Flash Economics

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The French reject economic policies that reduce the public deficit

The vast majority of French people are in favor of taxing individuals with significant wealth or large companies. However, this taxation would not be nearly enough to reduce the public deficit to the extent needed to stabilize the public debt ratio.

On the other hand, the French overwhelmingly reject cuts to social spending or healthcare spending, the idea of working longer each year or raising the retirement age, the elimination of tax breaks for retirees, or the deindexation of pensions.

But they support the idea that we need to produce more and reduce public spending. What spending are they referring to, since it is clearly not social welfare spending? How can we produce more if we are not supposed to work more each year or throughout our lives?

In reality, the French are not prepared to accept a collective effort to rebalance public finances.

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The only effort that the French accept is the taxation of large fortunes and large companies

A survey (IFOP, September 17, 2025) shows that **the vast majority of French people are in favor of the Zucman tax** (86% of those surveyed are in favor of this tax) **and of asking wealthy individuals and large companies to make a financial contribution** (85% support).

But on the other hand, the French (based on a survey conducted by the Elabe institute for BFMTV, published on September 25, 2025):

- **Reject the idea that they do not work hard enough** (60% oppose this idea);
- **Reject cuts in social spending** (only 28% approve of them);
- **Reject savings on healthcare spending** (59% rejection);
- **Reject the idea of working more each year** (63% rejection);
- **Reject raising the retirement age** (69% rejection);
- **Reject the elimination of the tax allowance on pensions** (72% rejection);
- **Reject the deindexation of pensions** (78% rejection).

All measures to reduce public spending or increase production are therefore rejected, yet the French also say that there is too much public spending (84% of responses) and that more needs to be produced (72% of responses).

In reality, the French reject any reduction in public spending, particularly social welfare spending, as long as the area in which the reduction would occur is specified, and only accept tax increases on the ultra-rich and large corporations. However, **this taxation would be largely insufficient to stabilize the public debt ratio** (**Chart 1**). This stabilization would require a reduction in the primary public deficit (excluding interest payments on public debt) of €130 billion (4.4 percentage points of GDP, 3.3 percentage points to eliminate the primary budget deficit, and 1.1 percentage points to generate a primary budget surplus that offsets the fact that the long-term interest rate is higher than long-term nominal growth) . However, the Zucman tax would bring in €20 billion at best, and the corporate tax paid by large companies (the 110 largest companies) represents only €15 billion.

Chart 1
France: Public debt (as % of nominal GDP)



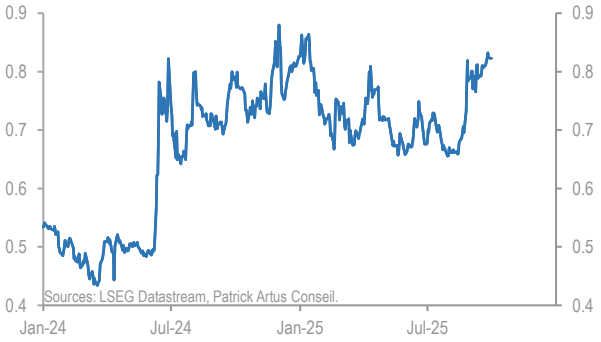
Summary: what will happen?

It is unlikely that political parties will implement a policy to reduce the public deficit that would not be accepted by the French people.

As a result, we can expect:

- Taxation of the wealthiest individuals and increased taxation of large companies (maintenance of the corporate tax surcharge).
- A public deficit that remains high in 2026 and 2027 (probably above 5% of GDP);
- The continued deterioration of the French government's credit rating, with the spread between French and German interest rates continuing to widen (Chart 2);

Chart 2
France: Yield spread on country's 10-year government bonds against Germany (as % point)



- Ultimately, the implementation of a restrictive fiscal policy imposed from outside the country rather than decided internally.

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