



PRESS RELEASE

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Report on public finances: situation and outlook

PUBLIC FINANCES: SITUATION AND OUTLOOK

Following the hiatus related to the parliamentary elections, the Court of Accounts has resumed its publication schedule with its annual report on the situation and outlook for public finances. While the economic situation has returned to normal and inflation has abated, France now finds itself in a worrying situation. Public debt, driven by repeated deficits and by its size, is becoming increasingly expensive, constraining all other expenditure, hampering the country's ability to invest and leaving it dangerously exposed in the event of a new macroeconomic shock. This situation is all the more worrying given that the trajectory for reducing the public deficit does not include the essential investments that will have to be made to deal with climate change. France must now take difficult decisions to regain control of its public finances and honour its commitments, both to eurozone member countries and to future generations, through a credible strategy that preserves growth and social cohesion.

2023, a very bad year for public finances

The public deficit reached €154 billion and 5.5 points of GDP in 2023, worsening by 0.7 points compared with 2022 and 0.6 points compared with the Government's forecast. The French situation contrasts sharply with that of its main European partners, who succeeded in stabilising or even significantly reducing their deficits in 2023. The worsening of the French deficit is due to weak growth in mandatory contributions, which was not fully anticipated, and to further tax cuts. It is also the result of a lack of structural savings, as expenditure excluding the cost of debt and exceptional measures has continued to grow at a rate well above inflation. As a result, public debt has reached €3,100 billion, more than €700 billion above its pre-crisis level and now stands at 110 points of GDP.

A deficit reduction in 2024 that is far from certain

According to the stability programme, which remains the most recent expression of France's commitments in terms of public finances, the deficit would remain above 5 points of GDP and public debt would rise by 1.7 points in 2024. Without speculating on the budgetary strategy to be proposed by the new government, this objective, far from being a foregone conclusion, is subject to major risks. The first risk is that of failing to achieve the spending control target, which is based on €15 billion in additional savings announced since February 2024 to make up for the poor year in 2023. This risk on the expenditure side is coupled with a risk on the revenue side, as the proposed tax on rents, which is expected to bring in €3 billion from 2024, has yet to be passed into law. The Court considers it imperative that the objectives for 2024 be quickly

given credibility by dispelling the vagueness surrounding the savings and increases in levies that they imply.

A multi-annual public finance strategy to be rebuilt

On the eve of the legislative elections, France was still aiming to return its deficit to just under 3 % in 2027, with public debt exceeding its 2023 level and only just beginning to fall. This trajectory, which is below that of the other major European countries, is unrealistic. The underlying growth assumptions are particularly optimistic and do not seem to take into account the depressive impact of the planned increases in compulsory taxation of +€21 billion in 2025- 2026 and an unprecedented slowdown in ordinary spending. The three alternative scenarios quantified by the Court (growth at the quarterly levels observed over the last two years; constant mandatory contributions; spending that would evolve at the same rate as over the years (2015-2019) all result in a public deficit that is still well above 3 % in 2027, with debt continuing to rise. As the reform of the budgetary rules comes into force and the Commission intends to open an excessive deficit procedure, France would gain by taking the lead and clearly stating, on the basis of more realistic forecasts and credible reforms, how it intends to regain control of its public finances and honour its European commitments.

The dual ecological and financial debt: an urgent need to integrate the climate issue into public finance programming

This year, the Court is devoting a specific section to the climate emergency. The investment needed to meet our climate commitments is estimated to amount to more than €60 billion a year in 2030, while tax revenues from fuel are expected to fall rapidly and growth could structurally slow each year as a result of the costs of the transition and global warming. None of these three factors is currently included in the public finance strategy, even though they could have an upward impact of around 7 points of GDP on the public debt ratio in 2030. There is therefore an urgent need for better coordination between the energy transition and public finance programming. However, the difficulties of social acceptability have paralysed the major political choices concerning the distribution of the effort, with the risk that future generations will inherit both the climate debt and the financial debt incurred to meet it.

[Read the report](#)

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