Introductory letter
to the Banque de France's Annual Report

submitted to
the President of the French Republic,
the President of the Senate, and
the President of the National Assembly

by
Christian Noyer, Governor of the Banque de France

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BANQUE DE FRANCE

EUROSYSTÈME

I have the honour of submitting to you, as required by law, the report on the operations of the Banque de France, monetary policy and its outlook.

The French economy is doing better. Coincident indicators, as well as forecasts from international institutions, all point to a gradual emergence from the stagnation in which the country has been mired for the past three years. A number of cyclical factors should support economic activity in the period ahead: cheaper oil – which is propping up household purchasing power – and the weaker euro – which is boosting exports – should add half a percentage point to growth in both 2015 and 2016.

If these forecasts prove accurate, then the upturn will have been achieved in large part thanks to exceptionally accomodative monetary and financial conditions in the euro area. Key policy rates are close to zero; the deposit facility rate is negative; and long-term government bond yields are at historical lows, and in some countries have even fallen into negative territory for maturities up to seven years. France is thus enjoying the best monetary and financial conditions it has seen in decades.

At any other time, a similar combination of low yields and accommodative monetary policy would have resulted in much higher levels of economic activity. In reality, however, potential growth is still abnormally weak and actual growth is too low to bring the economy back anywhere near to full employment.

Ultimately, the French economy is not doing well enough. The country is still not managing to create the jobs it needs to give its younger generations the hope of a better future. There is no guarantee that it will quickly regain the global market share lost to competitors – particularly those in Europe and the United States who have been reaping the rewards of their recent efforts to boost productivity and competitiveness. And France is still struggling under the weight of its accumulated financial imbalances, which are threatening the sustainability of finances and debt. Despite the improvement, France's growth forecasts for 2015 and 2016 have not been raised to the same extent as those of its European partners.

With any brightening of the outlook, however relative, there can be a temptation to adopt a policy of non-intervention. Stronger growth prospects could fuel the hope that a cyclical recovery – and a modest one at that – will be enough to resolve the fundamental problems of our economy. Yet theory and experience have shown that it is precisely during periods of growth that reforms are most beneficial and most effective, as well as being easiest to accept. France therefore has a key opportunity to consolidate and extend the major reforms launched in recent years, many of which are insufficiently broad or still unfinished.

The country needs to strengthen the momentum and resilience of its economy for three main reasons: first, to place itself on a path of dynamic, sustainable economic growth, which is the only way it can guarantee its people, and particularly its youth, the jobs and future to which they can legitimately aspire; secondly, to strengthen Europe and consolidate France's position within the region; and lastly, to ensure it can withstand the uncertainties currently facing the global economy.

The global economy

France and Europe are not immune to the uncertainties weighing on the global economy and its growth. Geopolitical tensions in many regions – some of which are close to France – are providing grounds for concern. Advanced economies are experiencing a growing sense of economic insecurity, fuelled by the speed of technological advances and by the financial crisis – the effects of which in terms of higher unemployment and higher public and private debt levels have still not been absorbed in many cases. Moreover, the exceptionally low level of interest rates means heightened vigilance is needed to avoid the risks of volatility and financial instability.

Deeper questions are also being raised over the long-term engines and dynamics of growth. The theory of a "secular stagnation", which originated in 1938 in the wake of the Great Depression, has re-emerged in the economic policy debate: on the one hand, due to the fact that growth has remained sluggish since hitting bottom in 2009 in the midst of the financial crisis;

on the other, in light of the performances of advanced economies in the decade leading up to the crisis. We now know that the "Great Moderation", particularly in the years 1998-2007, which saw strong growth combined with low inflation, relied in large part on high levels of debt and the growth of financial bubbles fuelled by excessive credit expansion. This begs the question: what would growth have been like in this period if we had maintained the conditions for financial stability?

The idea that we are seeing a period of secular stagnation would mean that the equilibrium interest rate – the rate that guarantees full employment and medium-term price stability – is set to remain persistently low and even negative, and that the world economy is suffering from structurally high savings and insufficient investment.

This would raise major new challenges and constraints for monetary policy. It might become necessary to keep key rates at extremely low levels. The flip side to this, however, is that low rates would drive investors to look for higher yields, potentially creating financial bubbles. Clearly it would become increasingly difficult to reconcile price stability with financial stability. The dilemma is evident today in many countries and in many segments of the markets.

Another source of uncertainty is the increased monetary policy divergence between advanced economies. This creates instability, as markets react violently and suddenly to any new economic information and its impact on monetary policy. The improvement in the US economy has raised expectations that monetary conditions will normalise, although the authorities have signalled the process will be gradual and highly contingent on economic conditions. In contrast, European and Japanese policy-makers remain firmly committed to low interest rates and the implementation of non-standard measures. This divergence naturally causes exchange rates to adjust – an impact that is economically sound. However, it also encourages agents to build up large currency positions which have the potential to cause major disruptions to capital markets if unwound abruptly.

More generally, however justified, these divergences in monetary policy stance could have negative consequences for emerging economies and for global growth. Experience and economic analysis have shown that international capital flows are very sensitive to changes in US monetary policy. In recent years, emerging markets have seen major inflows of capital, prompting a sharp rise in credit and encouraging local businesses to borrow in foreign currencies, principally in dollars. We have already witnessed one sudden reversal in flows in the spring of 2013, spurred by mistaken expectations over the speed of Fed policy-tightening. And we could see another sharp contraction in flows now that the Fed has signalled it is on the verge of raising interest rates, even though it has been extremely careful with its communication policy. The most vulnerable emerging countries are therefore facing a strong financial threat which is adding to the impact of lower commodity prices and raising major uncertainties over their growth prospects.

The euro area

The euro area has been going through a major crisis since 2010, one which has unfolded in several key phases: first, the realisation that the Greek economy was in an unsustainable position, with unbalanced public finances and high debt levels, compounded by a lack of competitiveness; then from October 2010 onwards, the widening of government bond spreads coupled with a growing mistrust in the solidity of the banking sector, which in turn led to segmentation in currency and credit markets and the rise, at least in the eyes of investors, of a risk of internal convertibility; and more recently, as in many advanced countries, the emergence of disinflationary pressures which, since the summer of 2014, have prompted a de-anchoring of inflation expectations.

These disruptions have sorely tested the mechanisms of inter-State cooperation. Surveillance procedures have been developed and discipline increased. However, applying these measures is proving problematic. Many countries are being asked to make major sacrifices in order to reabsorb the imbalances accumulated over the past decade. This is aggravating conflicts of interest and disputes over who should shoulder the greater burden between "creditor" countries – those with a current account surplus – and "debtor" countries with fiscal and external deficits.

In France, the problems have drawn different and often contradictory responses. There are calls for "more Europe", with greater financial solidarity between States, but at the same time a refusal to accept the constraints and discipline that this implies. These contradictions are helping to anchor the view in public opinion that Europe is somehow "foreign", that its objectives and interests are opposed to our own, and that it is preventing France from taking its rightful place in the global economy.

All this is forming the basis for a more profound questioning of the European project. During times of change and insecurity, it can sometimes be tempting to blame outside forces for the turmoil, especially when the after-effects of the crisis are still being so keenly felt.

Europe, with its obvious flaws, is an easy target. But it is the wrong target. The lure of anti-Europeanism is based on a dual illusion.

First, the inflation illusion, which is never explicitly mentioned, but lies behind the idea that if France were to regain sovereignty over its monetary policy it would find it easier to resolve all its structural problems. The painful experience of the devaluations at the start of the 1980s shows this is simply not true. The argument looks even more paradoxical and out of touch when we consider just how effective the euro area's monetary policy firepower has proved when targeted massively at price stability.

The second illusion is that of protectionism. Although its performance has deteriorated, France is still one of the world's largest exporters. Protectionism is never unilateral. Those who advocate shutting our borders neglect to point out to workers in the aeronautics, luxury goods and agricultural sectors, and to all our exporting companies, that this will also mean jeopardising their export markets and their jobs.

Admittedly, the European project is not without its weaknesses. The discipline it involves is complex, its objectives seem far removed from the concerns of ordinary citizens, and economic growth is still too weak. Reform proposals have talked of a possible leap towards federalism, with a centrally-managed European fiscal policy and greater financial solidarity between States. A fiscal union would reinforce and guarantee the continuity of the monetary union. But, however legitimate, this historical ambition is not the right response in the immediate term. It should indeed guide our long-term vision. But it should not prevent us from taking the action that is needed today. Our aim should be to set out rules that are clearer, stricter and therefore more credible. Correcting macroeconomic imbalances, an objective for which we have already created a framework; continuing our progress with the banking union; developing tools and mechanisms to shore up the single capital market – all of these are desirable goals to work towards, while protecting our shared interests and the principle of subsidiarity.

From 2007 and throughout the crisis, the Eurosystem worked consistently and resolutely to protect those shared interests. The region's banks were provided with massive injections of liquidity, at increasingly favourable rates and for longer and longer maturities. Key policy rates were slashed to near zero (and even lowered into negative territory for the deposit facility) and assurances were provided that they would remain low for a long time. To complete this "non-standard" arsenal, the Eurosystem recently launched an expanded asset purchase programme to be carried out over the next 18 months.

This last initiative has drawn various criticisms – that it is too late or not ambitious enough or, conversely, that it poses a threat to fiscal discipline and to financial stability. It is important to stress that, whatever the circumstances, the Eurosystem acted strictly within its price stability mandate which is to keep inflation rates below, but close to, 2% over the medium term.

In all countries, questions have been raised over the effectiveness of central banks' asset purchase policies. These can be grouped into two main categories.

First, how will the asset purchases affect financial conditions? There are three possible mechanisms that can be set in motion: the first is the expansion of bank liquidity which can lead to an increase in bank lending; secondly, asset purchases reduce maturity premiums, result in portfolio reallocation, and flatten yield curves, encouraging greater risk-taking in the real economy; lastly, the purchases can directly influence inflation expectations. The experience so far in the euro area appears to confirm these predictions, notably in the case of long-term yields which have clearly decoupled from those of the US.

The second question is whether these financial conditions will be transmitted effectively to the real economy. There are a number of prerequisites for this. First, the banking system needs to be capable of financing the economy. The solidity of the French banking sector, which was recently confirmed by the ECB's comprehensive assessment of bank balance sheets, has meant outstanding bank lending has grown at a faster pace in France than in other euro area countries. The ability of French banks to help companies raise funds on capital markets has also fostered strong growth in this mode of financing – indeed the fastest pace of growth in the euro area. Secondly, the cuts in interest rates need to be passed on to the rest of the economy. In France, this mechanism is hindered in part by the rigidity of regulated savings rates, the high level of which constitutes a unique anomaly within the euro area. The government's reluctance to adjust them equates to effectively wiping out the positive impact of monetary policy in this area.

Lastly, economic structures need to be sufficiently flexible to respond rapidly and broadly to an easing in monetary conditions. Businesses in particular need to be encouraged to recruit and invest. The recent government proposals to stimulate investment are a step in the right direction, as insufficient investment, notably in capital goods, is a severe impediment to sustainable growth. However, the positive effects of these measures can be reduced or even cancelled out if the response of the economy is slowed by regulatory obstacles or rigidities. Hence the need for structural reforms in France, which are vital to stimulate growth.

French growth

Given the strengths of the French economy, its performance over the past few decades has been disappointing.

France has the most dynamic demographics in Europe: in the last 20 years, the working-age population has grown by 7.9% and this trend looks set to continue over the next two decades. But the economy is unable to create jobs for a large portion of its youth.

The quality of French engineers and technology is recognised throughout the world. Yet, despite an increase in private research in recent years, France ranks only 14th among OECD countries for research and development investment as a proportion of GDP. A large part of its industrial base is shrinking and its share of European and global markets has been declining over the long term.

This contradiction points to a deep and persistent weakness in our productive apparatus.

Like all countries in Europe, France has had to deal with an increasingly competitive global economic environment in the past two decades, which have been marked by the rise of emerging economies. And like all countries, France has frequently been hit by external shocks – most recently the 2008-2009 financial crisis. Each time, the economy initially appears to absorb these shocks with less negative consequences than its neighbours and economic partners. But over time, various lags and divergences appear and the French economy seems unable to get back to previous levels of growth in the same way as its competitors. It is as if the forces that help soften the blow of the crises then conspire to prevent it from recovering.

Over the past two decades, four major developments can be singled out: the respective deteriorations in France's public finances, external account, industrial base and employment. These imbalances are mutually reinforcing. The economy is being held back by various rigidities and, rather than reducing them, public policies are focusing more on simply countering their effects. The result is a relentless rise in public spending and in statutory charges, which in turn generates new rigidities and new obstacles. Our systems of governance, be they central government administrations, local authorities or social partners, are proving powerless to stop these trends, which are increasingly spiralling out of control.

The deterioration is particularly visible in industry and in foreign trade. France's global market share contracted sharply between 2002 and 2007, and for the past eight years it has continued its decline at a steady, albeit slower pace. In the past 15 years, value-added in the industrial sector has risen by just 2.6% compared with 29.1% in Germany. Admittedly, all advanced countries have been affected to some extent by deindustrialisation, which is largely a natural process resulting from rising productivity and a shift in demand towards services. But while France has lost some 800,000 manufacturing jobs since 2000, Germany has shed just half this number.

All this suggests there are powerful brakes acting on the functioning of the economy, preventing it from taking full advantage of its natural strengths. These brakes are old and getting back up to speed will necessarily take a long time; which makes it all the more important – and indeed urgent – that we continue a coherent programme of reforms to boost economic growth.

This growth strategy should focus on a number of key areas: balancing public finances and re-examining public policy; restoring competitiveness and lowering labour costs; overhauling systems of governance that are no longer proving effective; and a complete review of the rules and obstacles that are hampering economic growth.

Fiscal effort and the review of public policy

The recent trajectory of public finances seems positive, since the nominal general government budget balance has improved, with the deficit shrinking from 6.8% of GDP in 2010 to 4% of GDP in 2014.

However, a few observations suffice to measure the size of the challenges that still lie ahead.

French public spending, at close to 57% of GDP, is now the highest of all major developed countries, yet this has not led to a strong sense of improvement in general well-being. Over the long run, the rate of increase in public spending as a share of GDP has accelerated since the second half of the 2000s against a backdrop of slowing economic growth. Over the past two decades, the deficit was below 3% of GDP for only five years. As early as 2003, just after the creation of the euro, government debt crossed the threshold of 60% of GDP.

France is the euro area country which has posted the slowest and the least marked adjustment since 2010 even though it showed better resilience to the crisis. Admittedly, between 2010 and 2014, the French nominal balance improved by 2.8 percentage points of GDP, but the corresponding improvement was 4.8 points in Germany and 3.6 points in Spain. This stems from the fact that France's structural adjustment, while significant (3.9 GDP points), was smaller than in several neighbouring countries.

In 2014, government personnel expenditure rose by 1%, well above the inflation rate. It is hard to find justification for this increase in spending at a time of fiscal restraint. A firm strategy for improving the structural balance is a prerequisite for controlling public debt. An improvement in the structural budget balance of around 0.5 GDP point per year is achievable. It corresponds to the legitimate expectations of our European partners and would guarantee that the French deficit effectively falls below 3% of GDP by 2017, as required by the Stability and Growth Pact which France has signed. This implies launching a comprehensive review of expenditure by category, at the level of central government, social security administrations and local authorities, and not just capping overall spending growth.

Admittedly, the exceptionally low level of interest rates may currently be acting as an anaesthetic. However, French public finances remain very vulnerable to further economic downturns, even more so to a rise in interest rates. A permanent 1 point increase in interest rates on all debt maturities in 2015 would represent a cost to public finances of EUR 40 billion, i.e. roughly 2 percentage points of GDP in cumulative terms over a five-year horizon. This would be a considerable additional burden, which would further increase government debt – currently at 95% of GDP – despite a long period of very low interest rates. In 2015, the primary deficit (before debt interest payments) is expected to stand at 1.3% of GDP, the highest level of all OECD countries.

It is difficult to attribute the major share of government spending to an investment drive to prepare for the future. Public investment remained stable – as a percentage of GDP – over the whole 2000-2013 period, admittedly at a high level compared to other European countries. The increased spending can essentially be linked to two factors: the rise in social transfers and the strong growth in the budgets of local authorities.

The real challenge which all governments have faced for over thirty years is controlling public spending while maintaining or improving its effectiveness. To achieve this, profound changes are needed in the design and implementation of policies, and even within public institutions. Here are two different, albeit equally representative, examples.

First, the situation of the French pension system.

In all advanced countries, disability-free life expectancy is rising rapidly, and has increased by more than five years on average over the past twenty years. It is a major human and social advance. But it would be unthinkable not to draw the implications of this for the organisation of working life and retirement policies. We need to be realistic, both for financial reasons and in the interest of intergenerational equity. Several reforms have been carried out over the past twenty years, but, due to the lack of a realistic and shared assessment, they fall short of what would be needed to restore balance. Social debt has thus been building up year after year and will be passed on to future generations.

Second, France's territorial reform.

France currently has four local administrative levels: the municipality, inter-municipal structures, the *département* and the region. These layers of administrative structures, with their overlapping responsibilities and financing are commonly known as the territorial *"millefeuille"*. This organisation, which is relatively opaque for ordinary citizens, undermines the effectiveness and accountability of public action and generates additional costs.

This complexity has a direct cost. Local government now accounts for over 20% of public expenditure. Over the period 2000-2013, and stripping out the effect of transfers of power due to decentralisation, its operating expenses were up by 39%, which corresponds to a 2.6% annual increase. Still stripping out transfers linked to decentralisation, local government payroll rose by 30% (with the hiring of 416,000 extra people) between 2000 and 2013, against 12% for the whole of general government.

There are also indirect costs: as highlighted in a number of reports, the territorial organisation may lead to a misallocation of resources, an inefficient breakdown of investment and a punitive increase in taxation. Thus it has become a key issue for structural reform. The reform of the regions, which is one aspect of the territorial reform, is a key step in the right direction, but its scope is limited given the magnitude of the problem.

Competitiveness and the lowering of labour costs

Lowering the cost of labour is at the forefront of government concerns and rightly so. France's loss of market share is partly linked to rapidly increasing labour costs and, since 2008, companies have sharply cut back their margins in order not to pass this increase on to their prices, which would have further hindered their competitiveness. In turn, these lower margins have reduced companies' capacity to invest and innovate, and have thus led to a deterioration in their non-cost competitiveness. In France, the profit margin of non-financial corporations has dropped from 34% to 30% over the past 15 years, while in Germany it has remained much higher and has not decreased on average over the same period. This government concern, together with that of maintaining and raising the purchasing power of the minimum wage without affecting the employment of the least skilled workers, has resulted, over the past decades, in policies for reducing payroll taxes and, more recently, in the tax credit for competitiveness and employment (CICE).

In the end, these policies have proved to be increasingly costly, often with ambiguous objectives: is the objective to indefinitely offset the rise in costs stemming from the reduction in working time in the early 2000s? Is it to increase the competitiveness of average wages, in order to better align them with those abroad? Is it to reduce the cost of low wages, in order to slow the substitution of capital for labour and promote the creation of unskilled jobs? Clarifying these objectives is probably a prerequisite for controlling the cost of these policies. Among developed nations, France is one of the countries that spends the most on its employment policy, with no marked effect on unemployment. Is it not possible to improve the cost/benefit ratio of employment support policies?

We probably also need to consider making adjustments to labour laws and regulations that would make it possible to both increase employment and reduce public spending. This issue is hardly brought up with trade unions as provisions protecting wage levels are considered part of the social *acquis* and fundamental components of our social model. Without calling into question the whole system, one avenue in particular is nevertheless worth exploring.

Considering that they are detrimental to employment, the rules governing the revaluation of the minimum wage could be reviewed. Many studies show how the apparent protection of a relatively high minimum wage relative to the average wage actually exposes its beneficiaries, in particular young people seeking to enter the labour market, to a greater risk of unemployment. The rules governing the revaluation of the minimum wage, which are currently very restrictive and without any equivalent in other industrialised countries, could be completely overhauled, in order to promote employment of the least skilled workforce.

Overhaul of governance systems that no longer prove effective

Since the middle of the last century, France has gradually set up unique governance mechanisms by which trade unions participate in the management, even the design, of social protection and training schemes. The French economy and society have drawn many benefits from these mechanisms and the existence of a permanent social dialogue, organised at national, industry and company levels, is a major asset for progress and reform.

However, this form of governance largely derives its legitimacy from its effectiveness, i.e. its ability to reconcile the protection of employees with the changes imposed by economic developments. There is therefore a permanent tension, with the risk of a discrepancy and social governance being unsuited to needs. Today, this risk is particularly present in four areas: vocational training, unemployment insurance, social thresholds and work contracts.

Vocational training has been reformed several times. The last reform, by the Act of 5 March 2014, constitutes a step forward, notably with the creation of personal and transferable training accounts. However, the scheme remains both complex, due to the profusion of institutional players and the multiplicity of financing methods, and relatively inefficient, owing to the large number of service providers (close to 60,000 organisations) and the fact that skill levels and employability are not properly taken into account. The access rate for white-collar workers is thus twice that of workers. All in all, the scheme is therefore discriminating and few training courses (only 11%) actually lead to a qualification. Much remains to be done so that the EUR 30 billion dedicated to vocational training properly benefit those who need it the most.

The same applies to unemployment insurance. The new agreement, which came into force on 1 June 2014, represents a major advance with the introduction of accumulative unemployment benefit entitlements. However, it has done little to solve the recurring problem of the deficit of the national unemployement insurance trust fund (Unedic), which has instead been growing (to EUR 4.4 billion in 2015), with a debt that is expected to reach EUR 25.9 billion at the end of the year. Furthermore, it provides too few incentives to seek employment. Besides the question of specific schemes (casual workers, workers on fixed term contracts and temporary workers), which account for the largest share of the deficit, the reform, which should aim at financial sustainability and greater incentives to seek employment, could usefully draw on the recommendations made in this area by the Court of Auditors.

Among the clearly identified impediments to business growth, social thresholds are one of the most visible and the most significant. Their multiplicity is a source of great complexity. Furthermore, the breaks and discontinuities that they introduce in the legal and regulatory environment deter companies from investing and expanding. The impact on competitiveness is direct and measurable: compared in particular with Germany, France has a shortage of medium-sized companies, which most strongly contribute to innovation and export. Despite numerous attempts, the social dialogue has failed to define an architecture that is more suited to business growth needs, thus forcing the legislator to intervene. But while the bill currently under discussion simplifies certain company obligations, guarantees new representation rights for employees and mitigates the effects of the 50 employee threshold, these effects are not removed and the disincentive to recruit will thus remain.

Lastly, the negative effects of the duality of work contracts in France are well established: on the one hand, a highly protective system, which too often deters companies from hiring, and on the other, a number of precarious schemes, the relative weight of which is steadily growing. Defining a system that provides more flexibility for businesses and greater security for workers in a vulnerable position remains a fundamental objective of any labour market reform. The reform of the French industrial arbitration court could pave the way for the introduction of a new, specifically French flexicurity model, although this does not remove the need for an overall debate on work contracts.

Growth-impeding rules and obstacles

Growth may be severely impeded by a multitude of obstacles, each one minor in appearance, but which, taken together, form an insurmountable barrier to progress and innovation.

We know, in particular, that new entrants to a market are naturally those who innovate, create and hire. This effect is either a direct one – by the very action of these new players – or an indirect one through the changes that they bring about among their competitors.

Promoting freedom of establishment and the opening-up of businesses, as set out in the bill on growth, activity and equal economic opportunities, means creating the conditions for an expansion of business activity and employment. The consequences are very often felt beyond the sector itself because the efficiency gains spill over to neighbouring sectors across the economy. Greater freedom of establishment in regulated professions, albeit still limited to a small number of sectors, the liberalisation of bus transportation and the lifting of barriers to geographical mobility, the opening of retail stores on Sundays, still very tentative, and the removal of barriers to combining pension benefits and employment earnings are all new opportunities for business, employment and purchasing power gains.

More fundamentally, the French economy appears to be hampered by an abundance of extremely complex standards. The *Tax Code*, the *Labour Code*, the *Social Security Code*, and the construction law are just a few particularly illustrative examples. A radical simplification of numerous laws and regulations would lift significant obstacles to business developments, and therefore to growth and employment. The "simplification shock" currently being implemented by the government, but still barely visible, is thus crucial.

Young people, society and employment

In the late 1960s, France was a growing nation, with low debt and full employment. Let us not, because of our choice of an increasingly large and spendthrift state, leave our children, who will be retiring at the age of 65 or 67, with a country in debt, suffering from an unbearable level of unemployment and with lower growth potential than ever.

It is with this fact in mind that we must now carry out the reforms that our country needs. Young people are the first victims of the barriers to entry on the labour market. They will therefore be the main beneficiaries of greater liberalisation and openness.

The youth unemployment rate is almost three times that of workers with ten years of experience. Within this young population, 48% of unskilled workers are unemployed, against 10% for higher education graduates.

Faced with the existence of a significant share of the young population deprived of any employment and future prospects, we must not forget that the economic dimension is a fundamental component of the republican model and the social pact.

Paris, 4 May 2015

Christian NOYER