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DEMOGRAPHY: THE KEY TO PRESERVING OUR SOCIAL MODEL

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Foreword by François Bayrou
High Commissioner for Planning

> **The question of demography raises the very question of the future of peoples.**

This complex question lies at the intersection of three spheres:

- **a personal, individual and family sphere**, very closely linked to confidence in the future;
- **a collective sphere**, that of a national community, dependent on economic, social and cultural factors, probably also on the collective unconscious, or in any case on a collective subconscious that leads the community to project itself or not into the future;
- **a third international sphere**, which feeds balances or imbalances between the major geographical areas of the planet. These balances or imbalances generate competition and potential conflicts.

The interweaving of each of these three spheres creates situations that are particularly difficult to apprehend, even if shedding light on the major demographic trends is absolutely essential to forward thinking.

> **This thinking is essential to France and to the awareness needed at the turn of the 2020s.**

Our national history has in fact proved to be closely dependent on the major developments in our demography. It will remain dependent on it, whether in the national or in the European context.

At the beginning of the 19th century, France was the most populous country in Europe. Its population, just under 30 million, was three times bigger than the British population (just over 10 million). A rebalancing occurred at the end of the 19th century, the century of the English industrial revolution,

giving our neighbors and rivals an optimism that contrasted with a certain French moroseness.

The great “bloodletting” of the First World War brought down our demographic wealth by amputating the country of one million four hundred thousand young men killed and three to four million seriously injured.

The inter-war period was naturally marked by this national tragedy and saw the spread in France of a Malthusian behavior, prolonging the demographic stagnation of the 19th century, which accompanied the closing in of our country on itself, the choice of protectionist policies, the refusal to look forward to the future, preludes to the Strange Defeat of 1940, so well described, including in its psychological components, by Marc Bloch.

Thus, from 1850 to 1930, the French population was virtually stable at between 35 and 40 million inhabitants, while the German population rose from 30 to 65 million during eight decades, the British population from 20 to 45 million, and the Italian population from 25 to 40 million.

How can we fail to note the correlation of these very different rates, stagnation for some, strong progression for others, with the vitality and morale of the countries in question, and the consequences that should have been foreseeable on the imbalances of ambition and power that would be revealed at the end of that long period?

In the post-war period, on the contrary, the baby boom in our country increased the French population from some 40 million to nearly 60 million. We see that France distinguished itself among the European countries at that time, to the point of having the highest birth rate across Europe.

These considerations can undoubtedly be analyzed in all other European countries and in the world.

However, there is one decisive element that makes the demographic question much more important for the future of our nation than for any other.

> **France has chosen a model of society that is almost unique in the world.**

This model gives the community, and therefore the population as a whole, the essential responsibility for national solidarity.

This is particularly evident in the area of pensions.

France has in fact chosen a “pay-as-you-go” pension system which, at any given time, gives the working population the role of paying the pensions of those who retired.

A very large number of other countries, on the other hand, have chosen a “funded” system that entrusts to the individual the task of guaranteeing the amount and payment of his future pension: each person saves for his or her own account, joins pension funds, and ensures the protection of his or her resources at the time of retirement.

The pay-as-you-go system is not a system in which one saves during one’s working life and reaps the benefits in one’s retirement years. It is not money put aside. It is not essentially a system of personal precaution. It is a system where the working people pay the pension at the same time as the retiree benefits from it.

It is therefore obvious that the security of pensions is closely linked to the number of active workers.

This is a national choice that is all the more significant and important as our nation has been built, particularly since the Liberation and the National Council of the Resistance (whose program was entitled *Les jours heureux*), around not only a State and a language but above all around a social model.

A superficial observation could lead one to believe that this philosophy of distribution only applies to the pension system. This is not the case!

If we consider all public services, we see that the public services that are perceived as the most important ones by French people i.e. education - from primary to higher education -, health, solidarity, insurance (particularly in terms of unemployment) are based on the principle of sharing the burden and the risk over the entire working population.

This is not the case in countries around us.

In many of them, spending on education, health care and insurance is primarily a matter of individual choice.

In most Anglo-American countries, educational expenses are largely borne by families, especially when it comes to enrolling students in reputable “public” schools, colleges or prestigious universities.

The same is true for the health care system, which leaves patients and their families with (sometimes very) heavy contributions. The image is striking: the American health care system requires a payment card linked to a funded account as soon as hospitalization is contemplated.

Similarly, their unemployment insurance systems are shorter and much less generous than the French unemployment insurance system.

In most of these countries, the principle of “every man for himself and his family” is mainly, mostly or significantly the rule.

- > The French principle, on the contrary, is “all for all”, in which the number and contributive capacity of “all”, of the community of workers, is the key to the generosity and sustainability of the system.**

The tax levy and the social contribution are the two keys that allow the financing of a social contract as generous as the French one, that is, a system of solidarity based on the contributions of all to finance social action and public services for all citizens.

It is the choice of this system of solidarity, based on the working population, that explains the importance of public spending in France, without comparison in all developed countries.

If we take the measure of the singularity of our social model, it becomes obvious that the generosity and sustainability of public benefits and services are directly related to the number of contributors and taxpayers.

Since this numerical reality commands and will command the effectiveness of solidarity as far as pensions, unemployment insurance, national, public or private education, health are concerned, demography becomes the very key to the sustainability and generosity of the social contract.

- > **This is why a society such as France, a nation such as France cannot ignore its demographic evolution, in particular the birth rate and the sustainable balance between age groups.**

The social balance of the nation depends, for the decades to come, on the number of children and young people who form the base of the age pyramid.

This is not the case for our neighbors, our partners and many other countries in the world.

In countries that have chosen the system of “every man for himself and his family”, it is less important that the demographic pyramid is unbalanced.

If these countries have a larger number of elderly people, the most important thing for the social climate of the country is that each of them has taken out enough funded pension insurance or has saved enough to ensure that his or her old age is secure. If this is the case, society is not destabilized.

The same is true for the health care system: if enough citizens have the means to take out sufficient personal insurance, then everyone assumes his or her own risk without destabilizing the whole community.

The reality is the same especially for education, unemployment, etc.

- > **But France has not chosen this “every man for himself” system and a majority of French people will consider that it has done well.**

The arithmetical consequence to which societies of “every man for himself and for his family” are exposed is that a part of the population is mechanically relegated to a situation of extreme precariousness: those who have the means have a secure life, those who do not are exposed and are often left without a solution.

On the contrary, the system of insurance, security and mutualized public services that France has chosen guarantees in principle all citizens against extreme precariousness.

It is therefore a reality that we cannot escape: the balance of the system is extremely dependent on the size of the active population, on the numerical ratio between active and inactive people, whether the latter are in their childhood, in training, sick, disabled, unemployed or retired. The balance of the system is also dependent on the nation’s collective resources, and

therefore on the capacity and the performance of the economy upon which the financing of this social system is based.

The demographic question is therefore more acute in France than in comparable countries.

In France, unlike many other countries, the demographic issue is the very key to sustaining national cohesion.

- > Moreover, demographic imbalances have obvious consequences on the political balance of power and on the capacity for influence among countries and major regions of the world.**

Most projections predict a peak in world population in the next two decades, followed by a decline that affects societies very unevenly.

Projections even predict that a certain number of countries could see their population fall by 30 to 50% by 2040 or 2050: Japan, China, and many European countries such as Italy, Spain and Germany could experience a negative balance of several hundred millions people for some and several tens of millions for others. **Some of these societies could lose up to half their population: the map of the world would thus be profoundly modified.**

At the same time, other regions across the world could continue to experience a strong demographic growth. Such a trend would lead to a dangerous and irremediable imbalance.

The European Union would be fundamentally destabilized by the joint collapse of the populations of Italy and Germany, for example, while France - this was the likely scenario just one or two years ago - would maintain its population or continue to see it grow at a controlled but constant rate.

Projections suggest that France will become the European Union's leading demographic power in the years 2050 to 2060, i.e., in barely a quarter of a century.

The consequences would be considerable, first in terms of political influence (voting rights in the European Union are, for a large part, proportional to population). And the influence on the internal market of the Union is also a factor of the population share of each Member-State.

- > **Influence is not only defined by numbers, but it is certainly determined to a large extent by the vitality of society as reflected in population growth.**

A number of implicit or explicit analyses foresee that population declines or collapses will be compensated for by increased immigration. This was the case in Germany in the mid-2010s, with the welcoming, widely supported by German employers, of a million immigrants from the Balkans, who were welcomed and settled in a single wave, with strong involvement of the German State. But such a decision was presented as a “one shot”, a unique experience that was not intended to be repeated.

The cultural consequences of such an influx of people from other parts of the world would certainly be considerable, and would not be comparable between a country in urgent need of workforce and a country suffering from chronic unemployment.

If numerical imbalances within a society, between the integrated population and populations from other backgrounds, become too important, such imbalances could jeopardize the social and cultural balance without which there is no peaceful and self-confident community.

Finally, there is a very important dimension that we must all bear in mind: demography is a translation and a function of the dynamism of a developed country, whether in terms of an abundant and well-trained workforce, inventiveness and creativity in research, or the adoption of new production processes.

The demographic dynamism of a country is the consequence, and undoubtedly also the source, of national optimism.

The vitality of a society cannot be divided, neither in the present nor in the future. And the morale of each of its members, individuals or families, is dependent on this vitality

François Bayrou
High Commissioner for Planning

Demography, the foundation of all policy-making

Executive summary

If a country's demographic vitality is essential to its wealth, it is all the more essential in France as the social contract is largely based on redistribution and a pay-as-you-go system.

France is the second most populous country in the European Union (EU), with 67.4 million inhabitants. For several decades, France has stood out in the EU because of its strong demographics, which have ensured a steady and solid population growth. However, this dynamic has been halted for several years - **as it is shown by the fertility rate, which has fallen below the renewal threshold** - raising new questions for the nation: how will French society age, and how will this aging population be distributed at the territorial level? What will be the impact of this new demographic paradigm on national and global issues (unemployment, productivity, global warming, etc.)? What are the possible solutions for dealing with these major trends?

The French are divided on these questions. A preference (65%) seems to emerge for a stabilization of the French population, in line with the size of the territory and the national and global situations. The ecological argument of a "population against the planet" weighs more and more in the national public debate. The neo-Malthusian positions, defending a voluntary limitation of the number of births to initiate a movement of reduction of the world population, in order to align with the resources that the Earth can sustainably produce, have constantly gained in prominence in our country. Other questions are added to that on a global scale, notably concerning the means of achieving balanced development in the most demographically dynamic regions of the world. Yet, for France, this is not the heart of the matter: 10 million French people more or less represent only a tiny difference, especially in terms of carbon footprint, compared to future demographic giants such as India, Nigeria or Ethiopia.

- > **At the national level, the first point of concern must be the preservation of our model and of our social contract, whose sustainability is in danger if our demographic dynamism weakens.**

France in 2050: 70 million inhabitants surrounded by 10 billion human beings.

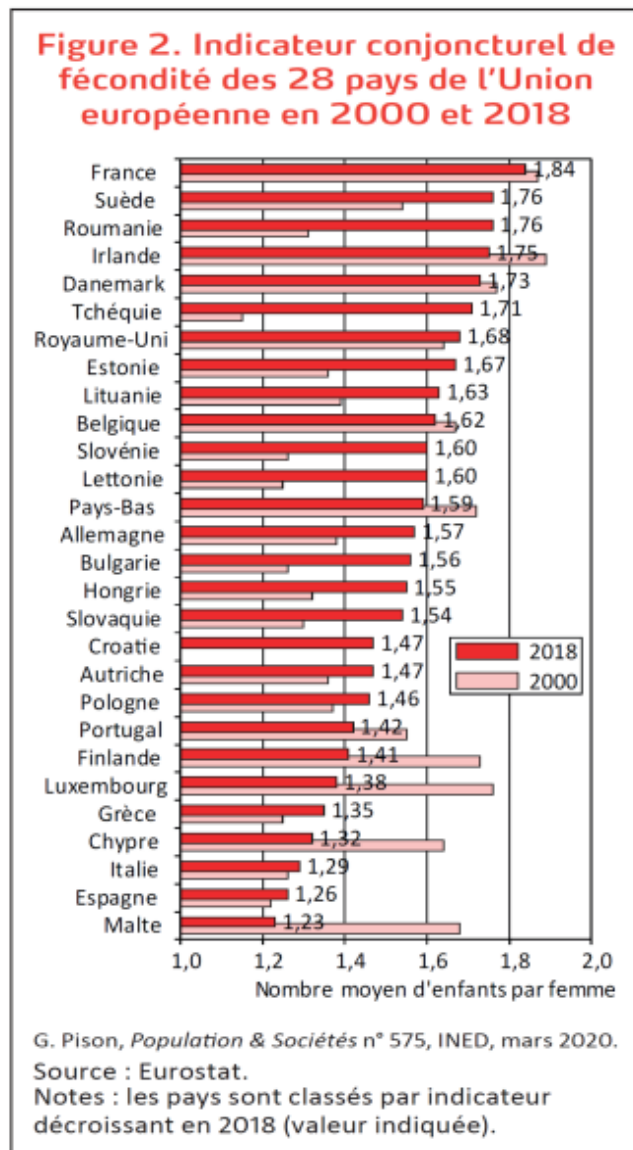
Today, the world counts nearly 8 billion inhabitants, whereas it counted only one billion in 1800. **According to the intermediary scenario of the UN, it is estimated that the population of the planet should stabilize around 10 to 11 billion inhabitants in 2100**, due in particular to the reduction of the global fertility. The uneven pace of fertility reduction across countries will lead to extreme inequality in the distribution of the world's population: **more than half of the world's population growth by 2050 will be concentrated in 9 countries. The world will also be more urban and older**: in 2050, one in six people in the world will be over 65 (one in four in Europe), compared to one in eleven in 2019.

It is in this context that the demographic weight of Europe and of France will continue to decrease. Since 1960, the population of the EU28 has increased from 407 to 513 million people, or 447 million in the EU27. Facing a continuous increase in the number of deaths, the EU population should nevertheless be maintained, thanks to a stabilization of births and, above all, to an influx of immigrants. **In parallel, the share of the French population will, in the absence of adequate policies, continue to decline, from 1.7 % of the world population in 1950 to 0.7 % in 2050.**

Can France be the next demographic leader in Europe?

As far as demographic dynamics is concerned, Europe is in some ways split in two, with high fertility in Northern Europe and low fertility in Southern Europe. In this context, **France has a special place with the highest fertility rate in the EU. Thanks to a vigorous and stable family policy, our country has been able to increase its fertility rate from 1.66 in 1996 to 2.02 in 2010, giving to the EU the image of a country that is able to maintain a demographic momentum in the middle of an aging Europe experiencing a demographic winter.**

Total fertility rate for the 28 Member-States in 2000 and 2018



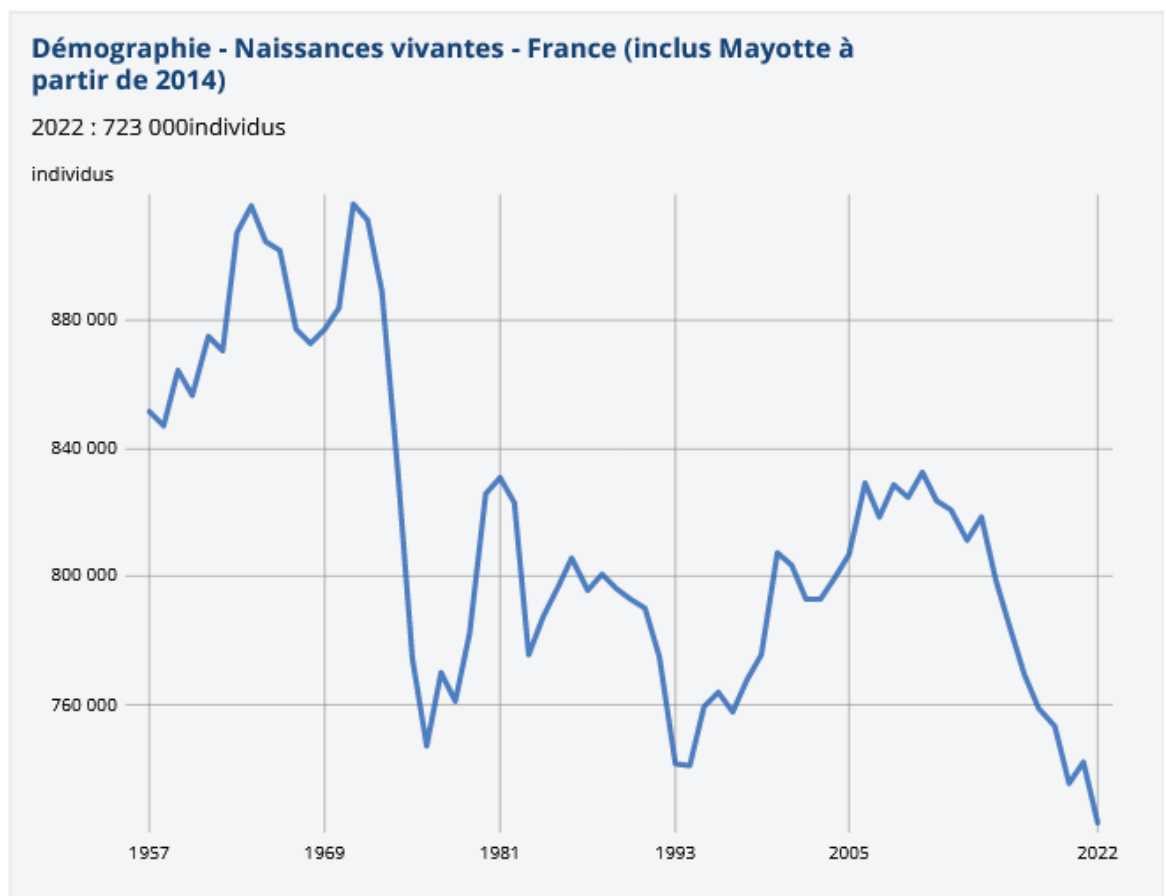
Source : Figure reprise de G. Pison, 2020 - France : la fécondité la plus élevée d'Europe. *Population et Sociétés*, 575, établie à partir des données d'Eurostat.

However, this family policy has undergone significant changes in recent years, especially between 2012 and 2017, which may be the reason for the sharp decline in national fertility over the past 10 years, to 1.80 children per woman in 2022.

France’s future demographic power is no longer assured

Hence, France’s future position is threatened by the long-term nature of our demographic slowdown: today France falls short, by some 40,000 to 50,000 births per year, of the number of births necessary to ensure the renewal of generations. This slowdown can be explained first by “mechanical” and structural reasons: the reduction in the number of women of childbearing age or the increase in the average age of the first child. And we can add the impact of cyclical events, such as the COVID-19 crisis (-13% of births). As things stand, and coupled with the phenomenon of increasing life expectancy, it will result in a global aging of the population.

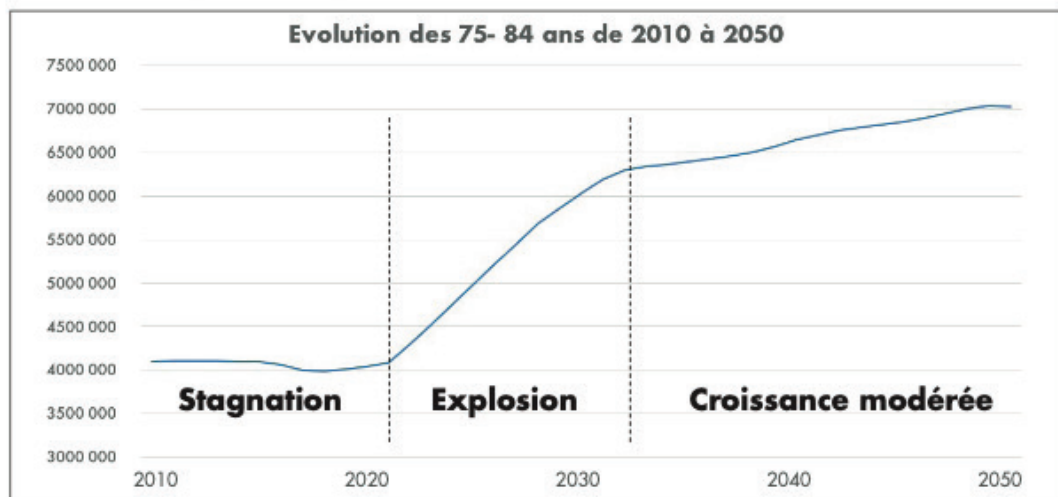
Evolution of births in France since 1957



Insee, January 2023

This prospect of aging can be taken both favorably, as a sign of a socially and medically advanced society, and negatively, as it might lead to a reduction in economic activity and an increase in social expenditure, and therefore to a financial failure for our social model. In addition to that financial question, more social issues need to be discussed, such as territorial inequalities in ageing or intergenerational relations.

Number of people aged 75 to 84 from 2010 to 2050 (France)



Quand les babyboomers auront 85 ans, Haut-commissariat au Plan/Matières Grises, February 2023.

From a strictly demographic point of view, immigration is neither the only solution nor the only problem.

France is in the European average in terms of the number of immigrants on its soil: 12.3% in 2015 according to the UN, with a net migration of + 87,000 people in 2020. Thus, contrary to popular belief, immigration is not the cause of our relative demographic dynamics. Considering their number in our population, the contribution of immigrants to the French fertility rate represents 1/5th of the births, but contributes only 0.1 point to the total fertility rate (1.86 in 2019).

Thus, in reality, **the immigration issue is less demographic or economic than political**. For these political and sensitive reasons, we cannot consider, as some of our neighbors do, that immigration is the solution to our demographic slowdown. We have to accept that immigration plays a role, but this will only be accepted if the conditions are met to maintain a demographic ambition in our country.

Renewing our demographic ambition

The decision to have or not to have a child will always be a choice that cannot be put into an equation; nevertheless, **the success of French birth policies in the 1990s and 2000s has shown that a clear plan to support the birth rate can work.**

Thus, France must first of all revive a family policy that supports the birth rate, through its three pillars:

- parental leave;
 - family benefits;
 - and early childhood.
- > **France needs a National Pact for Demography, which will allow us to review all the major issues related to demographics and, ultimately, to jointly and democratically determine the socio-demographic model that we wish to build.**

The resulting policy will have to possess four characteristics:

- **comprehensiveness:** it is necessary to consider birth support policy in all its aspects, because it has been shown that a single lever taken in isolation is not effective enough;
- **coherence:** with a clear orientation, this policy must have one objective, that of supporting the birth rate. Other social objectives, such as the fight against inequalities – which are of course just as legitimate – must be the subject of other instruments;
- **continuity:** the policy of supporting the birth rate must not be an adjustment factor, particularly in order to rebalance public accounts. The demographic question is so structuring that it must escape cyclical logic;
- **readability:** our fellow citizens must be able to see very simply the support that the country gives to their project of having a child.

