Flash Economics

N° 134
October 31, 2025

Since 2019, France's growth has come solely from an increase in the employment rate, and this is under threat

Since 2019, France has seen:

- A stagnation (which in the future will be a decline) in the working-age population;
- A decline in labour productivity.

The only source of French growth since 2019 has therefore been the rise in the employment rate. This increase is essentially explained by the rise in the employment rate of young people (due to the development of apprenticeships) and by the rise in the employment rate of people over 55 (due to successive pension reforms).

It is important to bear in mind that the reform of apprenticeships (with a sharp drop in the amount of public aid) and the suspension of the pension reform will halt the rise in the employment rate, and therefore condemn France to zero growth.

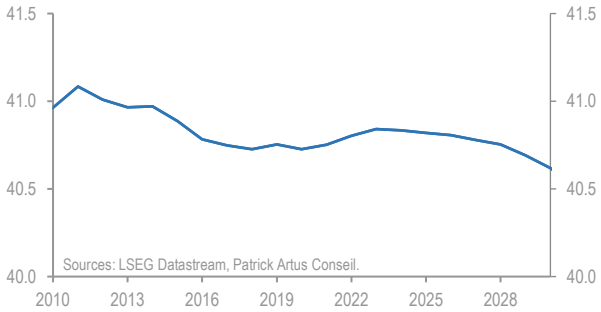
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Stagnation of the working-age population and labour productivity in France

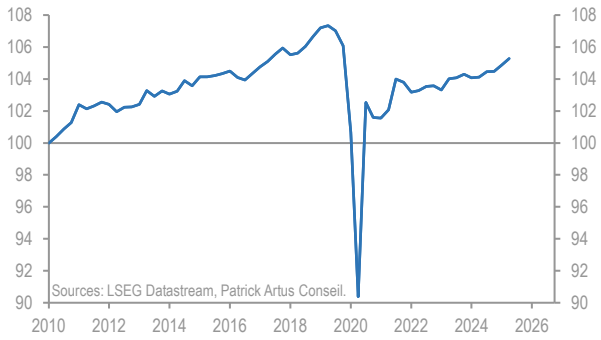
The working-age population in France stagnated between 2019 and 2025 and is set to decline between 2025 and 2030 (**Chart 1**).

Chart 1
France: Population aged 15 to 64
(in millions of persons)



Furthermore, **labour productivity declined by more than 2%** between the second quarter of 2019 and the second quarter of 2025 (**Chart 2**).

Chart 2
France: Productivity per head (2010.Q1 = 100)



GDP growth can stem from three factors: an increase in the working-age population, an increase in labour productivity, and an increase in the employment rate. It appears that, since 2019, **GDP growth in France has been driven solely by the rise in the employment rate**.

An increase in the employment rate, particularly among young people and those aged over 55

When the working-age population is divided into three groups (15–24, 25–54, and 55–64), it becomes clear that **the rise in the overall employment rate is mainly explained by higher employment among young people and those aged over 55** (**Charts 3A/B/C/D**).

Chart 3A
France: Employment rate of population aged 15 to 24
(as %)

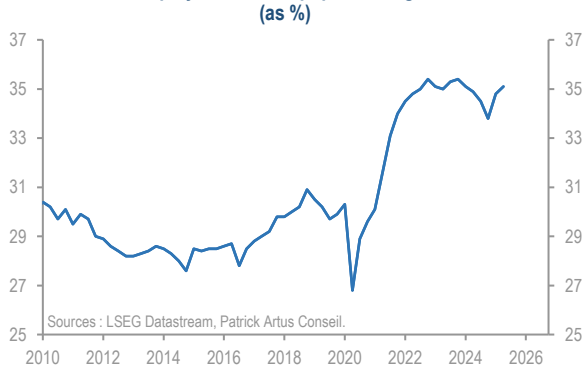


Chart 3B
France: Employment rate of population aged 25 to 54
(as %)



Chart 3C
France: Employment rate of population aged 55 to 64 (as %)

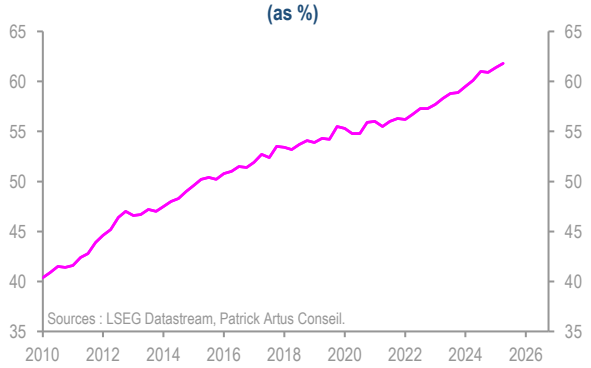
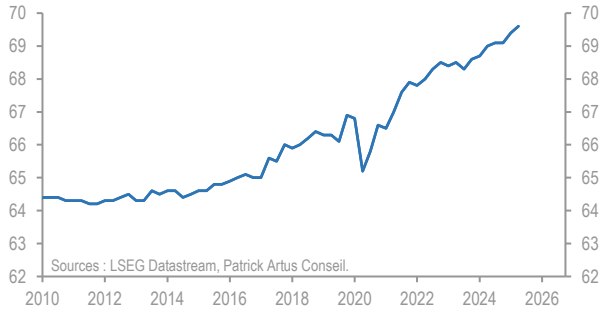
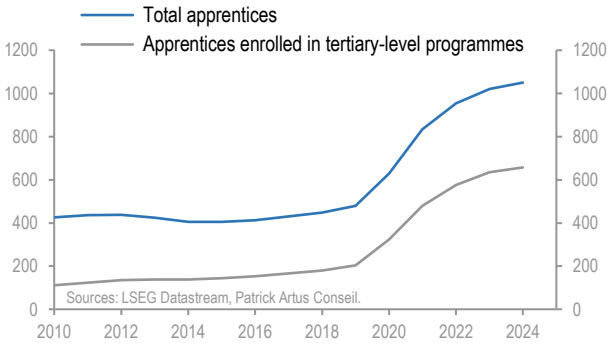


Chart 3D
France: Employment rate of population aged 15 to 64 (as %)



The increase in the employment rate among young people is mainly linked to the **expansion of apprenticeships** (**Chart 4**).

Chart 4
France: Number of apprentices (in thousands)



The increase in the employment rate among people aged over 55 is linked to the implementation of **successive pension reforms**.

The rise in the overall employment rate corresponds to a 5.0% increase in employment between the first quarter of 2019 and the second quarter of 2025, while real GDP grew by 5.2% over the same period. This clearly confirms that, **since 2019, the sole driver of France's economic growth has been the increase in the employment rate**.

Summary: Two threats to France's economic growth

The first threat is linked to the reform of the apprenticeship scheme. From February 2025, the public subsidy per apprentice (paid for one year) will be reduced to €5,000 for firms with fewer than 250 employees and to €2,000 for firms with more than 250 employees, compared with €8,000 at the start of the scheme and €6,000 up to February 2025. This reduction in government support follows the observation that the scheme has largely benefited higher-education students (Chart 4). There is therefore a risk of a decline in the number of apprentices, and consequently in the employment rate of young people.

The second threat is related to the suspension of pension reform, which will halt the rise in the employment rate among people aged over 60. If the overall employment rate ceases to increase while the working-age population is shrinking and productivity remains below its 2019 level, it follows that GDP growth in France will tend to zero.

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