

Centre for Workforce Futures

CRITICAL ISSUES DISCUSSION SERIES



Taxation, coronavirus and exemplarity

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The coronavirus crisis will create new public deficits. The chairmen of the two largest French employers' confederations (MEDEF and CPME) are calling on employees to rise to the challenge. Everyone will have to pay their dues, in terms of work as well as financially. To behave in an exemplary manner. The President of the Republic thanked the French for their exemplary behavior during the lockdown.

The government's hesitations on the ban on dividend payments this year could not be less timely in such a context. Banning dividends this year, and introducing a tax on household financial assets next year at least exceptionally, would allow the nation to slowly mend its damaged fabric.

Even before the coronavirus crisis, many households that had benefited from the abolition of the wealth tax were astonished, and for many, did not understand, that they were being handed a cheque of up to tens or even hundreds of thousands of euros. In the United States, **nearly twenty billionaires**, chief among them Warren Buffet since 2017, are calling for higher taxes (on income and wealth) for the richest, standing in disbelief that they are less taxed than the mass of citizens. Not only these billionaires, **but a clear majority of millionaires**, in the United States, are in favour of introducing a wealth tax in excess of \$50 million of holdings, and nearly 40% are in favor of a similar tax for assets worth more than \$10 million, according to a survey conducted last summer by CNBC.

Introducing a tax on financial assets is an opportunity to renew tax practices. It is possible, alongside a rate that has yet to be determined (a rate of 3% has been proposed by several Democratic candidates in the United States but it is possible to propose a progressive system, or even, for an exceptional crisis, an exceptional rate), to propose a system of tax auctions in addition to this mandatory contribution, auctions whose winners would be rewarded by the award of national recognition. This would go to millionaires and billionaires who made the largest percentage contribution to their financial wealth in a given year, above and beyond the legal minimum. **Jack Dorsey, CEO of Twitter, has donated 28% of his wealth for the fight against coronavirus**. It is likely he would not have been shocked by an exceptional tax on financial assets, coupled with a form of 'coronavirus' tax auction.

Management and organizational sciences are rarely convened to analyze societal situations. However, in times of crisis, society, usually atomized into individual actors 'when all is well', finds a more coordinated way of functioning, in a word: becomes an organization dedicated to solving the crisis. The contexts of war and epidemics are typical examples of this. The context of the COVID-19 virus is no exception.

Albert Bandura highlighted the role of vicarious learning, by observation, in social learning, alongside trial-and-error learning. Robert Greenleaf has studied at length the beneficial effects of 'servant' leadership, that is, empathy for frontline organizational members. Such empathy is best able to elicit, by imitation, a high level of commitment. Bass and Avolio talk about the inspiring function of the 'transformational' leader. More recently in France, the work of [Tessa Melkonian and her colleagues Philippe Monin and Niels Noorderhaven](#) has highlighted the virtues of exemplarity in terms of efficiency.

Alas, the tax reforms adopted in 2017, when the Nation had already been under strong austerity measures for years, benefited first and foremost those who were most able to contribute. This was catastrophic, not only in terms of tax revenues (some pointed out that the amounts at stake were weak), but in terms of exemplarity.

In any case, it is urgent, in times of crisis, to ensure that contributing to public finances becomes an honour for which to compete again. Not a constraint that one seeks to avoid in a tax-dodging world contest.