

Opinion n° HCFP - 2020 - 7

**On the amendment of the budget bill and the social security financing bill for
the year 2021**

23 November 2020

Main conclusions

On 17 November 2020, on the basis of Article 16 of the Organic Law of 17 December 2012, the Government referred to the High Council a request for an opinion on a new forecast of GDP growth for 2021.

The High Council notes that this referral is not accompanied by a complete macroeconomic scenario. In the absence of information concerning, in particular, the composition of activity, price changes or employment, the High Council does not have all the necessary information to assess any macroeconomic forecast and, more specifically, the main determinants of public revenue.

He pointed out that the Government, on the basis of the drafting of Article 16 of the 2012 Organic Law, which is subject to interpretation, has chosen to adopt a narrow reading of this text by not presenting to the High Council new public finance forecasts (revenue, expenditure and balances). This raises a problem of consistency with the other articles of the Organic Law with regard to the missions entrusted to it in terms of public finance.

Without ignoring the difficulties created by the uncertainties surrounding the health and economic situation, the High Council regrets this choice, which does not allow it to deliver, in accordance with its mandate, a sufficiently informed opinion on the macroeconomic scenario, nor to assess the public finance scenario. It is therefore not in a position to assess the assumptions underlying the amendment to the introductory article of the draft budget bill for 2021, which the Government will have to submit to Parliament for a vote before its final adoption. It cannot therefore fully inform the democratic debate on public finances.

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Nevertheless, in the context of its referral, the High Council notes that, taking into account the latest available information on both the estimation of the macroeconomic impact of the current lockdown and the evolution of the health situation, the forecast of an 11% decline in GDP in 2020 now appears prudent.

He considers that a rebound limited to +6% in 2021 is consistent with a very gradual removal of health restrictions, leading to a very gradual but still partial return to normal activity in the second half of 2021.