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VIVANT PROGRAMME 2003

Complete programme.
NOTE: Index base 1998 = 100.

Dear Reader and Friend,

Through this programme Vivant sets out its vision of the future.

Foremost in this vision is the **shift from an industrial society to a service society** together with the battle against ever-increasing unemployment as a major concern, while retaining social security for our children and ourselves.

Since the classic formulae, from either left or right, provide no satisfactory solution to the socio-economic problems of our time, Vivant has developed an alternative socio-economic programme.

At the heart of this programme lie the introduction of a basic income for all and a redesigned funding system, oriented towards the future of social security.

The ideas that Vivant is promoting have been, and still are, very carefully studied by independent working groups, looking particularly at the impact of the ideas on different sections of the population and at their financial viability. Vivant, incidentally, is probably the only party drawing up budgets for its proposals and calculating their implications for the national budget.

Vivant also promotes direct democracy, by which the population can express its views on major questions of governance, independent of political persuasion.

Furthermore, Vivant is fighting for greater personal freedom, higher regard for the environment and more effective organs of State.

The rôle of Government, in Vivant's view, is to assist and serve the citizen.

Vivant does not pretend to have a solution for every problem.

Vivant aims to set forth signposts, and promote ideas, leading to a better quality of life for the greatest number.

Roland DUCHÂTELET
(Founder and Chairman of Vivant)

THE VIVANT PHILOSOPHY

While the Vivant Programme is an evolving thing, the philosophy underlying it is certainly something else. This philosophy is the foundation of the Programme and the justification of the Vivant initiative.

Its first principle is this: **In the State, or in society, human beings and their ecological environment should be at the centre of any initiative.** The organisation of society is there to serve the citizen – not the other way round. The absolute priority for society is to allow men and women to develop and reach their full potential, and society should do everything to achieve it. It goes without saying, however, that **each person retains responsibility for her/his life and happiness.**

Human beings are not objects who limit themselves to a single function as consumer or worker. Men and women are human beings deserving respect in all matters and **are sovereign inasmuch as they wish to be and have the capacity to be.** They are social actors. Within the limits of their human condition, they are capable of creativity and thus can participate in preparing optimal conditions of life and of society.

The economic system and financial organisations do not represent a goal in themselves. Nor do they represent “higher values”. They are there to serve the people. They are not above the law or the State. The State – that is to say all of us – is organised collectively and democratically so as to render our society viable, durable and agreeable.

The higher instances, of policy, of governance, the economy, justice, public servants, ministers, etc., are the means by which those who live in a country can live together with others and feel they belong to a community.

Vivant actively promotes social justice and fights against all physical, moral or environmental violation.

Vivant would see all the inhabitants of a country feeling secure, both in their relationships with other people and when problems arise. Vivant sees the mission of society as the elimination of fear, despair, poverty, misery and exclusion through **prevention, information and education.** That is why, for instance, Vivant publicly stated, on the 50th Anniversary of the Declaration of Human Rights, that it subscribed to it.

VIVANT ON THE PRESENT POLITICAL SCENE

Vivant is not simply a political party; it is a movement in society. But to draw attention to its concepts, Vivant feels bound to participate in political elections and presents itself as a new movement demanding freedom of thought, independent of any political persuasion. In Vivant's view, "representative democracy", by which representatives are chosen at regular intervals to sit in a parliament or on a local council, does not satisfy the democratic aspirations of our times. A purely representative system corresponded to the democratic ideal of two centuries ago, when the majority of citizens felt themselves part of a single political family. Today, the majority of those interested in politics hold diverse views which are not taken up as a whole within any single political party. At elections, they are not always able to express their opinions through a single vote.

Vivant is therefore proposing the introduction of the citizens' legislative initiative and of the referendum with the force of law. This form of "direct democracy" creates a forum of political ideas, necessary for all important innovations. Direct democracy is an instrument independent of any party or party programme; it must be used with prudence and rigour in effective collaboration with the means of communication so as to inform citizens as fully as possible and enable them to vote knowing what is at stake.

Vivant observes that in our times the traditional opposition of left and right is no longer credible. Capitalism and Communism have shown their weaknesses in fundamental areas.

Pure Capitalism met its "Waterloo" in 1929 in the Wall Street crash, when the State did not act as arbiter.

Communism, routed in 1989 with the fall of the Berlin wall, died of asphyxiation because of abusive State meddling.

An economy based on the free market coifed by the State, such as Belgium has seen since World War II, is positive. But the problem in Western Europe at present is threefold:

- the State intensifies its intervention, with the consequence that, each year, half of the benefits produced pass into its hands;
- our system was developed in a period of strong growth of labour-intensive industry, and no longer fits the service society of today, which requires mobility and flexibility as well as capital;
- the economy is entering into an era of globalisation.

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For these reasons Vivant has evolved a new socio-economic model which takes account of the change from an industrial society to a service society. This model enables us to escape from the unemployment trap that we are in at the moment and to retain social security for our children.

The main ideas of this model consist of introducing a basic income for all, abolishing most of the taxes on employment and bringing in a redesigned consumption tax as a new way of financing social security (without increasing consumer prices).

And all that is feasible from a financial point of view.

WHAT VIVANT BELIEVES

More freedom to act than the liberals!
More social security than the socialists!

The Enlightenment, Liberalism and the French Revolution have given us a taste for Freedom. We have no wish to return to the pre-industrial age.

Socialism has helped us understand the importance of social justice for all.

Freedom and social security are reliable values: acquired rights we have no wish to go without.

The 20th Century presents us with a new challenge. Do the old political currents possess a political vision and a philosophy fit for this new century?

Vivant's Programme has such a vision, for it is a programme built up around the individual, and indispensable for strengthening what has already been gained and for continuing to evolve towards new paths...

In short, it is a **humanistic, democratic, progressive programme for tomorrow's Europe.**

*Politics is the art of living together,
of making available what the greatest number needs.*

In this case, can politics bring happiness, more happiness, to everyone?

Personal happiness is not a product of politics; everyone retains responsibility for his/her own. But in order to attain this happiness sufficient opportunities and means must be available. It is these opportunities that Vivant wants to see more of.

At Vivant we want everyone to feel both free and liberated. We do not want our life space to be circumscribed by complicated inscrutable laws and regulations. We want social security to be real and applicable to all.

Will all that make us happier?

Vivant wishes at least to create conditions which will satisfy basic needs and enable individuals to reach their potential. And that is the stuff of politics.

If the State is democratically invested with the rôle of REDISTRIBUTING WEALTH IN ANOTHER WAY, by guaranteeing to everyone an UNCONDITIONAL BASIC INCOME, there is every chance that our countries, as well as developing countries, will give priority to policies aimed at satisfying the needs of their populations, namely:

PHYSICAL NEEDS such as:

- food
- housing
- warmth
- health care
- clean air and drinking water
- freedom to travel;

MORAL NEEDS such as:

- security-serenity in life
- freedom of expression and choice of job, and work
(personal choice of flexibility)
- happiness, joy, leisure, affection

- appreciation and personal fulfilment
- education
- justice
- participation in decision-making.

The primary aim of this philosophy is thus to allow people to attain a better quality of life. Too many people are still frequently faced with the same old problems, namely:

- how to satisfy hunger?
- how to find shelter?
- how to keep warm?
- how to get health care?
- etc...

The first thing such people need to be given, in order to benefit from life, is a bit more money. If we strengthen social security, more people will feel good. And, financially, it's possible – as we shall show below.

Vivant's philosophy is humanistic and realistic. It aims to bring about a new kind of political, economic and social behaviour which is concerned with the environment and which guarantees the future in the short term, the medium term and the long term.

This philosophy seeks to help people become autonomous, creative, cooperative citizens, imaginatively active and responsible, through the effects of a new organisation of society in tune with our Age.

FIRST PART

VIVANT'S SOCIO-ECONOMIC MEASURES

The Vivant Programme is designed around four pillars or measures. Each one brings about a series of effects particularly advantageous for our everyday life.

Through some simple and automatic mechanisms it lays the foundations of a society which is more favourable for individuals to reach their potential.

Measure I

Introduction of an unconditional Basic Income for all, paid by the State

Each person is entitled to a Basic Income as a right acquired by inheritance from our ancestors' labour.

The Basic Income is €500 per month.

Measure II

Abolition of Tax on Work (Labour) up to €1,350/month and reduction of Tax on Work above this threshold

Definition: Tax on work = tax on income from work + social contributions paid by employer or employee.

For the employer the cost of labour goes down significantly, while the resources of the employee go up. We shall come back to this point on p. 19.

Effect of the first two measures:

The impact may be measured through a comparison with the existing system.

At present, an employee who costs his/her employer €2,500 receives €1,125 net. €1,375 are paid out by way of social costs and advance on income tax.

In the Vivant model the same employee gets from her/his employer €625, plus €500 as a Basic Income from the State for a total of €1,125. The other €1,375 are raised on the consumption of the whole population and on incomes over €1,250.

Table showing salary costs (as %)

	present situation	with Vivant
Salary	45	25
Basic Income	0	20
Charges on labour	55	0
Salary cost	100	25

This is an example of a typical case. For more details see ANNEXES 1 and 2.

Measure III
Introducing a Social Tax on Consumption,
without increasing, on average, prices to the consumer

At first sight this measure may seem paradoxical, but it is quite feasible provided that the first two measures are put in place.

Tax on labour goes down, tax on consumption goes up (varying between sectors).

From that point, the lower cost of labour and the consumption tax, revised upwards, balance each other out so that consumer prices remain the same.

Table showing the breakdown of product prices (as %)

	present situation	with Vivant
VAT	17	17
STC	0	33
Charges on labour	33	0
Real costs	50	50
Consumer price	100	100

See ANNEX 4.

Measure IV
Variation of the Social Tax on Consumption (STC)

Reduction of tax on services, with consequent increase of tax on luxury goods, industrial products and environmentally unfriendly products.

Effect 1: The consumption tax (STC) is very flexible and, unlike the existing charges on labour, can easily be modified. For example, tax on services may be lowered and that on environmentally unfriendly products raised.

Effect 2: Under the present system, it is salaries that are most heavily taxed through social security contributions. On the other hand, those who live on income from investments pay only 15% by way of tax. A direct tax on capital would only encourage the flight of capital and it is therefore more effective to tax capital indirectly through a consumption tax (on sales). A person with higher income or a personal fortune consumes more and therefore pays more tax. If, in addition, luxury goods are taxed at a proportionately higher rate than other products, those with more money will pay proportionately more tax than those less well off.

Tax on services (such as cleaner, gardener, odd-job person, carer, hotel and catering services) may be lowered so as to promote business and improve the quality of life. To compensate, tax on environmentally unfriendly and luxury goods is raised.

Note: Application of these measures in Belgium and Europe. A Basic Income can already be introduced in Belgium (see Second Part). However, in order to finance social security through tax on consumption, the European countries must act together to ensure the traceability of products, for the purposes of guaranteeing their quality and of levying taxes on their sale. The other European

countries have to cope with similar socio-economic problems. These problems must be dealt with on the European level.

The European elections will therefore become more and more important for the construction of a “social” Europe.

Vivant has branched out into France, Germany, Switzerland, Italy, Spain and the Netherlands. It also collaborates with similar movements in Sweden, Austria, U.S.A., Brazil and South Africa.

THE BASIC INCOME PROPOSED BY VIVANT

Each person is entitled to a Basic Income for it is the fruit of our heritage from the labours of our ancestors. **It is universal and unconditional.**

Any resident holding a Personal Fiscal Account (PFA: see p. 18) **shall be entitled to a Basic Income**, including those who have never been employed under the present system: parents at home, students, the self-employed, the homeless, artists, the indigent.

The Basic Income will be paid automatically regardless of sex, race, level of income, present employment status, employment history, readiness to work, etc...

1. Present welfare benefits from the system practised in Belgium are subject to all sorts of conditions. Entitlement to a Basic Income will be subject to no means test, either of the individual or of the family.
2. To clarify: Social insurance systems such as pensions or unemployment benefits are contingent on the prior payment of contributions, availability for jobs going or on being out of work involuntarily. But in the case of the Basic Income, none of these things – prior contributions, making oneself available for work or being involuntarily jobless – counts.
3. The Basic Income is fundamentally different from systems that would make allowances contingent on prior contributions in the form of work, training or compulsory re-training. It is not prescribed in any law that one should make oneself “useful” in order to “deserve” one’s benefit.

By introducing the Basic Income we point the way towards a societal model in which everyone will be able to enjoy several sources of income: the Basic Income, which is one’s right, and incomes and/or salaries that one may acquire by any legal means. The duality between “workers” and “those on welfare” will disappear in a society that has adopted the Basic Income.

Finally, it should not be thought that the Basic Income represents a sort of “generalised system of charity”. Charity, depending on the good will of the giver, is arbitrary; but the Basic Income is universal and unconditional, the manifestation of “the right of everyone to an income”.

POSITIVE CONSEQUENCES OF THE BASIC INCOME:

1. Rationalisation and simplification of the present social security system with the corollary of reduced administrative costs.

2. Guaranteed subsistence for all – including those who are today excluded: parents at home, artists, self-employed, etc... The Basic Income is a better way of fighting insecurity, for it prevents it. And it does not preclude earnings from work.

3. Individualisation of social security: The Basic Income is given to the individual without regard to his/her family or personal situation, whom one lives with, what responsibilities one has, etc. Society was characterised, earlier, by stable employment usually given to the father of the family; today society is one of unstable employment with an increased female workforce, in which all family members claim financial and psychological independence. The Basic Income represents a policy better adapted to such a society and recognises the undeniable dignity of each individual.

4. Recruitment incentives: Being able to receive both the Basic Income and a salary encourages the creation of jobs of low financial worth, but of high social value: the district nurse, the social welfare officer, home help for the incapacitated, etc.

5. Abolition of the unemployment trap: When welfare allowances are conditional, those out of work must find a job that is financially attractive before letting go of their unemployment benefit and taking up work again. When the Basic Income is unconditional and can be added to salary, even low salaries can give an acceptable total sum. Finding work and taking it up again is no longer penalised.

6. Reduction of the cost of labour and, in consequence:

- employers can more easily increase salaries,
- taking up a second activity is facilitated,
- firms will regain their competitiveness, above all internationally, without having to relocate,
- the addition of new activities, requiring the hiring of new staff, will no longer be hindered,
- better conditions for exporting will lead to improvement in the trade balance,
- job creation will occur without the need for State intervention.

FIXING THE BASIC INCOME

See also ANNEX 3.

Gross income will be made up of the Basic Income of € 500 plus the gross salary paid by the employer. Net salary will be at least as much as the present net salary with an increase in the minimum to €1,000 on a full-time basis.

Basic Income will be €125 for children under 18 years of age; €375 from 18 to 25; €500 from 25 to 65; and €750 for those over 65.

1998 index: €500

Beneficiary	Basic Income		
	Amount (€)	%	Paid to
Child under 18	125	25	Person responsible
Aged 18-25	375	75	Beneficiary
Aged 25-65	500	100	Beneficiary
Over 65	750	150	Beneficiary

September 2002 index: €540

Beneficiary	Basic Income		
	Amount (€)	%	Paid to
Child under 18	135	25	Person responsible
Aged 18-25	400	75	Beneficiary
Aged 25-65	540	100	Beneficiary
Over 65	800	150	Beneficiary

Those with partial or total handicaps are entitled to Basic Income plus their invalidity allowance according to their degree of invalidity; in addition, they may receive a salary for work carried out.

Breakdown of the State Budget for Basic Income

Age	Number entitled	Monthly amount (€)	Total annual expenditure (€billion)
0-18	2,100,000	125	3.15
18-25	1,030,000	375	4.635
25-65	5,300,000	500	31.80
>65	1,675,000	750	15.075
TOTAL:	10,105,000		54.66
AVERAGE:		450	

This shows the amount of the allocation in the State Budget to the Basic Income according to the Vivant model.

This measure should be applied progressively during the transitional period.

Other ways of calculating the Basic Income, having regard to:

- *transition (excess cost of present and future pensions);*
- *different models for granting Basic Income to children and young persons;*
- *different revenues generated for the State Budget.*

(See ANNEX 5.)

THE BASIC INCOME AS A REPLACEMENT OF EXISTING SOCIAL SECURITY

As we mentioned above, introducing a Basic Income simplifies the administration of the present social security system. A person's status will be of no consequence. The complexity of the present system renders extensive controls necessary. In the Vivant system, administrative simplification will render them unnecessary, thus freeing up staff and physical and financial resources.*

The Vivant model foresees a Basic Income providing more social security than exists today; it can therefore replace the present system. That means that pensions, unemployment benefits and family allowances will be replaced by the Basic Income.

The present Social Security organisation will have to deal only with sickness and invalidity insurance.

Working accidents should be covered by an adequate system of insurances.

* Personnel freed by the simplification of the social security system will be employed in other activities such as the education of future parents, permanent training of adults, helping those who wish to change job, diverse caring and personal services, correct tax levying, tracing of products in view of a consumption tax at the European level, social support services, and the redrafting of laws and regulations (in a permanent audit context) so that justice should be more effective.

SECOND PART

THE VIVANT PROGRAMME AND ITS PROGRESSIVE FINANCING

1. The Vivant Programme

Vivant is synonymous with “quality of life” for ourselves **and future generations**. Vivant aims to provide everyone with the possibility of realising her/his full potential **while respecting others and world society**.

To do that, are needed:

- social security which is stronger, more reliable and more equitable than that which exists today;
- individual freedom which is as great as possible for every one **of us and respectful of humankind and nature**.

That implies just and simplified legislation.

Vivant takes part in elections because it is the only way to see that the solution it puts forward should be seriously taken into consideration.

2. Vivant’s objectives explained, concerning:

2.1. Wealth distribution to take care of basic needs

Universal Declaration of Human Rights, Art. 25

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

In a society where robots manufacture our products and where food is produced in large quantities by a very small number of farm workers, it is not logical not to provide an automatic minimal income, a “Basic Income”² to everyone. If the right to life is recognised how can one refuse the right to survive? Certain politicians have understood this for several decades: they have introduced the “minimum means of subsistence” (in France *Revenu Minimum d’Insertion* introduced by Michel Rocard). A vital income is therefore an acquired right in Belgium and France, but in practice too many are still excluded and this allowance limits individual freedom and the dignity of those who receive it.

THE ALLEGORY OF THE PATRIARCH

Once upon a time, long ago, there was a patriarch who owned fertile lands. One day he gathered together all the members of his large family and gave the following talk:

“My children, if our lands are to yield corn in abundance, they must be cultivated. And I need your hands for that. I need tillers, sowers, reapers, gleaners, winnowers, millers, etc... Share the work between you: one shall sow; another will bake bread; I will reward you according to your labour and we shall all benefit from what the lands yield.”

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Mise en forme : Puces et numéros

And it was so, and the family lived in harmony, everyone satisfying one's hunger with the fruit of one's labour.

Until the day when mechanisation had advanced and the patriarch acquired a tiller-sower, a combine harvester and other machines too.

The family came to see him:

"We no longer have to till the soil, nor sow, nor reap. Give us work so that, as before, we may earn the bread we eat."

"How can you still be of use to me?" replied the patriarch. "My machines do the tilling and the reaping, and better and more quickly than you ever did; they don't fall ill and I have yet to see them in a bad mood. Our lands yield 50% more than they did when you were working them."

"Give us work so that we may feed our children, or we shall all die, for it is our work that gives us the means to live."

The patriarch was a wise man, such as we should like to see today. He declared unto them:

"There was a time when I needed your hands so that our lands should yield grain, which our mills should grind so that the flour should be made into bread. At that time, I said unto you, I shall reward you according to your work. And it was good thus.

"But now our lands yield half as much again as when you worked them. Do you think I am so foolish as to continue to allow you to share our wealth according to work you no longer have to perform? Could I eat all the bread on my own? Shall I condemn my children to death? Should we return to the old system where you worked yourselves to death to produce less bread than today? Should I destroy my machines so that you should replace them? Rather, I declare this :

"The old equation of Work = Bread no longer holds. We simply share the wealth which costs us no effort to produce. Thus, my children, you will live freely. You who used to till yet so love to paint, give yourself up to your art and your paintings, which will beautify our homes; you who used to reap yet work with wood so well, make pieces of furniture for your pleasure and for ours."

Jean-Claude Hubaut

(taken from "The Divine Condition" Ch. 2)

2.2. Individual freedom and dignity

We live today in a society of services and small industry, where small businesses must be given vital strength. These new "bosses" are not like those of big corporations. The difference between entrepreneur and employee should be merely one of choice of rôle. Yet today the differences, on the level of risk and responsibility, are huge.

The Vivant model aims at giving greater security to the self-employed entrepreneur, for the self-employed becomes the employee of her/his company and starts paying taxes only when the company makes a profit, as a result of hiring an employee.

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2.3. Social Security

We must therefore redesign the system of financing social security in tune with the type of society that is dawning . Since we wish to retain what has already been won, the State should provide a guarantee in those cases where small entrepreneurs might not be able to furnish this security to their employees.

Mise en forme : Puces et numéros

Preamble

The financing of the Vivant model goes hand in hand with its introduction in successive phases. The key elements are the following:

A. The measures:

- Progressive introduction of the Basic Income, which becomes unconditional in the final phase;
- Abolition of the social charges on labour;
- Introduction of a social tax on consumption at different rates.

B. Progressive introduction of the Vivant model

Introduction of the Basic Income at a basic needs level; abolition of the “social” contributions of employers and employees; taxing labour at the single level of 50% on incomes above €1,250 per month; and raising of the level of VAT (VAT + STC {social tax on consumption}) throughout the Euro Zone, so that retail prices remain unchanged.

The effect of the first two measures (introducing the Basic Income and abolishing social contributions), if the rest of the price structure remains unchanged, is that retail prices would go down; the addition of the STC should compensate for this so as to retain prices at the same level.

The Vivant model may be perfectly applicable both in theory and in budgetary terms, but it is still necessary to overcome institutional and psychological resistance. To this end, the three phases of implementation are set out below.

The aim of the first phase is to find the budgetary equilibrium between the introduction of the Basic Income and the widest possible transformation of the social security system (all its branches, including social welfare benefits). During this first phase the Basic Income is paid unconditionally to all those who are not economically active (all those without salaried employment, except the self-employed). All other fiscal rules remain in place.

Salaried employees, public servants and the self-employed continue as before to receive their monthly income net and continue as before to pay their social contributions and tax advances; in return, they remain entitled to sickness and invalidity benefits, to the Basic Income on the usual conditions in case of job loss, to continuing retirement insurance (basic pension), and to the Basic Income for their children according to their ages (revised family allowances).

The aim therefore is to introduce the Basic Income in the place (completely or partially) of pensions, unemployment benefits, social welfare benefits, family allowances, career break grants and such (e.g. study grants). All deductions, contributions and taxes, including direct taxes, VAT, excise duties, personal social contributions and employers’ social contributions (on salaries) remain unchanged.

In the second phase, it is the fiscal system that will be worked on. Charges on salaries are reduced, direct taxes on salaries are abolished up to a certain threshold (€1,250 is the threshold proposed by Vivant), and all tax legislation is reviewed to make it simpler and more transparent. State revenues will be reduced by the reduction of charges on salaries and will need to be compensated for either by the generation of new revenues or by a reduction of State expenditure. Thus, in each State of the European Union there is the possibility to reduce charges on labour and to make good this loss (for the Exchequer) by financing from companies, for example by reducing provisions for tax or VAT relief.

The third phase will be concerned with generalised implementation throughout Europe, which presupposes European quasi-uniformity in social and fiscal affairs.

1st Phase: Abolition of the need for individuals to make tax returns

A. Scope

Taxes on labour, social charges and movable property levies are deducted at source. Real property tax is paid separately. Five million Belgians will be able to benefit from not having to make tax returns. The consequent savings in State administrative costs can be estimated at €+/- 250 million.

(4 hours of work per case: checking lists of taxpayers, sending out forms, control, reception, verification, correspondence with taxpayers over disagreements, follow-up, more checking, receipt. 4 hours of work at €12.5/h. x 5 million Belgians = €250 million.)

The simplification in the Vivant model will do away with the pressures and procedures and thus free up much staff as well as financial and material resources.

B. Financing

In addition to the €250 million savings, the difference can be financed by removing subsidies to enterprises as well as the administrative costs involved in granting them.

2nd Phase: Introducing free and unconditional sickness insurance

A. Scope

At present access to medical care insurance is subject to conditions: one must be working, or have worked or have a “sufficient” family link with someone who has worked, or one must acquire a right through the Social Welfare Office.

Vivant holds that access to medical care is a fundamental right of the citizen and that access to it should therefore be unconditional.

There are few people today having no right to medical care. The amount “saved” on those who have no entitlement is insignificant in the context of the total medical care budget. But above all this amount is lower than the administrative cost of determining who is “entitled”, who is “not entitled” or “to what extent there is entitlement” to it.

B. Financing

Such free insurance requires no special financing and the financing of medical care may be carried out in the same way as at present. Later, an alternative financing system may be developed, when labour is no longer taxed and consumption is.

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Supprimé : C. Personal and company fiscal accounts¶

¶ Right from this first phase personal and company fiscal accounts (a pivotal measure of the programme) should be introduced. ¶

¶ a) The “personal fiscal account” (PFA) for individuals, or the “company fiscal account” (CFA) for corporate legal persons, represents a practical measure for administering tax; it renders tax returns unnecessary and also, in the transitional phases, it points up who has a job and who is entitled to a conditional Basic Income. ¶

Its administration may evolve as the fiscal system itself evolves. The description given below of how it works corresponds to the last phase when the whole Vivant system is in place, when labour is free of tax and the social tax on consumption is in place. ¶

¶ Definition¶

The personal fiscal account is a bank account used for intermediate transit between the employer and the employee’s own account. ¶

¶

¶

¶ Purposes¶

- The personal fiscal account makes it possible to abolish the annual tax return. It is used for the verification and receipt of income tax. ¶

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- All income passes through the fiscal account and is taxed each month. Gross income above €1,250 is taxed at 50%. The slice from €0 to€1,250 is not subject to tax. ¶

¶

- It is necessary to possess a PFA in order to receive Basic Income. This implies that each citizen has a national number given at birth to those born in Belgium; others must be in possession of a work permit for the Basic Income to be paid into the PFA. ¶

¶

- The fiscal account legitimates and controls work carried out without contract to satisfy daily needs, community needs, individuals’ needs – all those little services which are unpaid yet so necessary. ¶

¶

¶ How it is given¶

- The fiscal account is personal and given to each citizen by the municipal authorities on th (... [1]

3rd Phase: Introducing an Independence Income for young people of 18 to 25 years of age (Basic Income of €375)

A. Scope

Vivant would grant a Basic Income to young people of 18 to 25 years of age. The level is €375 per month, which will be paid directly to the beneficiary. This Basic Income replaces both Family Allowances and Study Grants for the young.

B. Financing

1) For students who today receive a study grant the Basic Income replaces both it and the family allowances, and there is therefore no need to make significant budgetary provision.

2) For students who today receive no study grant, the budgetary provision is € 375 per month, less what they get by way of family allowances (€200), i.e. about € 175 per month per person. There are about 500,000 students who at present are not entitled to a study grant. An annual budget provision of some €1,050 million (500,000 x 175 x 12) is required for them.

3) Some 24,000 young persons are seeking and waiting for work. Vivant would also give them a Basic Income, for an annual budget provision of €108 million (24,000 x 375 x 12).

4) For young people employed in the “service” sector. This sector cannot afford such high salary costs as industry. Let us call these jobs “**S-jobs**” or “**Service jobs**”. The State will pay them the same basic income of €375 as an individual job subsidy. We estimate there are about 25,000 young people in this situation, which represents an annual budget provision of €112 million.

CATEGORY	COST OF FINANCING (€million)
Students with study grants	0
Students without study grants	1,050
Young people waiting for work	108
Young people in “S-jobs”	112
TOTAL:	1,270

Other proposals concerning Basic Income for the young: see ANNEX 6.

4th Phase: Progressively introducing the Basic Income for adults of 25 to 65 years of age

A. Scope

The principle is the following: At present, certain people receive a “salary replacement” allowance if they lose their job, or for other reasons. The rule is that such people, if they want to keep this allowance, are not allowed to work.

The political economy publications of Roland Duchâtelet, among others, within the framework of the Basic Income European Network (B.I.E.N.), and Vivant’s political activities, have exercised pressures which have brought about some exceptions to this rule:

- 1- “ALE” (*Aide Locale à l’Emploi, or local employment aid*) in 1995
- 2- Service jobs in 1998
- 3- The subsidy to “temp” agencies for hiring long-term unemployed, in 2000.

These are selective instances of Basic Income.

Quantitatively, these measure have not had the impact hoped for because of their administrative complexity. For Vivant the interest of such measures lies in the fact that Belgian elected authorities have understood the need to make benefits for the long-term unemployed “active”, by turning a salary replacement allowance into a Basic Income which can still be received when having a job.

1. Introduction of the Basic Income (BI: €500 per month)

a) Any person who has never worked as an employee or labourer (e.g. parents at home, artists, those who have lost their entitlement to unemployment or welfare benefit, the marginalised) shall be entitled to a Basic Income.

b) *At first*, nothing changes for those who are employed under a contract. They continue to get their salary in the normal way. During the transitional period, the situation remains unchanged for most types of activity: the employer must pay the whole sum of net salary plus social contributions.

c) New situation: For certain types of service jobs and others, the employer will pay a salary reduced by the amount of the Basic Income (€500), which latter will be paid to the employee by the State. For the payment and control of these payments, the Fiscal Account will operate, since the categories of activity to which the measure applies, cited below, must be progressively defined by the law.

These subsidised jobs will progressively cover cultural activities (i.e. artists), health care, training and education, employment in cafés and restaurants, agriculture, domestic services (including home help for the aged) and gardening help.

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Supprimé : Agriculture is a special case as far as the origin of the payments are concerned, since they will be paid by the European institutions.

Let us call all these activities “**S-jobs**” (Service jobs).

To conclude:

Those who are receiving unemployment benefit or a minimum subsistence income will receive in its place a Basic Income. Unemployment benefit, together with the very concept of unemployment, will be abolished.

The level of Basic Income is slightly lower than that of the average unemployment benefit, but the concept is different: we are concerned here with a “basic” income. The fundamental difference is that complementary income is authorised and easy to obtain in all sectors of activity.

2. Setting up Social Economy Companies (SECs) or Insertion Offices (IOs)

In order to stimulate pleasure at work and the possibility for everyone to take part in it, Vivant is proposing the creation of social economy companies to receive all those who wish to change job or to return to work.

Any person who has been “dismissed” by a company, or who wishes to work, may register with one of these offices, in the knowledge that Vivant wants to replace the concept of dismissal with the notion of “change”, which implies that to change job is “normal”.

These insertion offices could be *a new field of activity for labour unions*. They would work with training and temporary work for the municipalities, the State and private enterprises. In part, they would take over the activities of the ALE, of the Welfare Offices, of FOREM* and of the private sector “temp” agencies, while providing real status to their participants and a salary to match.

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Financing for these companies should be found either in the dismissal compensation paid by the employee to obtain a decent guaranteed income during the training period, or through a system of insurance paid for by the employer and the employee. Some companies in Austria already apply this kind of system.

Those who wish to will easily be able to find additional employment. The cost of labour, reduced in certain sectors by the amount of the Basic Income and of social charges, within the context of progressive renewal of the tax system (consumption tax), will encourage job creation. For there are many sectors in which salary costs impede the hiring of personnel (small repairs, education, health care, cultural activities...).

(See ANNEX 14: *Social economy companies or insertion offices*.)

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3. Re-orienting the mission of the Welfare Offices

For those who are not able to meet their daily requirements we envisage the possibility of appropriate social assistance.

4. Introducing the **personal fiscal account**

The personal fiscal account (PFA) represents a practical measure for administering tax; it renders tax returns unnecessary and also, in the transitional phases, it points up who has a job and who is entitled to a conditional Basic Income.

Its administration may evolve as the fiscal system itself evolves. The description given below of how it works corresponds to the last phase when the whole Vivant system is in place, when labour is free of tax and the social tax on consumption is in place. When all taxes on labour have been abolished completely, the fiscal account will be able to be dispensed with.

Definition

The personal fiscal account is a bank account used for intermediate transit between the employer and the employee's own account.

* FOREM is a public service organism for employment and professional training in the Walloon Region and the German-speaking Community of Belgium.

Purposes

- The personal fiscal account is used for the verification and receipt of income tax (like the method of deduction at source today).

- All income passes through the fiscal account and is taxed each month. Gross income above €1,250 is taxed at 50%. The slice from €0 to €1,250 is not subject to tax.

- It is necessary to possess a PFA in order to receive Basic Income. This implies that each citizen has a national number given at birth to those born in Belgium; others must be in possession of a work permit for the Basic Income to be paid into the PFA.

- The fiscal account legitimates and controls work carried out without contract to satisfy daily needs, community needs, individuals' needs – all those little services which are unpaid yet so necessary.

How it is given

- The fiscal account is personal and given to each citizen by the municipal authorities on the basis of the population register. Its number is not a secret any more than the national number; for example, it could figure on the identity card. The fiscal account number will be so designed that it cannot be confused with an ordinary bank account number. It could, in fact, be based on the national number, or derived from it.

How it works

- Tax is levied on the last working day of the month. Net income is transferred to the individual's own bank account on the same day.

- Tax is calculated on Gross Income. Net Salaries are derived after deduction of tax. Gross Income is made up of Basic Income and Gross Salaries earned under a contract of employment or any sums received for services rendered to individuals or companies. Net Income is the difference between Gross Income and Tax levied.

Special point

- The State is paid monthly. There is no need for reserves for the year's expenditure. Money thus circulates more quickly in both directions.

Example of an individual with five incomes (in €) – Basic Income (from the State), main salary (Employer 1), secondary salary (Employer 2), salary from the individual's own small business (Own company) and income from odd jobs (Private Income):

<u>INDIVIDUAL</u>						
<u>Income Sources</u> (including contracts for occasional work)	<u>Gross Monthly Salary (GS)</u>	<u>Gross Monthly Income (GI)</u>	<u>Monthly Tax</u>	<u>Net Monthly Salary (NS)</u>	<u>Net Monthly Income (NI)</u>	<u>Annual Tax</u>
	<u>GI=BI+ΣGS</u>		<u>Partial</u>	<u>NI=ΣNS</u>		<u>(Net Annual Income=ΣNI)</u>
-	-	-	-	-	-	-
State (BI)	-	500	0	0	500	0
Employer 1	1,000	1,500	125	875	1,375	1,500
Employer 2	750	2,250	500	375	1,750	6,000
Own company	250	2,500	625	125	1,875	7,500
Private Income	250	2,750	750	125	2,000	9,000

Σ: sum.

GI=BI+ΣGS: gross monthly income is equal to Basic Income plus sum of gross salaries.

The first income is the Basic Income of €500.

The second income comes from the individual's principal employer. The individual receives a gross salary of €1,000. Cumulative gross income is therefore €1,500. Tax on that is half the difference between gross income and the pivotal amount of €1,250, namely $\frac{€(1,500-1,250)}{2} = €125$.

The third income is €750. The pivotal amount having already been reached, the partial tax is half this gross income, or €375. And so on for the fourth and fifth incomes: €125 and €125. The tax total is the sum of the partial taxes, or €750.

The fourth income represents the salary the individual allows him/herself from his/her small company, while the fifth comes from an odd job for another individual.

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B. Financing

We shall explain what the complementary allowances are that need to be financed.

In the Vivant model everyone is entitled to a Basic Income.

In Vivant's transitional model, the number of persons to whom a complementary income (Basic Income) is due is limited, for most people already have an allowance or an income.

This is the case for:

1. those who have a job and get a salary;
2. those who are receiving unemployment benefit or welfare benefit;
3. those working in health care or education, since they are already paid by the State or the social security;
4. farmers: the European subsidies (€1,000 million) are exactly sufficient to provide all our farmers and their workers with a Basic Income. An advantage is that the individual subsidy no longer finances productivity but rather the quality of our farm produce;
5. artists: the cultural affairs budget (€625 million) is enough to give our 100,000 artists an individual subsidy (i.e. a Basic Income)..

Only those at present receiving no allowance or those who receive an allowance but of a lesser amount than the Basic Income need be considered for an increase in the budget.

These are:

1. those seeking work who have no allowance (122,000 persons): budget € 732 million (122,000 x €500 x 12 months);
2. parents at home (600,000 persons): budget €3,600 million (600,000 x €500 x 12 months);
3. persons employed in restaurants, cafés and other contracts (250,000 persons): budget €1,500 million (250,000 x €500 x 12 months).
(In effect, Vivant proposes in this phase to subsidise the hotel, restaurant and café sector through Basic Income.)

To finance the Basic Income for these categories of person, €5,832 million need to be found.

That represents a cost of approximately 5% of present State expenditure.

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By way of comparison, interest on the public debt represents 16% of State expenditure. It is therefore clear that solutions can be found.

Vivant envisages the following savings to finance this phase:

- Reducing the rate of interest on the public debt to 5.2% by lowering the market rates and reducing bank margins: €4 billion.
- Savings in the administration of the social security, thanks to the simplicity of the BI system: €1.5 billion. (Today this administration costs €3 billion.)
- Abolishing all economic promotion services: €230 million.

This gives a total of €5.83 billion.

5th Phase: Extending the Basic Income to children and pensioners

A. Scope

Those who have retired early or at the normal age may continue their economic activities; thus there is no limit to the complementary incomes that can be paid via the Personal Fiscal Account.

Pensions and family allowances are re-named Basic Income. This is automatically paid into the Personal Fiscal Account.

The Basic Income for children will be €125 per child up to 18 years of age, regardless of any other criteria. This amount will be paid to the person responsible for the child, as are family allowances today.

Other payment systems could be envisaged so long as they are simple and uniform and cost the same as the present Family Allowances system. The budgetary cost is zero.

Other proposals concerning the Basic Income for Children: see ANNEX 6.

The Basic Income for the retired will be €750, indexed base 1998. A transitional period of 35 years is foreseen in order to bring all pension systems within the ambit of the single basic pension, so

that, with the exception of those whose monthly pension exceeds €2,500, no pensioner would be worse off than under the present system.

Benefits of the measure:

1. The pension is personal and not exclusive of other incomes. This rewards objectively those who have worked.
2. The family nucleus is strengthened; with the extra help of a health assistant or a nurse, the aged may remain in their families.

B. Financing

To finance the measure, the gap between €750 per month per person and the pensions to be paid under the present system must be filled, in respect of all pensioners whose pension is lower than that sum. For those pensioners whose pension falls between €750 and €2,500 per month, there is no change.

We reckon that there are about 500,000 pensioners whose pensions will need topping up by an average of €250 per month. That gives a budget of €1,500 million. By shaving down all pensions in excess of €2,500 per month, about €100 million per year can be saved. Where is the rest to be found?

It is easy to find savings within the State administration. For the 10 million inhabitants of Belgium, nearly 1 million work for the State – ~~more than~~ a quarter of the working population. In 1953 they were fewer than 400,000!

Supprimé : nearly

By comparison, in Germany 3.1 million people work for the State – and the population is 8 times larger than that of Belgium.

To make savings, our bureaucracies and legislation must be simplified and the conflicts of competence between different public authorities eliminated.

The balance we need, of €1,400 million, may be saved by reducing the costs of our regional and federal administrations by one fifth.

6th Phase: Applying the alternative financing system at the European level

These past years have seen the progressive introduction in our country of the alternative financing system: social security is increasingly financed by VAT. Here, too, Vivant's programme is gradually being implemented.

Furthermore, the ratio between the working population and the non-working population continues to decrease. At present, one taxpayer has to pay the pension of more than one pensioner. Henceforth the State is incapable of meeting its commitments. (ANNEXES 7 and 8)

The present tax system encourages companies to move out of the country so that they may escape from the charges on labour which apply in Belgium and thus increase their profits. This is a problem which should therefore be tackled at the European level.

But it is not the only one. Other problems also extend **beyond the national level**: large-scale criminality, asylum applications, environmental problems (pollution, water, carbon dioxide).

To apply the **whole Vivant system** at the European level, one measure must be compensated by another; it's the principle of linked vessels, i.e. reduce charges on labour and income tax, but increase tax on consumption (Social Tax on Consumption: STC) so that the sales price to the consumer stays the same.

The effect on the State (or European) budget of such an operation will be zero.

Table showing the composition of product prices (as %)

	present situation	with Vivant
VAT	17	17
STC	0	33
Charges on labour	33	0
Real costs	50	50
Consumer price	100	100

It's just the type of tax that changes. For the consumer and for the State budget, nothing changes so long as the goods are produced in Europe.

To say that it is the consumer that pays, or the producer, or the retailer, is nonsensical: **the consumer always pays**. When raw material prices go up, retail prices go up: so the consumer pays (consider the price of heating fuel). If other components of the cost price go up the result is similar: the retail price goes up and the consumer pays.

In the end, the consumer stops buying and the company closes down, because the costs are too high. Therefore it is important for the health of industry that purchasing power and price levels remain in the right relationship. (ANNEXE 9)

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7th Phase: Abolition of all taxes on services

A. Scope

In a service society, tax on labour destroys jobs. Because of charges of this kind, people cannot work for each other. When they do, they are penalised by the State, which taxes this kind of work!!

Taxes on services must therefore be abolished and other sources of revenue found. At the same time, industrial production is going down, the number of old people is going up, and the working population of high value added, is fiscally very mobile. Thus, State revenue should come mainly from consumption and no longer from labour.

One could go even further by removing all taxes from the hotel and catering industry and levying a sufficiently high tax on the raw materials.

The situation is similar in the building industry. Taxes could be levied on materials alone, and this would encourage people to turn to professionals. In addition, recuperation of materials then becomes interesting and less will be thrown away in the skips.

B. Financing (6th and 7th Phases)

In the Belgian State budget of 1998, taxation of labour (social charges included) amounted to €60 billion and that of consumption to €23 billion.

For the year 2000 we estimate these amounts have been €64 and 25 billion respectively.

Vivant wishes to reverse these proportions: taxation of €55 billion on consumption of €131 billion and €15 billion on labour. For budgetary reasons it is not possible to eliminate all taxation on labour. There is a deficit of **€19 billion**.

	Tax on labour	Tax on consumption	Total
Present	€64 billion	€25 billion	€89 billion
With Vivant	€15 billion	€55 billion	€70 billion
Difference:	€49 billion	€30 billion	€19 billion

€10 billion can be accounted for by the fact that, in the present budget, taxes and social charges on labour in respect of State employees figure both as expenditure and receipts (the State, in effect, paying itself). To calculate what disappears in this manner in the State budget, both as receipts and as expenditure, the difference between present labour taxation in respect of State employees and that resulting from the Vivant model must be calculated.

In this context, it should be noted that the social charges for this category of personnel are a lower percentage of income, because the State does not pay unemployment contributions.

If €49 billion of taxation on labour disappear, the portion of it relating to State employees can be estimated at about one quarter: €11.75 billion; for on the one hand the social charges are lower, but on the other hand the highest salaries (those that benefit the least from the tax reductions proposed by Vivant) are found in the private sector; these two phenomena more or less cancel each other out and one can conclude that about €10 billion would disappear from State expenditure (and revenue).

€2.5 billion are financed from a new tax: the tax on financial transactions (0.1%). Vivant was the only party to propose this type of tax in the 1999 elections, and today is followed by many others.

Supprimé : = Tobin tax

Supprimé : the Senate has adopted the idea

The armed forces cost **€3 billion** a year.

Waste could also be avoided by modifying the costly endowment system (i.e. annual budget given according to expenditure of previous year, which means that people spend unnecessarily any excess money in order to receive same budget next year; non-cumulability of funds...) and integrating our military personnel into services useful to the public. That would yield substantial savings while increasing the utility of our tax payments.

For such a step, a political debate will be required to evaluate its advantages and disadvantages.

In fact, the role of the armed forces has greatly changed of late (since the Berlin Wall fell). From being a real military force, they are now becoming a force of intervention, which is very like what the Gendarmerie was originally.

There remain **19 - 10 - 2.5 - 3 = less than €4 billion** for completing the financing of this phase.

One would hope to raise these € 4 billion, representing only 3% of the consumption of our population, through the integration of the black economy (estimated at 15% of GDP) into the regular economy, by doing away with cash payments and promoting electronic payments and the introduction of on-line payment of VAT to the Ministry of Finance (which implies that firms no longer collect VAT and the VAT roundabout is finished with).

But, in addition, it is thought that our fellow-citizens will spend more because their incomes will be higher. If they spent €10 billion more, State income would increase by €5 billion from the various consumption taxes.

Deeper analysis indicates that purchasing power will increase, because salaries under €1,250 will go up, and that prices will actually have a tendency to go down. Because prices with VAT (or STC) will remain at the same levels, prices before VAT (or STC) will on average go down by 30%.

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This is because the cost of labour will on average be divided by two, and therefore for a given good with a given profit margin and a given labour input, the price before VAT or STC will be substantially lower.

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8th Phase: Introducing the Basic Income in developing countries

The capitalist system leads firms to seek out lower and lower labour costs. For industrial goods and some computerised services such relocation in developing countries has a good effect and a bad effect.

The good effect is that this activity is a better aid to development of these countries than anything Belgium has practised up to now, for it brings with it wealth and know-how.

The bad effect is that relocation decreases the incomes from labour in Belgium and Europe.

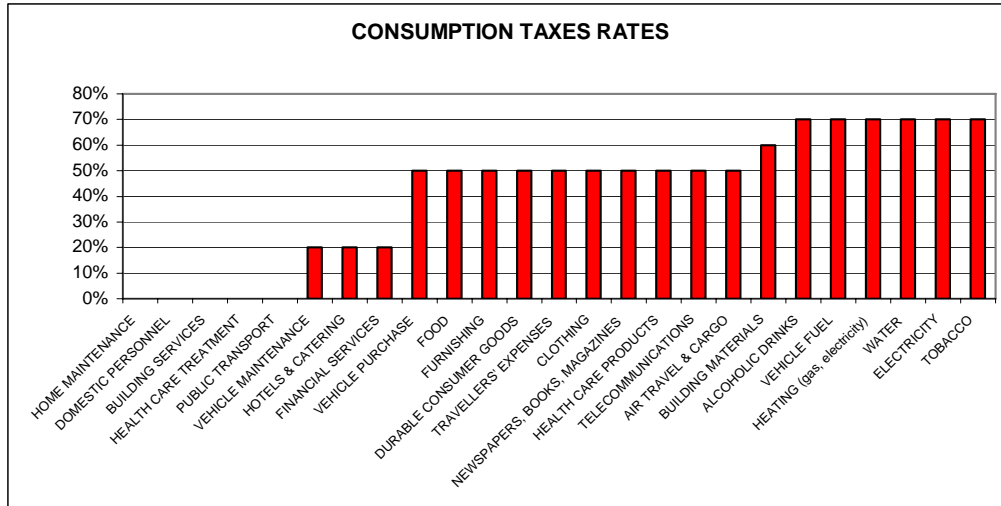
In most of the developing regions of the world labour unions, unlike those in Western Europe, are not strong enough to protect the population against unscrupulous companies. The labour union movement needs to be introduced there. For its part, Vivant is proposing the introduction in these countries of a Basic Income at subsistence level. (See ANNEX 15)

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THE VARIOUS TAXES AND DUTIES IN THE VIVANT SYSTEM

1. Consumption Tax



GOOD/SERVICE	ANNUAL EXPENDITURE PER CITIZEN (€)	AS % OF BUDGET	TAX AS % OF RETAIL PRICE	AMOUNT OF TAX LEVIED (€million)
FOOD:				
FOOD	2 250	17.14	50	11 250
HOTELS - CATERING	1 500	11.42	20	3 000
<i>Sub-total:</i>	<i>3 750</i>	<i>28.56</i>	<i>38</i>	<i>14 250</i>
DEPENDENCIES:				
ALCOHOL	400	3.05	70	2 800
HEALTH CARE PRODUCTS	375	2.86	50	1 875
HEALTH CARE TREATMENT	675	5.14	0	0
TOBACCO	225	1.71	70	1 575
<i>Sub-total:</i>	<i>1 675</i>	<i>12.76</i>	<i>37</i>	<i>6 250</i>
ENVIRONMENT:				
FURNISHING	300	2.28	50	1 500
DURABLE CONSUMER GOODS	1 175	8.95	50	5 875
HEATING (gas-electricity)	125	0.95	70	875
PUBLIC RELATIONS	350	2.67	50	1 750
WATER	125	0.95	70	875
ELECTRICITY	500	3.81	70	3 500
HOME MAINTENANCE	375	2.86	0	0
CLOTHING	1 000	7.62	50	5 000
NEWSPAPERS-BOOKS	125	0.95	50	625
BUILDING MATERIALS	625	4.76	60	3 750
DOMESTIC STAFF	250	1.90	0	0
BUILDING SERVICES	625	4.76	0	0
FINANCIAL SERVICES	250	1.90	20	500
<i>Sub-total :</i>	<i>5 825</i>	<i>44.36</i>	<i>42</i>	<i>24 250</i>
COMMUNICATIONS:				
VEHICLE PURCHASES	625	4.76	50	3 125
VEHICLE FUEL	875	6.66	70	6 125
VEHICLE MAINTENANCE	50	0.38	20	100
TELECOMMUNICATIONS	225	1.71	50	1 125
AIR TRANSPORT	18	0.13	50	88
PUBLIC TRANSPORT	88	0.67	0	0
<i>Sub-total:</i>	<i>1 880</i>	<i>14.32</i>	<i>56</i>	<i>10 563</i>
GENERAL TOTAL:	13 130	100.00	42	55 313

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Supprimé : TRAVELLERS' EXPENSES

Excise and customs duties detailed (comprised within the amounts given in the above table):

Excise duties : €7.5 billion

Customs duties : €1.5 billion

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2. Income Tax

Vivant applies a tax, levied via the PFA, on the portion of monthly income that exceeds €1,250 (Basic Income included).

Examples	1 (€)	2 (€)	3 (€)
Gross Salaries	750	1,000	1,500
Basic Income	500	500	500
Gross Income	1,250	1,500	2,000
Excess (> €1,250)	0	250	750
Tax (50%)	0	125	375
Net Salary	750	875	1,125
Net Income	1,250	1,375	1,625

At present, about **two million employees**, out of a total working population of four million, have a net remuneration in excess of €1 250 per month, which yields income tax of :

€13.44 billion

Income Tax

Annual gross salary (€'000)	No. of persons	Average income per person (€)	Average income tax paid per person (€)	Global annual income tax revenue (€billion)
9-14	600,000	11,500	1,250	0.74
14-19	500,000	16,500	3,750	1.86
19-24	350,000	21,500	6,250	2.18
24-38	200,000	28,750	9,875	1.96
38-50	200,000	36,250	13,625	2.70
>50	150,000	62,500	26,750	4.00
TOTAL:	2,000,000			13.44
AVERAGE:		22,000	6,675	

The global revenue from the tax on incomes exceeding €1,250 is €13.55 billion. That means that less than half the active population will be taxed and that the rate applied will in any case be lower than it is at present.

Global revenues from capital tax and company tax are expected to remain virtually unchanged.

However, a tax on financial transactions (commonly named the Tobin tax) and a tax on Basic Income will be levied in addition. Both are aimed to bring the reduction in large companies' tax

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liabilities to a reasonable level. **On the expenditure side**, the Basic Income is the more important of the two.

3. Property Tax

This is made up of:

- movable property levy: - on dividends
- on interest on bonds and on savings
- real property levy
- inheritance tax: €750 million

It yields about **€5 billion**, and remains the same in Vivant's model.

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4. Financial Transactions Tax (inspired by the Tobin tax)

This is a tax of 0.1% on stock exchange transactions and on currency exchange, whether the transactions are speculative or not (individuals or companies).

This tax does not apply to transfers and other ordinary operations on a current account or a savings account.

It will yield about **€2.5 billion**.

5. Participation in Financing the Basic Income

This contribution is called for from large industrial enterprises and from certain service providers such as those in the banking and insurance sectors. It corresponds to the amount of Basic Income paid by the State to the employees of these businesses, so that the latter effectively pay the Basic Income of their employees themselves.

The objectives of this financial contribution are:

- to compensate for what the State will lose in respect of exports (to avoid that our economy should subsidise exports);
- to compensate for the low rate of social tax on services.

One million, three hundred thousand workers are concerned in this measure, which will yield an estimated **€7.8 billion**.

6. Company Tax

It is fixed at **15% for all companies**.

In the Vivant model, any person who is self-employed or a member of one of the liberal professions will form a company and draw a salary from it. Such companies will therefore be taxed at 15%.

Research indicates that a clearer tax collection system (effective control) together with lower rates of tax, will lead to a diminution in tax evasion and tax avoidance manoeuvres.

Present company tax is estimated at €7.5 billion, and the multinationals usually enjoy a special status so that they pay very little tax on their profits (sometimes as little as 5%).

It is more equitable, and fiscally more efficient, to tax all companies at 15%, for it will make collection easier and no longer encourage relocations abroad.

7. Other Measures (Controls)

“Honest people in an honest system have nothing to hide”

“Our taxation system is fallible and not equitable”

“A tax that easily allows fraud is an unjust tax”

1. Most of the other taxes and charges (far too many to enumerate) are abolished. We thus create a simpler structure – and a more transparent one, which it is not a problem to control. In the present fiscal and social system, you can't see the wood for the trees. Incidents of massive fiscal fraud and embezzlement are common. Consequently, the Vivant system reckons on abolishing all sorts of deductions and compensations.

2. All organisations, companies (including those of the self-employed and of the liberal professions) and public bodies must computerise their accounts. Control is reinforced. Banknotes of €250 and 500 should be withdrawn from circulation so as to fight money-laundering and the black market. Cash payments over € 500 should no longer be valid. This measure is particularly useful for combating fraudulent practice. In the event of an inquiry, the taxation authorities have easier access to companies' and individuals' bank transactions. In the interests of greater transparency and better control, Vivant is in favour of lifting bank secrecy.

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3. To circumvent the risk of “black” sales, a move towards a system that considerably simplifies and strengthens the tax system must be sought, so that what needs to be checked can be checked thoroughly. This will make everyone equal under the law, a principle that today is not much in evidence... Moving towards a generalised electronic payments system is one means of getting a control system that is quicker, more effective, less costly (fewer banknotes issued) and safer (less money being carried around).

The fraudulent are intelligent, but not disinterested. Systems of levying tax which lead to fraud must therefore be avoided.

4. For the control of State budgets, **a fourth power, the financial power**, will be set up, parallel to the legislative, judicial and executive powers. This measure goes well beyond just granting greater autonomy to central banks. The financial power will be responsible for checking and approving government budgetary policy and for producing financial analysis reports. It should safeguard the short-, medium- and long-term viability of budgetary projects, having regard to the fact that to govern a country is to provide a public service, which it may not always be possible to realise in the short term, but which is indispensable in the medium and long terms.

This power might be situated on a European level in the context of a unified Europe.

FOURTH PART

THE STATE BUDGET

The details of the State's expenditure can be found in official documents.* These figures do not change very much from year to year, in real terms. We thought that an analysis of the present State budget as compared to the State budget on Vivant's model might interest the reader. The reference year is 1998.

1. State revenues (for all federal authorities, communities and regions, provinces and municipalities) in 1998 were €102.05 billion. The State revenues on Vivant's model would have been €91.55 billion.

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2. State expenditure can be compared with that on Vivant's model only with great prudence. The differences between the two are so great because, for the same net income, the present cost of a public servant is 60% to 80% higher than it would be in Vivant's system. The reasons are the following:

- The Basic Income that the State pays for the public servant in the Vivant model is already taken into account under the heading 'Basic Income'. This accounted for €6 billion in 1998.
- Most public sectors are labour intensive, which takes the share of salary costs and taxes to about 50% of total costs. For all public sectors taken together personnel costs amounted to some €26 billion in 1998. Net income represents half of this amount.

The following table shows the State budget for 1998.

STATE DEPARTMENT BUDGET				
	EXPENDITURE (€billion)		REVENUE (€billion)	
	PRESENT	VIVANT	PRESENT	VIVANT
TOTAL EXPENDITURE:	107.34	91.40	TOTAL REVENUE:	102.05
Redistribution (incl. BI)	43.00	56.80	<u>On Income</u>	70.78
Health Care	11.32	7.00	Salaried, Self-Employed & Liberal Professions	26.35
Administration	11.21	2.50	Companies	8.98
Education, Culture & Sport	11.63	5.00	Social Charges	35.45
Security	3.53	2.00	<u>On Consumption</u>	26.67
Justice	1.10	0.50	VAT / STC	16.39
Public Works, Transport	6.25	2.00	Registration	2.03
European Union & United Nations	1.20	1.00	Excise Duties	5.55
Development Cooperation	0.60	0.60	Customs Duties	1.14
Interest Charges	17.50	14.00	Miscellaneous	1.56
			<u>Fiscal Contributions</u>	4.60
			Property Tax Levy	4.60
			Basic Income / Companies	7.80
			Financial Transactions Levy	2.50
				55.31
				20.94
				13.44
				7.50
				0.00
				46.31
				0.00
				7.50
				1.50
				0.00
				15.30

* In Belgium, for example "la note de conjoncture."

FIFTH PART

IMPACT OF THE VIVANT MODEL ON CERTAIN GROUPS

With a few concrete examples we shall now clarify the impact of the Vivant model on different target groups in the population.

The unemployed

At present an unemployed person who collects a “replacement income” is not allowed to undertake any paid activity. If, in spite of everything, such a person does openly accept a job, the unemployment benefit is reduced by the amount of the salary up to the limit of the legal minimum. Acceptance of an undeclared job opens the risk not only of losing unemployment benefit, but of having to pay a fine. At present, an unemployed person who has previously worked for a certain period of time and is single without family responsibilities gets €500.

Under the Vivant system, this same person will get € 500 regardless of previous employment history and at the same time be entitled to undertake paid activity. The concept of “unemployed”, in the sense of “out of work”, disappears.

Public servants

In our society public authorities have an important role to play and they must have at their disposal all the means necessary to enable them to fulfil their mission effectively. The tasks of yesterday and today are not necessarily the same as those they will have to carry out tomorrow, and a flexible personnel policy is therefore required. For future recruitment one should move towards salary levels equal to those of the private sector (for an equivalent job). Public servants will then get equivalent remuneration and divergences regarding social security will also disappear (in particular, relating to pensions). It should be noted that the present government has already modified the employment regime for the public service. More and more, employment is carried out on a contractual basis. Vivant therefore strongly recommends integrating the different social security systems as a way towards a new socio-economic model.

The pension system of existing public servants will gradually be modified. Exceedingly high pensions will, however, be shaved down. The average public servant may be assured of his income.

Obviously, the number of jobs in the public service will be considerably smaller once the Vivant system is in place. But since employment in general will be substantially higher, the only problem will be one of transition. Where necessary, training will be arranged for those concerned.

Employees and workers in the private sector

In most sectors it is customary for remuneration to rise with age. But in recent years many older workers have been dismissed, or retired early, “because they cost too much”. This situation is a consequence of the system that puts a heavy tax on labour. Vivant reckons that diminishing the social charges on labour is the only realistic means of keeping the “dearest” workers in service.

In the Vivant model, there is no more dismissal with a “bad” C3 or C4 ([employment records giving right to unemployment benefit](#)), either for the young or for other workers. Any worker may give notice without losing the right to Basic Income.

In the new model, an unqualified worker will earn at least €1,000 net per month. In practice the sum of €1,000 net becomes the minimum income, made up of €500 Basic Income plus €500 earnings from work. The partner of this worker and their children are also entitled to Basic Income. The income of a family in which only one person works will therefore easily amount to €1,750 to €2,000 net per month. (ANNEX 10)

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If the partner who works leaves work, the same family still has the following resources:

€ 500	Basic Income of “working” partner
€ 500	Basic Income of partner at home
€ 250*	Basic Income of two children under 18
€ 375*	Basic Income of one child over 18
€1,625	Total Basic Income

* (ANNEX 6)

Note:

Employers are more likely to give their personnel increases in the Vivant system since for salaries not exceeding €1,250 per month, an increase of €25 per month will cost the employer only €25, rather than the €65 to 70 it costs today.

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Young people and students

From 18 years of age, the Basic Income will be paid directly to the person entitled to it. With this amount – rather larger than the most generous study grant – students will be able to pay for their studies. Those young people who prefer not to continue studying will be able to seek a job without haste while benefiting from a subsistence income. The unconditional nature of the Basic Income allows those coming from even the poorest environment to undertake higher studies. At present such young people too often get lost in the administrative maze. One in three of those qualified for

it does not even apply for a study grant, or abandons the obstacle course necessary to establish entitlement. And repeating a year does not pose a problem since the Basic Income continues to be paid.

With the Vivant system, **entering work becomes easier for the young**. The laws that discourage employers from taking on school-leavers or the recently qualified (for example, the advantages offered an employer who takes on the “long-term” unemployed) will be repealed.

Another consequence of the system is that there will no longer be a “bad” C3 or C4. Young workers not satisfied with their jobs will be able to give notice without problem and without for as much losing their right to Basic Income. It is a measure favourable to workforce mobility.

The self-employed and members of liberal professions

With the Vivant system the self-employed will be able to take on staff **without running disproportionate risks**. They will enjoy the choice of taking more time off for themselves and their family or, because of the considerably lower risks involved, of developing their business. Today, the cost of labour is such that many opportunities for business expansion cannot be taken. If the cost goes down, as Vivant proposes, this hindrance to development will disappear.

(ANNEX 1~~1~~; *the graph shows that at the present time hiring staff causes revenue losses which are dangerous to the future of the company, while the Vivant model is favourable for company expansion and permits job creation.*)

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With Vivant, tax is proportional to turnover (15%), while at present tax is proportional to the human resources employed to carry out the work.

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The Vivant system increases a small business’s viability threshold; by reducing fixed costs the Vivant model provides greater security for young entrepreneurs. If, in spite of the more favourable start-up conditions, their initiative does not meet with the success hoped for, they will actually keep the Basic Income, whereas at present self-employed persons who go bankrupt do not automatically get unemployment benefit, which puts them in a very uncomfortable position.

The reduction in the cost of labour is compensated for by higher taxation on consumption (STC) and control of “black” labour is rendered unnecessary. On the other hand checks on VAT and STC are intensified. (ANNEX 1~~2~~)

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Computerised book-keeping, which immediately gives the latest statement, therefore becomes obligatory.

Vivant wants to reduce taxation but also to ensure that each should pay what is due to the State.

For this reason, all self-employed persons and members of the liberal professions will form a company and will use the COMPANY FISCAL ACCOUNT (C.F.A.).

ANNEXES 1~~2~~, ~~1~~ and ~~2~~ show the impact of the Vivant programme on the situation of the self-employed, of members of the liberal professions, and salary costs.

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Older workers

With the Vivant model, older workers do not run the risk of losing their job just because they cost too much, which is the case today (and not through lack of capacity). Why are they too expensive? Certainly not because of their salaries. At that price, companies would certainly not dream of doing without their services. But the cost of the workers is artificially inflated by the social contributions. They are therefore dismissed and go on an early / anticipated pension. But when they no longer work they no longer contribute to the financing of social security; on the contrary, they immediately become an ongoing liability. Such dismissals are unfavourable for all parties concerned.

For the employer, because she/he loses a capable and experienced employee; for the employee because his/her income goes down and he/she is deprived of an interesting job; and for the social security system (the whole community therefore), which is doling out rather than taking in. With Vivant, these older employees cost less and employers no longer have to get rid of them in order to reduce company salary costs.

Parents at home

Parents who choose to stay at home will receive the Basic Income. There is no time limit to it. Those who prefer to occupy themselves at home rather than work outside it receive the Basic Income just like other citizens of the same age, whether there are children there or not. There is no problem either for those who wish to take on temporary work. Gone are the interminable administrative procedures; they remain in good standing with all the payment offices and lose none of their rights.

When social charges and taxes on labour are abolished, there is no difference between declared work and undeclared work, and **one can therefore change one's status without problem**: full-time work, part-time work or no work. Furthermore, the reduced cost of labour multiplies the number of jobs on offer, temporary jobs included.

The partner in a couple

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A partner in a couple may choose to stay at home to carry out an activity which is not remunerated, such as housework or helping family members, which contributes to the social capital. Personal training of one sort or more may be undertaken, or indeed any other activity. In addition, time flexibility may be organised in taking on a job on the basis of half-time or quarter-time... whatever may seem right for self-development and for the development of the family.

Immigrants

An economic system like Vivant's should apply to all permanent members of a society, and hence to immigrants too. Any person who has entered the country legally, has been entered in the population register and has a work permit, receives a numbered Personal Fiscal Account (PFA) into which Basic Income is paid. Immigrants who are in good standing administratively are entitled to a Basic Income.

That does not mean that Vivant is in favour of massive immigration. The country's economic strength does not allow us to open wide our doors to immigrants. Immigration is a political instrument which should be used prudently and which may be necessary for strengthening the country's economy by welcoming workers not available on the domestic labour market. From a humanitarian point of view, Vivant also favours welcoming a contingent of economic refugees, whose number should be fixed annually **according to the economic means of the moment**. Obviously, political refugees, once admitted, cannot be sent home (nor their spouse or children).

From an economic point of view, the allowances granted to immigrants are not abusive in the sense of upsetting the equilibrium of our own economy and reducing the chances of Belgian citizens. The share of family allowances and unemployment benefit accorded to immigrants is minimal **compared to Belgium's global budget**. Problems arise only if we do not give them work, if we deprive them of family allowances and treat them as second-class citizens. **Mature reflection** is needed to draw up an immigration policy which should include full rights and full obligations for all immigrants admitted into Belgium.

Several countries may be taken as models in matters of immigration management: Switzerland, Canada, U.S.A. and Australia. The richest and most powerful country in the world is made up almost entirely of immigrants, so to pretend that immigration is the cause of our problems cannot be justified. These countries require that immigrants work, as the only real means of integration.

Because Vivant's model simplifies employment legislation and reduces the cost of work in the service sectors to a quarter of its present level, there would be massive demand from employers among the self-employed, private individuals and companies. Vivant is the only real solution for allowing immigrants to integrate. It is only by living and working together, by communicating (in the same language) that integration is possible. Each is free to do privately what she/he desires, but Vivant wishes that public life should be organised on the basis of the European values of democracy and emancipation.

Invalids and the handicapped

Vivant's objective is to help invalids and the handicapped to integrate as well as possible and without too many complications.

They should be regarded, like everyone else, as full persons in every sense. With Vivant, they will have their Basic Income, plus supplementary financial assistance. The sum of the two will be comparable to what they receive at present.

In addition, they may earn supplementary incomes through paid work without losing their Basic Income or the assistance they get owing to their handicap. New social and public health initiatives will be taken to address their specific needs.

Senior citizens

In Vivant's socio-economic model, senior citizens will receive a Basic Income of €750 per month (which is more than an average pension today). Those who at present receive a pension at a higher level will keep it. Those who have worked for several years, and hence contributed towards their pensions, will receive a pension calculated on their contributions. Consequently, where pensions are concerned, Vivant's system will not apply immediately, but will go through **a long transitional phase**. Each individual is free to subscribe to private pension programmes.

Another characteristic of Vivant's system is its simplicity beside the present system. All the administrative procedures to which pensioners are today subjected will disappear. Furthermore, senior citizens who wish to go on working are free to do so, without suffering negative financial repercussions.

Finally, the specific needs of the aged will receive closer attention. In the Vivant system, **more social workers can be employed** (in particular for health care) because the cost of, for example, a social nurse or other services, will be at least halved. Courses of treatment and specific medicaments will also be cheaper for senior citizens. (See ANNEX 15: *health care*.)

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Artists

An artist's life is not well adapted to the regularity of public administration. The Basic Income will therefore help artists more easily to get through periods between jobs or receipts of income. They will have a Personal Fiscal Account (PFA) into which will be paid Basic Income and other income arising from their work.

(See: *Special points*, p.19.)

Companies

The perverse effect of the present system of replacement salaries is that the difference between it and the minimum salary is so tiny that many people prefer not to work (openly). At present, companies have difficulty in recruiting good unqualified workers.

Under the Vivant system everyone, working or not, receives a Basic Income of €500, and up to €1,250 neither the worker nor the employer has to pay tax on labour. The financial difference between working and not working thus becomes significant.

Also, the break-even point for companies is much lower: the fixed costs of social charges are replaced with variable costs – the social VAT – **which are paid at the moment of sale.**

All businesses pay **15% company tax**. Small businesses are thus better off and certain large businesses worse off, particularly those that enjoy the status of “coordination centre” or another favourable regime relating to profits tax. All company subsidies are abolished.

Social liabilities are lower, particularly in respect of redundancy payments, which are payable only on the difference between global net salary and Basic Income, i.e. the cost of labour in the Vivant system. At present salary costs are considerably higher. Furthermore, **much less risk** is involved in hiring a large number of employees.

Exporting companies

In the Vivant system, exporting to other continents becomes much more competitive because the cost of labour goes down owing to the replacement of tax on labour with a social VAT which applies only in Europe. Later on, however, Vivant means to abolish **all forms of subsidy** to business because they skew competition and give rise to political shenanigans. In ANNEX 13 will be found a simplified calculation which shows that, with Vivant, **Renault-Vilvoorde** would never have shut down.

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SIXTH PART

EIGHT FREQUENTLY-ASKED QUESTIONS, EIGHT REPLIES

Vivant is in favour of **direct democracy**, with referenda, and of restoring real value to representative democracy (by measures to diminish the stranglehold of the parties – the “particracy”).

Direct democracy will not work well if citizens are too worried about their survival and their incomes. It is for this reason that we think the Basic Income and the true functioning of a civilisation’s direct democracy go together.

1. Why is a new social system needed?

Up to ten years ago our economy was essentially a closed one. Trade was with countries having social security systems similar to our own. There were no obvious opportunities for businesses to re-locate abroad as there are today.

When the Berlin wall came down the world changed. There are today 5 billion consumers in the capitalist world instead of just 1 billion a decade ago.

The number of workers has increased proportionately. But these extra workers earn only a tenth of what our workers earn.

Social security hardly exists in the majority of the countries that are newly participating in the world market.

That is why systems of reduced working hours do not provide a good solution.

Let us look at what would happen if businesses were legally obliged to reduce working hours.

a) If reduced working hours also means reduced salary, there will be less money for people to spend. Not only would they live less well, but lower consumption would lead to lower business sales figures, lower production and thus even more unemployment.

b) If one works less for the same salary, business production costs go up; exports would suffer and also lead to more unemployment.

Inflation, fuelled by higher prices, would take off again. One could always import goods produced at lower cost elsewhere so as to avoid inflation, but then unemployment would go up even more.

In the context of free trade with low-salary countries, reduction in working hours leads to the country’s disintegration.

It is high time our governments understood that the social security of the Welfare State is under threat and that the measures put forward up to now show that the politicians no longer see things clearly, even if their intentions are of the best.

A country that obliges its businesses to pay about 40% of their added value for financing social security cannot compete directly with low-salary countries having no social security.

If we do not wish our social security to go under, there is only one solution: *make imported goods share the financing of our social security*.

That can best be done, for goods produced in Europe, by replacing salary charges with higher VAT. As for goods produced outside the European Union, with child labour, for example, they would be more highly taxed than at present.

This measure is not protectionist in the strict sense of the term, because VAT would be the same for goods made at home as for those made in low-salary countries. In fact, this measure provides only partial relief of our businesses' handicap.

The Welfare State therefore needs to be re-thought if it is to survive. The social security financing base **is shrinking** every year. Under the present system, it is based entirely on the salaries of those in work, a small proportion of the population (*only 2,000,000 workers and traders!*).

Reducing working hours reduces this base even further; it is therefore **a mistake**.

It is a mistake **also** because there is plenty of work to be done (health care, maintenance, education...). But this type of work has become **exceedingly** expensive because, precisely, social security is financed by a tax on labour.

Our society is rapidly becoming a service society; and that has economic and philosophical implications.

a) Economically, it is the social security financing system that is called into question. Services cannot be taxed as much as industrial products without producing a parallel "black" system.

b) Philosophically, there has to be a general realisation that in our post-industrial society there is enough material benefit to go round if only society is organised in **an intelligent manner**. Henceforth, it is human well-being that should be emphasised (*of the mind...*); that is, an economic and social context needs to be created which enables everyone, the whole population, to "feel good". In practice that means a degree of job mobility which allows everyone to find the right, pleasing, occupation, rather than *to go through life chained* to a job simply because it is a source of income and security. From now on, *social security and work must be disconnected*, be it in respect of income when one loses one's job, or pension rights or medical care.

2. What are the practical effects of Vivant's socio-economic model?

They are seven, namely:

Effect 1: The cost of labour goes down for the employer, while the employee's net income stays the same.

Effect 2: Because there is no longer any tax on labour, there is no longer any difference between working "black" and working normally and job opportunities greatly increase.

Effect 3: Since labour becomes less expensive, businesses remain in the country instead of relocating to low-wage countries. (ANNEX 13: *the Renault-Vilvoorde case*)

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Effect 4: Everyone is free to work as much (or as little) as one wishes. Those who work more earn much more than they do today with limited working hours: ten hours a week or sixty, you choose. Work until you are 76? That's allowed. Stop at 40? That's allowed too.

Work becomes flexible, one can join in or withdraw much more easily.

Example: A married woman starts up a small business at the age of 45, when the children have grown up or after a career as a teacher! That becomes a practical possibility. Today, with all the

forms to fill in, the rules and regulations, pension calculations, taxes, business risks, such initiatives are very difficult.

Effect 5: Since everyone is unconditionally entitled to the Basic Income, *there is no need to be afraid of a “bad” C4*. One can change employer with ease without being afraid of finding oneself without an income. It will be possible to try various jobs so as to find the agreeable and most suitable one; taking any old job just for the income it gives will no longer be considered a common thing to do

Also, those who work with pleasure are generally more creative and productive, which is a good thing for the economy of the country.

Finally, since there will be no more people “out-of-work”, no shame will attach to remaining without a job. All the procedures, justifications and controls vanish.

Effect 6: VAT (STC) can be adapted to each type of product, unlike taxes on labour, which in principle are the same regardless of the product this labour produces. Using its ability to adjust the rates of VAT (STC), the State can promote access to certain products and services (for example, teaching, health care...) by reducing the relevant VAT (STC) tax rate, even to zero for some services; or it can decide to increase the rate selectively, for example on environmentally-unfriendly products or luxury goods.

Effect 7: Under the present system, those who work pay more tax (€1,375 of tax on a net income of €1,125, in the example above) than *those who live off income from their capital* (levy of 15%). By replacing income tax with consumption tax, this inequality is wiped out. (See graph showing consumption tax, p. 26.)

In short, the practical effects of the Vivant socio-economic model are the following:

- State expenditure goes down
- Public services are more effective and efficient
- Political patronage and abuse of power are contained
- Employment is strongly promoted
- Flight of businesses stops
- Labour and services become cheap
- Social exclusion largely disappears
- People can change job with ease and find agreeable work
- One can make better use of one’s life
- One can work as much or as little as one wishes
- Hard work brings in much money
- Traffic queues will probably diminish because fixed working hours, *at present required by social agreements*, will be partially replaced by flexitime
- Entrepreneurship will be easier.

3. What is meant by “black” and “white”?

The concept “black” means “in a hidden manner”, avoiding the “official channels”.

To avoid confusion we shall describe the three “blacks” commonly practised in Belgium:

1. *Working black*
2. *Selling black*
3. *Having black money*

1. Working black

Someone carries out paid work outside the context of the law. For example, an artisan pays his workmen overtime black.

2. Selling black

For example, a street vendor sells his goods to passers-by without declaring sales or paying VAT.

3. Having black money

Money received outside official channels. For example the PS (socialist party) accepts money from Dassault or Agusta – black money. The trader who has sold products black has also generated black money. The money earned by the workman who has worked black is “black”.

Vivant can claim to eliminate working black for the simple reason that neither of the parties concerned, employer or employee, would draw any advantage from it. On the other hand, selling black is not eliminated by abolishing taxation on labour. It is even the case that there is more incentive to “sell black” in the Vivant model since all taxation is due at the point of sale to the consumer.

This is one of the reasons why Vivant is proposing relatively low or zero rates of VAT (STC) for services where selling black is hard to control.

The classic example is the case of the cleaner “on the black” This is a case of both working black and selling black because **the “employer” is also the final consumer of the service**. Vivant reckons that for that service VAT (STC) should be zero.

At the same time, controls on all taxable sales of products and services **should be strengthened**.
(See: *The self-employed and members of liberal professions*, p. 34.)

4. What will happen if we do not change our social system?

We are moving towards a situation where our hard-won social security is **slowly but surely disintegrating**. Politicians of the traditional parties do not wish to admit it, but the base of social security financing, i.e. the number of people who contribute towards it, **is shrinking**.

Fewer and fewer people work, so there are fewer and fewer people who contribute to social security financing through the collection of employees’ contributions and employers’ contributions linked to employment.

At the same time, the load laid on the social security system is increasing because of early pensions and longer life.

If nothing is done, the social security system is heading for bankruptcy.

We already see early signs of it: more and more people are excluded from unemployment benefit and social welfare assistance.

Vivant does not accept that there should be less social security.

In all events, **a new way of financing it must be found**.

At present, the State does everything. Maybe politicians think the citizen is incompetent and of bad faith. There are a thousand regulations and a thousand means of obtaining assistance – and as many controllers – for every decision we have to take.

We want a State based on the rule of law, **but a State based on the rule of comprehensible law**.

The myriad of laws and regulations has become so complex that even the specialists argue and go to court to find out who was right; and we, ordinary folk, do not always understand the rightness.

Think of the suspension of Mr. Conerotte by the Appeals Court, which is the epitome of justice embroiled in procedural procedures (or procedural difficulties).

Relating to the law of labour and social security, the proliferation of regulations is by no means less. There are about forty systems for promoting employment, which change all the time – as if a tiler, a butcher or the head of a small business can find time to study it all...

It is imperative to **simplify the legislation relating to employment and unemployment.**

5. Will the Vivant model result in something different from what we know today?

No and yes.

No, in as far as, for the majority of people, the new levels of income would not be very different from what they are today.

The big difference is that entitlement to social security will not be conditional on having worked. And the amount one gets will not be influenced by complex calculations or interventions mysterious or political.

Above all, nobody will be left out and *the citizenship income removes the link between work and social security.*

Yes, for it makes work more free, more flexible and better remunerated.

Those who wish to change job can give in their notice before looking for another job, *without suffering a penalty relating to unemployment benefit.*

Naturally, reporting to the labour exchange becomes pointless and it is no social shame to have no work.

People will more easily be able to change job, until they find the work and the boss of their choice. If after several years they want a new professional experience, no problem!

Since there will be fewer people left out, even the well-off will benefit from the new situation, for there will be less criminality and less grinding poverty.

Our society is rich enough to be able to afford to pay a basic income to all citizens. What are we waiting for?

6. Why start a new political movement?

The world is in transition. Since the Berlin Wall fell, the global economic system has grown with the addition of the former communist world (China, India, eastern Europe). The number of inhabitants, and hence the number of economic actors, has gone from 1 billion to 6 billion in just a few years.

No international or national authority seriously asked the question whether a programme of “adaptation” at world level was required. There have just been some interventions, localised (East Germany) and scattered.

No-one has seriously asked what will be the consequences for Europe. Businessmen have seen only the possibility of doing new business in these countries and they have rushed to set up joint ventures

and sell our knowhow, often with subsidies paid by the European taxpayer and with the help of our organisations supporting foreign trade.

The results: massive unemployment, accompanied by all its psychological consequences for those concerned, and erosion of the financing of our social security. The young feel the effects immediately, and older people will when there is no more money to pay their pensions.

Globalisation puts Belgium and Europe in direct competition with countries where not only salaries are low, but where there is little or no protection or, therefore, social costs.

Low salary costs in China and India (which represent unlimited manpower reserves – 2 billion inhabitants, 6 times more than in Europe) incite firms to relocate **everything possible**. Even computing services and administrative work join the flight.

In our country, where the cost of labour is artificially high because of the taxation of labour (and social charges), a downward spiral is produced. Increased unemployment is financed through new tax increases which make our labour even less competitive.

There are two ways out of this vicious circle:

1) Decrease salaries by replacing experienced employees with ill-paid young ones with temporary social status, decrease the minimum wage and set up social policing with sanctions against unmotivated unemployed. This is what your government is doing. **It's against this that Vivant objects.**

2) Make imported products (from low-wage countries) pay for a part of our social security. In practice, replace the taxation of labour with taxation of consumption (VAT / STC). That is to say, bring the financial base of our social security back to normal. This is what Vivant wants.

7. Why do the traditional parties have difficulty in hastening to implement the VIVANT “recipe”?

They hesitate because some people in these parties would lose their influence, their power.

The trade unions, which are at the heart of government, are the founders of our relative material well-being. *They did an excellent job in obliging the bosses to share their profits.* Thanks to this battle, they have now been in power for several decades. Their power is based on a social security model *which is well adapted to a country that neither imports nor exports.*

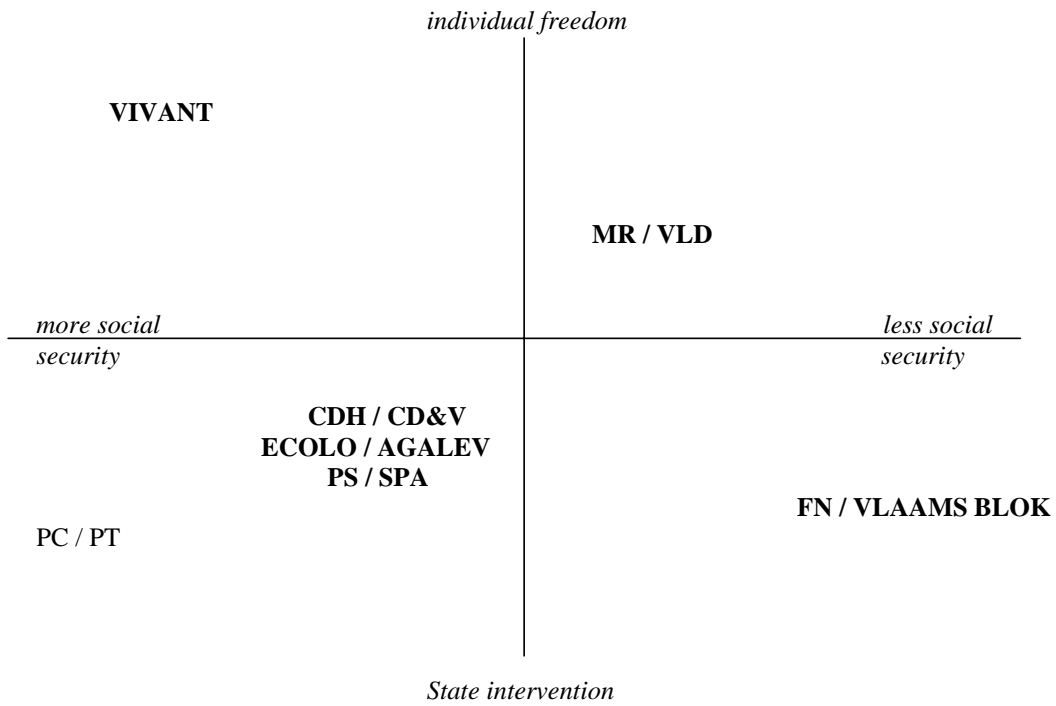
Any change in this model implies a lessening of their influence. For example, if all citizens receive a citizenship allowance (Basic Income), the unions will lose the commission they get at present to pay for unemployment.

Hence, initiatives by well-intentioned politicians in the traditional parties is handicapped by pressures of various kinds.

Those who have studied how large organisations work know that it is impossible to change them if most people belonging to them will thereby lose influence. Think of the large companies that try to change their business culture. It is a huge task that can succeed only with great difficulty.

8. Where does Vivant stand in relation to other political parties?

Our perception of our position is shown below. This is **our perception** of it. We advise you to verify the positions by consulting the other parties, or against public opinion.



SEVENTH PART

THE IMPLICATIONS OF THE VIVANT PROGRAMME

1. There are no more unemployed, for registering as such is abolished. The notion of being “out of work” disappears. Whether one works or not, everyone will be entitled to a Basic Income, whereas today to work is one of the essential conditions for entitlement to a pension, to sickness insurance and to social recognition.

Vivant considers that the OBLIGATION TO WORK is out of date.

Our farmers and factories have become so productive that society can afford to abolish the obligation to work. If, today, the poor are still with us, *it is only because wealth is ill distributed.*

2. Social security for all citizens, not only for those who have worked, but also for those who have officially worked too little, or never.

The rights to an income, to elementary health care and to shelter will become constitutional rights, so that none need fear for the future.

3. There will be no more serious poverty, for all citizens will receive an income whether they work or not. In addition, free board and lodging will be available for anyone in difficulties.

Vivant thinks that a social material modicum should be a **definitive social right** like other democratic rights.

4. Personal fulfilment: artists who want to do art, sports enthusiasts who want to devote themselves to sport, parents who want to spend more time with their children... Vivant will make it easier.

Studies will be accessible free to people of any age.

The Basic Income will be the same in case of interruption of employment, be it voluntary or involuntary. The fear of losing one’s job will be diminished. This will increase the employee’s autonomy at work. People will more easily seek a job that they appreciate: thus many more people will find pleasure in their work.

5. To earn a lot of money through hard work again becomes officially possible, without trickery or suffering disapproval.

Tax on income from labour is today so high that it is no longer possible to become rich through hard work.

With Vivant, those who work a lot will earn a lot.

Tax on labour is abolished for low and medium incomes.

(No tax below € 1,250 net, Basic Income included.)

6. Services will become cheap. Those who offer individual services in their neighbourhood will be able to do so at a low price and thus, with the Basic Income, have a comfortable income level, which is not taxed up to €1,250.

Income tax, social charges and any other taxation of such services being abolished, the concept of “working black” no longer applies at this level.

The population will therefore be able to buy such services.

7. Vivant will abolish social exclusion, which is the major cause of criminality.

Since everyone will have a basic income, the need for money can no longer be a reason or a pretext for petty thefts and break-ins. For Vivant, no criminality can be tolerated. The police and judicial services will efficiently and responsibly fight what criminality is left.

8. With Vivant, there will be no more “favours”. Rights will be the same for everyone, and the laws clear. The support of political friends will no longer be necessary. Subsidies to companies are abolished. The role of the State in the economy will just be to put in place the system described above. Politicians will no longer be in a position to grant favours to companies or individuals; and there will be fewer opportunities for corruption.

9. For pensions, we are in favour of the distribution system and against the capitalisation system (favoured by PRL, CVP, VLD and Vlaams Blok), precisely in order to avoid what is called asset inflation – *financial bubbles*.

In the Vivant model, those who are working, and those who are not, both finance the pensions, through their consumption, in real time.

Of course, people remain free to save and try to create a supplementary pension for themselves. The need for this will diminish when our basic pensions can rise and when people feel happier about the future.

10. Vivant is in favour of a new socio-economic policy.

It is opposed to a Welfare State that keeps citizens in an **assistance trap**. On the contrary, it is in favour of their having greater freedom to decide for themselves about their lives – professionally, for their families, culturally, religiously, etc...

EIGHTH PART

UNACCEPTABILITY OF THE PRESENT SOCIAL SECURITY SYSTEM

Suppose that extra-terrestrials came and visited our country.

What would they think, knowing that only a quarter of the active population of our planet suffice to produce all the food and all the material goods for the whole population, when they see that:

- Our leaders demand that each one of us work in order to have the right to an income.
It is true that a hundred years ago, everybody had to work in order to ensure a minimum living standard for the population, but this is no longer the case.
- The country's leaders refuse the right to health care to those who do not wish to work. Also, these people do not have the right to an income or to a pension if they or members of their family own a significant amount of property.
This practice has its roots in the principle of solidarity insurance introduced a hundred years ago by the trade unions for the benefit of workers only.
- The above disadvantages can be neutralised if one gets married. A person who has never worked, and who marries a person with a large pension who dies a year later, can receive a much higher pension than most people who have worked all their lives.
- People out of work receiving a replacement income are not allowed to work, on pain of losing this income.
The reasoning behind this depends on the fact that fifty years ago work was associated with an income and that losing one's work and losing one's income were therefore synonymous. According to the principle of "insurance", reception of unemployment benefit was considered a temporary situation, financed by the other workers, and therefore could not be combined with any income whatsoever from work.
- People who work are not free to work as little or as much as they want, but have to work the same number of hours a week (38) or abstain from working because they are on unemployment benefit or pensioners.
This practice goes back to the industrial era when team-work was necessary in order to keep the machines running.
- Artists do not have a socially recognised status (*though this is now changing*) or income, with a few exceptions.
"Workfare", the work ethic established in the last century, is reluctant to grant a place to non-productive creativity.
- People who want to work have to spend two years in unemployment before finding work.
By this statement we are targeting the clumsy measures (incentives in the form of reductions on employers' social security charges) applied to induce businesses to employ long-term job-seekers and thereby to improve unemployment statistics.
- Those who are unemployed earn more than those who work: € 850 unemployment benefit against €950 net minimum wage before deduction of travel and child-care expenses.
- People who are highly qualified in domains other than interior decorating try to paint their house because the cost of employing a painter is prohibitive because of taxes on labour.
- People of 50, who have experience and often want to continue their professional activity, are given early retirement at the expense of the tax-payer and are not allowed to work, even in teaching, where they would be able to transmit their knowledge. For society, this amounts to a flagrant loss of skills.

It is employment-related contributions and tax on labour that cause these people to become artificially too expensive for businesses to employ.

- A self-employed worker who takes on an employee has to pay extra tax, even if the hiring does not lead to increased sales.
- When you buy a product in the shop for ~~€100~~, an average of ~~€50~~ goes to the State in the form of various taxes. Is this not a little exaggerated considering that tax on consumption can be structured and targeted differently according to use of raw materials, pollution and whether the product is a luxury good?
- An employee who earns € 1,125 net costs his/her employer € 2,500 or more, labour being therefore taxed by about 120%. This is a lot given that the tax rate on revenue from capital is only 15%!
- Tax returns include 80 pages of explanations. Is this not a little too complicated?

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Does one have to be an extra-terrestrial in order to understand that our leaders have gone out of their minds?

Conclusion

VIVANT is common sense. VIVANT's aim is not to become a political party like the others. But participation in elections is the only way to force the thinking of political actors forward.

ANNEX 1

SALARY COSTS AND EMPLOYERS' COSTS

THE EFFECT OF VIVANT'S PROGRAMME ON TWO WORKERS COSTING
RESPECTIVELY €2,500 AND €6,750 TODAY
(IN ROUND FIGURES)

Costs	Present €	Vivant €	Present €	Vivant €
Employer's costs	2,500	750	6,750	3,250
Employer's contributions	750	0	2,100	0
Gross salary	1,750	750	4,675	3,250
Social security contributions	250	0	600	0
Taxable amount	1,500	0	4,075	2,500
Taxes	250	0	1,575	1,250
Net salary	1,250	750	2,500	2,000
Basic income	0	500	0	500
Net income	1,250	1,250	2,500	2,500
Ratio employer's costs with Vivant to present employer's costs		30.00%		48.15%

Explanation:

In the present system concerning employees, the employer's contributions amount to about 45% of the gross salary (i.e. 26.78% + 7.48 % wage moderation + holiday allowance + between 6 and 10 % thirteenth month's pay).

To this are added the worker's contributions, amounting to 13.07 %.

Finally the tax on wages is deducted, the rate of which depends on the gross salary, taking into account any deductions, and the net salary is obtained.

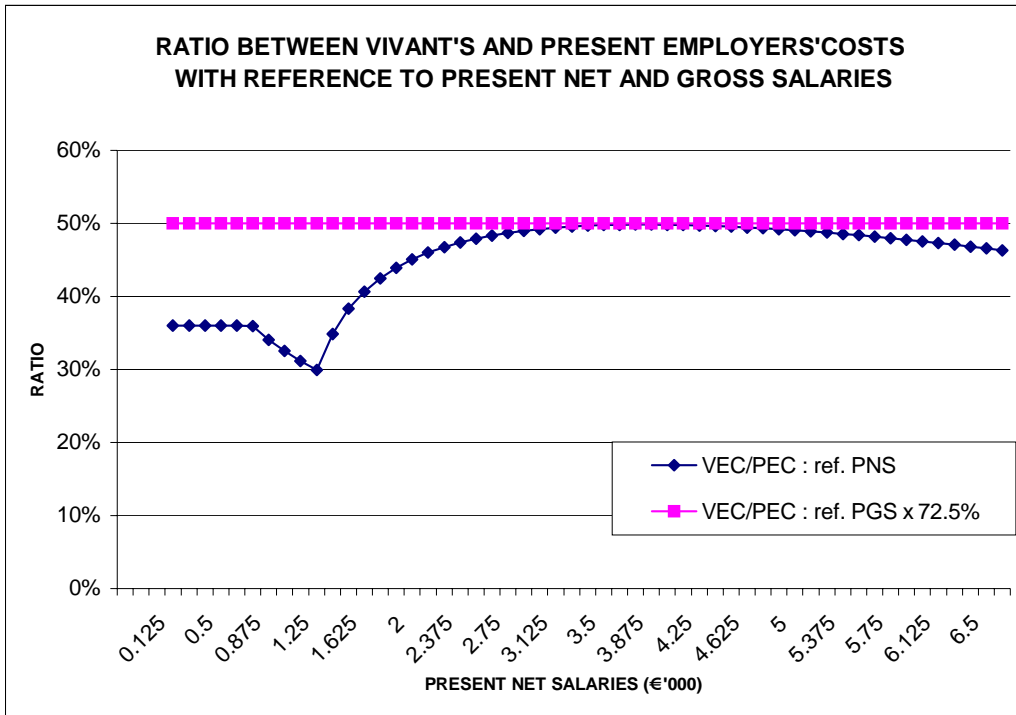
With Vivant, the net minimum income remains the same (it is even slightly higher), but all the taxes on labour disappear, as does all the related administrative paper-work.

These are replaced by a Basic Income.

And for the employer, the same employee costs a lot less.

The great difference between Vivant's system and the present situation is that businesses do not have to pay tax as soon as they employ somebody; they only have to pay tax **from the moment the worker has enabled them to increase their turnover or their profits.**

ANNEX 2



ANNEX 3

METHODS FOR DETERMINING THE (LOWER) INCOME LIMIT

The various methods for determining income limits can be divided into four groups: the legal, relative, subjective and budgetary methods.

The legal method determines the poverty threshold by considering the benefits to which every Belgian has a legal right (such as minimum income benefit and family allowance). The reference used is the Belgian legal norm, which is equal to the minimum means of subsistence amount plus any guaranteed family allowances (including any age-related increases of this amount).

The relative method fixes the poverty threshold as a percentage of the average or median family income. The EU norm is taken as reference.

The subjective method is based on what the population considers to be the minimum income and the reference is the Subjective Poverty Line (SPL), which is the level at which the actual income and the vitally necessary income are equal.

The budgetary method begins by drawing up a list, or "basket", of necessary goods and services. A price is associated with each type of item; this price, multiplied by the number of items, gives a sub-total, and the addition of all the sub-totals gives the total budget.

In €

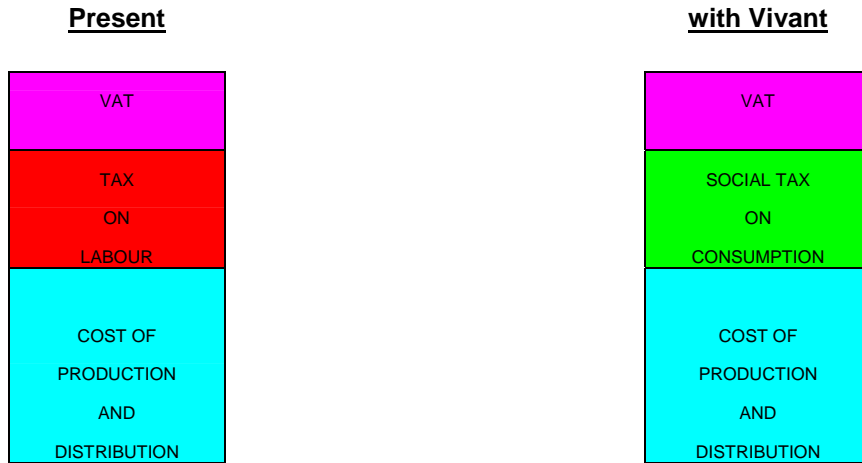
Type of household	Legal	EU Norm	Subjective	Budgetary	Basic Income
Single senior citizen	508.31	562.89	730.24	632.28	750
Single working-age	508.31	562.89	776.75		500
Single parent + 1 child	799.88	731.76	1,022.91		625
Single parent + 2 children	965.17	900.62	1,170.58	1,073.01	700
Spouses 65+	677.77	844.35	978.39		1,500
Working-age couple	677.77	844.35	1,074.87		1,000
Spouses + 1 child	799.88	1,013.22	1,329.23		1,125
Spouses + 2 children	965.17	1,182.08	1,476.90	1,254.32	1,250
Spouses + 3 children	1,173.35	1,350.20	1,582.58		1,375

Source: *Normes Budgétaires pour trois ménages types*, K. Van den Bosch, 1997, table 3.

ANNEX 4

**Price Structure of
Products and Services**

(average values)



ANNEX 5

TRANSITION BUDGET FOR BASIC INCOME						
EXPENSES VIVANT (€billion)				PRESENT RECEIPTS/REIMBURSEMENTS (€billion)		
AGE	BI	SUPPLEMENTS				
	*	**				
0 - 18	3.15	3.59	Increasing BI (€15 p.a.)	4.25	*	Family allowance
18 - 25	4.64	0.91	Increasing BI (€15 p.a.)	4.63	*	Unemployment benefit
25 - 65	31.80			19.00	*	Pensions
> 65	15.08	5.43	Pension supplement	1.63	*	Career break
				4.23	*	Other (Social assistance, etc.)
				18.00	**	BI paid by employer
				0.10		Reduction Pensions > €2,500
				8.75		Salary costs / Civil servants
				4.00		Restructuring / Civil servants
Total:	54.66	9.93		64.59	0.00	Balance

* : See Breakdown of the State Budget for Basic Income, p. 11.

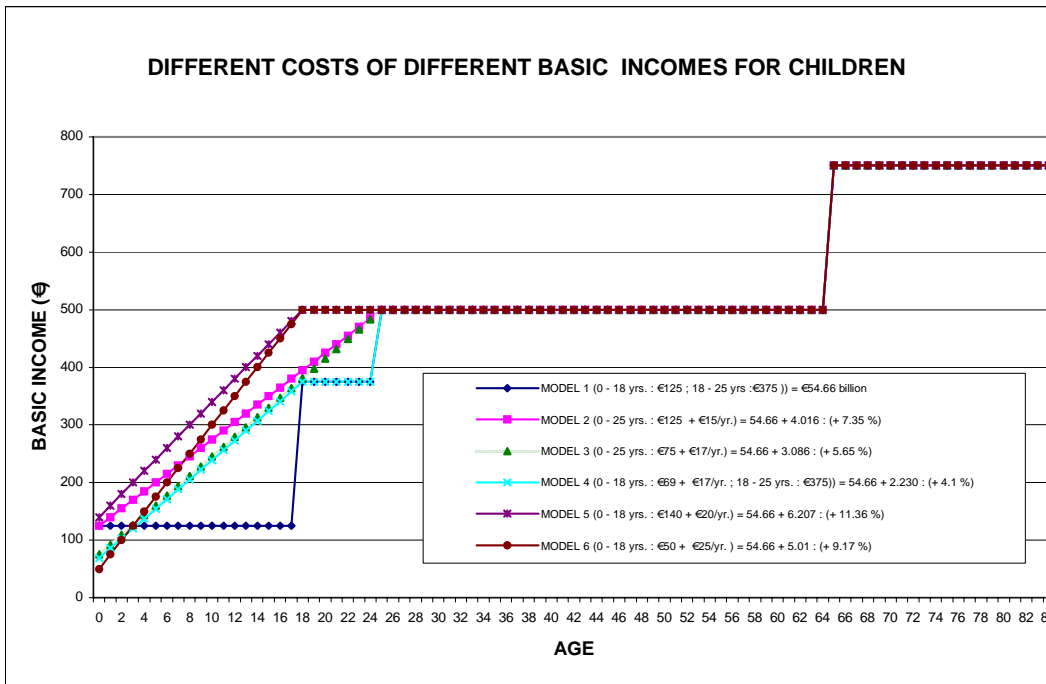
** : See ANNEX 6

* : See table of State Budget, p. 31.

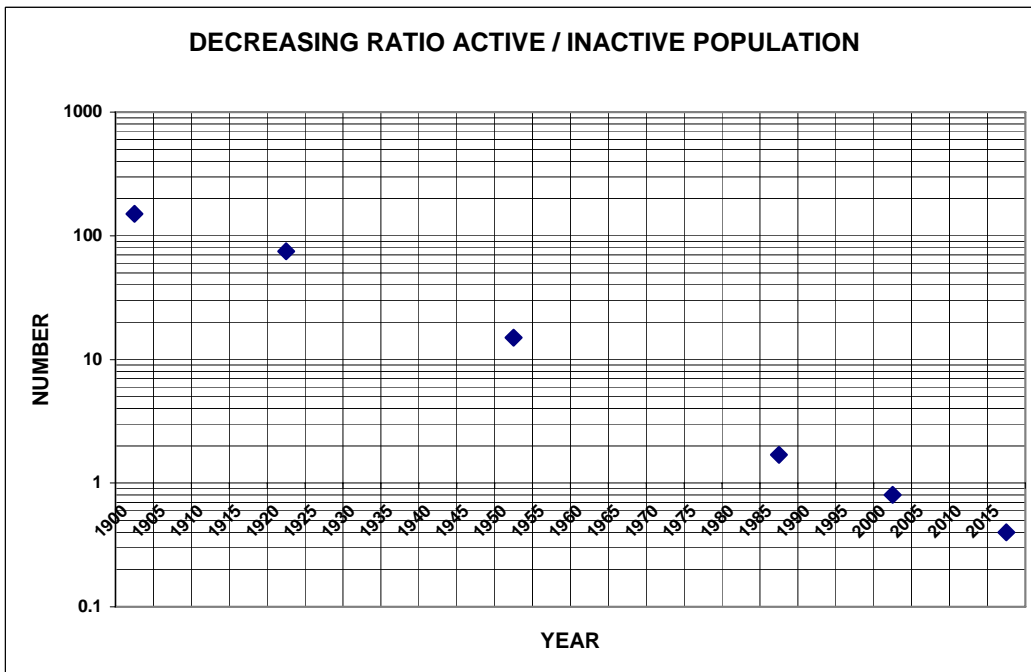
** : There are about 3 million employees/workers in all sectors: 3,000,000 x 500 x 12 = €18 billion.

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ANNEX 6



ANNEX 7



ANNEX 8

<u>BREAKDOWN OF POPULATION IN 2000 AND 2010</u> <u>(AS% OF TOTAL POPULATION)</u>			
	2000	2010 (est.)	
	PRESENT	FUTURE	VIVANT
65+ pensioners	18	22	20
Other pensioners	1	1	1
Unemployed, on welfare	8	8	2
Non-working dependants	27	31	23
Parents at home	8	8	4
Young people not at work	27	27	27
Total Non-working	62	66	54
65+ active	0	0	4
Artists	1	1	1
Health services	4	6	6
Hotel & catering	1	1	4
Commerce	6	4	5
Financial services	1	1	1
Other services	4	3	6
Construction	3	2	5
Industry – Agriculture	8	6	7
Of which Taxable Workers	22	16	24
Total Private Sector Workers	28	24	39
Teaching	3	3	3
Army – Police – Judiciary	1	1	1
Public Services	6	6	3
Total Public Sector Workers	10	10	7
Total Working	38	34	46
	100	100	100
Ratio Taxable Workers / Non-working Dependants	0.81	0.52	1.04

***Just 22 persons provide the State's revenue,
pay the pensions of 19 others, and...
support 8 unemployed!***

THE PRICE OF BREAD ACCORDING TO VIVANT (2001 FIGURES)

Bread, because it is a foodstuff, is subject to VAT at 6%.

What tax rate would have to be applied to bread in VIVANT's system in order for it to cost the same to the consumer? Answer: 50%.

For an 800 g. loaf of bread:

	<i>Today</i>	<i>VIVANT model</i>
Raw materials	€0.42	€0.42
General cost	€0.12	€0.12
Labour	€0.60	€0.20
Tax	€0.10	€0.05
Profit (10%)	€0.17	€0.20
	€1.41	€0.99
VAT	€0.08	€0.08
STC		€0.42
	€1.49	€1.49

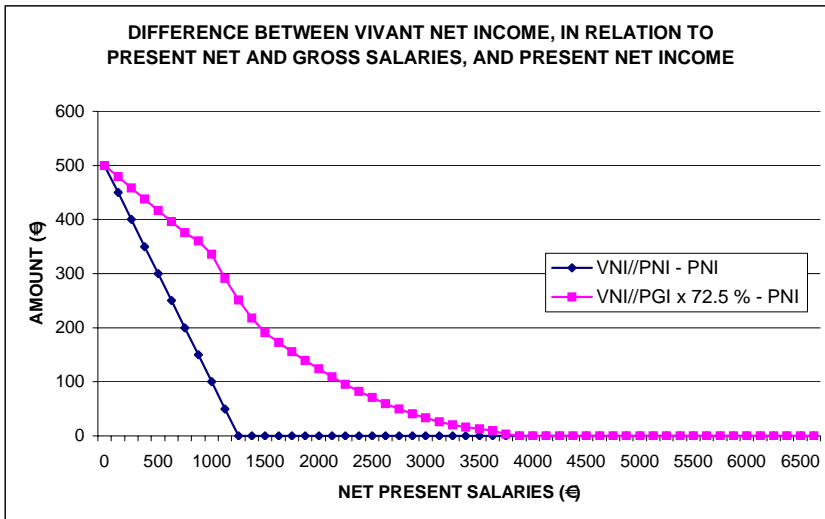
Remarks:

- *The price does not increase.*
- *In VIVANT's system, the STC (Social Tax on Consumption, or Social VAT) is determined according to the type of product.*

The employer's costs for services in VIVANT's system amounts to a third of what it is today. In the case of bread, €0.60 becomes €0.20.

Instead of salaried workers shouldering the "social" contributions, in VIVANT's system these are distributed among the buyers-consumers. Consequently, the cost of labour decreases and the hiring of personnel and the creation of jobs become possible.

Spending power remains the same. On average, prices do not increase.



In VIVANT's system, salaries will evolve rapidly to reach the level corresponding to supply and demand. They will increase naturally.

The legal budgetary norms for a single working person, in 1996, was already (equ.) €508. On the other hand, the subjective norm was (equ.) €777. (ANNEX 3)

To fix the amount of the Basic Income, one might reasonably take the average of these, €625, but another criterion, that of the minimum wage, must be taken into account in order to maintain the motivation to work. The minimum wage in 1996 was (equ.) €1,000; half of this amount should not be exceeded. The amount of the Basic Income (BI) should be linked to both these criteria, as well as to an index. Before a more in-depth study has been carried out to determine this amount, it has provisionally been fixed at €500 for the purposes of drawing up a realistic budget. The amounts are obviously capable of being indexed in relation to the pivotal 1996 index.

Further, tax will be levied only on incomes exceeding €1,250 per month. Only the part exceeding €1,250 will be taxed, at 50%.

However, what will be the salary situation during the transition period, especially for those who continue in the same job? An advantageous transition has to be envisaged.

1. One model depends on the **Present Net Salary (PNS)**:

This model has the advantage of being easily calculable, but remains linked to the parameters of the present situation.

The Vivant Net Income (VNI) will not be inferior to the Present Net Salary:

- PNSs exceeding €1,250 will remain the same, which means that the Vivant Net Salary will be the Present Net Salary minus the Basic Income:
 - $VNI = PNS = VNS + BI$
- For PNSs inferior to €1,250, the BI has to be subtracted progressively and gently from €1,250 to €0 by means of a proportional rule of 60%. This corresponds to the straight line between €500 and €0 in the graph above:

<u>TODAY</u>	<u>VIVANT</u>		
PNS	VNS	BI	VNI
0	0	500	500
500	300	500	800
1,000	600	500	1,100
1,250	750	500	1,250
2,000	1,500	500	2,000

2. A second model is linked to the Present Gross Salary (PGS):

This model does not depend on present parameters, but entails an increase in the amounts of low and high salaries. Various measures will therefore need to be implemented in order to counter these discrepancies, especially as concerns the high salaries, which have not been included in the graph. The amount by which the low salaries increase is of the order of €5 billion (GEUR 5) for the State budget.

A reduction coefficient of 72.5% should be applied, in order to approximate the PNSs, as the graph shows.

In addition, the ratio between Present Employers' Costs and Employers' Costs in Vivant's system is constant for this value and amounts to 50%. (ANNEX 2)

The Vivant Gross Salary (VGS) then becomes 72.5 % of the Present Gross Salary. The Vivant Net Salary is calculated according to the following formula:

$$VGS = 72.5 \% PGS ; \quad VNI = VNS + BI$$

$$VNS = \text{if } (VNI > 1,250 : VGS - T ; VGS) ; \quad T = (VNI - 1,250) / 2$$

In other words, if the Vivant Net Income amounts to more than € 1,250, the Vivant Net Salary is equal to the Vivant Gross Salary less the Tax; in other cases, it is equal to the Vivant Gross Salary, the Tax being 50% of the difference between the Vivant Net Income and the non-taxable threshold of €1,250.

Budget allowing, and also for economic reasons, once more detailed studies have been carried out the second model will be preferred, as it already embodies the system that will gradually be put in place.

Supprimé : This is an acceptable amount considering the expected savings. (See State Budget, ANNEX 3.) [p.32??]

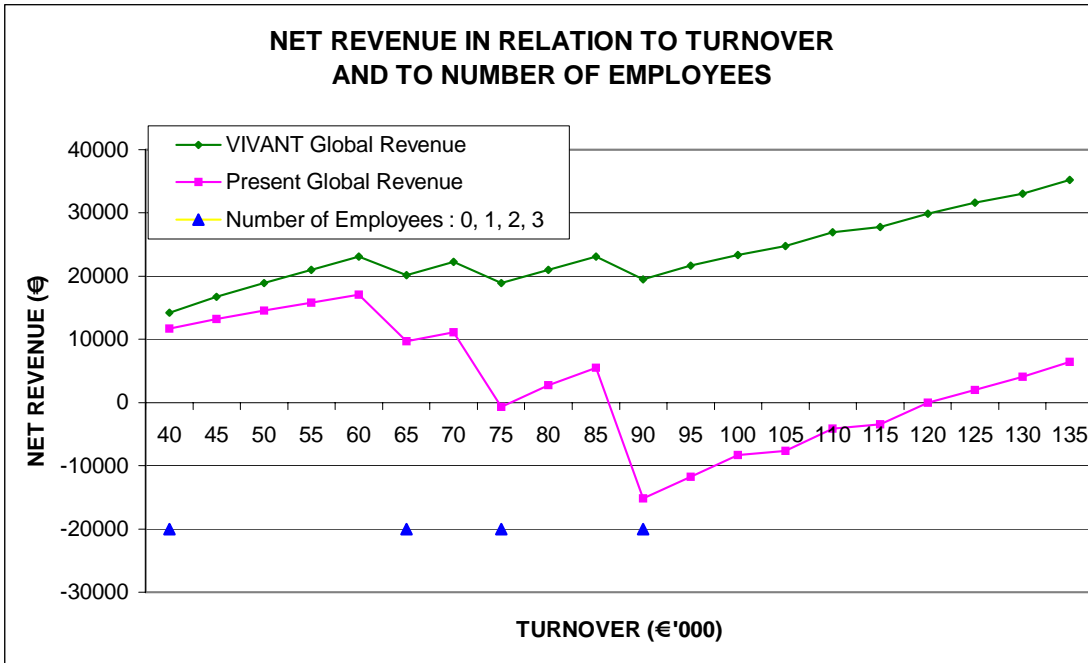
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SITUATION OF THE SELF-EMPLOYED AND PROFESSIONALS IN THE PRESENT SYSTEM AND IN VIVANT'S SYSTEM

Amounts in €

SITUATION	PRESENT	VIVANT	VIVANT
<i>If working alone:</i>	Self-employed	In Company	Self-employed
Turnover (incl. VAT)	45,000	45,000	45,000
VAT	-7,500	-22,500	-22,500
General Costs	-10,000	-10,000	-10,000
Basic Income (annual)	-	6,000	6,000
Administrator's Salary	-	-10,000	-
Tax Self-employed	-12,500	-	-1,750
Tax Administrator (50% > 15,000)	-	-500	-
Company Tax (15%)	-	-375	-
Net Income Self-employed	15,000	-	16,750
Net Income Administrator	-	15,500	-
Net Revenue Company	-	2,125	-
Total Net Revenue	15,000	17,625	16,750
Net Revenue State	20,000	17,375	18,250

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<i>If one employee is taken on:</i>	Self-employed	In Company	Self-employed
Turnover (incl. VAT)	69,000	69,000	69,000
VAT	-11,500	-34,500	-34,500
General Costs	-10,000	-10,000	-10,000
Basic Income	-	6,000	6,000
Administrator's Salary	-	-10,000	-
Employee's Salary	-11,250	-5,250	-5,250
Tax Self-employed	-10,000	-	-5,125
Tax Employee	-13,750	0	0
Tax Administrator (50% > 15,000)	-	-500	-
Company Tax (15%)	-	-1,388	-
Net Income Self-employed	12,500	-	20,125
Net Income Administrator	0	15,500	-
Net Revenue Company	0	7,863	-
Total Net Revenue	12,500	23,363	20,125
Net Revenue State	35,250	24,388	27,625

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Explanation of the table:

- Turnover is VAT inclusive.
- VAT: amounts to 21% at present and in Vivant's model to 100%, on turnover excluding VAT.
- Basic Income: the amount is calculated according to European poverty threshold norms.

Supprimé : <#>General Costs: these amount to less in Vivant's model (60% of present costs excluding VAT, since the general costs including VAT are identical).¶

Advantages of using national products

In the Vivant model, **if the general costs come from national products**, VAT to be deducted will be 100%, on average, compared to 21% at present; and since the price of the products, VAT inclusive, remain the same, it follows that their price excluding VAT, in the Vivant model, will amount to 60% of the present value.

And in that case the social gain will increase by 160%! (221,000/85,000 = 2.6)

Amounts in €

SITUATION	PRESENT	VIVANT
<i>If working alone:</i>	Self-employed	In Company
Turnover (incl. VAT)	45,000	45,000
VAT	-7,500	-22,500
General Costs	-10,000	-6,000
Basic Income (annual)	-	6,000
Salary Administrator	-	-10,000
Tax Self-employed	-12,500	-
Tax Administrator (50% > 15,000)	-	-500
Company Tax (15%)	-	-975
Net Income Self-employed	15,000	-
Net Income Administrator	-	15,500
Net Revenue Company	-	5,525
Total Net Revenue	15,000	21,025
Net Revenue State	20,000	17,975

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If raw materials and manufacturing materials are of national origin, the gain will be even more appreciable. This will provide a strong incentive for foreign development, in order to compete with countries that apply the Vivant model.

IMPORTANT NOTE:

Situation of the self-employed in VIVANT's system

Every self-employed person and professional will have to set up a company, of which he/she will be a salaried employee. His/her salary will therefore be made public.

In that case, under VIVANT, the status of self-employed in the strict sense will no longer exist, for everybody will be a salaried employee with a right to the same family allowances and the same pension.

THE RENAULT-VILVOORDE CASE

Simplified example (for a vehicle of the value of BEF 500 000) showing that in Vivant's system Renault would never have relocated:

Present receipts for the State if the vehicle is manufactured and sold in Belgium. **€6,250**

Real cost (net salaries + raw materials)	€6,250
Tax (estimated) on the revenue + social contributions	€4,075
VAT	€2,175
TOTAL COST	€12,500

Present receipts for the State if the vehicle is manufactured in Russia and sold in Belgium: **€2,175**

— i.e. only the VAT is received. Note that in addition, there are more unemployed people to pay for.

In VIVANT's system

Receipts for the State if the vehicle is manufactured and sold in Belgium: **€7,500**

Real cost (net salaries + raw materials)	€5,000
Tax (estimated) on the revenue	€1,250
VAT + STC (social tax on consumption)	€6,250
TOTAL COST	€12,500

Receipts for the State if the vehicle is manufactured in Russia and sold in Belgium: **€6,250**

— for VAT is due on imported products as well as on products manufactured in Belgium. Note that in such a system, Renault would not have shut down its factory at Vilvoorde (because salary costs will be lower).

SOCIAL ECONOMY COMPANIES (SECS) OR INSERTION OFFICES (IOS)

Social economy companies are companies that help people find an appropriate job. They are connected through a computer network. The trade unions and other specialised initiative associations, such as “Vitamine W”, would be ideal partners in this perspective.

Functioning and Funding of these Companies

The network of social economy businesses centralises job demands in a database and categorises them according to various criteria. The insertion offices possess data about job offers and the qualifications required, and are therefore able to guide job-seekers, perhaps after a training period, to a future employer. If the job-seeker wishes to start up an own company, an insertion office can help him/her to examine the project, evaluate its chances of success and go about the start-up process.

The unemployed job-seeker signs a full-time work contract with the insertion office and receives from the insertion office in exchange the legal minimum wage (in addition to the Basic Income from the State).

Insertion Offices and the Commitment to Furnish an Effort

Vivant does not want to force anybody to make do with her/his Basic Income alone. Everybody is therefore freely able to add to the Basic Income through remuneration for work, which must be equal to at least €500 for full-time work. By making use of an insertion office, the job-seeker is obliged to furnish work, which may consist of training, preparation for the new job applied for and even work. The insertion office is not a parking-lot. The reason it exists is to help people find a new job as quickly as possible.

This organisation is set up for people whose only income consists of the Basic Income. If the job-seeker was previously employed and has just been dismissed, his/her employer must pay him/her the legal notice period. In the meantime, the job-seeker enrolls with an insertion office with the aim of finding a new job. In this case, the insertion office will receive an amount from the ex-employer; for example, two months' salary. Alternatively, the ex-employer pays the ex-employee's dismissal compensation directly to the insertion office.

Similarly, a working person who wants to change jobs can enrol with an insertion office in order to increase the chances of finding a suitable job. In this way, job mobility is enhanced and workers get more job satisfaction; a teacher, for example, might find that he/she would rather be a salesperson – why should he/she not change jobs? Thanks to the insertion office, a sales position for that person and a teacher for the school will be found more quickly.

This is to the advantage of all parties. Job mobility, which at present is mostly confined within individual businesses, will become a reality in tomorrow's economic society.

The network of social economy businesses is not a State organism. It is financed in the same way as insurance companies. Insertion offices receive, in addition to the dismissal compensation, insurance premiums paid by employers on behalf of their workers. All employers and salaried employees are legally bound to subscribe to such an insurance and to pay the premium. The amount of the premium is fixed according to a no-claims bonus principle similar to the system for car insurance; companies with a high rate of personnel turnover will pay higher premiums and vice versa.

Similarly, the job-seeker who regularly has recourse to the insertion office pays more than the average.

In order to ensure better protection of the ex-salaried employees, it is best to entrust the tasks of the insertion offices to workers' associations or to trade unions, though not necessarily those existing today. These insertion offices have to keep open, complete and official books (contrary to what is today the case for trade unions, which do not even have to make their financial situation clear to their members).

In this way, the insertion offices will be able to inspire trade unions with a new sense of direction, a new, more open and transparent work-model, and create the space for new union organisations.

This system could therefore engender organisations and structures, all the details and functions of which we cannot yet foresee. The system would however place responsibility on all the actors, in the context of a more visible economy, and would offer job-seekers more opportunities for finding a job that can give them a sense of fulfilment.

Supprimé : Through this no-claims bonus system, companies have an extra responsibility: their social profitability. At present, a company in the process of "restructuring" is dumping a large part of the wage bill on the community, because it is the community that has to pay the unemployment benefit, or the replacement allowance in the case of early retirement. ¶
In Vivant's system, the company will have to pay a higher premium because the risk it represents for society is higher. When companies dismiss workers, they often only take into account their own costs and profits. With the introduction of insertion offices, the community introduces a new management culture, where companies have to take into account the social costs of firing and include these in their budget. ¶

VIVANT AND OTHER SOCIAL ISSUES

Foreign Policy in Europe

Belgian foreign policy can very well follow that of the European Union. The time when each European country had “its own” area of influence in the third world is well and truly over.

Belgium, as the centre of the European Union, has a front-line role to play. It would also be to Belgium’s advantage if a democratic, regional and federal Europe realized to the full all its opportunities for profound unification, **including on the social level**. It is therefore of prime importance that an advanced process of democratisation is introduced, very soon, in the European institutions and in the decision-taking process. The influence of the European Parliament should be increased.

Health Care

According to Vivant, health care must be of high quality and accessible to all strata of the population, with especial attention being paid to the elderly, the handicapped and invalids. In addition, because of the public deficit, the care must be provided at an acceptable price. Health care can be made more rational in several ways, without compromising its quality or its accessibility:

1. Raising the Level of General Practice

Under this heading, the family doctor, freely chosen by the citizen, plays a seminal role. The doctor knows the patient and his/her way of life and is the person best placed to redirect treatment, if necessary, to a specialist.

2. Promotion of Preventive Medicine

In Belgium, too much attention is paid to curative medicine while we are perfectly capable of developing preventive medicine.

Prevention means not waiting until there is a problem before going to the doctor or the dentist. Prevention means improving living conditions, through the application of Vivant’s model, so that psychosomatic illnesses linked to worry and insecurity about the future (job loss, the unemployment trap) can be prevented.

It has been shown that prevention is always better than cure and also less expensive, for medical treatment becomes less onerous and the period of illness is shortened.

Good health education is an important step towards the generalisation of preventive medicine. The importance of preventive medicine can be explained in schools and through information campaigns.

A well-informed patient can detect, at an early stage, a certain number of pathologies and will therefore be able to consult his/her doctor earlier. In addition, adequate medical information will enable a large number of illnesses to be avoided.

3. More Efficient Management of Health Care

Reducing the duration of hospital stays and promoting out-patient care and home care are part and parcel of efficient management. In addition, the reduction of divisions, such as the system of hospitals recognised in the measure of their reimbursements, contributes to lowering costs.

4. The introduction of budget envelopes, or limited budgets

This applies to particular sectors, like clinical biology for example.

Limited budgets would, in a rational manner, stop the unreasonable increase of medical costs and be a first step towards a system of quality prescriptions without artificial increase of costs.

At the same time, the financial viability of hospitals must be guaranteed in order to avoid the unnecessary use of technical services that merely serve to finance the institution indirectly.

5. Simplification of Reimbursements

The patient will have to pay only the difference between the amount due and the reimbursed amount (own contribution), as is already the case in some medical institutions. In addition, some medical care given to the elderly, or for long term illnesses, the handicapped or the less valid will enjoy preferential tariffs (modulating the own contribution) in order to remain accessible to all.

6. Faster Delivery of New Therapies and Necessary Medicines

In general, health care will be three times cheaper in Vivant's system, because of the abolition of tax on labour. **Costs will drop from €13 billion to €6.75 billion.** (See table, p.31.)

The new situation will allow hospitals to hire more nursing staff, and avoid overworking their nursing staff, who will therefore be in a better position to care for the sick.

Supprimé : In this perspective, the relation between politics and the mutual insurance companies must be put into question. The declaration of a member at the general assembly of one mutual insurance company speaks volumes in this regard: "The present mutual insurance companies are both judge and party. They influence politics through study groups and joint committees that fix reimbursement rates, they dispense health care (in their clinics, hospitals and pharmacies) and on top of this they are supposed to defend the interests of the patient."¶

Direct Democracy

One might ask oneself whether Belgium is a representative democracy. For most people, the reply to this question will probably be Yes. Yet despite this, citizens' direct influence on society is practically non-existent. The purpose of our elections is to gather votes at different levels (municipality, province, community, federal government and Europe), which translate, in the best of cases and according to a non-democratic system of vote distribution, into certain proportions of elected representatives from various parties. After this, these representatives "chosen by the people" in practice escape all forms of control, which can give the impression that all politicians are more or less "corrupt". Does power inevitably lead to corruption?

According to Vivant, the present state of our democracy can be improved:

- by abolishing compulsory voting;
- by introducing a system of citizens' legislative initiative and referenda having force of law.

This form of direct democracy creates a forum for political ideas that is to be seen at the root of all important innovations. Direct democracy is an instrument independent of all parties and of all party programmes. **Direct democracy has a corrective and a preventive effect.** It protects the citizen against unfair measures and forces politicians to take the population's experience into account.

Supprimé : s

According to Vivant, referenda with legal force are the ideal means of allowing the population to express its opinion on themes such as federalism, euthanasia, drugs, cloning, Basic Income, etc.

Efficient Public Authorities

Public authorities must return to their original function, that of **providing a service to the population**. This function comprises a certain number of responsibilities, such as security, justice, education, organisation of health care and rail, road and river infrastructure, etc. Another important responsibility attaching to public authorities is the redistribution of wealth. All these responsibilities must be fulfilled efficiently, in the best way possible and with the minimum of means.

In order to carry out their rôle, public authorities need resources, and taxes or “contributions” are therefore necessary. Politicians have the obligation to manage in the best possible way the revenue generated by the contributions granted them by the people. The total amount of taxes needed by the public authorities **depends on their objectives** (*not on law, as is presently the case*). If the public institutions need less money tomorrow, the fiscal pressure must also decrease.

By introducing a simple and transparent system for the collection and distribution of taxes, it is possible to reduce the play of political influence to a minimum.

Vivant also wants to reduce the size of the ministers’ political cabinets as much as possible. This will reduce the cost of running them and guarantee that they function on an apolitical basis.

Also, Vivant wants to abolish the practice and the possibility of elected representatives promulgating laws with the sole aim of consolidating their power, of reinforcing their immunity in the case of fraudulent manoeuvres, of repressing information and of limiting democracy.

In addition, Vivant wishes the recruitment of public servants to be as objective as possible. It is obvious that a candidate should be selected on merit alone and not because of political affiliation.

In order to answer to the needs of particular situations (for example, part-time work for parents of young children), working from home will be made possible for those holding public office, and the public services will be decentralised through networks in order to optimise efficiency while at the same time improving their social reach.

The purpose of this measure is **three-fold**:

- (1) Better mobility, by limiting travel to and from work and at the same time reducing traffic-jams in the large cities,
- (2) Cost reduction (especially of premises), and
- (3) Energy cost reduction.

Justice

Even if some objective and apolitical nominations are known to have been made, in practice the great majority of nominations in the judicial system are politically motivated. This may have the consequence of jeopardising the balance of powers.

In the Belgian judicial system, many careers are made following the manner of political customs, according to the good old system of distribution laid down by an elite circle, covered and protected by the corporatism, inaccessibility and impunity that flourish in the presence of near-absolute power.

The omnipotence of procedures that ignore even the most pertinent proofs, the unending adjournment of cases, the “civil servant’s” mentality of many of the servitors of the law, the particular techniques of certain lawyers, the innumerable “family ties” that unite politicians with the bench, **the “one of us” syndrome** – in short, the conditions under which our justice system has been operating for years – are difficult to accept.

Some examples:

- Eight year waiting period for indemnification of damages caused by a simple car accident – despite there being no question as to who was responsible: a red light was driven through at 130 km/h!
- A hormone trafficker is pronounced innocent in the Court of Cassation, although the facts had been established and proven in the Court of First Instance and in the Court of Appeal – because of procedural errors.
- An affair with political ramifications involving real estate is judged to be “very recent” after five years, according to “house” norms, that is to say, the norms of the Law Courts of Brussels – because of work overload.
- Members of the “white committee” of Neufchâteau had to appear before the Criminal Court in September 1998 in virtue of a principle that is becoming more and more widespread: the victims of the act are charged instead of its author – for disturbing the peace by calls for help.

Are there any solutions? Yes, maybe there are!

In order to ensure the efficient functioning of the bench, sufficient means are necessary (to put in place an adequate infrastructure), and also the will to change things. This means that the judicial system must have a transparent structure. It might be useful to put in place a union to fight for the normal and reasonable functioning of the justice system and to control it. Sentences do not necessarily need to be more severe, **but judgments do need to be arrived at more rapidly. The adjournment of cases concerning serious offences and the non-application of sentences because of errors in procedure should be avoided in the name of the victims of the offences. One has to be able to base a judgment on law that is not contrary to conscience.** An efficient justice system, the protection of each person’s rights and access for all (including the victims) to the case-files must become inviolable basic principles. A structural reorganization of the judiciary

apparatus on the level of enquiries, prosecution and judgment is more necessary than ever. Particracy must be eliminated and normal and efficient functioning of the justice system must become the rule.

The Environment

Pollution is one of the biggest problems of our time. The increasing prosperity of the rich countries and the continual increase of the population over the last hundred years have brought about large changes in the nature and the environment of the whole world. These changes are taking place at an increasing rate, cause inestimable damage and jeopardise future generations' quality of life more and more. In order to redress the situation, more is needed than a few ecological measures. Since the ecological equilibrium is a planetary problem, measures must be applied on a world scale.

Mentalities therefore have to change radically. Life in society must evolve to allow the environment to heal and to become able to support our necessary activities in the future. **This is what is called durable development.** In the meantime, before mentalities have changed, and in order to avoid the worst, the environment must be treated as a **“rare commodity”** in economics. **In other words, a price based on durable development must be affixed to the use of raw materials, air, water, the earth and space.** A rational politics of the environment must be elaborated by the specialists in collaboration with the people concerned, i.e. the population. Vivant supports safeguard measures such as environment tax, energy tax, tax on CO₂ emissions and on traffic, levied according to the principle that the polluter pays. As far as possible, these levies and taxes will be integrated into the VAT system (STC).

Public Planning

In a small country as densely populated as Belgium, public planning must be a top priority. The fragmentation of open spaces has negative consequences for human beings and for ecosystems. There is a very great amount of construction work going on in Belgium, more particularly along roads, which has the effect of making life in society duller and more banal. It is therefore indispensable to make a clear distinction between the zones that can still be built up and green zones.

Furthermore, buildings should not be too dispersed. It is better to concentrate building activities in given areas, centralise economic functions and make maximum use of the existing urban spaces. Compact towns are the best basis for renewing the economic fabric and for employment. They provide collective infrastructure, limit travel distances and allow ecological spatial planning. Towns can become more attractive through developing public transport and favouring bicycle travel, concentrating urban activities in towns, preserving and restoring cultural and historic buildings, and integrating open spaces and nature-spaces into the urban fabric.

We oppose the abusive demolition of old or abandoned buildings. We want to limit arable fields in urban areas. As concerns the development of smaller towns and villages, we want this to take place inside the built-up area. More generally, we believe that modern urbanism and architecture can

enhance both inhabited and open spaces, without endangering the historic centres that are present in so many Belgian towns. Finally, we are in favour of efficient and cheap public transport, which can even be made free of cost in certain cases.

Education

In Belgium, education has become synonymous with rules and regulations. During the last few decades, the government has been trying to regulate more and more facets of education. Vivant is of the opinion that the schools of the future have to be freed from government tutelage. **The schools of the future must depend on a concrete community of children, teachers and parents**, whose responsibility it is to ensure that every young person's right to education is respected.

Vivant also believes that everybody must have the right to complete her/his education, without age, profession or level of income being an obstacle.

In the domain of education, the intervention of the public authorities must be very limited.

In effect, general rules are powerless in determining what is best for a particular child or even for a particular group of children or adults. Legislation in the domain of education can in fact play an external role only (by providing certain guarantees or establishing certain interdictions), and it is not up to the government to lay down the "policy" to be followed in the domain of education. The competence to judge questions of education is not with politicians, nor even with the public, but with the people who work in education.

In order to guarantee such education, **its links with a tutelary minister have to be severed**. A **first step** in this direction would be a new type of funding for educational institutions, followed by the free choice of every citizen in matters of education. One could, for example, imagine that every child or adult wishing to pursue studies would each year request a "school voucher" from the public authorities. Parents would use this voucher to enrol their children in a school, and the school would cash the voucher with the appropriate authorities.

This system would work perfectly in a society with a Basic Income, as it is inspired by the same logic. Everybody has a right to a **school voucher**, regardless of age, sex, religion, etc. In this way, schools would succeed in freeing themselves from the influence of the government, the trade unions, the mutual insurance companies, the banks and the agricultural federations. Such schools would be managed by the **teachers and parents concerned**, who, being on hand, would be able to choose the best for their children. Schools would be linked horizontally to other schools, in an intense and deep-going collaboration, instead of in the centralised and hierarchical network that exists today.

In such a system, the government would play a mediating and controlling role rather than one of direction. It would act as a mediator in the financing of the institutions, and control that the institutions effectively follow the programmes they announce.

In this way, education would become a place of creativity and would be able to adapt in real time to the pedagogical situation, aware that on the European level the same things are not taught in Madrid

and in Brussels. Schools' approaches can be diverse, and it is up to the government to control the efficiency of the schools and to initiate convergences on the national and European levels.

Development Cooperation

Vivant doubts whether development cooperation is effective as it is being done today. Vivant is against "regulated" aid because it can be the source of corruption and disloyal competition. When Western aid is given because the goods or services it provides are not available locally, it should be consequent upon a European public tender, and should be open to European and non-European companies that can give sufficient financial guarantees for seeing through the project.

Supprimé : The selection criteria must be established in advance, with precision, excluding all "evaluation" of offers, or favouritism.

According to Vivant, more efficient forms of development cooperation would consist of:

- the enlargement of commercial opportunities, so that the beneficiary country creates its own instrument of prosperity;
- assistance providing adequate management for the execution of development projects, with partners (local ones for example) that enjoy the confidence of the local population;
- support to initiatives that provide small-scale capital in the form of loans to the local population (micro-credit).

In addition, it is necessary to:

- ensure that foreign investments do not favour development inequalities;
- accept as candidates for development aid only countries whose military power has been reduced to a minimum, so that democracy can be established securely without jeopardising sovereignty;
- organise experiments with a Basic Income equivalent (for example, a Basic Income paid out in food) in small isolated communities.

The regular (monthly) distribution of a Basic Income in the third world necessitates effective financial control and social guidance in order to avoid embezzlement of funds.

Basic Income in Third World Countries

Vivant also supports the movement in favour of releasing third world countries from their debts. Most of these debts have been contracted by authoritarian regimes. Banks granted credits without properly examining the risks. In general, the population of the beneficiary countries was not able to participate in the decision and the people were not the ones to benefit from the credits awarded by the banks. It is therefore not fair that these populations should suffer a fall in living standards in order to reimburse the debts.

Vivant also believes that the introduction of a Basic Income in third world countries may be the best way to spend the budget devoted to development cooperation. It is possible to give a basic income of €40 to each Nicaraguan with only 1% of our GNP. In Nicaragua, with a population of about 2.5 million, these €40 are equivalent to €250 in Belgium, since basic products are cheaper. In this way, local markets are created, as buying power is increased. A Basic Income grants greater autonomy and space for own initiative to those who receive it.

Supprimé :

Another possibility is to tax heavily the industrial products imported into these countries, as they are often bought by wealthy people. This would provide partial funding for the Basic Income for the whole population.

Importance of a Basic Income for the Third World

In June 2001, in São Paulo (pop. 17 million), Brazil, Martha Suplicy, mayor of the city since January 2001, introduced a Basic Income for low wage earners and those with no income. This is accompanied by social aid in the form of management education and protection against theft.

Her ex-husband, Eduardo Matarazzo Suplicy, federal senator of the state of Sao Paulo for the workers' party, has declared: "Basic income is an efficient arm against the economic unfreedom that pushes people into accepting semi-slavery working conditions or into seeking work in unfavourable regions. It is an efficient means in the battle against organised crime (illegal drugs trade, human trafficking) and breaks the vicious circle of poverty and illiteracy."



PROPOSES:

- **The introduction of an unconditional Basic Income for everyone.**

Even those who have never had a paid job are entitled to a Basic Income, for example parents looking after their children at home, freelancers, persons unentitled to social security, persons living in poverty, etc. – in short, everybody without exception has a right to a Basic Income.

- **The abolition of social taxes on work** (or labour), so as to make employment affordable again.
- **The abolition of tax on private monthly incomes not exceeding € 1,250 (≈ BEF 50,000).**
- **Reduction of corporation tax to 15%.**
- **Free health insurance for all citizens (permanent residents).**

Consequences

- **The cost of labour (of employing workers) diminishes radically.**
- **Employment levels rise.**
- **Work and services become cheap again.**
- **Companies stop delocalizing.**

Explanation: If you are currently earning € 1,125 (≈ BEF 45,000) net, you are effectively costing your employer € 2,500 (≈ BEF 100,000). However, when under VIVANT's system you receive a Basic Income of € 500 (≈ BEF 20,000), you will cost your employer only € 625 (≈ BEF 25,000). Your employer will be able to employ one, two or even three extra people, if desired, with the same budget of € 2,500 (≈ BEF 100,000).

- **“Black” work is eradicated, as labour is no longer subject to social taxes.**
- **The requirement to report for unemployment benefit therefore becomes redundant.**
- **The State's expenses are reduced.**
- **As the price of labour becomes affordable again, the demand for clandestine workers disappears and they will be less encouraged to immigrate illegally.**
- **The efficiency of the public services is increased.**
- **Political demagoguery and abuse of power are checked.**
- **Social exclusion is significantly reduced.**
- **People are enabled to change jobs easily and find the job they like.**
- **People are given the chance to enjoy life.**
- **People are enabled to work as much or as little as they want.**
- **Those who work hard can earn a lot.**
- **Entrepreneurial initiative is made easier.**

Two hundred years ago, 50% of the population needed to work in order to produce enough food to feed the whole population. Today, the corresponding figure is 2%. And only a quarter of the world population would have to work in order to produce 100% of all the goods needed by the people on the planet, at the same time providing a decent income for each one of them, whether working or not. This represents an incredible new freedom... and it is within our reach! The

principle behind Basic Income is that you are free to work a little, a lot or not at all.

A Basic Income guarantees you your means of subsistence whatever happens. And working allows you to earn more if you want to.

Everybody has this freedom of choice.

Who is going to pay for it?

VIVANT's solution: Let us substitute tax on work (on labour) and tax on private monthly incomes not exceeding € 1,250 (≈ BEF 50,000) by tax on consumption (social VAT). The price of products remains the same, but the State's income from social VAT increases, by an amount large enough to pay a Basic Income to each in-dividual.

The greater your spending power, the more you consume and therefore the more social VAT you contribute. Social VAT could more precisely be termed social tax on consumption.

A corollary to this is the great reduction in the State's administrative costs. In Belgium alone, VIVANT's system would mean a reduction of five million yearly tax declarations and of more than 30 formalities involved in the employment of personnel.

An integrated and rational management of the social security system would on its own allow the State to save 6% of its current expenses, or € 6.2 billion (≈ BEF 250 billion), which is enough to finance the payment of a Basic Income to one million people for the whole year!

Is the project realistic?

Many people name this utopian, but humanity has always progressed thanks to innovations that reactionaries of the time rejected as utopian.

A few Utopias have in the course of history become irreversible acquisitions: the abolition of slavery, universal suffrage, the women's vote, paid holidays, obligatory schooling, etc. What VIVANT offers is both simple and wise and is only a matter of common sense. If you want to convince yourself, ask for our programme, which provides a detailed explanation supported by facts and figures.

What you have just been reading is only a foretaste of the breath of fresh air that VIVANT wants to inhale into society.

VIVANT represents true progress in the sense of greater solidarity and conviviality in society.

Analysis of the price of an 800 g. loaf of bread

	Present system	VIVANT's system
Raw materials:	€0.42 (BEF 17)	€0.42 (BEF 17)
General costs:	€0.12 (BEF 5)	€0.12 (BEF 5)
Labour:	€0.60 (BEF 24)	€0.20 (BEF 8)
Taxes:	€0.10 (BEF 4)	€0.05 (BEF 2)
Profit margin:	€0.17 (BEF 7)	€0.20 (BEF 8)
Total VAT excl.:	€1.41 (BEF 57)	€0.99 (BEF 40)
VAT:	6% = €0.08 (BEF 3)	50% = €0.50 (BEF 20)
Total VAT incl.:	€1.49 (BEF 60)	€1.49 (BEF 60)

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C. Personal and company fiscal accounts

Right from this first phase personal and company fiscal accounts (a pivotal measure of the programme) should be introduced.

a) **The “personal fiscal account” (PFA)** for individuals, or the “company fiscal account” (CFA) for corporate legal persons, represents a practical measure for administering tax; it renders tax returns unnecessary and also, in the transitional phases, it points up who has a job and who is entitled to a conditional Basic Income.

Its administration may evolve as the fiscal system itself evolves. The description given below of how it works corresponds to the last phase when the whole Vivant system is in place, when labour is free of tax and the social tax on consumption is in place.

Definition

The personal fiscal account is a bank account used for intermediate transit between the employer and the employee’s own account.

Purposes

- The personal fiscal account makes it possible to abolish the annual tax return. It is used for the verification and receipt of income tax.

- All income passes through the fiscal account and is taxed each month. Gross income above €1,250 is taxed at 50%. The slice from €0 to €1,250 is not subject to tax.

- It is necessary to possess a PFA in order to receive Basic Income. This implies that each citizen has a national number given at birth to those born in Belgium; others must be in possession of a work permit for the Basic Income to be paid into the PFA.

- The fiscal account legitimates and controls work carried out without contract to satisfy daily needs, community needs, individuals’ needs – all those little services which are unpaid yet so necessary.

How it is given

- The fiscal account is personal and given to each citizen by the municipal authorities on the basis of the population register. Its number is not a secret any more than the national number; it figures on the identity card. The fiscal account number will be so designed that it cannot be confused with an ordinary bank account number. It could, in fact, be based on the national number, or derived from it.

How it works

- Tax is levied on the last working day of the month. Net income is transferred to the individual’s own bank account on the same day.

- Tax is calculated on Gross Income. Net Salaries are derived after deduction of tax.

Gross Income is made up of Basic Income and Gross Salaries earned under a contract of employment or any sums received for services rendered to individuals or companies. Net Income is the difference between Gross Income and Tax levied.

Special points

- A contractual guarantee is granted for all work carried out if the *cost of the labour involved* is paid into the PFA, even if the service provider is not subject to tax. This guarantee provides an incentive for the client to pay the service provider via the fiscal account.
- The State is paid monthly. There is no need for reserves for the year's expenditure. Money thus circulates more quickly in both directions.

Example of an individual with five incomes (in €):

INDIVIDU AL	Gross Monthly Salary (GS)	Gross Monthly Income (GI)	Monthly Tax	Net Monthly Salary (NS)	Net Monthly Income (NI)	Annual Tax (Net Annual Income=ΣNI)
	GI=BI+Σ GS			Partial	NI=ΣNS	
State (BI)	-	500	0	0	500	0
Employer 1	1,000	1,500	125	875	1,375	1,500
Employer 2	750	2,250	500	375	1,750	6,000
Own company	250	2,500	625	125	1,875	7,500
Private Income	250	2,750	750	125	2,000	9,000

The first income is the Basic Income of €500.

The second income comes from the individual's principal employer. The individual receives a gross salary of € 1,000. Cumulative gross income is therefore €1,500. Tax on that is half the difference between gross income and the pivotal amount of €1,250, namely $\frac{€(1,500-1,250)}{2} = 125$.

The third income is €750. The pivotal amount having already been reached, the partial tax is half this gross income, or €375. And so on for the fourth and fifth incomes: €125 and €125. The tax total is the sum of the partial taxes, or €750.

The fourth income represents the salary the individual allows him/herself from his/her small company, while the fifth comes from an odd job.

b) The Company Fiscal Account (CFA) works in the same way, on an annual basis, and with 15% levied by way of Company Tax.

