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Economic Briefing

France – Will Lecornu succeed at the second attempt?

13 October 2025

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French President Macron reappointed his party colleague Sébastien Lecornu as prime minister on Friday evening, just a few days after his resignation. Following progress in negotiations, the centrist governing parties are hoping that the Socialists and Republicans will abstain in a looming vote of no-confidence at the end of the week. However, the Socialists are making demands that would place an additional burden on the national budget. A successful vote of no-confidence remains the most likely scenario.

The new government is quickly facing a vote of no-confidence…

France urgently needs a stable government, as the budget for 2026 must be submitted to parliament this week if it is to be passed before the end of the year. On Friday, President Macron reappointed his close ally Sébastian Lecornu as prime minister, just a few days after his resignation. The cabinet was also formed over the weekend – but without the Republicans who had previously been part of it.

Tomorrow, Lecornu is expected to present the budget to parliament. In response, the right-wing nationalist RN under Marine Le Pen and the left-wing extremists have already announced a vote of no-confidence, which is to be held this week. The Macron camp is apparently hoping that the Socialists and Republicans will abstain from this vote, thereby enabling the government to continue.

… that it may not survive

Lecornu's chances of success in the event of a vote of no-confidence are not high. Lecornu and the Socialists have found some common ground on some issues during negotiations. However, over the weekend the Socialists insisted on a tax on wealthy individuals, a suspension of the pension reform, and an expansion of public services. Implementing these demands would, however, counteract Lecornu's austerity efforts and would not lead to lower deficits overall. For this reason, the Republicans have already rejected renewed participation in the government and are no longer part of it. This raises the question of whether all Republicans will actually abstain completely in a vote of no confidence.

Due to the distribution of seats in the French parliament, Lecornu is dependent on all members of the Socialists and Republicans abstaining. In addition, nine other opposition politicians would have to abstain. However, other opposition parties, such as the Green Party, have already announced their opposition, which is likely to lead to support for the vote of no confidence.

What is at stake?

Overall, there are no signs of a resolution to the political deadlock, and a consensus on ambitious reforms of public finances remains a distant prospect. If reforms continue to fail in the future, the budget deficit may even rise again in the coming years from this year's planned level of 5.4%. This is partly because the burden on the budget from interest payments will continue to increase. According to our calculations, without any reforms, the French government's debt ratio could rise well above 150% over the next ten years.

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This report was completed 13/10/2025 09:21 CEST and disseminated 13/10/2025 09:21 CEST.

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