons from Rich and Middle-Income Countries.” *LIS Working Paper Series* No. 705.
Cai, Yixia and Timothy Smeeding. 2019. “Deep and Extreme Child Poverty in Rich and Poor Nations: Lessons from Atkinson for the Fight Against Child Poverty.” *LIS Working Paper Series* No. 780.
Chen, Wenhao and Miles Corak. 2008. “Child Poverty and Changes in Child Poverty.” *Demography* 45(3): 537-553.
Committee for a Responsible Federal Budget. 2023. “COVID Money Tracker.” Retrieved on 18 April 2023 at https://www.covidmoneytracker.org/.
Cox, Donald. 2002. *Private interhousehold transfers in Vietnam in the early and late 1990s.* Vol. 2853. World Bank Publications.
Esping-Anderson, Gosta. 1990. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press.
Garland, David. 2016. *The Welfare State: A Very Short Introduction*. Oxford UP.
Gornick, Janet C. and Emily Nell. 2017. “Children, Poverty, and Public Policy: A Cross-National Perspective,” in Guony Bjork Eydal and Tine Rostgaard (eds), *The Handbook of Family Policy*. Cheltenham: Edward Elgar Publishing.
Gornick, Janet C. and Markus. Jantti. 2012. “Child Poverty in Cross-National Perspective: Lessons from the Luxembourg Income Study.” *Children and Youth Services Review* 34: 558-568.
Gornick, Janet C. and Markus Jantti. 2013. *Income Inequality: Economic Disparities and the Middle Class in Affluent Countries.* Stanford, CA: Stanford University Press.
Gornick, Janet C. and Timothy M. Smeeding. 2018. “Redistributional Policy in Rich Countries: Institutions and Impacts in Nonelderly Households.” *Annual Review of Sociology* 44: 441-468.
Edin, Katheryn J. and H.L. Shaefer. 2015. *$2.00 a day: Living on almost nothing in America*. Houghton Mifflin Harcourt.
Halpern-Meekin, S., Kathy Edin, L. Tach, and J. Sykes. 2015. *It’s not like I’m poor: How working families make ends meet in a post-welfare world.* Berkeley, CA: University of California Press.
Killewald, Alexandra and Fabian T. Pfeffer. 2018. “Generations of Advantage.” *Social Forces* 96(4): 1411-1442.
Killewald, Alexandra, Fabian T. Pfeffer, and Jared N. Schachner. 2017. “Wealth Inequality and Accumulation.” *Annual Review of Sociology* 43: 379-404.
Kim, Jin Wook and Young Jun Choi. 2011. “Does family still matter? Public and private transfers in emerging welfare state systems in a comparative perspective.” *International Journal of Social Welfare* 20: 353-366.
Kotlikoff, Laurence J. and Lawrence H. Summers. 1981. “The role of intergenerational transfers in aggregate capital accumulation.” *Journal of political economy* 89(4): 706-732.
Kunemund, Harold and Martin Rein. 1999. “There is more to receiving than needing: Theoretical arguments and empirical explorations of crowding in and crowding out.” *Ageing and Society* 19:93-121.
Kwon, H-J. 2001. “Income Transfers to the Elderly in Korea and Taiwan.” *Journal of Social Policy* 30(3): 81-93.

Luxembourg Income Study (LIS) Database. 2022. http://www.lisdatacenter.org (France and the United States; September 2022 to December 2022); Luxembourg: LIS.
McKenzie, D. and H. Rapoport. 2007. "Network effects and the dynamics of migration and inequality: theory and evidence from Mexico." *Journal of Development Economics* 84(1): 24.
Misra, Joya, Michelle Budig, and Stephanie Moller. 2006. "Reconciliation Policies and the Effects of Motherhood on Employment, Earnings, and Poverty." *LIS Working Paper Series* No. 429.
Moller, Stephanie and Joya Misra. 2005. "Familialism and Welfare Regimes: Poverty, Employment and Family Policies." *LIS Working Paper Series* No. 399.
Moller, Stephanie, Joya Misra, Elizabth Wemlinger, and Eiko Strader. 2012. "Family policies, employment and poverty among partnered and single mothers." *Research in Social Stratification and Mobility* 30(1): 113-128.
Munzi, Teresa. and Timothy Smeeding. 2008. "Conditions of Social Vulnerability, Work and Low Income: Evidence for Europe in Comparative Perspective." In *Institutions for Social Well-Being, Alternatives for Europe*, L. Costablile (ed), 33-72. Palgrave-Macmillian.
Meyer, Bruce D., Wallace K.C. Mok, and James X. Sullivan. 2009. "The Under-Reporting of Transfers in Household Surveys: Its Nature and Consequences." *NBER Working Paper* No. 15181.
Nieuwenhuis, Rense. 2022. "Single parents competing in a dual-earner society: Leveling the playing field." *LIS Working Paper Series* No. 825.
OECD. 2015. Minimum Wages After the Crisis: Making Them Pay. Paris: OECD.
OECD. 2020. "Social Expenditure (SOCX) Update 2020: Social spending makes up 20% of OECD GDP." OECD: Paris. http://www.oecd.org/social/expenditure.htm.
OECD. 2021. OECD Income Distribution Database, http://www.oecd.org/social/income-distribution-database.htm.
Parolin, Zachary, Sophie Collyer, and Megan A. Curran. 2022. "Absence of Monthly Child Tax Credit Leads to 3.7 Million More Children in Poverty in January 2022." Poverty and Social Policy Brief Vol 6., no. 2. Center on Poverty and Social Policy, Columbia University. Access at: www.povertycenter.columnia.edu/publication/monthly-poverty-january-2022
Piketty, Thomas. 2014. *Capital in the Twenty-First Century.* Translated by Arthur Goldhammer. Cambridge, MA: Belknap Press of Harvard University Press.
Ravallion, Martin and Shaohua Chen. 2013. "A proposal for truly global poverty measures." *Global Policy* 4(3): 258-265.
Rainwater, Lee and Timothy M. Smeeding. 2003. *Poor Kids in a Rich Country: America's Children in Comparative Perspective.* Russel Sage Foundation.
Smeeding, Timothy. 2005. "Government Programs and Social Outcomes: The United Sates in Comparative Perspective." *LIS Working Paper Series* No. 426.
Verdery, Ashton and Colin Campbell. 2019. "Social Support in America: Stratification and tends in access over two decades." *Social Forces* 98(2): 725-752.
Weinshenker, Matthew. and Patrick. Heuveline. 2006. "The International Child Poverty Gap: Does Demography Matter?" *LIS Working Paper Series* No. 441.

TABLES

Table 1. Descriptive Statistics of the Analytic Sample: Adults aged 18-62 in the United States and France, 2018

Variable	United States	France
Relative poverty line	$18,893.50	11,470 €
Poverty rate (% below poverty line)	15.8	11.1
Household Composition		
Households with children	49.3	45.1
Households with children under 5	19.3	17.7
Number of Earners		
No earners	7.1	9.3
Single earner	38.9	40.3
Multiple earners	54.0	50.4
Age cohort		
18-34 years old	28.5	20.8
35-47 years old	35.3	34.2
48-61 years old	36.3	45.0
Socio-Demographics of Household Head		
Female		
Immigrant	49.1	24.4
Race/ethnicity†	---	13.7
White	76.5	---
Black	13.2	
Asian	6.2	
Other	4.1	
Hispanic ethnicity	18.9	
Education of Household Head		
Less than secondary	8.6	18.6
Secondary	42.7	46.8
Tertiary	48.7	34.6
Total number of households	47,315	28,538

† France does not collect official statistics on race or ethnicity.
Source: Luxembourg Income Study Database

Table 2. Public transfers as a percentage of disposable household income among non-elderly households and households with children, the United States and France, 2018

Country	Percent of households that receive a public transfer	Transfers as a percent of disposable household income	
		Non-elderly households	Households with children
France	65.5	27.9	23.3
United States	71.3	11.2	12.5

Source: Luxembourg Income Study Database and author's calculations

Table 3. Private transfers as a percentage of disposable household income among non-elderly households and households with children, the United States and France, 2018

Country	Percent of households that receive a private transfer	Transfers as a percent of disposable household income	
		Non-elderly households	Households with children
France	5.9	12.7	9.7
United States	7.0	17.4	12.5

Source: Luxembourg Income Study Database and author's calculations

Table 4. Reductions in poverty among non-elderly households in the United States and France due to public and private transfers, 2018

	A	B	C	D	E	F	G
	Poverty Rate: Market Income	Poverty Rate: Market Income + Public Transfers	Poverty Rate: Market Income + Public Transfers + Private Transfers	Percentage point change in poverty due to private transfers (B-C)	Percent change in poverty due to private transfers (D/B)	Percentage point change in poverty due to all transfers (A-C)	Share of poverty reduction due to private transfers (D/F)
Conservative							
France	28.4	11.9	11.1	0.8	6.7	17.3	4.6
Liberal							
United States	25.1	16.9	15.8	1.1	6.5	9.3	11.8

Source: Luxembourg Income Study Database and author's calculations

Table 5. Reductions in poverty among non-elderly households in the United States due to private transfers, 2018

	A	B	C	D
	Percentage of HH below the poverty line	Percentage of HH below the poverty line after private transfers	Percentage Point Change (A-B)	Percent Reduction in Poverty (C/A)
All non-elderly households	16.9	15.8	1.1	6.5
HH with children	16.0	15.0	1.0	6.3
Children under 5	17.4	16.4	1.0	5.7
N. of Earners				
No earner	77.0	73.4	3.6	4.5
Single earner	22.8	21.3	1.5	6.6
Multiple earner	4.7	4.1	0.6	12.8
Age Cohort				
18-34	20.7	18.4	2.3	11.1
35-47	14.5	13.6	0.9	6.2
48-61	16.3	15.7	0.6	3.7
Gender				
Male	12.9	12.1	0.8	6.2
Female	21.1	19.5	1.6	7.6
Race/Ethnicity				
White	14.8	13.7	1.1	7.4
Black	28.2	26.9	1.3	4.6
Asian	13.5	11.3	2.2	14.8
Other	25.2	23.7	1.5	6.0
Hispanic	23.8	22.6	1.2	5.0
Education				
Less than secondary	43.0	42.0	1.0	2.3
Secondary	21.6	20.3	1.3	6.0
Tertiary	8.2	7.1	1.1	13.4

Source: Luxembourg Income Study Database and author's calculations

Table 6. Reductions in poverty among non-elderly households in France due to private transfers, 2018

	A	B	C	D
	Percentage of HH below the poverty line	Percentage of HH below the poverty line after private transfers	Percentage Point Change (A-B)	Percent Reduction in Poverty (C/A)
All non-elderly households	11.9	11.1	0.8	6.7
HH with children	11.0	10.0	1.0	9.1
Children under 5	12.5	11.8	0.7	5.6
N. of Earners				
No earner	59.6	56.3	3.3	5.5
Single earner	13.6	12.4	1.2	8.8
Multiple earner	1.8	1.7	0.1	5.9
Age Cohort				
18-34	20.2	19.1	1.1	5.4
35-47	10.0	9.0	1.0	10.0
48-61	9.6	8.9	0.7	7.3
Gender				
Male	8.3	7.8	0.5	6.0
Female	23.1	21.1	2.0	8.7
Immigrant Status				
Non-immigrant	10.6	9.7	0.9	8.5
Immigrant	20.3	19.4	0.9	4.4
Education				
Less than secondary	18.4	17.5	0.9	4.9
Secondary	12.5	11.7	0.8	6.4
Tertiary	7.7	6.8	0.9	11.7

Source: Luxembourg Income Study Database and author's calculations