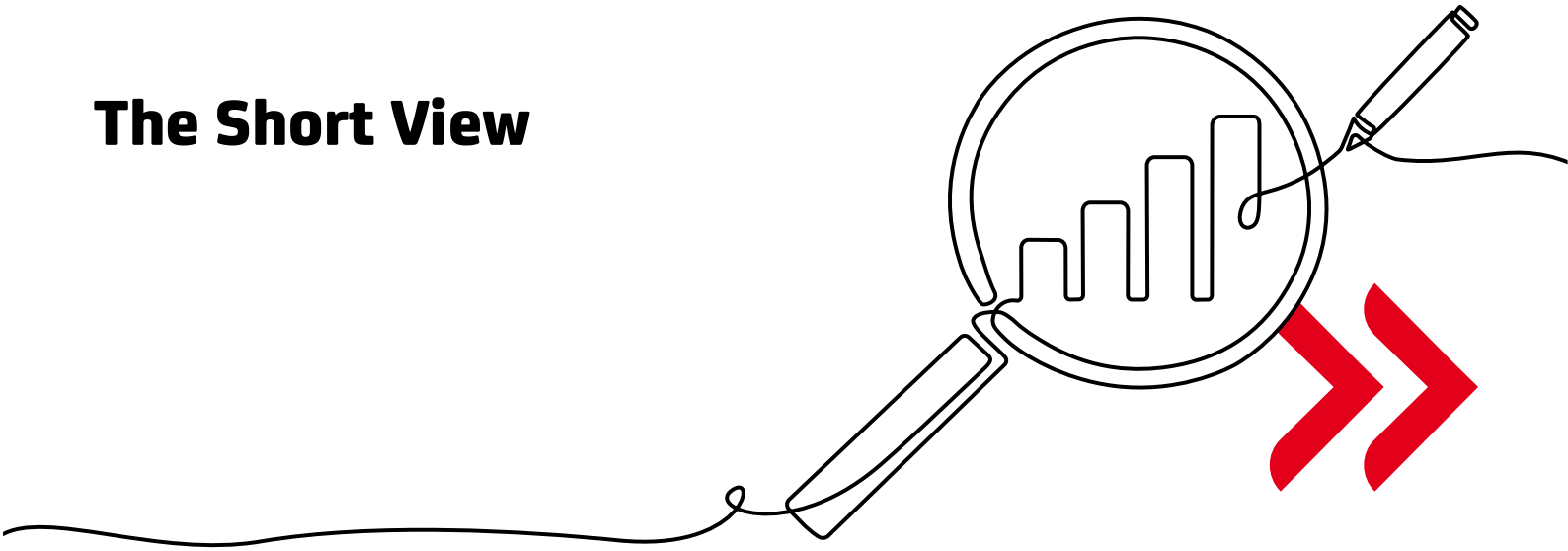
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France's 2027 budget bill: mapping the routes out of deadlock

15 October 2026

With the prospect of securing parliamentary approval for the budget having diminished as the presidential election approaches, attention is increasingly turning to the constitutional mechanisms that might allow the government to overcome legislative deadlock.

1. The forthcoming presidential election is reshaping the budget process. It reduces the incentive for opposition parties to support the government, casts doubt on the durability of certain measures that could be reversed after the election and puts increased pressure on the government to secure the budget's enactment before the ordinary parliamentary session ends in February.
2. The difficult passage of the 2026 budget strengthens the case for an earlier use of constitutional tools. Prime Minister Sébastien Lecornu nevertheless appears inclined to let the parliamentary process run its course, as using these tools would both expose the government to a censure motion and invite criticism for sidelining parliament.
3. The range of potential paths to budget adoption remains unusually wide. While different constitutional routes would have different budgetary implications, they all appear consistent with a smaller fiscal consolidation than initially envisaged by the government.

A narrow path to parliamentary approval

Last Tuesday, the French National Assembly began examining the first part of the general budget bill (projet de loi des finances, PLF), which covers the government's revenue measures. The debate follows last week's Finance Committee review, during which numerous amendments were adopted before the revenue section was ultimately rejected, highlighting the difficulties Lecornu faces in securing parliamentary backing for the budget.

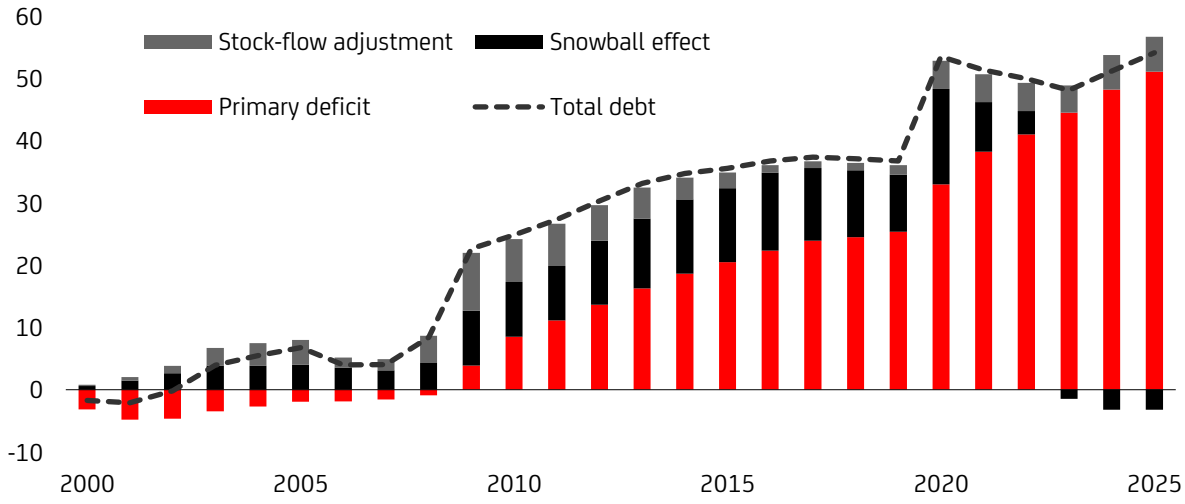
Under the parliamentary timetable, the National Assembly is expected to complete its examination of the first part of the PLF by 19 October. Regardless of whether this stage culminates in a vote, deputies will then, from 27 October, turn to the second part of the bill, devoted to expenditure measures. Meanwhile, the Senate will begin its own examination, either of the version amended by the National Assembly or, should no vote take place, of the government's original draft.

A first vote on the whole budget, including the Social Security financing law (PLFSS), is scheduled for **17 November**, although this could be delayed by one day if parliamentary scrutiny remains unfinished. Beyond these milestones, attention will increasingly focus on two key constitutional deadlines: the expiry of the 50-day period for the PLFSS on 1 December and of the 70-day period for the PLF on 21 December. Should parliamentary proceedings remain incomplete by those dates, the government can resort to exceptional constitutional mechanisms to prevent a budgetary impasse. Such scenario can no longer be regarded as purely theoretical. Since the snap legislative elections of 2024, no budget has been adopted in time for promulgation before year-end. In both 2024 and 2025, parliament ultimately had to pass a special law authorising the government to continue collecting taxes from 1 January while the budget process remained unfinished.

The political dynamics surrounding the 2027 budget are even more challenging than those that prevailed a year ago. If the government was previously able to rely on a degree of tactical restraint from parts of the opposition, that space has narrowed considerably. The Socialist Party has adopted a more oppositional stance, judging that its role in allowing the 2026 budget to be ultimately enacted yielded few tangible political gains. Meanwhile, Marine Le Pen, leader of the far-right National Rally (RN) and leading contender for the next presidential election, has indicated that her party could be willing to **tolerate an imperfect budget** rather than risk aggravating an already fragile fiscal situation. The logic is straightforward: a future government may find it easier to amend an existing budget than to take office amid a prolonged budgetary deadlock and a further deterioration in public finances. Nevertheless, such statements should not be interpreted as a firm commitment. Until the final stages of the process, the government cannot rely on an RN abstention or support when assessing the budget's prospects for passage.

This helps explain why some lawmakers advocate **early use of Article 49.3**, which enables the government to pass legislation without a parliamentary vote, albeit at the risk of a subsequent censure motion. Supporters of this approach argue that there is little to gain from allowing the budget to be extensively amended during parliamentary debate if the government is ultimately likely to rely on Article 49.3 anyway. Rather than risk a repeat of the PLF 2026, whose parliamentary examination substantially altered the government's original proposal before ultimately requiring repeated use of Article 49.3, they contend that Lecornu should invoke it earlier in the process. This would not preclude targeted concessions aimed at securing the abstentions needed to survive a censure motion. **The prime minister, however, appears inclined to let the parliamentary process run its course**, both out of respect for parliamentary deliberation and to build a narrative of institutional necessity that could justify stronger executive action if required.

RISE IN DEBT REFLECTS INABILITY TO REDUCE THE PUBLIC DEFICIT
CHANGE IN PUBLIC DEBT RATIO SINCE 2000 (PP OF GDP, CUMULATIVE)



Source: Eurostat

Routes out of budget deadlock

If Article 49.3 proves politically unattractive or insufficient, what alternatives would remain? One option would be recourse to a **special law**, which would act as a bridge into the new year until a full budget is approved. However, with the presidential election approaching, such a scenario appears particularly problematic. Unlike in 2025 and 2026, when the special law remained in force for only around six weeks, the current political configuration suggests that it **could remain in place for much longer**, potentially for nine to twelve months. During that period, the government's fiscal room for manoeuvre would be severely constrained: it could not introduce new taxes, or index personal income tax brackets, nor could it authorise new expenditure appropriations. The resulting fiscal slippage could prove significant, with the Inspection générale des finances' estimate of a deterioration of 0.5% of GDP likely representing a lower bound rather than a central scenario. A special law would nevertheless become unavoidable if the government were brought down by a censure motion on the final budget text, resulting in its rejection. In that case, parliament would have to adopt such a measure as a matter of urgency to ensure continuity of state financing. Outside such a scenario, however**, Lecornu has indicated that he does not intend to rely on this instrument**.

This potentially leaves recourse to **ordinances under Article 47 of the Constitution**, a mechanism never before used under the Fifth Republic, as the government's ultimate safeguard against a budgetary impasse once the constitutional deadlines have expired. This would allow the government to enact the budget without a parliamentary vote, as long as parliament fails to reach a decision rather than formally rejecting the bill, thereby avoiding the immediate confidence test associated with Article 49.3. The scope of such ordinances remains legally uncertain, however. No definitive judicial interpretation exists as to whether the government could enact the budget as amended during its parliamentary examination or only in the form originally submitted to parliament. In practice, most legal commentators favour the more-restrictive interpretation, under which only the original text could be implemented.

Such an outcome carries an obvious **political attraction: the government could preserve its original budget** without making major concessions, while opposition parties could avoid being seen as having supported the government. However, we think the arrangement would likely require a subsequent censure motion to remain politically credible. While preferable to a budgetary vacuum, such an outcome could prove even more politically contentious than recourse to Article 49.3, as the government's collapse would follow the enactment of a budget without any parliamentary vote. Rather than resolving the institutional confrontation, it would likely accentuate perceptions of political dysfunction and could be viewed unfavourably by financial markets.

The situation is somewhat different for the PLFSS. Because it primarily provides a financing framework rather than authorising budgetary expenditure, its absence **would not immediately disrupt the functioning of the social security system**: most contribution and benefit rules are set out in permanent legislation and would therefore remain in force. Pensions would continue to be paid and, absent new legislation, the statutory indexation mechanism would apply as usual. Consequently, the suspension of pension indexation included in the PLFSS 2027 would not take effect, resulting in a larger social security deficit than envisaged in the government's plans. The principal area of vulnerability concerns the annual borrowing authorisations granted to social security entities, which require an explicit legal basis.

Bottom line: The range of possible budgetary paths therefore remains unusually broad. Different constitutional routes would imply different degrees of parliamentary involvement and could affect both the content and the durability of the budget measures ultimately enacted. While the political and possibly market implications would vary across the scenarios, the most likely common denominator is that the fiscal consolidation eventually delivered will likely fall short of the government's initial ambitions. **Among the available options, recourse to Article 49.3 still appears the most plausible route.** Although politically contentious, it benefits from an established constitutional precedent and may be perceived as more institutionally legitimate than resorting to the ordinance procedure under Article 47 after expiry of the constitutional deadlines.

Box 1. France's budget 2027 at a glance

The draft budget (PLF) unveiled on 1 October was more ambitious than previously indicated by the government. The package comprises fiscal measures worth approximately EUR 54bn, including around EUR 10bn from measures already passed but still generating effects in 2027. The package aims to reduce the general government deficit t o 5.0% of GDP from a projected 5.4% of GDP in 2026. Public debt would nonetheless continue to rise, to 121.7% of GDP from 119.3%.

Relative to a no-policy-change scenario, the fiscal effort amounts to roughly 1.2% of GDP, with spending measures accounting for around 60% of the adjustment (0.7% of GDP) and revenue measures for the remaining 40% (0.5% of GDP). The resulting improvement in the structural balance is more modest at around 0.5% of GDP, as part of the efforts merely offset a rising debt-servicing cost, which is equivalent to roughly 0.3% of GDP, as well as other non-discretionary pressures, including weaker fiscal elasticities.

BREAKDOWN OF THE GENERAL GOVERNMENT BALANCE BETWEEN 2025 AND 2027

(% GDP)	2025	2026	2027
Public balance (1)	–5,1	–5,4	–5,0
Cyclical balance (2)	0.1	–0,3	–0,4
One-off and temporary measures (3)	0	0	0
Structural balance (4 = 1 – 2 – 3)	–5,2	–5,1	–4,6
Structural adjustment (5)	0.6	0.1	0.5
Change in interest expenditure (6)	0.2	0.4	0.3
Primary structural adjustment (7 = 5 + 6)	0.8	0.4	0.8
of which: primary structural effort	0.6	0.8	1.2
primary expenditure effort	–0,2	0.4	0.7
effort in revenue	0.8	0.5	0.5
of which: non-discretionary component	0.2	–0,4	–0,4

Source: French Treasury, Rapport économique, social et financier (RESF) 2027
Note: The structural effort refers to the discretionary fiscal measures implemented by the government, independently of the resulting change in the structural balance.

Nearly half of the expenditure savings are expected to come from the social security system, although the planned nominal freeze in central government spending, excluding contributions to the European Union, military expenditure and interest payments, also represent a particularly demanding constraint. Overall, the package appears more robust on the revenue side than on the expenditure side. Around one quarter of the envisaged spending savings rely on transfers between public administrations rather than genuine reductions in public expenditure, while another portion is based on measures that could be reversed by decree after the presidential election. As a result, the durability of some expenditure savings appears less certain than that of the tax measures underpinning the consolidation strategy.

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