Haut Conseil des
Finances Publiques

# Opinion n° HCFP-2021-2

# on the macroeconomic assumptions of the 2021-2027 Stability programme

13 April 2021

## Summary

*The High Council considers that the growth forecast for 2021 in the stability programme is consistent with the health scenario adopted, based on a gradual lifting of restrictions on activities and travel from May 2021. However, the scenario remains subject to uncertainties associated with the evolution of the sanitary situation.*

*The High Council reckons that the government's assumptions for potential growth and the output gap for 2021 and 2022 are plausible. However, it considers the government's assumption that potential growth will return to its pre-crisis level from 2023 onwards to be optimistic, whereas the overall risks surrounding this forecast appear to be on the downside.*

*The High Council observes that the growth forecasts lead to a closing of the output gap in 2024, and then to the maintaining of a zero output gap beyond that date. Such a scenario is subject to significant uncertainties. Compared to the scenario in the stability programme, the actual growth path could be constrained by higher interest rates and less foreign trade support. Conversely, it could be supported by the mobilization of savings accumulated during the health crisis. Moreover, the High Council notes that the stability programme assumes a gradual rise in inflation, which is uncertain in view of the growth scenario.*

*The High Council notes that, according to the forecast of the stability program, the public debt ratio would increase by 20 points of GDP between 2019 and 2021, reaching almost 118 points of GDP, and that it would remain close to this very high level until 2027.*

*It also points out that the realization of this scenario assumes the materialization of a growth and inflation scenario that the High Council considers relatively favourable. It also assumes the continuation over time of a structural adjustment at least equal to that included, but not yet documented, in the stability programme.*