

Fiscal Policy Questionnaire

1. What taxes and Duties exist ?

Taxes: Income Tax, Corporation Tax, Value Added Tax, Inheritance Tax, Wealth Tax, Property Tax.

Customs Duty, Tobacco Duty, Alcohol Duty, Fuel Duty.

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2. Why have taxes?

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

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3. When and why did taxes 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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- 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)

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- 5. How do we define the poverty line?
- It varies among countries. In the EU it is 60% of the average salary (Laeken criteria)
- In France the median salary is 2,448€ per month (2023)
- The minimum wage is €1,767 per month (Service Public fr)
- The Poverty level was 1,158€ per month (2021) which is 14.5% of the population (and increasing)

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

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- 6. What is paid for from tax income?
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- For France
- <https://www.statista.com/statistics/467398/public-bu>
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- 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 48% in 2022.
- (This doesn't include 'hidden tax' such as private health insurance in the USA)

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- 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

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- 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

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- 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%
- 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