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Demography “France is in a bad scenario” NATHALIE SILBERT

According to economist Maxime Sbaihi, author of “Grand Vieillissement”, “the French demographic exception is dead and buried”. Between a decline in births and an aging population, current developments ultimately pose risks to our social model.

MAXIME SBAIHI Economist

Births in France fell by almost 7% in 2023. Does this mark a new stage?

The French demographic exception is dead and buried. Our country is caught up in the global movement of declining births. With the exception of a mini post-Covid rebound in 2021, the birth rate has been declining since 2011 and the trend is accelerating. Both the number of children per woman of childbearing age and the number of women of childbearing age are falling. Even if the fertility rate rose again, this would not guarantee more births, because we are paying the price of decades spent below the generation replacement threshold of 2.1 children per woman.

**Is family policy to blame or does this reveal a problem of confidence in the future?**

It is complicated to decide this point. Family policy in France maintains a pronatalist tradition, even if the 2014 reform, which called into question the universality of aid, seems to have had a negative impact. On the other hand, it is clear that generations of childbearing age have experienced over the past fifteen years a series of three major economic crises which have weighed down economic growth. Young people were the first victims. Economically, times are increasingly difficult for those who want to have children. I am thinking in particular of real estate ownership which has become almost inaccessible for new generations. Throughout Europe, housing has become a barrier to the birth rate. If we do not redirect public resources towards youth, we risk perpetuating the current demographic trend.

**What are the consequences of current demographics in terms of public facilities?**

The continued decline in births is already being felt in National Education. By 2027, France will lose 500,000 primary and secondary students! The decline in births accentuates the unprecedented aging of our population. In a department like Dordogne, we are closing schools and opening nursing homes.

**What will be the effect on public finances?**

France is in a bad scenario. On the one hand, it has a population that is aging like never before with growing needs for support from Social Security. On the other hand, its financing capacity will be reduced, because today's babies are tomorrow's workers. This portends strong pressure on our public finances in the coming years, due to increased pension and health spending. We are already seeing it. Our social model works by demographics, the more the base of the age pyramid loses weight, the more it is at risk.

**If less young people enter the job market, does this justify the use of immigrants?**

What is certain is that France will have to choose: either it accepts the decline of its active population, this will be the case from 2036 if we are to believe INSEE projections. Or else it will have to look for hands and brains abroad to compensate. With a reduced birth rate, productivity at half mast and employment rates at already high levels, except for seniors, the room for maneuver is reduced and the equation becomes more complicated.

**Births continue to decline in France but life expectancy is recovering**

Last year, only 678,000 babies were born in France, or 48,000 fewer than in 2022 and a drop of 20% compared to 2010. On the other hand, life expectancy at birth for men reached for first time 80 years old.

A declining birth rate and an aging France: the figures from the demographic report for the year 2023 unveiled Tuesday by INSEE confirmed the country's new equation. As of January 1, 2024, the French population stood at 68.4 million inhabitants, a figure up 0.3%, as in 2022.

But France has now fallen below the 700,000 birth mark, a figure not seen since 1946. Last year, only 678,000 babies were born, or 48,000 fewer than in 2022, itself already marked by a decline. birth history. Compared with 2010, the year when it reached its last peak, France recorded “150,000 fewer births”, underlined Sylvie Le Minez, head of the demographic and social studies unit at INSEE. Which corresponds to a drop of almost 20%.

Renewal of generations

Rising since the pandemic in 2020, mortality is down 6.5%, with 631,000 deaths, or 44,000 fewer than in 2022 when flu and heatwaves also proved deadly. It nevertheless remains higher than before the health crisis.

The good news is that life expectancy at birth is recovering. For the first time, it stands at 80 years for men and reaches 85.7 years for women. Life expectancy at age 60 is also increasing sharply and exceeds its 2019 level, at 27.9 years for women and 23.7 years for men. Reflecting the aging of the country, those over 75 now represent more than 10% of the French population.

As a result, the natural surplus - that is to say the surplus of births in relation to deaths - stands at 47,000, its lowest level since the post-war period. For its part, net migration is provisionally estimated at 183,000 people in 2023, compared to 161,000 a year earlier.

Does a demographic winter threaten France? This is not the opinion of Laurent Toulemon, research director at the National Institute of Demographic Studies (INED). “Talking about a demographic winter is excessive,” believes the expert. France remains the country in Europe with the highest fertility. It is not in a situation comparable to that of Italy or Spain, for example, where the decline in births is much more marked and leads to a decline in the population. »

The weakening of demographic dynamics is nevertheless confirmed in France. The accentuation of the maternity crisis that France is experiencing is directly linked to the regular fall in fertility. In 2023, the indicator fell to 1.68 children per woman of childbearing age, compared to 1.8 children a year earlier. A “low” level, which no longer ensures generational renewal but which was already observed in 1993.

“Family policy has weakened”

“The situation would be different if the fertility rate in France fell to 1.5, because this is a threshold where migration can no longer compensate for the deficit in the natural balance, unless there is a considerable increase in immigration flows. A decrease in the population then becomes probable,” observes Laurent Toulemon.

INSEE notes that the most fertile women are now between 30 and 34 years old. Before the age of 30, however, fertility declines at all ages. “This could refer to the context of high inflation, but there are undoubtedly many other factors at play,” believes Sylvie Le Minez. “In France, family policy has weakened,” points out Laurent Toulemon. There was a time when it was regularly measured. On the other hand today, there is no longer really a pronatalist objective. »

Does this drop in the birth rate mark the beginning of a new era? At this stage, there is nothing to confirm that the fertility rate will continue to fall, demographers respond. If this were the case, it would be a new economic challenge for France.

A challenge for financing Social Security

SOLENN POULLENNEC

The High Council for the Financing of Social Protection warned on Tuesday of the “rupture” occurring in 2024 in the recovery of Social Security accounts.

The decline in births and the increase in life expectancy are enough to give the new government a cold sweat. These trends, confirmed by INSEE on Tuesday, promise to further burden Social Security accounts at a time when experts are warning that they are already slipping in a very worrying manner.

The year 2024 marks a “break” in the recovery of Social Security accounts, underlined the High Council for the Financing of Social Protection, on the occasion of the publication this Tuesday of an “inventory”.

The shock of population aging

After the Covid crisis, which saw the “Secu” deficit widen like never before (to -40 billion euros), the rebound in economic activity, the good performance of employment and the increase in wages against a backdrop of inflation made it possible to reduce the deficit (to just under -9 billion euros at the end of 2023). However, despite the pension reform, the deficit is expected to widen again in the coming years. It should exceed 17 billion euros in 2027, according to the latest budget.

For the High Council, the halt to the reduction of deficits in 2024 is “very notable and worrying”. Because contrary to what has been observed until today, it cannot be explained by an exogenous shock such as an economic or health crisis.

“The shock we are going to face is the aging of the population,” underlines Dominique Libault, the president of the High Council. “France has managed roughly the first phase of the impact of aging on social accounts,” he continues, referring to changes to the retirement system. “The second shock, later, is the one we have to face in this decade and the following years,” he warns.

Who says aging of the population generally means increasing health spending. However, already, “the dynamic of resources in relation to that of expenditure no longer allows us to envisage a return to balance in Social Security”, underlines Dominique Libault. The outlook could further darken if growth turns out to be less than expected and in the event of spending slippage.

“Complex arbitrations”

To achieve its objectives, the executive has already promised, in the public finance programming law, to make some 6 billion euros in savings from 2025 on Social Security spending. At this stage, however, these savings “remain to be documented”, the High Council does not fail to specify.

The government has launched spending reviews to try to identify them. However, he walks on eggshells. Because health professionals are constantly warning about the lack of resources and the fact that the French are worried about their access to care. “The public authorities will be faced with complex arbitrations,” warns Dominique Libault. Already this year, the executive had planned to free up 800 million euros to complete its budget by doubling the level of deductibles paid by patients on medicines and medical consultations.

This decision, although widely debated and much smaller in scale than the 6 billion savings announced, was not implemented under Elisabeth Borne. The brand new government of Gabriel Attal has not yet commented on this subject. On the contrary, the latter mainly communicated on the additional expenditure (32 billion) planned within five years for the health system in general.

Solenn Poullennec

The point of view

The falling birth rate is a serious problem

by Gérard-François Dumont, Jacques de Larosière and Alix Pany

INSEE figures published these days confirm that fertility in France continues to decline, reaching in mainland France (excluding overseas territories) a historic low of 1.64 children per woman in 2023, compared to nearly 2 in 2014. Beyond the raw data, this figure, well below the generation replacement threshold (2.1 children per woman), is significant for our economy. Starting with the long-term weakening of our social model: the falling birth rate reduces the active population, which finances pensions in particular. Conversely, as life expectancy increases, the number of pension beneficiaries continues to increase. For the general scheme alone, the demographic ratio between contributors and retirees has fallen from 3 in 1976 to less than 1.4 since 2012. The High Commissioner for Planning, François Bayrou, recently recalled: “France undoubtedly needs more even though its neighbors have a dynamic demographic because its social model is based, for many, on solidarity between generations. »

In the short-term effects, the arrival of a child has an economic impact even before its birth: average increase of 490 euros in household expenses per month, or approximately 20% of its expenses, including 239 euros for consumption. . France has long been considered an example within the European Union, with fertility remaining 20% above average, and an active population continuing to grow while that of Germany was declining. During the recomposition of the European Parliament post-Brexit, France gained five seats while Germany gained none. The French birth rate was the result of a balance between a policy of universality of contraception, therefore the possibility for each woman or each couple to choose not to have a child or an additional child, instituted by the State over the course of the laws (1967, 1975, 1983), and, in counterpoint, a transpartisan family policy whose achievements were generally maintained over the course of political alternations: universality of family allowances, family quotient, readability of the means of the municipalities able to deploy policies long-lasting municipal family...

This balance became largely unbalanced in the mid-2010s: end of the universality of family allowances (2015), continued decline in the family quotient, Malthusian housing policy (evidenced by a very significant drop in housing starts), drop in compensation for parental leave coupled with strong constraints, reduction or freezing of allocations from local authorities leading to a fall in investment in childcare systems, etc. These multiple decisions have inevitably had an impact on the ability to welcome and raise new children, affecting purchasing power, the possibility of having larger housing and the balance between professional and family life.

Through a game of communicating vessels, the gradual disappearance of family policies has led to a transfer of solidarity from family units to society, via social policies that are heavy on public budgets. In 1973, social benefit spending represented 18.3% of GDP, compared to 31.6% today. If the effects of the fall in the birth rate are significant on the economy, the causes are clear, and consequently the solutions are just as clear.

French women's expressed desire to have children is well above the fertility index: almost 2.3 children (Kantar 2023 study). To reverse the trend, the key therefore lies in the confidence of families. To regain it, the government must commit to supporting them in the long term to help meet this desire for children. A reasoned public commitment could make it possible to respond to these major challenges, first and foremost the safeguarding of our social model.

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Note(s):

Gérard-François Dumont is professor emeritus, president of the journal “Population & Avenir”. Jacques de Larosière is a former governor of the Bank of France. Alix Pany is solidarity director of the Common Good Fund