

#ECONOMICSFOREVERYBODY

Well-being in France - September 2022

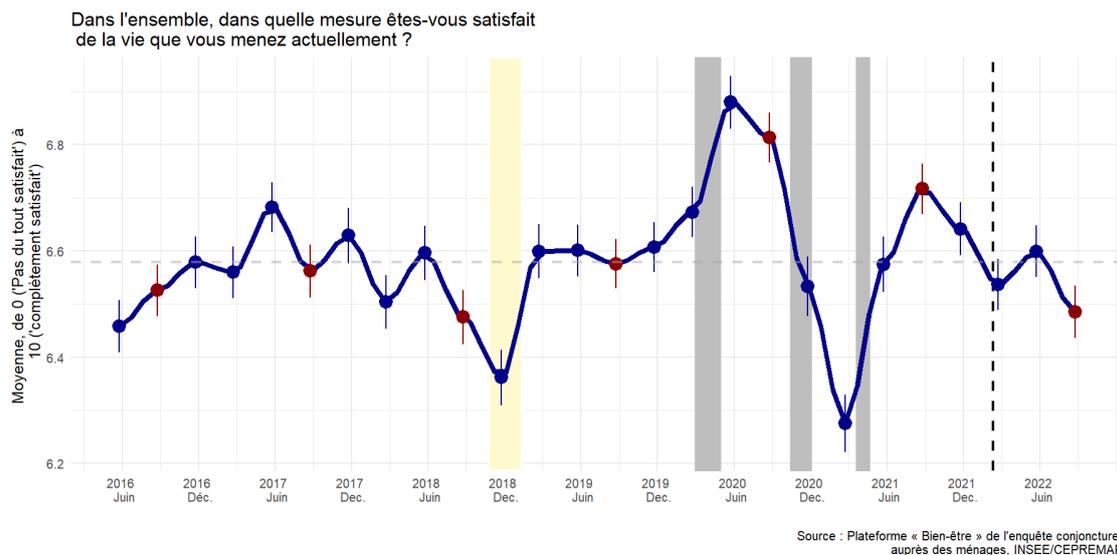
Mathieu Perona and Claudia Senik

Last June, [our current economic report](#) showed that growing household worries about their financial situation had not yet affected satisfaction with their standard of living. While it lower than it had been during the pandemic, it remained comparable to 2020 levels, but that resistance began to erode in September. Households are currently noting high inflation and expect that it will last for at least another year, which affects their assessment of both their current standard of living and their lives in the years to come.¹

Standard of living is becoming a major concern

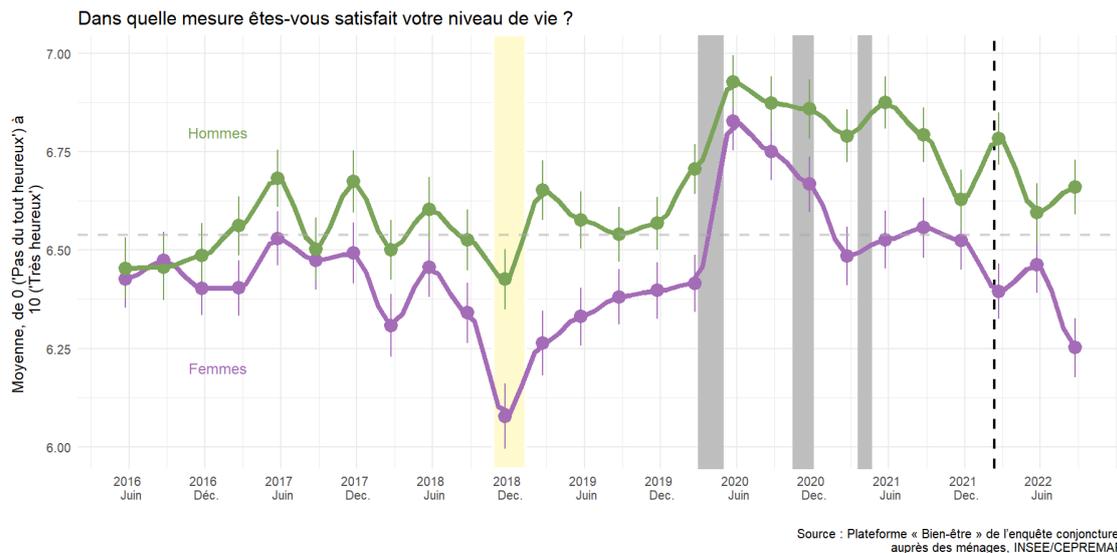
Each quarter, our study of well-being in France starts with an evaluative dimension – satisfaction with life as it is currently lived. After the highs and lows of the pandemic period, this measure oscillated for nine months around its long-term average. In September, it reached a new low, a level we saw before the advent of the Yellow Vest movement.

Over the past few years, changes in life satisfaction have mirrored those of emotional well-being, measured in our enquiries through questions about feeling being happy or depressed. Since the beginning of the year, the material elements of well-being seem to have taken precedence.

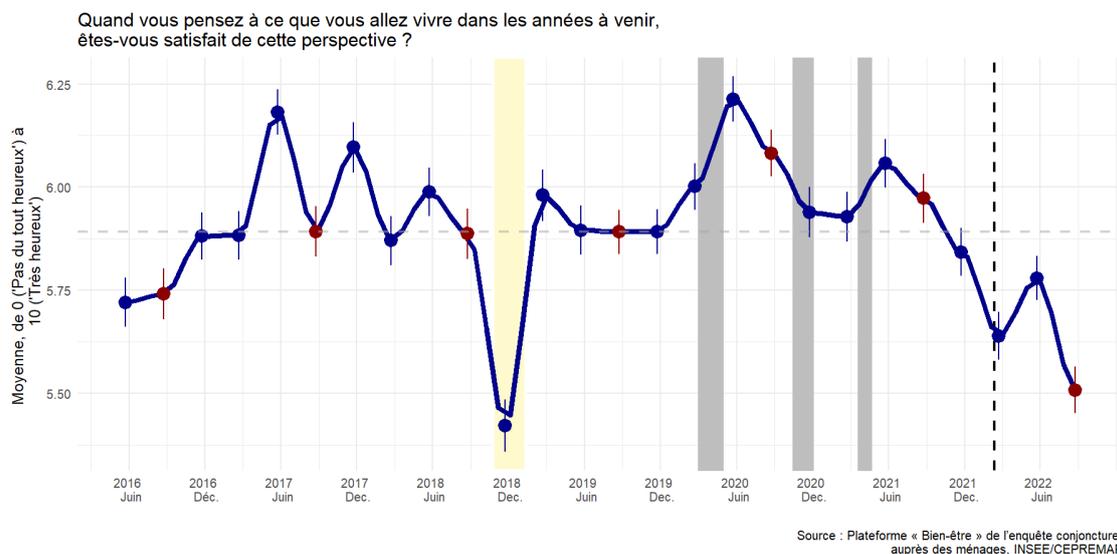


¹ As we do every quarter, [our Dashboard](#) presents the answers to 20 questions on our platform, broken down by age, gender, degree level or income.

We base this paper on responses to the question about standards of living. The beginning of the pandemic led some French to reassess positively their standard of living, perhaps because of the changing relative importance of different forms of consumption. This assessment has since declined, particularly among women, and saw a strong drop in the last quarter. As with inflation, the gap between men and women reflects structural elements: single women are on average less comfortably-off than single men, especially those in single-parent families.

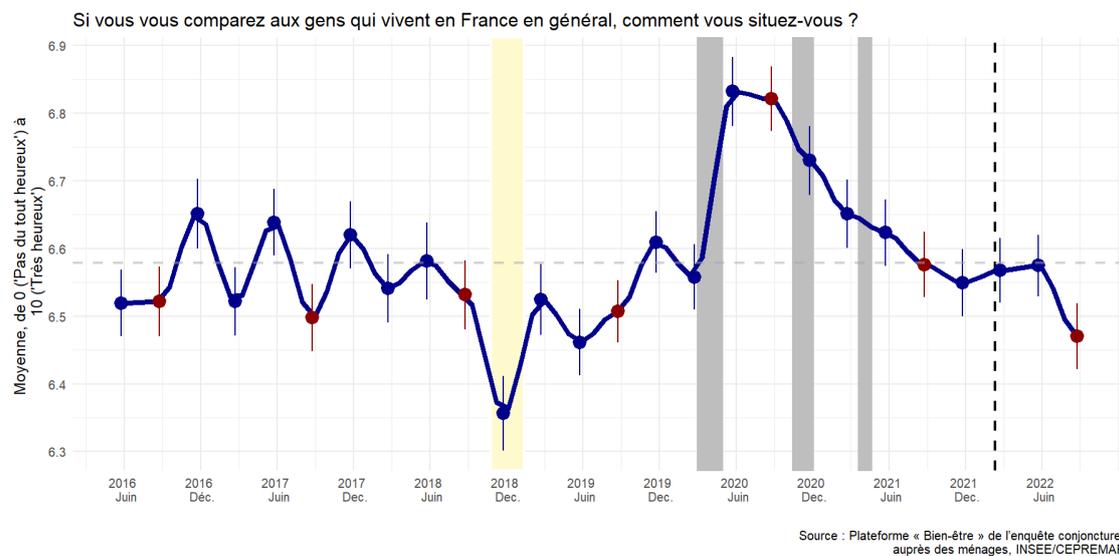


Concerns about living standards also affect the future. During the Covid pandemic, households were reasonably optimistic about their personal futures, seeing a return to normal after the confinements. In contrast, expectations of the short-term future have deteriorated since the beginning of the school year 2021, especially during the last four months. We have reached the lowest point since December 2018, in the middle of the Yellow Vest crisis.



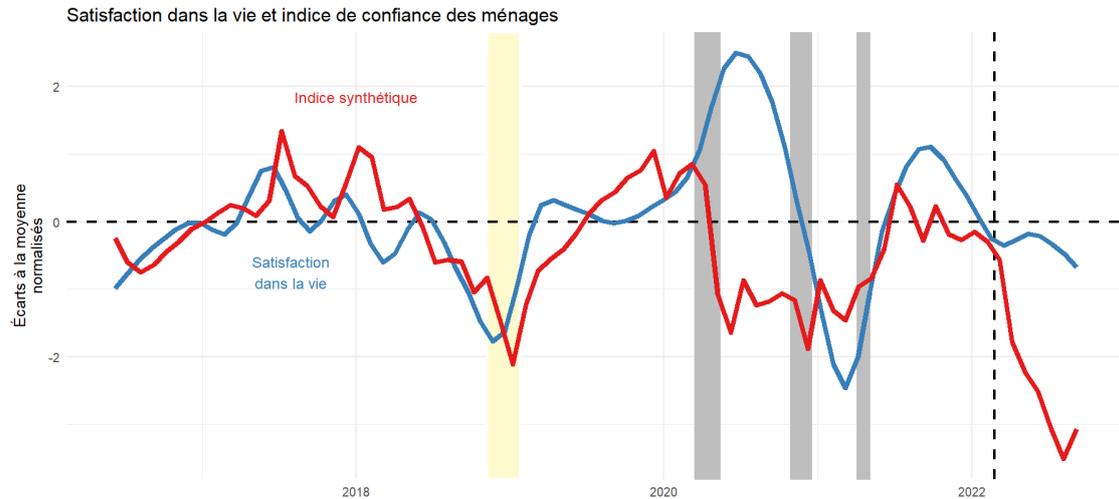
This concern is now clearly reflected towards the future. The French had not been so unoptimistic about their lives in the coming years since the Yellow Vests crisis.

At the same time, the households that participated in our study had the feeling that their situation was worsening not only absolutely but also relative to those of others in France. By this measure too, many households had felt relatively unaffected at the beginning of the pandemic, but then results returned to the long-term level. As for standard of living, women tend more than men to feel a loss of well-being when they compare themselves with others in the country.



A worrying economic situation

Since we started this enquiry, we have compared our indicators of well-being with the indicators of the economic situation collected in the same study, particularly the synthetic indicator of household confidence. Before the pandemic, this synthetic indicator and life satisfaction moved more or less in parallel. Among the principal determinants of satisfaction – income, family and friendship relations, the environment – the economic elements are those that change the most rapidly. It is therefore logical that in a relatively stable period, they will generally determine the changes from one quarter to another.

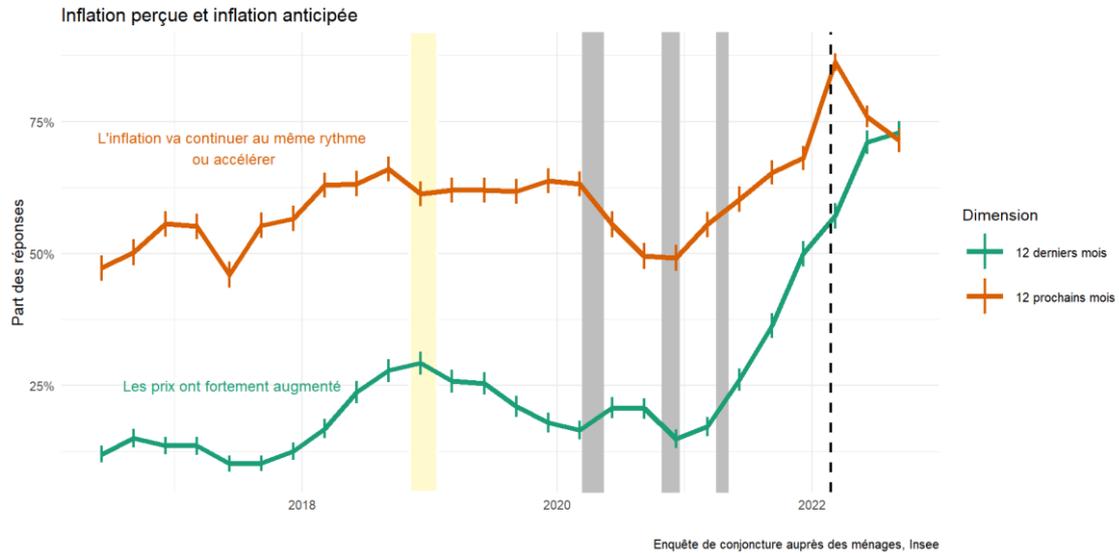


Source : Enquête conjoncture auprès des ménages, Insee et Plateforme « Bien-être » Insee/CEPREMAP

We observed an initial drop-off when the pandemic began, up until the end of 2021: anxiety in the face of the health situation, measured by indicators of emotional well-being, became the dominant factor in an economic situation that seemed to be under control thanks to the government’s “whatever it costs” approach. Since the beginning of this year - and the Russian invasion of Ukraine - confidence in the country’s economic situation has collapsed. Yet, contrary to the time of the Yellow Vest movement, the drop in life satisfaction has been modest.

Household assessments of the economic situation are clearly more pessimistic than assessments of their own lives and their futures. The beginning of the war in Ukraine marked an inflection point in this series. Disruptions to the supply chains from China during the pandemic affected mainly consumer durables, purchase of which can often be postponed. In contrast, the conflict in Ukraine affects food and energy, which are daily necessities.

Of course, inflation is at the heart of French people's concerns. During the pandemic, the blockage of supply chains from China concerned for households rather durable goods, whose purchase can often be deferred. The conflict in Ukraine is now affecting food and energy, which are needed on a daily basis.



Such worries are reflected in views of inflation. From 2016 (the first year of our enquiry) to the end of the confinements, one in five people felt that prices had risen a lot, with a peak around the time of the Yellow Vest crisis. Since the end of the confinements, that proportion has grown virtually every semester, reaching nearly 75% of respondents by September – a figure that matches inflation predictions made by the Insee. At the same time, the proportion of households that think inflation is going to continue at the same rate or accelerate (between half and two thirds of respondents up to the end of 2021), has also reached almost three quarters. Thus households are experiencing not only the impact of a noticeable inflation but are also worried that it is going to continue for at least another year.

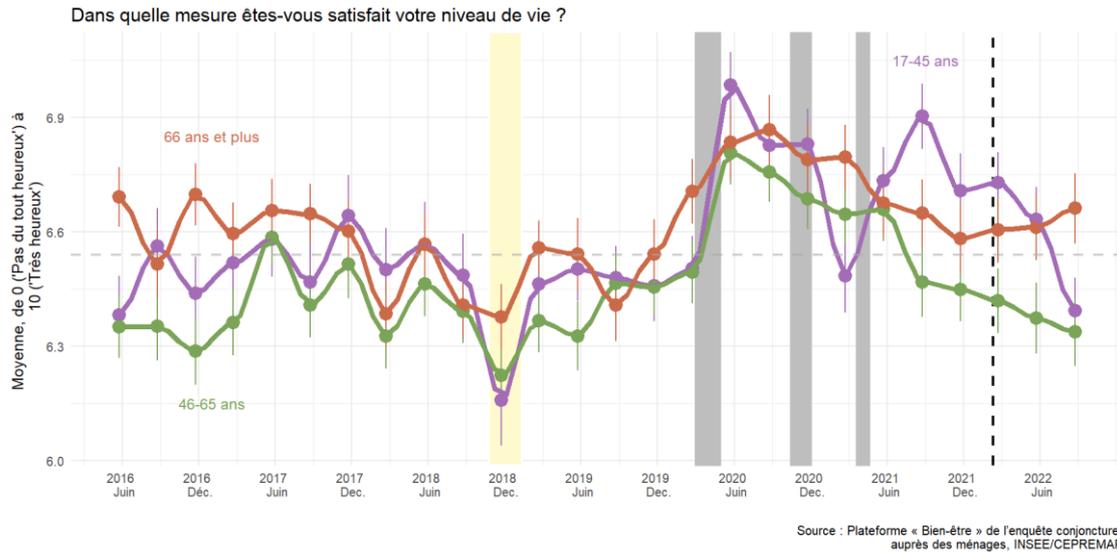
Generational differences

As we know, price increases do not affect households in the same ways: at present, the weight of food and energy expenditure are determinant². The drop in satisfaction with living standards is much more marked in households with income below 3,200 € per month (two thirds of our sample) than in the higher third.

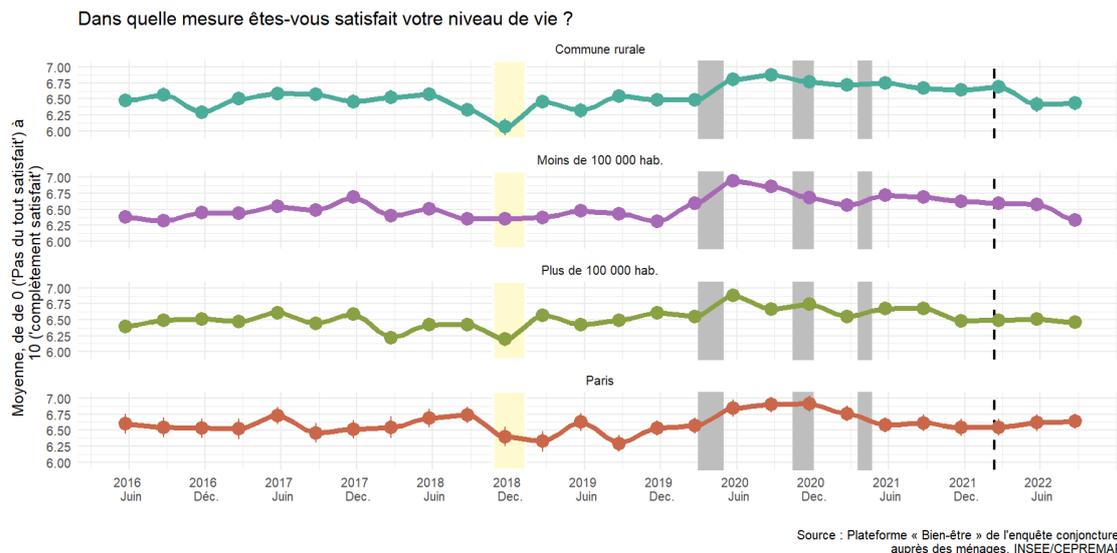
The greatest contrast, however, is generational. Regarding life satisfaction in general, living standards and expectations of the years to come, the youngest third of our sample (17-45 years old³) is clearly the most affected by the economic situation. This is particularly visible for living standards, where this age group registers a more marked drop than its elders.

² The recent work of A. Prati, using data from this survey, shows that inequalities in exposure to inflation have consequences for welfare even during periods of low inflation. These inequalities are arguably even greater today, with inflation largely focused on essential goods.

³ By construction, the Camme sample has few young households. Our age groups are constructed so that we have three groups of roughly similar size, or one-third of the sample.

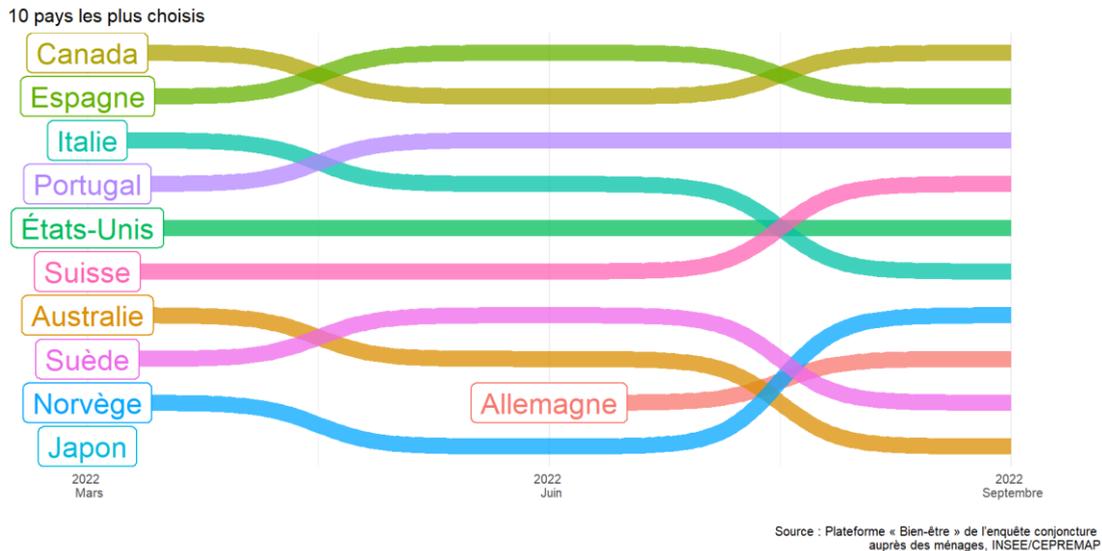


Our study cannot tell us the extent to which households are dependent on cars for their movements. We do know, however, that those who live in rural areas and small towns on average use their cars much more often for daily trips⁴, and we have noted a drop in living standards in rural municipalities in the last quarter (90% of commutes are made by car in these areas). This quarter, we are seeing the same thing in towns of fewer than 100,000 inhabitants, which combines necessary use of the car with a greater proportion of low-income households.



⁴ Chantal Brutel and Jeanne Pages, « La voiture reste majoritaire pour les déplacements domicile-travail, même pour de courtes distances - Insee Première - 1835 », Insee Première (Paris: Insee, January 19, 2021), <https://www.insee.fr/fr/statistiques/5013868>

Is moving a solution?



In March 2022, we added a new question to our enquiry platform: *“Some people would like to live in another country. If you had the choice, which country would you like to live in? (Imagining that language and seeing your near ones were not obstacles)”*. The response is open, which that means the choice of countries and territories is wide. The idea of this question is to know what people in France dream about, what alternative model seems favourable to their well-being. Although we put the question in a way that actively suggests another country, 42% of households respond “France”, which is four times as many as the country next most cited.

In March, we presented an overview of the other choices in a word cloud. This quarter, we present a list of the countries most often chosen. The top 10 is remarkably stable: at the top, Canada is most often chosen by young people, whereas southern European countries are more often chosen by older generations. Japan was present in March but in September was replaced by Germany. The eight other countries remained present through the three waves. Soon, we will present a more detailed analysis in a special report.

Conclusion

Economic worries are once again on people’s minds. There is a clear link between exposure to inflation and reduced satisfaction with living standards. While before the last quarter, some of the households surveyed believed that the worst was already over, economic pessimism today is widely shared, and it weighs on views of what life will be like in France in the years to come.
