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# What lies behind France's low level of income inequality?

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**Abstract**

We document the evolution of working-age individual pre-tax and disposable income inequality in France since the late 1960s using household surveys. Disposable income inequality declined over the 1960s and 1970s and remained stable thereafter. This trend can be explained, in part, by changes in the tax and benefit system, notably through changes in employer contributions, and the evolution of the national minimum wage. Other dimensions than income bring a less positive perspective: low-income individuals are now more likely to be immigrants, have low education, and live in households with no working adults.

**KEYWORDS**
gender, inequality, tax–benefit system

**JEL CLASSIFICATION**
D3, J3

## 1 | INTRODUCTION

France's motto 'Liberty, Equality, Fraternity' is inscribed on the facade of city halls in France, and most official documents. While inequality is the object of acute attention in the French public debate, surveys point regularly to the observation that the perception of inequality, or fairness, by French individuals is much more negative than what inequality statistics describe (Forsé et al., 2013). This leads naturally to the question of whether the comparisons of inequality by income groups hide other differences across the population that might matter more to the perceived inequality. For instance, does

inequality across gender, educational attainment, geographical location or migration origins matter more than across income groups?

There is a large literature dedicated to studying inequality in France, from top income inequality (Piketty, 2003) to wage inequality (Verdugo, 2014), or the role of redistribution in explaining these trends (Garbinti, Goupille-Lebret and Piketty, 2018; Bozio, Breda and Guillot, 2023a; Bozio et al., 2024). This paper offers two main contributions to that literature. First, we have developed a harmonised dataset produced in the course of a collaborative effort for cross-country comparison with the IFS Deaton Review Country Studies initiative (Bozio et al., 2023b). These data are both surveys from the French national statistics, notably the French Labour Force Survey, matched with social and tax information, and administrative data from tax and social security data. Second, this paper provides a comprehensive analysis of inequality for the working-age population in France, over the last three decades, from inequality in the labour market to disposable income at the household level. We assess specifically whether inequality trends between gender, rural and urban population, natives and migrants have evolved differently, and could explain a different perception of inequality trend from the overall measure across income groups.

The main results are that France experienced a reduction in household disposable income inequality over the 1960s and 1970s and a stable evolution thereafter. This decrease in inequality can be attributed, at least in part, to changes in the tax and benefit system, combined with the extensive use of a national minimum wage. Reductions in employer social security contributions in the 1990s and 2000s have allowed further increases in the minimum wage without detrimental effects on employment. We also document the evolution of inequality in other dimensions where the picture appears less positive. We find, for instance, an increase in the gap between natives and immigrants, and more concentration of low-educated households, with no working adults, at the bottom of the income distribution. Whereas the gender gap became smaller in the 1970s and 1980s, this trend seems to have halted since. Spatial inequality, however, does not seem to have increased over the period.

Section 2 describes the institutional background, while Section 3 details the data used in the analysis. Section 4 reviews the main evidence for the decline in inequality across income groups in France during the course of the last 60 years, considering both pre-tax and disposable income inequality. Section 5 presents evidence on inequality between different subgroups of the working-age population that may matter to explain the perceptions of inequality in France, namely by household composition, gender, migration status and across geographical location. Section 6 concludes.

## 2 | INSTITUTIONAL CONTEXT

In this section, we present briefly the institutional context, with an overview of public spending, taxation and labour market regulations.

### 2.1 | Social benefits

The French welfare state offers a wide array of social policies, either in the form of social insurance or means-tested benefits. Social insurance covers the risk of disability, unemployment, illness or old-age, and offers high replacement rate for wage earners up to relatively high wage levels. Along side, there exist means-tested benefits for households in poverty, and higher benefits for those renting. One also needs to mention relatively universal policies such as (almost) free health-care provision and child benefits for households with children. Over our period of analysis, social spending increased from about 18 per cent of GDP in 1968 to 32.2 per cent in 2022, but the largest part of that rise is due to pensions, which are not in the scope of our analysis, and account for more than 14 per cent of GPD (DREES, 2023). An important social benefit, the *prime d'activité*, is an in-work benefit that offers income to low-income households provided that they work at least some minimal amount of hours. The benefit has been increased in recent years and offers a significant amount of benefit for a full-time worker at the minimum wage.

## 2.2 | Labour income taxation

Social spending is funded mostly by social security contributions (SSCs; Bozio, 2024). As of 2022, SSCs account for 59.5 per cent of the welfare system resources, the rest being paid by consumption taxes and general taxation. From the late 1960s to the mid-1980s, SSCs in France increased from 11.5 per cent of GDP to 18 per cent of GDP. This large increase was immediately translated into increases in the labour cost of the minimum wage and prompted concerns that a high minimum wage combined with high payroll taxes could explain the high level of unemployment, particularly for unskilled workers and younger workers. From 1993 onwards, a series of payroll tax cuts targeted at the minimum wage were introduced with the stated aim of reducing unemployment. These payroll tax cuts were expanded in 1995 and 2003, and focused on a group of workers at, or slightly above, the minimum wage. The last major policy in that respect has been the introduction in 2013 of a large tax credit on payroll taxes up to 2.5 times the minimum wage. In addition to SSCs, French public spending is funded through progressive income taxation based on joint taxation. The unusual feature of the French income tax is the fact that the progressive schedule is applied after taking into account the size of the household, notably the number of children.

## 2.3 | Minimum wage

Figure 1(b) presents the level of the minimum wage as a share of the median wage (or Kaitz index). From 1967 to 1986, the minimum wage increased from 40 per cent to 58 per cent of the median wage, a level rarely seen at that time in other countries. The minimum wage was introduced in France in 1950 to set a floor to posted hourly wage. The regulation is decided at a national level and applies to all sectors. After the social unrest of 1968, the minimum wage was increased very significantly, which led to the first major increase evidenced on Figure 1(b). In 1970, the law was changed to define a more dynamic indexation of the minimum wage. The new formula sets that the minimum wage should follow at least consumer price inflation and half of the growth in the average hourly blue-collar wage rate. In addition to those automatic indexation rules, the government can push for further increases (called *coups de pouce*). In the 1970s and early 1980s, increases in the minimum wage were above the average wage growth in the economy, explaining the increase of its level as a fraction of the median wage. The same figure presents the evolution of the pre-tax (or labour cost) minimum wage over the period, incorporating all the previously detailed payroll tax policies since the mid-1990s. One can see that the pre-tax minimum wage dropped from 57 per cent of the median wage in 1993 to 44 per cent in 2019, below its 1968 level. Overall, while France is characterised by a high net minimum wage, this is only partially reflected in labour cost.

## 3 | DATA

The main data we use are survey data collected by the French national institute (INSEE). The French Labour Force Survey (LFS) is collected since 1950 with the main purpose of measuring unemployment. Labour earnings were only measured since 1982 from income brackets. Uncensored declared earnings are only available since 1990. Like usual household surveys, the LFS gathers demographic and social data such as age, gender, national origin, education, household composition, etc. Data collection was annual and moved to a quarterly basis in 2003.

In addition to the LFS, we also use the Tax Income Survey (*Enquête Revenus Fiscaux*, ERF) available from 1970 to 1990, and the Tax and Social Incomes Survey (*Enquête Revenus Fiscaux et Sociaux*, ERFS) available on a yearly basis since 1996. Before 1996, the ERF sample was drawn from the population census, and hence available in years 1970, 1975, 1979, 1984 and 1990. In 1996, it supplemented a subsample of the LFS previously described with household income obtained from

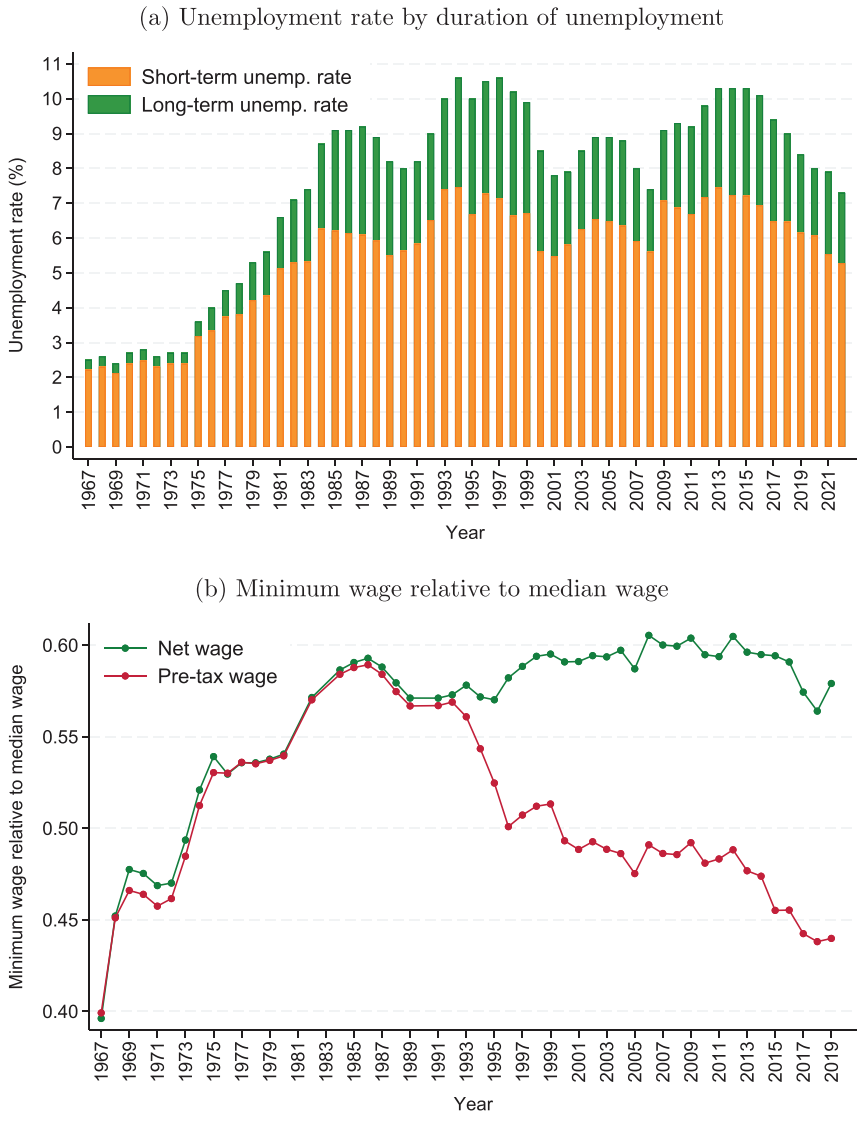



**FIGURE 1** Unemployment and the minimum wage (1967–2022). *Note*: Panel (a) presents series of the ILO unemployment rate split into long duration (more than a year) and short duration (less than a year). Panel (b) presents the evolution of the national minimum wage as a fraction of median wage for two wage concepts: 'net wage', the minimum wage and the median wage are in net terms (i.e., net of employee and employers' social security contributions); 'pre-tax wage', both are in pre-tax terms (or labour cost). *Source*: INSEE, French Labour Force surveys, séries longues sur le marché du travail (a); DADS 1967–2019 (b). [Colour figure can be viewed at wileyonlinelibrary.com]

administrative sources (income tax records and social security data). If labour income data from the LFS are declarative, income data for all members of the household from the ERFS are very precisely measured.

As in Bozio et al. (2023b), we restrict our analysis to individuals aged 25–60.

## 4 | THE COUNTRY OF DECREASING INEQUALITIES?

This section presents evidence on inequality between income groups, starting from disposable income (Section 4.1), and contrasting these results with the perception of inequality (Section 4.2). We then

document two features of this period that provide some contrast with the decline in inequality: the high unemployment rate, which created a divide between in-work individuals and those out of work (Section 4.3); and the increase in pre-tax wage inequality, which makes France less an international outlier (Section 4.4).

## 4.1 | Decreasing then stable disposable income inequality

Measures of disposable income inequality are the clearest indicators of the change in inequality likely to affect directly the well-being of households. We present in Figure 2 various indicators of disposable income inequality since the 1970s, mostly based on French household surveys described earlier.

In Figure 2(a), we present the evolution of the Gini and the relative poverty rate. In Figure 2(b), we present the main inter-percentile ratios, P90/P10, P90/P50 and P50/P10. There is a vast literature about the relative strengths and weaknesses of each inequality indicator, on the weight they put on different parts of the income distribution. For France, most indicators provide the same overall narrative for disposable income inequality: a significant reduction in inequality in the 1970s and early 1980s and thereafter relative stability. The P90/P10 ratio drops from 4.8 in 1970 to 3.7 by 1984, and then from 3.7 in 1996 to 3.6 in 2019. The Gini coefficient and the relative poverty rate present a similar evolution. We also add in Figure 2(a) the evolution of the top 1 per cent share of disposable income computed by the World Inequality Lab (WIL) from administrative tax data supplemented by estimation from the ERFS. The share of the top 1 per cent has changed more markedly over the period: it decreased in the 1970s up to 1984 from 7 per cent to 5 per cent, then increased until the late 1990s to reach 8 per cent, before declining again to 6 per cent at the end of the period.

If we use data from the Social Security Administration on labour market earnings, one can get a picture from a longer time period starting in the mid-1960s. The decline in net wage inequality over the 1960s and 1970s is striking. The ratio of P90/P10 in individual earnings fell from 3.5 in 1967 to 2.9 in 1984 and even further by 2019 at 2.7 after a small increase in the late 1980s.

## 4.2 | Perception of a highly unfair French society

Against this backdrop of decreasing, or stable, income inequality, the perceptions of inequalities by the French population appear at odds with these statistics. We present in Figure 3 some of the distribution of responses to the question 'Do you agree with the statement "Differences in income in your country are too large"?' asked in 2017 with the International Social Survey Programme (2017 module on Social Networks and Social Resources). In France, 58 per cent of respondents strongly agree with such a statement compared to 38 per cent for the average OECD country, one of the highest rates bar Turkey and Hungary. The picture is less dramatic if one looks at the share of respondents agreeing or strongly agreeing with the statement, whereas France is closer to the average. This is not specific to cross-country comparison, as in a national survey an overwhelming majority of French individuals considers French society as 'unfair'.[1]

The apparent discrepancy between the evolution of inequality in France and the perception of the French needs to be qualified. First, there is no evidence of this perception during the period of decreasing inequality in the 1970s.[2] The evidence on people's opinion on the level of inequality

[1] The question, 'Does French society today seem rather fair or rather unfair to you?', had the following results grouped by the level of education of the respondents. For those with less than high school, 80.8 per cent consider the French society as unfair. When one looks at those with more than high school, the share of respondents characterising French society as unfair drops to 69.5 per cent, but remains at a high level (Baromètre d'opinion de la Drees, French Ministry of Social Affairs).

[2] The survey Baromètre d'opinion de la Drees is conducted since 2000 and does not allow us to estimate changes in this perception during the period of significant reduction in inequality in the 1970s.

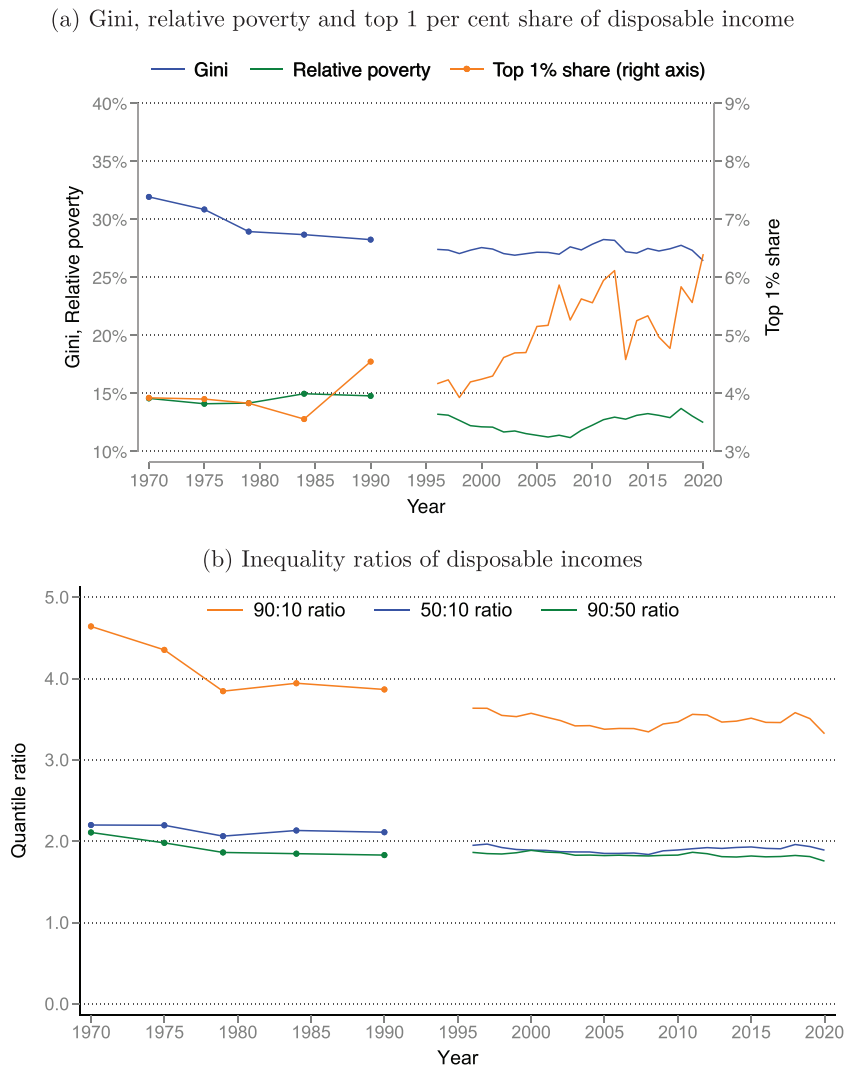



**FIGURE 2** Disposable income inequality indicators (1970–2020). *Note*: Sample consists of individuals aged 25–60. The inequality measures are based on incomes measured net of taxes and benefits but before housing costs have been deducted. The income of the household is attributed to each individual from this household. Panel (a) depicts measures of disposable income inequality indicators, from the Gini, the relative poverty rate and the top 1 per cent share. The relative poverty rate is defined as the proportion of people living in households with less than 60 per cent of contemporaneous median income before the deduction of housing costs. Incomes below 0 are winsorised to 0. Winsorised Gini series is also winsorised at the 99$^{th}$ percentile. Panel (b) shows the inter-percentile ratios. *Source*: ERFS, INSEE. [Colour figure can be viewed at wileyonlinelibrary.com]

today cannot serve as evidence for whether people think inequality has effectively gone down in the past. Second, current perceptions can be influenced by movements at the top of the income distribution – where inequality tended to increase in the recent period – rather than broader inequality measures in the rest of the income distribution. Third, perceptions about inequality also reflect other dimensions than disposable income inequality (e.g., across gender, education, geography, etc.), which could determine perceptions more directly. Finally, and perhaps most importantly, in the 1970s and 1980s decreasing income inequality was not the main subject of public debate, but rather the tremendous increase in unemployment, which led to the perception of very unequal

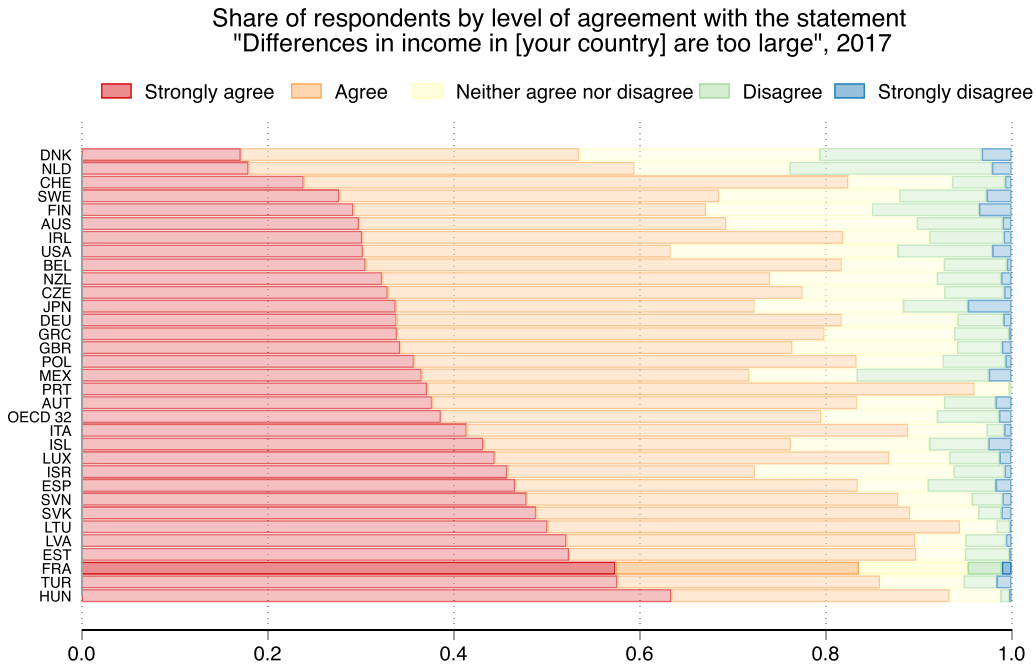



**FIGURE 3** Perception of inequality by country. *Source*: Question 2 from the 2017 module on Social Networks and Social Resources included in the International Social Survey Programme. [Colour figure can be viewed at wileyonlinelibrary.com]

labour market outcomes between those in relatively secure jobs (permanent positions in the public sector, in large firms, and highly educated) and those at risk of unemployment, notably low-skilled workers.

## 4.3 | The country of high unemployment?

Figure 1(a) presents the evolution of the unemployment rate in France since the late 1960s decomposing between long-term unemployment (more than a year of unemployment spell) and short-term unemployment (less than a year). While in the early 1970s, France exhibited unemployment rates below 3 per cent, this rate kept increasing during the decade 1975–84 to reach 9 per cent, and it further increased to reach 10.5 per cent in 1993. Not only did the overall unemployment rate increase massively, but the share of unemployed looking for work for more than one year also reached one-third of the total in the mid-1980s. At the time, most of the rise in unemployment was analysed in macroeconomic terms as the consequences of the two oil shocks, combined with rigid wage-setting, and was therefore viewed as temporary. The fact that the unemployment rate remained stubbornly high throughout the 1980s and early 1990s, contrary to the evolution in many other developed countries, led to the view that some specific policies in France (and other continental European countries) could be responsible for this poor outcome. Debates among economists persisted over whether the main issue was too rigid labour market protection laws, inadequate wage-bargaining setting, too generous unemployment insurance, inadequate training schemes or too high minimum wage (see, e.g., Layard, Nickell and Jackman, 1991; Laroque and Salanié, 2002).

Overall, the decrease in inequality observed during the beginning of the 1970s coincides with the increase in unemployment and minimum wage. This suggest that the minimum wage increase may have had an impact on the decrease in inequality despite the increase in unemployment. The

positive correlation between minimum wage and unemployment is also challenged by the fact that the unemployment rate in France remained relatively high since 1990 despite large SSCs cuts alleviating labour cost at this level.

## 4.4 | Increasing pre-tax wage inequality

The picture of decreasing disposable income inequality in France can be complemented with changes in the labour market. We represent such changes in wage inequality in Figure 4, which relies on social security administrative data (DADS, *Panel tous salariés*) available since 1967 for a large sample of workers. The analysis is restricted to full-time employees for which we focus on wages (and not earnings). In the two panels, we present two measures of wage inequality. In Figure 4(a), we plot the change in the P90/P10 net wage[3] ratio for all workers (working full-time) and separately for men and women. In Figure 4(b), we compute the same ratios for the pre-tax wage, i.e., the labour cost including payroll taxes. Most of the analysis in this section relies on results from Bozio et al. (2023a).[4]

## 4.5 | Decreasing net wage inequality

Figure 4(a) confirms that the decreasing disposable income inequality is driven by a declining net wage inequality. The ratio of the 90$^{th}$ percentile to the 10$^{th}$ percentile of the net wage distribution (P90/P10) decreased by 18.9 per cent over the 1967–2019 period. This fact has been much commented on as a French exception to the general trend observed in the 1970s and 1980s in increasing wage inequality, and therefore as a possible counter-argument to the skill-biased technological change argument: if France, which had similar development of information and communication technologies (ICT) as its neighbours, was not suffering increased wage inequality, how one could attribute to technological changes most of the inequality trends? Researchers have tried to test whether changes in the supply of skilled versus unskilled workers could explain the differential wage inequality in France, but with only partial success (e.g., Verdugo, 2014).

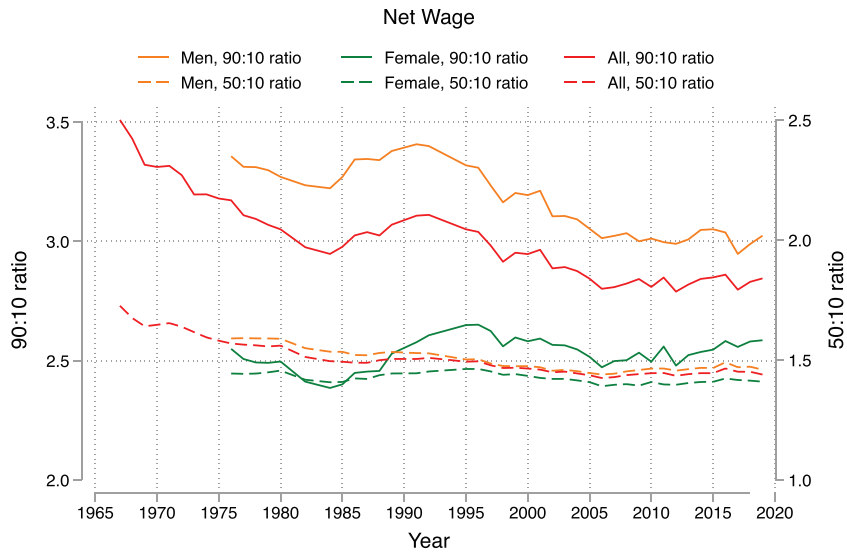
## 4.6 | But increasing pre-tax wage inequality

Bozio et al. (2023a) offer a complementary explanation to this seemingly French exception by incorporating the tax and benefit changes into the picture. The reforms to payroll taxation in particular imply that the labour cost (or pre-tax) wage inequality series have evolved in a very different way to the net wage inequality generally used in cross-country settings. Figure 4(b) shows the evolution of the ratio of P90/P10 for pre-tax wage. Over the period 1967–2019, the P90/P10 pre-tax wage ratio has actually increased in France by 15.4 per cent. The difference can be attributed to changes in the progressivity of payroll taxes, which were reduced for low-wage earners and increased for high-wage earners. As a result, pre-tax wage inequality, which was initially lower than net wage inequality due to the regressive nature of the payroll tax schedule, has effectively increased in France in a similar manner to other developed countries, making France less of an exception with respect to these increasing trends in inequality. It also reinforces explanations such as the skill-biased technological changes and other demand-driven changes shown in different countries and periods (see, for instance, Katz and Murphy, 1992; Autor, Katz and Kearney, 2008; Giupponi and Machin, 2024).

[3] The net wage is net of the employer and employee social security contributions and of the flat income tax (*Contribution sociale généralisée*) that was created in 1991, but gross of the income tax.

[4] As described in Section 3, the data used in our analysis and in Bozio et al. (2023b) only contain raw labour income since 1990; the DADS data used in Bozio et al. (2023a) contain labour income since 1967. The authors also developed a specific social security contribution calculator for that dataset, which allows the computation of labour cost.

(a) P90/P10 net wage ratios, France 1967–2019




(b) P90/P10 pre-tax wage ratios, France 1967–2019

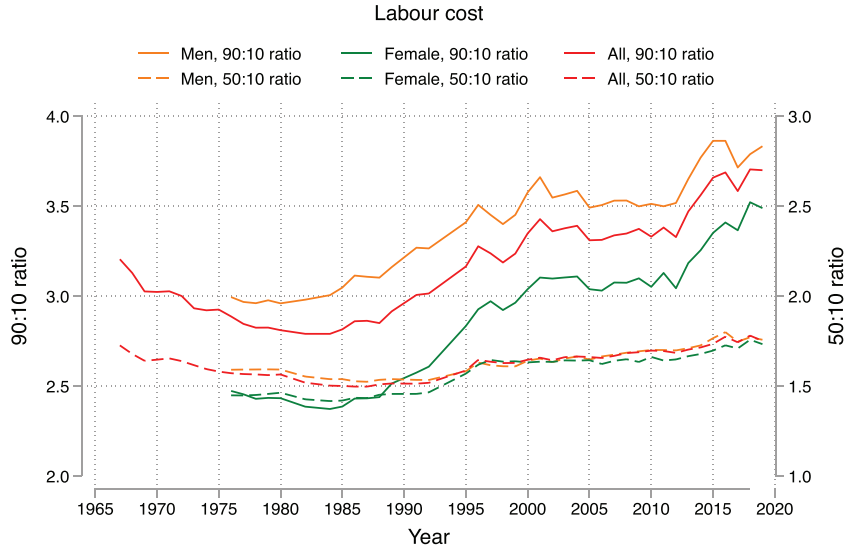



**FIGURE 4** Pre-tax versus net wage inequality ratios. *Note*: Pre-tax wage refers to the labour cost, i.e., posted wage and employer social security contributions, including reductions to employer contributions. Net wage refers to the wage net of employer and employee social security contributions. *Source*: DADS 1967–2019. [Colour figure can be viewed at wileyonlinelibrary.com]

## 5 | GOING BEYOND INEQUALITY BY INCOME GROUPS

Despite the decreasing or stagnating level of inequality, the perception of inequality remains relatively high in France. Inequality documented earlier is measured on the overall population. Perception of inequalities could be influenced by much more than only vertical inequalities along the income gradient, but also along other margins. In this section, we document how income inequalities have

unfolded in France along four dimensions: household composition, gender, migration status and geographical location. In particular, we describe to what extent some population groups became more or less over-represented in the tails of the income distribution.

## 5.1 | Household composition

In Figure 5, we present the share of individuals of a particular group in each decile of the disposable household income distribution, comparing the year 1996 with 2019. In Figure 5(a), we look specifically at the composition of households with 0, 1 or 2 working adults. The striking change over the period is the increase in the share of individuals living in households with no working adults

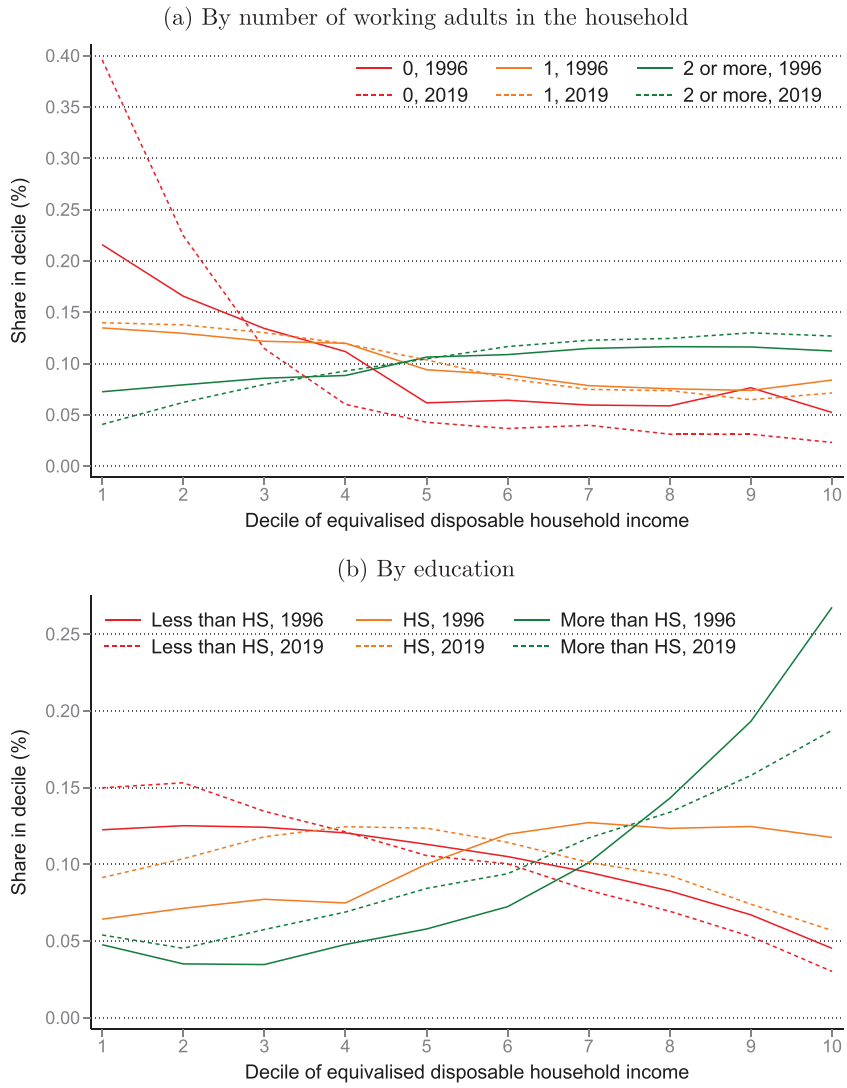



**FIGURE 5** Share of individuals in each decile, 1996 versus 2019. *Note*: These graphs represent the share of individuals in a particular category in each decile of equivalised disposable household income. For instance, in 2019, 40 per cent of individuals in households with no working adults are in decile 1. *Source*: Fiscal survey, ERFS, INSEE. [Colour figure can be viewed at wileyonlinelibrary.com]

who end up in the first two deciles of the household income distribution. In Figure 5(b), we look at the education composition, and we find that individuals with less than high school equivalent education are more likely to be in the first two deciles of household income distribution in 2019 than in 1996, while those with high school education became more likely to be in the top 9 and 10 deciles.

Although income inequality has barely changed over the period 1996–2019, there is a significant change in the composition of low-income deciles in France, which have become dominated by workless and low-educated households.

## 5.2 | Gender inequalities: progress with slowdown

It is impossible to consider the change in household inequalities in France over the last 50 years without paying attention to the major shift in household income composition that was induced by rising female labour market participation. In Figure 6, we present some evidence to document how gender inequality has evolved over the period and how it helps explain the overall change in household inequality.

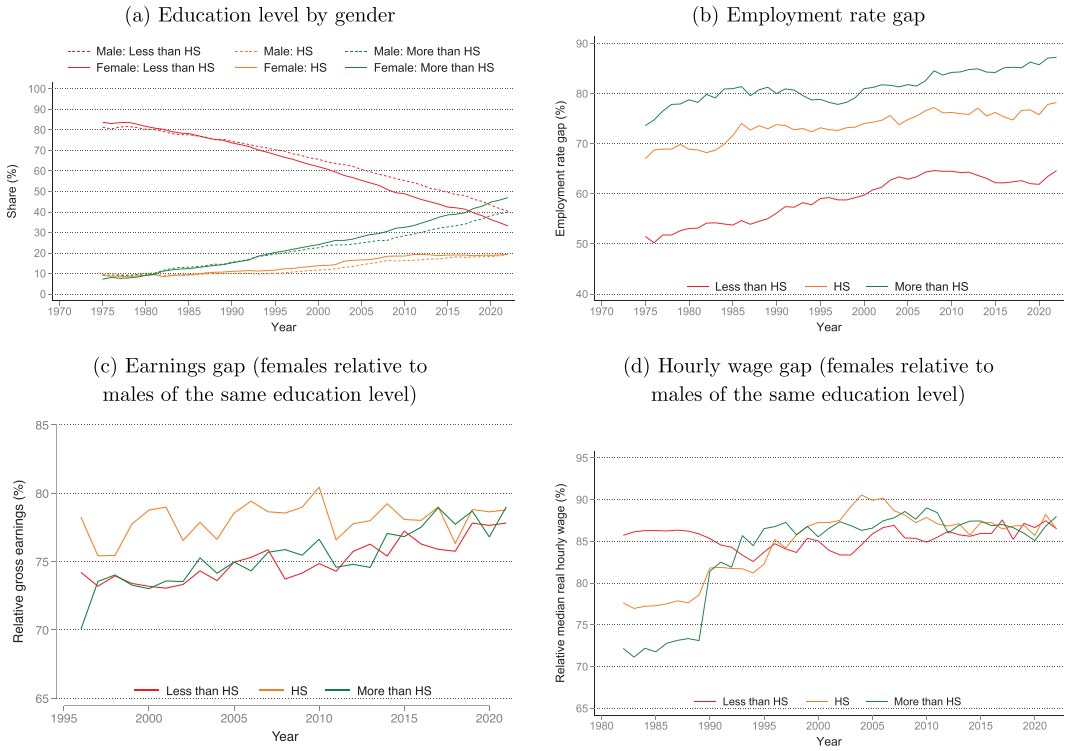



**FIGURE 6** Gender inequalities. *Note*: The employment rate gap is computed as females relative to males of the same education level (HS denotes high school), likewise for the earnings gap and hourly wage gap. *Source*: The underlying data of (a), (b) and (d) come from the *Enquête emploi (en continu)* series as provided by Quetelet-Prodego. For (a) and (b), the sample consists of all individuals aged 25–60. In 2021 and 2022, we do not have information about the educational attainment of some individuals, but these represent less than 0.5 per cent of the population and are consequently left out. For (d), we use a subsample of (a) and (b) where we have information on the hourly wage, computed by dividing the salary (trimming the top and bottom 1 per cent by gender) by the usually worked hours. [Colour figure can be viewed at wileyonlinelibrary.com]

In Figure 6(a), we show how the general increase in education in France has been very favourable to women. While in 1975 more than 80 per cent of the French workforce had less than high school education, this fraction is reduced to less than 40 per cent by 2019. But more specifically, the share of women with more than high school education reached 47 per cent in 2022 against 40 per cent for men, from a low level of 7 and 9 per cent, respectively, in 1978. If all French workers have become more educated – starting from a low level in international comparison – French women have become on average even more educated. In Figure 6(b), we present the employment rate gap, defined as the female employment rate relative to that for males for a given education level. We see that for all education levels women have improved their labour force participation compared with their male counterparts, but the gap remains very high, in particular for the low-educated group. Whereas women with more than high school have close to 90 per cent of the employment rate of men with the same education level, the employment rate of low-educated women is still 60 per cent of that of men. This means that a convergence in employment rate has largely occurred, even if a large gap in participation remains by education.

Figures 6(c) and (d) present the evolution of female median gross earnings and median hourly wage relative to males, by education level. Although we see a reduction in the gender wage gap in the 1980s and 1990s, the recent period shows no sign of further improvements. What is more, the reduction of the female/male wage gap is concentrated in the middle and higher education groups. The gender gross earnings gap is significantly larger as women are more likely to work part-time. Overall the gender inequalities story over the last 50 years is one of major progress in terms of labour market participation and education level, but with a stagnating wage gap since the late 1990s. Recent research on the gender wage gap highlights that it is now mostly related to the wage penalty of motherhood (Meurs and Pora, 2019).

## 5.3 | Migrants versus natives

The question of migration, and the integration of migrants into the French labour market, has been politically very divisive in France. In Figure 7, we present a similar analysis for education attainment, employment, earnings and hourly wage, comparing the evolution of workers born in France with those born abroad. In France, it is unlawful for surveys to ask about ethnicity, so research on discrimination and minorities relies often on migrant status or information about the place of birth of parents (Aeberhardt et al., 2010).[5]

In Figure 7(a), we see that those born abroad are predominantly represented in the first two deciles of household income, and this pattern was somewhat reinforced over the 1996–2019 period: The share of those born abroad in the first decile has increased from 20 per cent to 23 per cent. The employment rate of immigrants (Figure 7(b)) is also lower than those born in France, especially for women, and the gap has actually grown over time since the 1980s for both men and women. Given that relative hourly wages do not exhibit any sign of convergence towards the wage level of those born in France, the relative earnings (Figure 7(c)) of immigrants have tended to decline, notably for women.

Overall, we see that, over the period of study, the relative position of migrants has tended to deteriorate relative to French natives. This means that although income inequality has decreased over the period, the inequality between migrants and natives has tended to increase, leading to a higher concentration of migrants among the poorer sections of French society.

[5] In our data, we compare individuals born in France with individuals born abroad, which is different from the definition of immigrants in parts of the literature that compare individuals born in France with individuals born abroad with foreign nationality at birth. Differences may include individuals born abroad with French nationality, and in particular people born in former French colonies. We kept this definition chosen in Bozio et al. (2023b). Changing the definition does not fundamentally change the results.

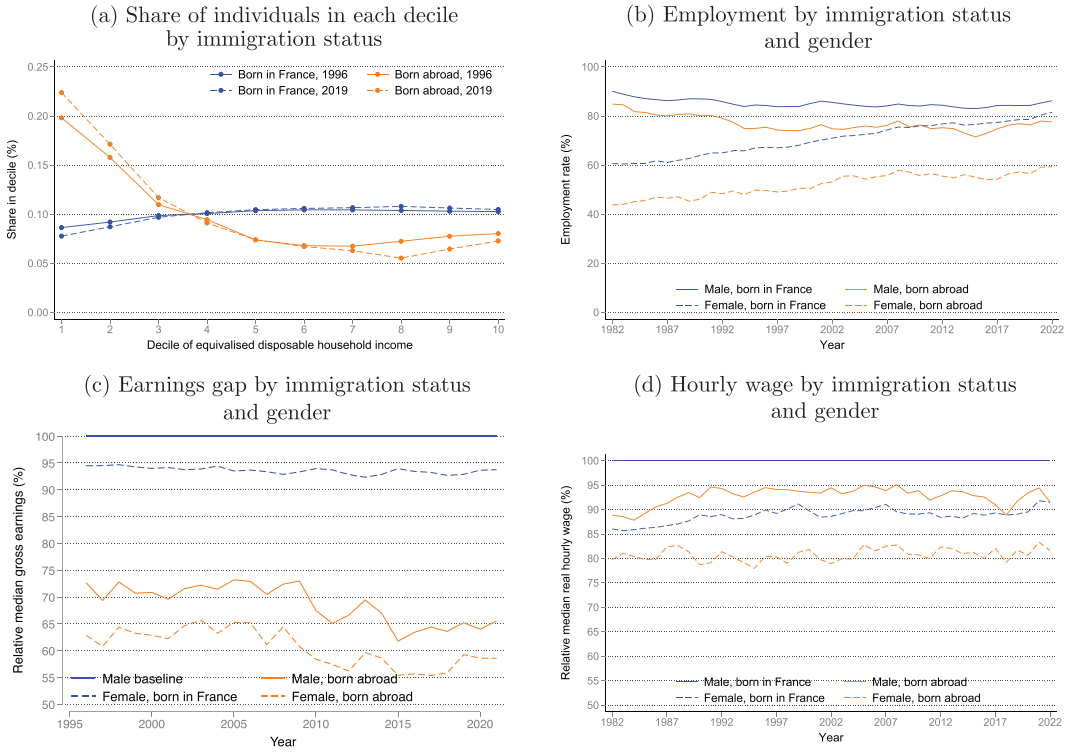



**FIGURE 7** Immigration status inequalities. *Note*: The baselines in (c) and (d) are relative to immigration status. *Source*: Fiscal survey for (a) and (c). Labour Force Survey for (b) and (d). For (b), we augment the sample of Figure 6(b) with information about the place of birth of individuals (which replaces the educational attainment dimension). We distinguish between individuals born in France and abroad, which we do based on the variables naidep1 and rgi (1982–89) and lnais (2003 onwards). For (d), and in a similar vein, we use the sample of Figure 6(d), replacing the educational attainment dimension again with the origin of birth. [Colour figure can be viewed at wileyonlinelibrary.com]

## 5.4 | Spatial inequalities: Paris and the French desert?

Another dimension that matters in assessing the evolution of inequalities is geography. France is a highly centralised country, where both economic and political activities are concentrated in the Paris region. Recently, the 'Yellow Vest' protests have highlighted that there was a specific feeling of being left aside by inhabitants of the urban periphery. In Figure 8, we present similar statistics to Figures 6 and 7, but this time splitting the sample according to the place of residence. We distinguish the evolution of employment and earnings along residence in Paris, urban and rural areas.

In Figure 8(a), we see that there is no great movement in the distribution of individuals in the income distribution by location. The main changes appear at the bottom of the distribution where individuals living in Paris were largely under-represented in 1996. Compared with that situation, individuals in Paris became more likely to belong to the first two deciles of disposable income in 2019, whereas individuals in rural areas became less likely to be in these bottom deciles. Employment rates (Figure 8(b)) used to be higher in Paris than in the rest of the country, and it is now higher in rural areas; see Kramarz, Nimier-David and Delemotte (2022) for a detailed analysis of spatial inequalities in labour earnings. In terms of hourly wage and earnings, there is somewhat of a catch-up between rural and urban locations other than Paris relative to the position of the capital, even though there remains a clear gap.

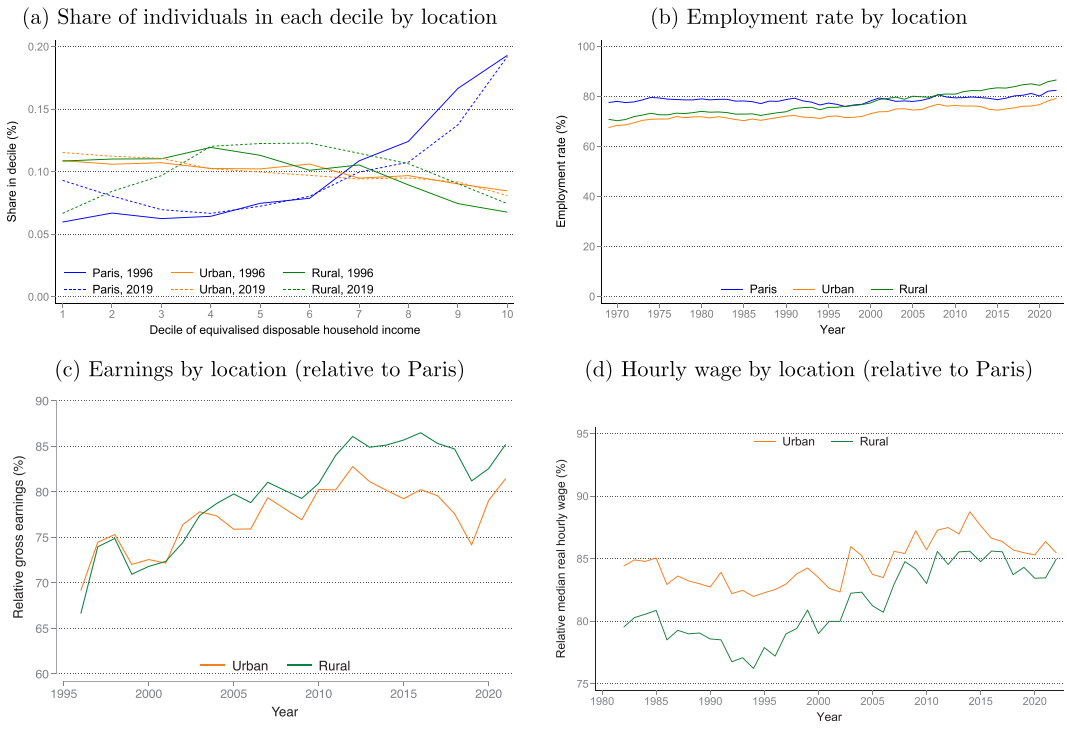



**FIGURE 8** Spatial inequalities. *Note*: The gross earnings (hourly wage) in panel (c) (panel d) is relative to that of Paris. *Source*: Fiscal survey for (a) and (c). Labour Force Survey for (b) and (d). For (b), we augment the sample of Figure 6(b) with information on the size of the urban unit in which the individuals reside (variables stt, tu and tur with varying suffixes). This replaces the educational attainment dimension. For (d), and in a similar vein, we use the sample of Figure 6(d), replacing the educational attainment dimension again with the size of the urban unit. [Colour figure can be viewed at wileyonlinelibrary.com]

Overall, these trends do not point to dramatic increases in inequality across location in France over the period of study.

## 6 | CONCLUSION

We document the evolution of pre-tax and disposable income inequality for working-age individuals in France since the late 1960s using household surveys. Disposable income inequality declined over the 1960s and 1970s and remained stable thereafter. Other dimensions than income might affect the perception of inequality. We have thus analysed changes in household composition, gender, immigration and geography as potential margins where the inequality could be more salient. We have found that while income inequality remained stable, the social composition of households in low-income deciles has changed towards more low-educated individuals, more individuals born abroad and more households with no working adults.

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## DATA AVAILABILITY STATEMENT

The data are provided by INSEE and distributed by PRODEGO-ADISP, and are available at https://data.progedo.fr/series/adisp/enquete-emploi-enquete-emploi-en-continu-ee-eec (Enquête Emploi/Enquête Emploi en continu (EE/EEC) for years 1980–2022), at https://data.progedo.fr/series/adisp/enquetes-revenus-fiscaux-erf-enquetes-revenus-fiscaux-et-sociaux-erfs (Enquêtes Revenus Fiscaux (ERF)/Enquêtes Revenus Fiscaux et Sociaux (ERFS) for years 1996–2021), at https://data.progedo.fr/studies/doi/10.13144/lil-1460 (Enquêtes Revenus Fiscaux (ERF) for years 1970–1990), and at https://doi.org/10.4232/1.13322 (International Social Survey Programme: Social Networks and Social Resources - ISSP 2017).

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