Flash Economics

N° 21
February 23rd, 2026

Are the French prepared to accept blood, sweat, and tears?

"*I have nothing to offer but blood, toil, tears, and sweat*," said Winston Churchill on May 13, 1940, in his first speech to the House of Commons after being appointed Prime Minister. This quote can be applied to the recovery effort needed to pull France out of decline: prioritising investment over consumption, reforming the education system, extending working life, and investing in research and development. For many years, the country would have to give up consumption and work harder in order to have the means to invest more in the energy transition, in digital development, in the industries of the future, and in the education system.

But can the French accept this economic reconstruction effort when the debates focus solely on supporting purchasing power and halting pension reform?

Patrick Artus

Senior Economic Advisor

patrick.artus-ext@ossiam.com
@PatrickArtus
Patrick Artus

Isabelle Gravet

Research Assistant
isabelle.gravet-ext@ossiam.com

What the French economy needs is well known

We know that **France is suffering** from:

- **A significant deindustrialisation** (**Chart 1**), which is currently only limited by strong growth in the aerospace and defence industries (**Chart 2**);

Chart 1
France : Real value added and employment in manufacturing

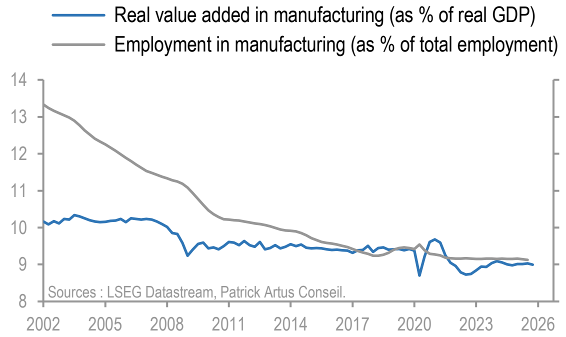
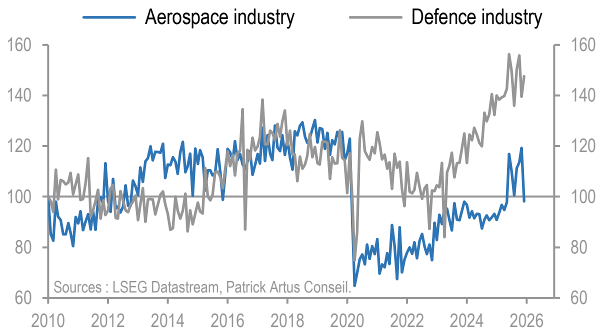


Chart 2
France: Manufacturing production in the aeronautics and defence industries (2010.M1 = 100)



- **The small size of digital services** (**Chart 3**);
- **Subdued efforts of research and development by companies** (**Chart 4**);

Chart 3
Gross value added of the ICT sector (as % of nominal GDP)

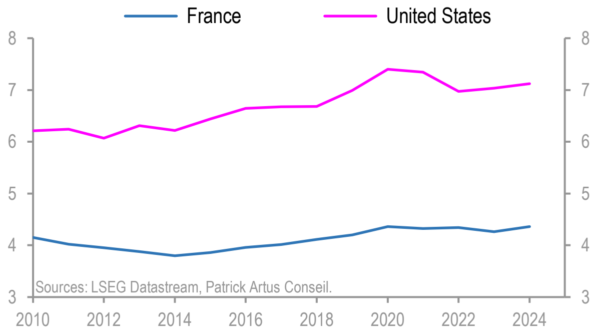
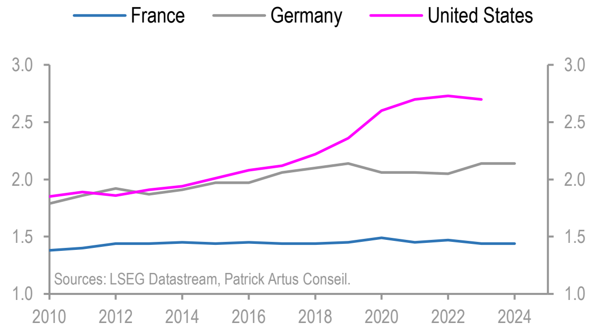


Chart 4
Corporate R&D spending (as % of nominal GDP)



- **The very poor quality of its education system** (**Table 1**);

Table 1: Results of OECD PISA survey (overall score, by decreasing score, 2022)

Country	Results
Japan	533
Canada	506
Finland	495
United Kingdom	494
United States	489
Sweden	487
Germany	482
France	478

Source: OECD

- **Low employment rates among young people and those over 60** (**Graphs 5A/B**) and, as a result, low lifetime working hours, rather than low annual working hours. In fact, in 2024, the average number of hours worked per year per person in employment (salaried and non-salaried, part-time and full-time) is 1,595 hours in France, compared with 1,539 hours in Germany.

Chart 5A
Employment rate of population aged 15 to 24 (as %)

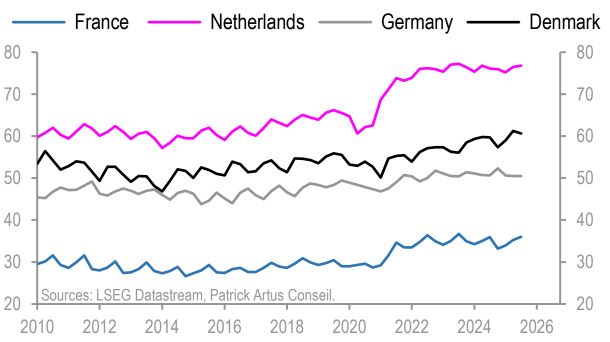
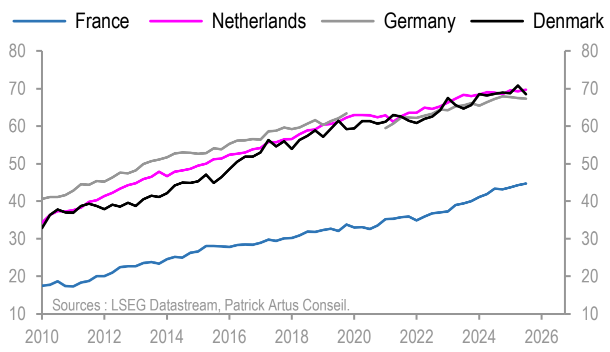


Chart 5B
Employment rate of population aged 60 to 64 (as %)



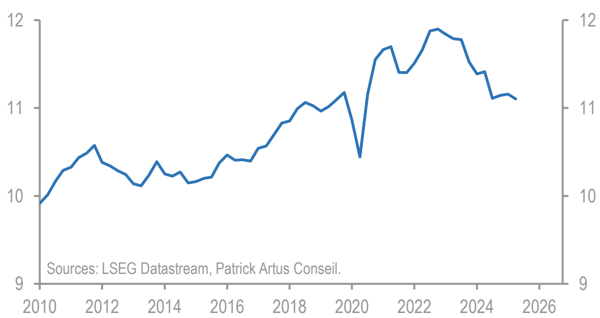
What economic policy is needed to fix these weaknesses in France?

It is clear that France needs to:

- Reindustrialise;
- Develop digital services;
- Increase its research and development spending;
- Overhaul its education system;
- Increase its employment rate.

This implies **additional investment** (in industries of the future and digital services), even though the corporate investment rate has been declining since 2022 (**Chart 6**); **an increase in corporate research and development spending** (**Chart 4** above), **a reform of the education system** (**Table 1** above), and **an extension of working life** (younger people entering the labour market earlier, postponement of retirement age, **Charts 5A/B** above).

Chart 6
France: Investment of corporations
(in value terms, as % of nominal GDP)



Since France does not have a current account surplus (**Chart 7**), **investing more** (in industry, digital technology, research and development, training) while avoiding a significant external deficit **requires, on the one hand, saving more and consuming less**

and, on the other hand, increasing the employment rate. However, increasing the employment rate can only result from investment in the education system and raising the retirement age.

Chart 7
France: Current account balance (as % of nominal GDP)

This is where a major shift in economic policy is needed. In recent years, France's economic policy has clearly focused on **supporting household purchasing power and consumption** (**Charts 8A/B**), at the expense of investment (**Chart 6 above**).

Chart 8A
France : Real gross disposable income and household consumption (Y/Y as %)

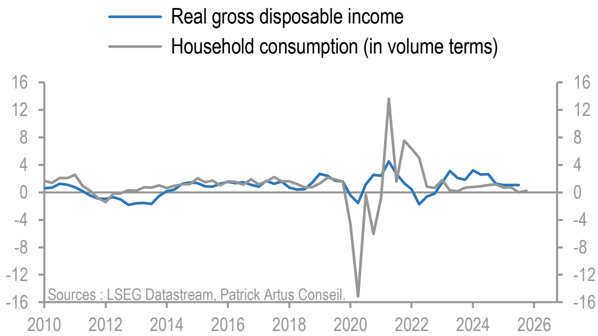
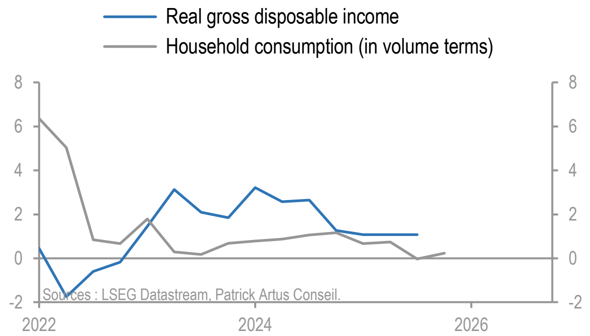
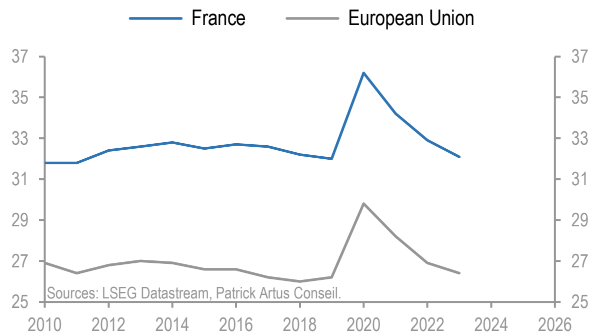


Chart 8B
France : Real gross disposable income and household consumption (Y/Y as %)



This current economic policy orientation is reflected in the **very high level of social spending** (health and social protection spending, **Chart 9**), in the decisions taken (3% increase in health spending authorised in 2026, indexation of pensions to prices, increase in the employment bonus). This spending is financed by **high corporate tax rates**, with a corporate tax surcharge and production taxes remaining at a very high level (3% of GDP in France, compared with 0.9% of GDP in Germany).

Chart 9
Public expenditure on health and social protection (as % of nominal GDP)



Quite the opposite, consumption should be transformed into investment (i.e., increasing the nation's savings rate) in order to achieve the objectives outlined above (reindustrialisation, development of digital services, increased spending on research and development, reform of the education system) and the country should **produce more by increasing the employment rate**.

Summary: is this break with France's economic policy acceptable to public opinion?

An IFOP poll (April 2025) shows that 68% of employees think that the retirement age should revert to 62, that 78% of French people are in favour of a general increase in wages, and that 82% of French people are in favour of increased taxation on dividends, with 76% in favour of an increase in employer contributions.

An IPSOS poll (October 2025) shows that 75% of French people believe that the healthcare system is understaffed. Finally, an Elabe survey (November 2025) shows that 71% of French people oppose any reduction in healthcare spending, 66-68% reject increases in medical deductibles, and 75% are opposed to the taxation of mutual insurance companies.

We can see that the vast majority of public opinion favours the current system, which prioritises purchasing power over investment. It will therefore be very difficult to shift to an economic policy that aims to increase investment by curbing social spending.

Disclaimer