

# Fiscal Policy Questionnaire

1. What taxes and Duties exist ?

Taxes: Income Tax, Social Contributions,  
Corporation Tax, Value Added Tax, Inheritance  
Tax, Wealth Tax, Property Tax,  
Carbon Tax

Customs Duty, Tobacco Duty, Alcohol Duty, Fuel  
Duty, Electricity Duty, Eco Contributions

# Fiscal Policy Questionnaire

## 2. Why have taxes?

- To provide services that the private sector would not (fully) cover, such as Health, Education, Security, Pensions, Military, Protection (fire / sea / ) and public infrastructure

# Fiscal Policy Questionnaire

3. When did taxes first occur? US tax origins  
<https://www.history.com/news/why-we-pay-taxes>

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- Originally to raise money to fight a war
- Who paid – house owners.
- Window Tax
- <https://www.youtube.com/watch?v=tDjYQ1AE-kY>
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# Fiscal Policy Questionnaire

- 4. Do people under the poverty line pay taxes?
- Yes. They pay VAT, alcohol duty, tobacco duty, fuel duty. These regressive taxes provide higher revenue for the government than progressive taxes (income tax and corporation tax)

# Fiscal Policy Questionnaire

- 5. How do we define the poverty line?
- It varies among countries. In the EU it is 60% of the median salary (Laeken criteria)
- In France the median salary (after taxes and social contributions) is 2,100€ per month (2024)  $2,100 \times 0.6 = 1,260\text{€}$ . (Average salary = 2,550€)

The minimum wage is €1,767 per month (Service Public fr)

- The Poverty level was 1,288€ per month (2023) which is 15.4% of the population – 9.8 million people (and increasing). This is the highest poverty rate since 1996.

# Median / Average (Science Notes)

## Median vs Average

### MEDIAN

exact middle of a list of values

1, 3, 3, **6**, 7, 8, 9

median = 6

1, 3, **4**, **5**, 6, 9

median =  $(4 + 5) \div 2$

median = 4.5

### AVERAGE

sum of values divided by  
number of values

1, 3, 3, 6, 7, 8, 9

average =  $(1 + 3 + 3 + 6 + 7 + 8 + 9) / 7$

average = 5.3

1, 3, 4, 5, 6, 9

average =  $(1 + 3 + 4 + 5 + 6 + 9) / 6$

average = 4.7

# Fiscal Policy Questionnaire

- 6. What is paid for from tax income?
- For France
- <https://www.statista.com/statistics/467398/public-budget-breakdown>

## 2. Spending by Function (COFOG Classification)

- Social Protection
- Economic Affairs
- Defence
- Environmental Protection
- Housing & Community Amenities
- Recreation, Culture & Religion
- General Public Services
- Health
- Education
- Public Order & Safety

# Fiscal Policy Questionnaire

- 7. What is the **tax burden** (% of taxation as part of the GDP) of France?
- The tax-to-GDP ratio in France has increased from 43.4% in 2000 to 43.8% in 2023.  
OECD average 33.9% in 2023
- **Total public spending** under Macron  
= 56 – 57% GDP

# Fiscal Policy Questionnaire

- 8. How can Fiscal Policy change consumer and industrial behaviour?
- Examples – France – petrol vs diesel cars
- Industrial / environmental / social policy
- Public vs private transport
- Electric cars – environmental hype or industrial policy?
- Solar panels / Heat pumps

# Fiscal Policy Questionnaire

- 9. How can an analysis of Fiscal Policy determine if a country is Socialist or Neoliberal?
- Firstly, what is the regressive (neoliberal) and progressive (socialist) tax burden?
- Secondly – where is tax revenue spent?
  - Socialist, on public health, education, infrastructure
  - Neoliberal – on industrial tax rebates and subsidies, defence and security etc.
  - On the resulting economic inequality created by the Fiscal Policy used

# Fiscal Policy Questionnaire

- 10. In general, do rich or poor people pay a higher percentage of their income in taxation?
- Yes, the poor pay a higher % of income on tax due to regressive taxes
- There are big historical differences, whereby the top tax rate was 90% and is now around 45% (+3% 250 – 500K, and + 4% >500K)
- A move from progressive to regressive taxes hits the poor more than the rich.
- The rich employ tax avoidance and tax evasion that the poor cannot use

# Fiscal Policy Questionnaire

10. **Direct tax** and social contributions. The lowest income decile pay an effective average tax below 5%

The top 1% pay an average rate of 30%

- Indirect tax (VAT, tobacco, fuel). The poorest 10% pay 22% of their disposable income, compared to 10% for the richest.

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## Summary Overview

Income Group	Direct Tax & Social Contributions	Indirect Taxes
Lowest 10%	< 5%	≈ 22%
Middle incomes	~10–20%	~16%
Highest 10–1%	~30% average	≈ 10%
Top 1%	~30% overall, up to 61% marginal	≈ 10%