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Macro Roundup Article

Headline: France Ready to Accelerate Spending Cuts as it Battles Persistent Deficits

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Publication	Financial Times
Publication Date	October 18, 2023

Tweet: The French government is expanding their planned spending cuts in the face of rising yields. Finance Minister Le Maire noted, “The social welfare state as it stands is not sustainable anymore.”

Summary: France’s proposed budget for 2024 will lead to a deficit of 4.4% of national output — well above the EU’s 3% target. The government expects the deficit to fall below that level by 2027, making it one of the last EU countries to comply. By the government’s own estimates, the cost of servicing the debt will rise to around €75bn annually in 2027, which would be the single biggest expense in the budget and more than is spent on education or defence. While France has shortened unemployment compensation from 24 months to 18 months in some cases and tweaked other aspects of the unemployment insurance programme, Finance Minister Le Maire said there was a “legitimate question” as to whether the country should go further as it seeks to induce people to go back to work.

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Primary Topic: Politics

Topics: Fiscal Deficits, Fiscal Policy, News article, Politics

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