



Editorial : Fiscal vertigo

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Editorial

Fiscal vertigo

Taxation is currently facing a major challenge both in France and worldwide and the obstacles to overcome are substantial. Under these circumstances, should we maintain the status quo or focus all our efforts on trying to perfect the legal and administrative mechanisms that have been eclipsed by changes in their respective fields?

Or is it our perception of taxation that needs to be changed? Should the validity of the system that taxes comprise be assessed without avoiding the question of their interdependence? The majority of mandatory contributions were created for a relatively closed and centralised state and an economic model that mirrored it. We should reconsider their merits and relevance in an open and multipolar world that is more competitive than ever while addressing the challenge of the digital upheaval and robotic automation.

The conclusion is indisputable: we are entering uncharted territory and stumbling uncontrollably, for the time being, into another world that is beyond any preconceptions we might have. This is a historic turning point in the making. Today's political decision-makers – both average citizens and their representatives alike – fail to fully understand, both on paper and in practice, a world that is redefining itself all on its own in front of their eyes through an infinite number of networks where the real and virtual intertwine.

As a result of these changes, we have lost our usual points of reference. Taxation seems to have lost all meaning from a budgetary, economic, political and social perspective, because the resulting issues are so complicated and the points of view and solutions proposed or implemented are contradictory and often ineffective. In this tax system, battered by transformations to its environment, there remains an underlying question regarding its essence, how it works and, therefore, a legitimacy that needs to be redefined. This raises an important point, but the job at hand will not be an easy one. The critical nature of this issue is currently exemplified by the loss of a

sense of duty to pay taxes and the normalisation of tax avoidance, which both characterise how many taxpayers now feel and behave. It's more than just resistance to mandatory contributions. This is where we should be able to identify the beginning of a rejection that tends to flow through a porous society, turning the economy into an upheaval of tax revolts, or rather placing it against a backdrop of the same type of revolt.

At the same time, fiscal policies are facing an economic market that is encroaching into increasingly far-reaching and even unexpected fields, including taxation which has traditionally been the domain of the public sector until now. Taxation is integrated in a market-oriented environment and its very nature is changing. It is becoming commonplace for tax payers to think of it more and more as the price paid for a service provided by the institution that receives the payment, and less and less as an expression of solidarity. The transformation of fiscal relations to market-based relations changes the meaning of taxation, the two essential functions of which are threatened. First, its political function by which taxation is used as a symbol of belonging to a community. Then there is the social function, which uses taxes for the common good and to foster solidarity. This has given rise to a perception of taxation that is very far removed from how social contributions are perceived. Within the key elements and essence of this perception reside the contractualist reasoning of price-based taxation, which has replaced a logic of taxation founded on solidarity.

At the same time, things are not as simple as they may seem.

In fact, these two perceptions of taxation actually coexist in the collective subconscious. The solidarity-based reasoning has remained intact and justifies demand for public services even when it is articulated at the same time as calls are made to lower the tax burden. When customers/tax payers see that a number of public services are no longer provided, feel that the service is not up to par or even when they do not see any improvements in the unemployment rate or in wage and pension increases, they will cast even more doubt on the usefulness of taxation. All this foments and for some even justifies revolt or tax avoidance practices. This can lead to the conclusion that there is a clear contradiction between these two mindsets and even a shockingly immense lack of responsibility. However, this is where we need to understand the outcome of the confusion we are referring to and the paradox that has taken root in society that is the source of a colossal misunderstanding.

In reality, two perceptions of taxation coexist, which we need to integrate and realise if we want to build a new fiscal order. They reflect the tone of today's society, ***one that is based on a market model within which the majority of the population feels the need for solidarity and goodwill.***

Michel BOUVIER