Extreme Poverty in Wealthy Nations: Evidence from France*

Christophe Bruneel-Zupanc, Alexandre Gaillard
Christian Hellwig, Philipp Wangner, Nicolas Werquin

August 2, 2026

Abstract

The full paper is not for publication, but can be requested from the authors.

We offer new empirical facts and insights into the determinants, dynamics, and consequences of extreme poverty in an advanced market economy, based on a novel administrative data set from France's largest food assistance charity that is unique in its comprehensive coverage of low-income households – in particular of homeless individuals. We document several novel facts. First, extreme poverty is largely a transient phenomenon (1.5 years on average), but a very large fraction of households is at risk of falling into food and housing insecurity (8% of the population transited through our sample in the past 7 years). Second, children and teens are vastly over-represented in food and housing insecurity relative to their share in the overall French population (20% of our sample are below age 9, vs. 10% in the population). Third, flows into and out of extreme poverty are asymmetric: inflows are highly sensitive to local macroeconomic conditions and policies (in particular, a 10% increase in the unemployment rate or in private housing rents lead to a roughly 10% increase in homelessness) while outflows only depend on individual characteristics, with an especially strong duration dependence (spending 3 years in homelessness reduces the exit rate by 30 percent). Fourth, housing is a luxury good, with marginal propensities to consume and price elasticities equal to zero below a subsistence threshold. Fifth, the high inflation period starting in 2022 played a central role in accounting for the fast rising rates of extreme poverty in the last four years.

---

*Bruneel-Zupanc (KU Leuven): christophe.bruneel@gmail.com. Gaillard (Brown University): alexandre_gaillard@brown.edu. Hellwig (Toulouse School of Economics): christian.hellwig@tse-fr.eu. Wangner (University of Mannheim): philipp.wangner@uni-mannheim.de. Werquin (Federal Reserve Bank of Chicago): nwerquin@gmail.com. We are immensely grateful to Elodie Charmat, and les Restos du Cœur more generally, for sharing their data with us, trusting us to undertake this research agenda, and patiently answering all of our questions. This project would not have been possible without Elodie's unwavering support, generosity, and efficiency. We are also very thankful to Bernard Gaillard, our local volunteer point of contact, whose practical knowledge of food bank operations greatly helped us. We also thank Gadi Barlevy, Richard Blundell, Kristin Butcher, Jeff Campbell, Ricardo Cioffi, Mariacristina De Nardi, Mike Golosov, Aspen Gorry, Ezra Karger, Melissa Kearney, Etienne Lehmann, François Maniquet, Serdar Ozcan, Erik Plug, Max Risch, Diane Schanzenbach, Kamila Sommer, Sara Spaziani, and Damian Vergara for useful comments. All remaining errors are ours. Opinions expressed in this article are those of the authors and do not necessarily reflect the views of the Federal Reserve Bank of Chicago, the Federal Reserve System, or Les Restos du Cœur. Christian Hellwig acknowledges funding from the French National Research Agency (ANR) under the Investments for the Future program (Investissements d'Avenir, grant ANR-17-EURE-0010).