

1. Social VAT and compensating measures

In France, Social VAT (or consumption tax) is proposed as an alternative way of funding social security.

Some welcome the idea; others consider it **anti-social**.

In response to this criticism of Social VAT, this month's Electronic VIVANT-Europe contains an article by Monique Durin (Braine-le-Château, Belgium) which particularly explains the distinction between rates and absolute figures, and an open analysis by David de la Croix (researcher at the Institute for Social Research at Louvain-la-Neuve University).

The aim is to indicate compensating measures which would ensure that social VAT would be fair and just – equitable taxes that would not upset the economy. They would be of five kinds:

1. VAT rates variable according to the nature of the product
2. Maintaining people's purchasing power by means of an unconditional basic income
3. Progressive income tax
4. A financial transactions tax (on the lines of the Tobin tax)
5. Inheritance tax – without harming the health of the economy.

Money coming out of the woodwork (Monique Duron's expression) would thus be taxed more justly and more fairly – without upsetting the economy.