

The French Economy

During the last decade, the French economy was one of the fastest-growing among countries of the Organization for Economic Cooperation and Development (OECD). Since the beginning of 1991, however, this has slowed considerably. At 1.4%, growth is weak, a situation common in the western world. It is estimated that real economic recovery, albeit at a modest rate of 2-2.5%, will not occur until 1992. Inflation runs at 3%, the lowest among the seven major industrial democracies (G-7 countries).

The slowdown in the economy has induced the government to relax its policy of "rigorous management." To avoid a further weakening of growth, the initial objective for the 1992 budget deficit has been increased to about \$16 billion. However, public expenditures continue to be limited. The monetary policy remains focused on moderating inflation and on maintaining a stable franc while striving to lower interest rates.

The French government is emphasizing employment assistance measures, improved training and efforts to strengthen industry in order to meet its two main goals of reducing unemployment and preparing France for the single market of 1993.