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The primary objective of economic policy in France and Europe must be to increase investment; to achieve this, more savings will be needed

As is well known, particularly since the Draghi report, Europe – and France in particular – is suffering from a significant shortfall in both private (corporate) and public investment, with an investment gap (for the energy transition, digital development and the development of artificial intelligence) of at least 4.5 percentage points of GDP.

This shows that we need to promote policies that increase the savings rate, rather than policies that encourage consumption. Such savings-friendly policies may conflict with the aim of tackling inequality (this is particularly true of redistributive policies targeting young people or those on low incomes) and with the aim of supporting purchasing power (one example from France is the decision to release part of employees' savings, which will lead to a fall in the savings rate).

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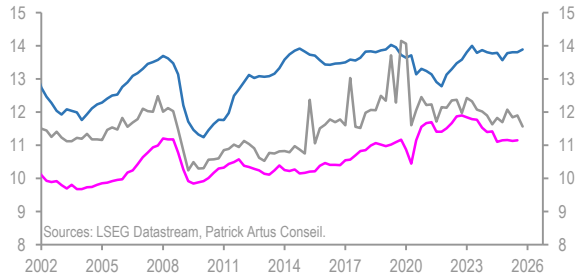
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The need for greater investment in the euro zone and in France

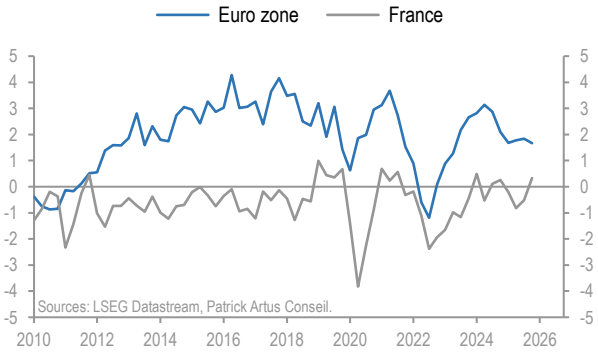
The Draghi report clearly highlights Europe's investment shortfall. To close the gap in Europe regarding artificial intelligence, digital development and the energy transition, **the European Union would need to increase its investment by at least 4.5 percentage points of GDP, with half coming from the public sector and half from the private sector**. It is clear that **the rate of business investment in Europe and France is lower than in the United States** (**Chart 1**).

Chart 1
Investment of corporations
(in value terms, as % of nominal GDP)



However, the euro zone currently has a current account surplus of 1.7 percentage points of GDP, and France's current account is more or less in balance (**Chart 2**).

Chart 2
Current account balance (as % of nominal GDP)



This means that if the **euro zone were to invest sufficiently** (in terms of both business and public investment), **it would have a current account deficit of more than 2.5% of GDP; that if France were to invest sufficiently, it would have a current account deficit of 4.5 percentage points of GDP**.

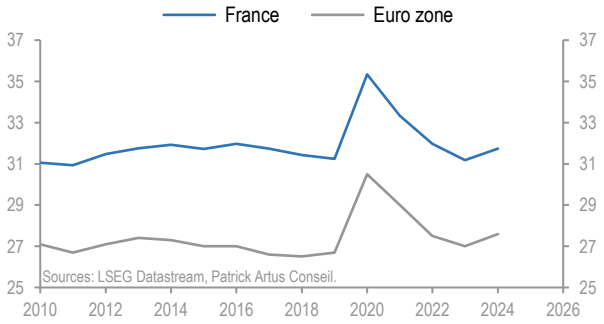
We must therefore implement economic policies that increase the savings rate

Since the investment rate is too low in Europe and France, and the current account surplus is not sufficient to cover the necessary increase in the investment rate (euro zone) or that there is no current account surplus (France), so that the desired increase in the investment rate does not lead to a massive external deficit, **it is necessary to implement economic policies that encourage saving**.

This implies:

- **Moving away from policies designed to boost consumption**. Public policies often consist of measures to support purchasing power and, consequently, consumption (for example, increased social security spending, **Chart 3**, and transfers to households to offset rising energy prices).

Chart 3
Public expenditure on health and social protection
(as % of nominal GDP)



But if the aim is to be able to finance additional investment**,** **we must shift towards policies that encourage saving, which in particular involves reducing social security deficits;**

- **To accept the idea that**, until the investment rate has reached the desired level, **redistributive policies should be given less priority**. The household savings rate rises with income and throughout working life. According to the Banque de France (2025), the wealthiest households save 33% of their income, whilst the savings rate for households as a whole stands at 18%; people under 30 save 4% of their income, compared with 15% for those aged between 50 and 64. **This implies that all redistributive policies favouring young people or those on low incomes reduce the overall savings rate**.
  The objective of ensuring ample savings are available for investment may be incompatible in the short term with redistributive policies;
- **To reject policies that convert savings into consumption** (for example, in France, the decision to release part of employees' savings schemes to bolster purchasing power).

Summary: Shifting to policies that prioritise saving and investment will be unpopular

Whilst, in Europe and France, the main objective of economic policy must be to encourage increased savings to finance the necessary rise in investment, this policy is likely to be unpopular because:

- It requires abandoning the priority given to supporting consumption;
- Given that savings rates vary according to age and income level, this would conflict with redistributive policies aimed at supporting young people or those on low incomes.

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