

CAN FRANCE REDUCE ITS UNEMPLOYMENT LEVEL?



INTRODUCTION

Context

- 2013: France launches the CICE plan
- €20 billion yearly to boost employment
- Unemployment near 10% at that time

Goals and Limits

- Aim : reduce labor costs, create jobs
- Mixed results : some jobs, but high cost

Key idea

- Policy design and context matter

Structure

- Context, Results, Lessons, Conclusion



THE PAST THREE DECADES

HISTORICAL OVERVIEW

1995 peak

=> External shocks & internal rigidities

Political reaction :

- Tax increase & spending cuts
- Little structural changes

Results :

Slow decrease in the 2000's due to EU's global economic growth & structure.

2013 peak

=> 2008 crisis impacts, EU instability, labor market issues

Political reaction :

- CICE (François HOLLANDE)
 - €20B annual tax cuts
 - Create 500,000 jobs by 2017

Results :

~ 150,000 jobs created/ preserved

- Increased business liquidities

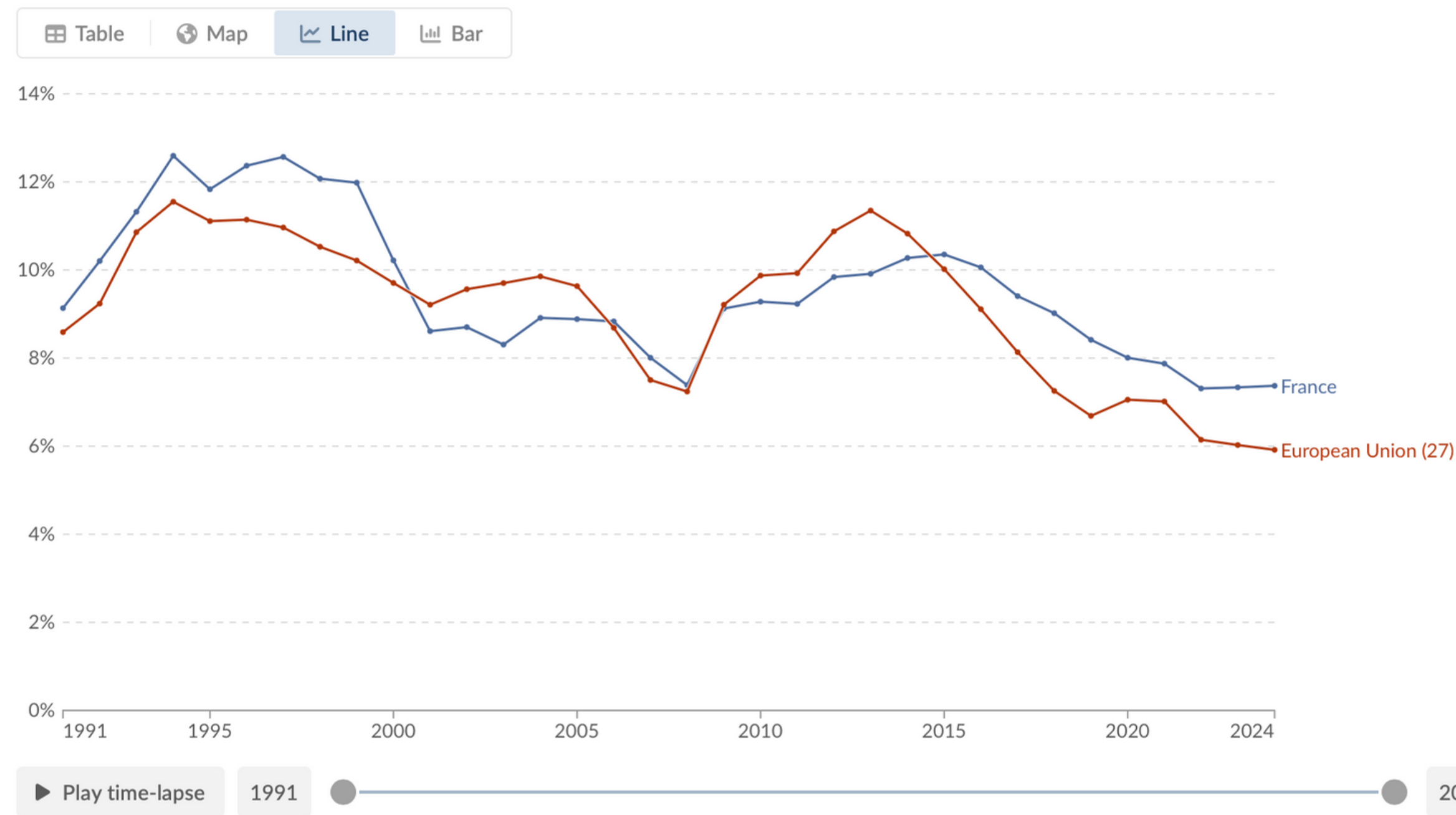
BUT :

Results slow to materialize

Criticized to have benefited larger firms over small ones

Unemployment rate, 1991 to 2024

Share of the labor force without work, but actively looking for a job and available to start soon.



Data source: ILO Modelled Estimates and Projections database (ILOEST) - ILOSTAT, via World Bank (2025) - [Learn more about this data](#)

Note: All figures correspond to modeled ILO estimates.

OurWorldinData.org/sdgs/economic-growth | CC BY

CICE CRITICISM

HISTORICAL OVERVIEW

Year	CAC40 Cumulative dividends payout	Variation compare to 2013 level
2013	~€37.49 billion	
2014	~€46 billion	+22,67%
2015	~€56 billion	+49,33% / + €18.5 billion

A possible correlated result of the CICE

=> Tax cuts used to benefit shareholders over employees conditions

Observations :

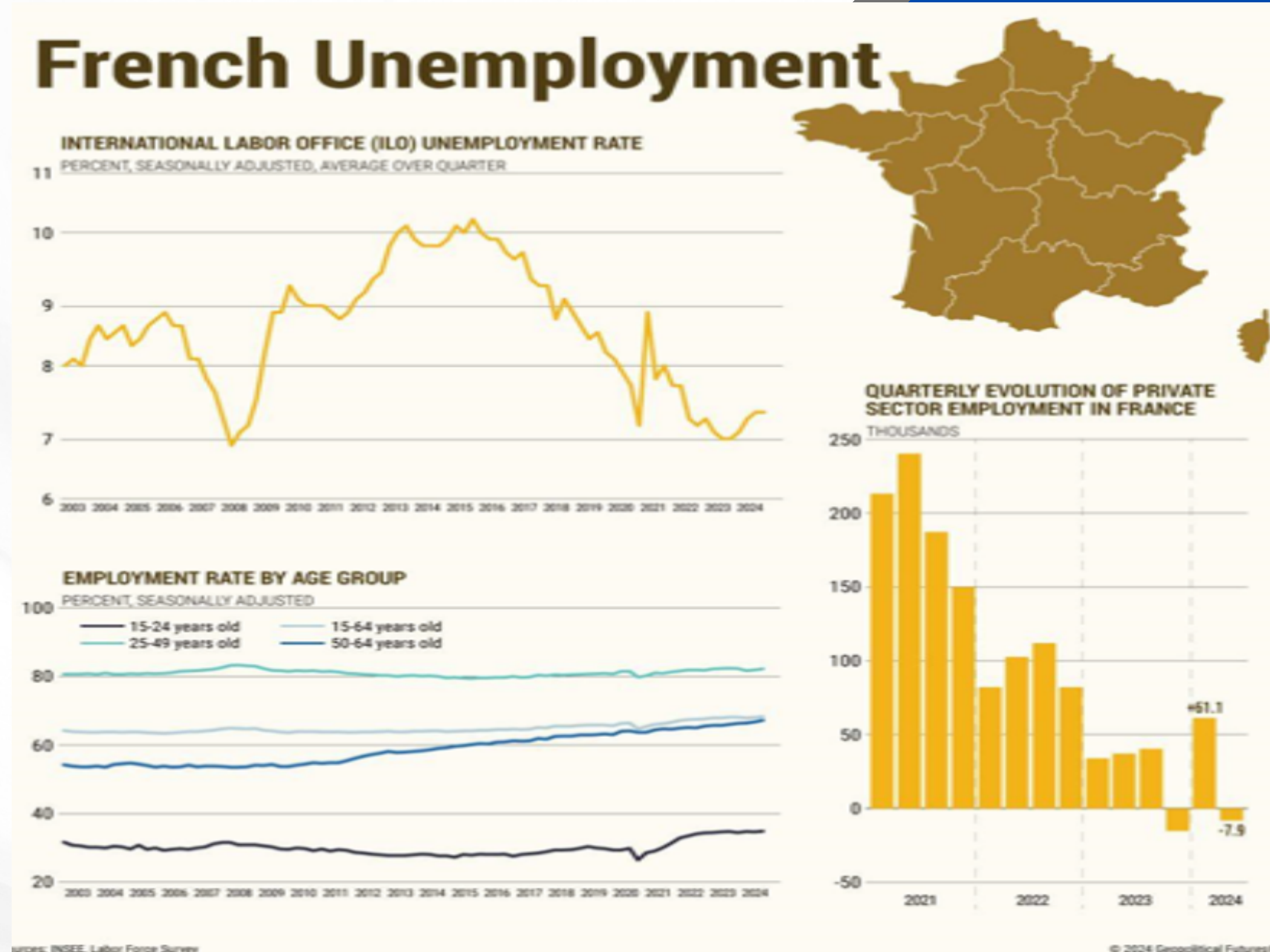
- Substantial cumulative dividend payout increase from 2013 to 2015

Current unemployment levels in France

- Before the CICE, in 2012, unemployment in France was around 10%.
- During the CICE, in 2017, it slightly decreased to 9.5%.
- After Macron's reforms, in 2025, the unemployment rate is approximately 7.5%.

So, unemployment has gradually decreased, which is positive.

But many economists agree that this decline cannot be fully explained by the CICE or by Macron's policies alone.



Can France reduce Unemployment?



OPTIMISTIC SCENARIO



**1. Labour market reforms
increasing flexibility**

**2. Reductions in labour
costs**

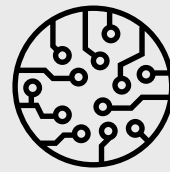


**3. Strong investment in
training and upskilling**

**4. Employment support
through France Travail**

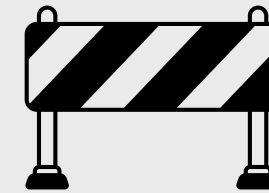


PESSIMISTIC SCENARIO



**1. Persistent structural
rigidities**

**2. Skills mismatch and low
mobility**



**3. Limited impact of public
spending**

**4. Economic and social
barriers**

THE CONCLUSION

- **Can France reduce its unemployment level, and if so, how ?**

CICE: good first approach towards less unemployment but has proven inefficient.

The transition from CICE to *réductions de charges patronales* has shown better success but what other solutions are there?

PR

- IMPROVE ADMINISTRATION; ENHANCE TARGETING; IMPOSE A PRICE THRESHOLD FOR PRODUCTS; ETC.

GE

- IMPOSE A STRONGER, SMARTER GOVERNMENT PRESENCE ALL WHILE MAINTAINING COMPETITIVNESS.



THANKS FOR LISTENING

SOURCES

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