



Written by [Bruce Walker](#) on September 15, 2012

French Socialists Plan Massive Tax Hikes for Rich

The new Socialist president of France, [Francois Hollande](#), has stated that he is planning to soak the rich in his nation even more, through a new tax rate of 75 percent on income over €1 million (about \$1-1/4 million).

Some of his supporters, however, are still not satisfied. Union leader Jean-Pierre Mercier complained of the new tax hike, "It's not at all, at all sufficient. We should take more of their wealth."



The tax will affect only about 3,000 out of 66 million citizens, so the move is widely perceived as symbolic rather than substantive. Some French politicians, however, are insisting that it is the wrong symbol for France. Valérie Pécresse, budget minister in the government of former President Nicolas Sarkozy, stated that what the tax hike is saying is: "If you want to succeed, if you want to be an entrepreneur, and work very hard, then go away."

Some Frenchmen have already chosen to do just that. Bernard Arnault, believed to be the richest man in the country, has applied for Belgian citizenship.

Jerome Barre, a tax adviser to the wealthy, has condemned the new tax: "It's an insult. They [the rich] are good taxpayers. They have companies, businesses and they are working hard. The context is difficult, but they are not the source."

A Parisian law firm reports that it has been inundated with clients seeking to escape the new tax.

Many observers have noted that what is happening today in France is nothing new, and that is not unusual for very wealthy individuals to respond to confiscatory tax policies by moving outside of the high-tax jurisdiction. Monaco, which as a sovereign nation has the right to set its own tax rates, has long been the home of many illustrious and wealthy subjects who sought refuge from the progressive tax rates of large European nations. It has no income tax and few other taxes, yet is prosperous and popular. In the 1960s, many of the wealthiest Britons moved to the tiny principality to escape the confiscatory tax rates in their homeland.

This phenomenon of fleeing high taxes can also be observed in America. Unsurprisingly, the 2010 U.S. Census data confirmed that Americans are leaving states with high tax rates such as Massachusetts and moving to states with low tax rates. The term "Taxachusetts" reflects the high tax rates which have driven many productive citizens out of the Bay State. Recently the Massachusetts Department of Revenue decided that even creators of software will now have to pay a sales tax.

As the eurozone faces a downward spiral with seemingly no bottom, many analysts say it would seem that inviting the most productive citizens to stay where they are and create goods, services, and jobs — as opposed to disinviting them via confiscatory tax policies — would be the best economic policy.

Photo of French president Francois Hollande: AP Images



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