# Flash Economics

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# Five key economic policy issues for France's next President

There are five economic policy issues of great importance to the next President of the Republic in France. These five issues are:

- The retirement age;
- Corporate taxation;
- The stance towards Europe;
- Immigration;
- Energy policy.

However, the far-left and far-right political parties in France hold positions on most of these issues that do not take economic or technological realities into account.

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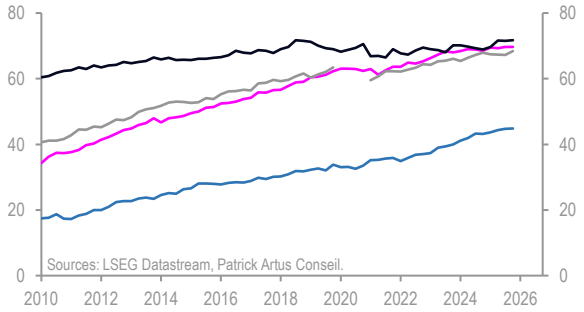
## First topic: retirement age

The low level of economic activity in France is mainly due to the **low employment rates among young people and those over the age of 60**.

We will not revisit here the very poor performance of the French education system, which is well documented and which explains the low youth employment rate as well as the high proportion of young people who have left school early and are neither in education nor in employment (in the fourth quarter of 2025, this proportion stood at 12.9% for 15–29-year-olds in France, compared with 8.8% in Germany and 4.8% in the Netherlands).

**The low employment rate among 60–64-year-olds in France**, compared with other European countries (**Chart 1**), is largely due to the rules of the pension system (the statutory retirement age is 62 years and 9 months in France, compared with 65 years in Spain, 66 years and 2 months in Germany, and 67 years in Italy and the Netherlands).

**Chart 1**
**Employment rate of population aged 60 to 64 (as %)**




Maintaining a lower retirement age than in other European countries would result in a permanent shortfall in output and tax revenue in France. However, simply raising the retirement age is not enough; this decision must be accompanied by **efforts to provide training and reskilling for those aged 55 and over**. Only 24% of people aged 55 to 64 have access to vocational training in France, compared with 47% of people aged 18 to 69[1]. This shortfall in vocational training is particularly significant for the unemployed and for those with few qualifications.

## Second topic: corporate taxation

Despite measures to reduce the **production taxes paid by businesses**, notably the cut in the corporate value-added contribution (CVAE), business production taxes will still amount to 3.0% of GDP in 2024, compared with 3.7% of GDP in 2020.

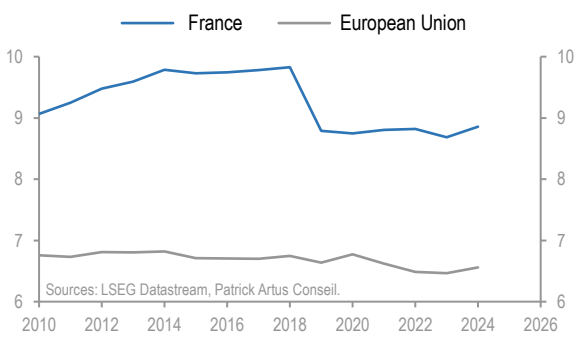
**The burden of business taxes is significantly higher in France** (3.0% of GDP in 2024) **than in other European countries** (1.7% of GDP for the European Union as a whole, 0.7% of GDP in Germany). This high burden of production taxes (payroll taxes, mobility levy, business property tax, social solidarity contribution, etc.) **undermines the competitiveness of French businesses** compared with those in other European countries.

**The corporate tax rate in France** is 25% for companies with a turnover of less than €1 billion, 30.1% for those with a turnover of between €1 billion and €3 billion, and 35.3% for those with a turnover exceeding €3 billion. The corporate tax burden is therefore heavier in France than in other European Union countries, as the **average corporate tax rate in the European Union** is 17.5%, and 22.2% in the eurozone.

[1] Insee. (2025). Formations et emploi. Insee Références.

Finally, the **burden of social security contributions on businesses** is also higher in France than in other European countries, despite reductions in social security contributions (**Chart 2**).

**Chart 2**
**Employers' social contributions of corporations (as % of nominal GDP)**




The proportion of social security contributions paid by employers is also higher in France (67%) than in the European Union (57%).

**Overall, the corporate tax regime in France is less favourable than in other European Union countries** (**Charts 3A/B**).

**Chart 3A**
**Taxes paid by corporations (as % of nominal GDP)**

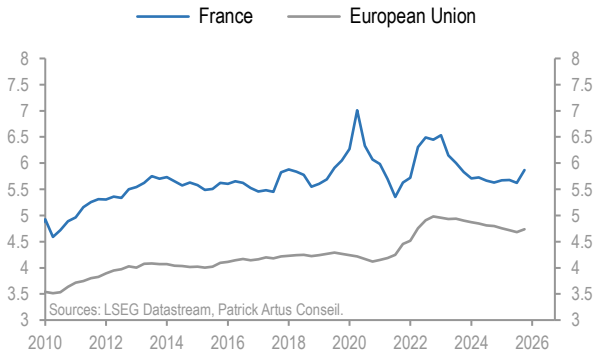
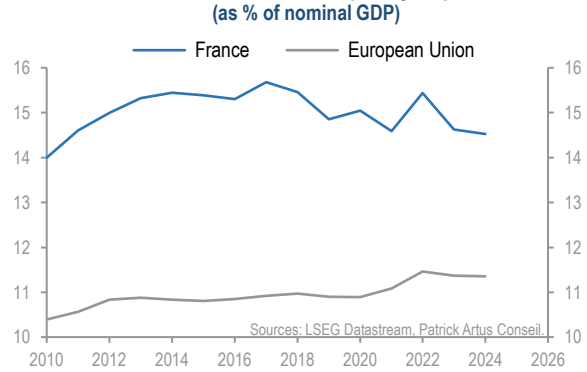
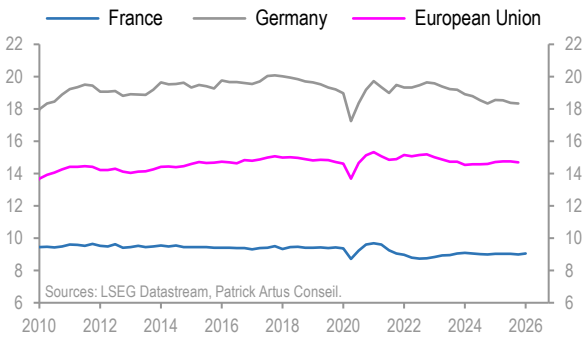



**Chart 3B**
**Taxes and social contributions paid by corporations (as % of nominal GDP)**




One cannot ignore the high burden of corporate taxation in France and its negative impact on investment decisions and the supply of goods and services. **This burden is particularly detrimental to companies facing international competition** and most likely explains the extent of deindustrialisation in France (**Chart 4**).

**Chart 4**
**Real value added in manufacturing (as % of real GDP)**



## Third topic: attitudes towards Europe

**The policies implemented at European level** (fiscal rules, competition policy, monetary policy, industrial and environmental standards) and, more generally, the coordination of policies between European countries **are very often criticised in France**. **However, Europe will only be able to hold its own on the international stage if**:

- **It integrates its capital, goods and services markets**. The IMF estimates that trade barriers between European countries are equivalent to tariffs of 44% for manufactured goods and 110% for services[2];
- It manages to **coordinate the industrial policies** of Member States, particularly policies on the production of military equipment;
- It issues **risk-free common debt** that can compete with US Treasury debt;
- It ensures its own monetary credibility and the fiscal credibility of all European Union countries.

The proposal for a 'Europe of nations' would lead to a return to national policies in the industrial, regulatory and budgetary spheres, and would mean that Europe would have no influence vis-à-vis the United States, China or India.

## Fourth topic: immigration

Immigration is a subject that is most often discussed in an emotional rather than rational or scientific manner. However, **economic analyses[3] of the effects of immigration on the French economy reach clear conclusions:**

- Immigration fills jobs that do not attract nationals; there is therefore no displacement of non-immigrants by immigrants in the labour market. Immigration therefore generates additional employment and economic activity, which benefits French nationals, and in particular drives up their wages;
- By raising the income of the middle class, immigration reduces inequality;
- Immigrants (people born abroad and residing in France) are on average better qualified than native-born French people. Indeed, 52% of immigrants who entered France in 2023 hold a higher education qualification[4];
- The effect of immigration on the public deficit is negligible or even slightly positive: the increase in economic activity resulting from immigration offsets immigrants' use of social security benefits;
- Illegal immigration, based on figures from the state medical aid scheme, can be estimated at 370,000 people, representing just 5% of the 7.7 million people born abroad and residing in France.

As the **fertility rate continues to fall in France** (1.56 births per woman in 2025), **there is no alternative but to rely on immigration** to prevent a decline in the working-age population and a shortfall in social security schemes.

## Fifth topic: energy policy

Some political parties (on the far left) advocate a 100% renewable energy mix, whilst others (on the far right) call for the phasing out of renewables (particularly solar and wind power). **Neither of these proposals is realistic**.

Energy consumption in France stood at 1,496 TWh in 2023 and is projected to be 1,405 TWh in 2035. Nuclear-generated electricity accounts for 320 TWh. A fully nuclear energy system would therefore require a more than fourfold increase in nuclear electricity generation, i.e. an increase from 56 reactors today to over 200 reactors, which is unfeasible.

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[2] KAMMER, Alfred. Europe's integration imperative. 2025

[3] D'ALBIS, Hippolyte, BOUBTANE, Ekrame, et COULIBALY, Dramane. Demographic changes and the labor income share. European Economic Review, 2021, vol. 131, p. 103614.
D'ALBIS, Hippolyte et BOUBTANE, Ekrame. Macroeconomic Consequences of International Migration for OECD Countries. In : *Understanding Migration with Macroeconomics*. Cham : Springer International Publishing, 2020. p. 59-86.
BOUBTANE, Ekrame. *Les effets économiques de l'immigration en Europe*. 2023.

[4] INSEE Première n° 2051, mai 2025.

A fully renewable energy system would require substantial investment in electricity storage to manage the intermittent nature of solar and wind power generation. Furthermore, it would also require maintaining a significant capacity to generate electricity using gas turbines, to prevent shortfalls in supply at night or when there is little wind.

**The only approach that is compatible with the technological constraints is a mix of nuclear and renewable energy sources** (solar, wind, hydro and biofuels).

## Summary: incorporating economic constraints into policy programmes

We have shown:

- That generating additional output and tax revenue requires raising the retirement age, whilst supporting this change through training for older workers;
- That the tax regime for French businesses created a competitiveness problem;
- That the 'Europe of nations' approach, with member states enjoying considerable independence in their national policies – fiscal, regulatory and even monetary – would condemn Europe to being merely a secondary power;
- That immigration was necessary and beneficial to the economy, and that scientific analysis showed that the supposed adverse effects of immigration (on wages, skills and the public deficit) were in fact not present;
- That, with regard to energy policy, only a mix of nuclear and renewable energy was technologically viable.

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