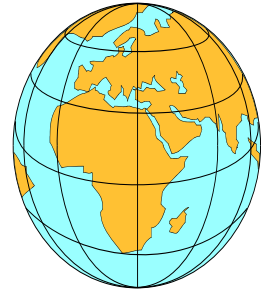




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*In Favour of a Social Europe,  
the Developing Countries,  
more Humane and  
Environment-Friendly Globalisation*

# **ELECTRONIC VIVANT- EUROPE**

**N° 1 (november 2003)**

## **1. EDITORIAL**

This is the first number of the electronic periodical of Vivant-Europe.

The aim is to set out material that our European fellow-citizens can reflect and act upon, as stakes are being placed on the European and World gaming tables.

This periodical is offered as a prime means of reading about the VIVANT (\*\*) programme.

In this first number, electronic VIVANT-EUROPE examines the rule of law in the State - a topical subject at a time when the European Union is expanding and seeking to institute for itself a Constitution.

In a second article, David PALIN discusses how VIVANT's socio-economic model leads to LIVING MORE.

The building of Europe is a challenge unique in recorded history and to all readers of this periodical we wish a positive future within our Continent.

## 2. VIVANT! = LIVING (MORE!)

There's nothing new about the idea of the State paying every citizen a basic income. Brazilian Federal Senator Eduardo Suplicy cites Thomas Paine ("Agrarian Justice, 1795) and Bertrand Russell ("Proposed Roads to Freedom, 1918). The idea of a negative income tax (a payment from the State calculated as a percentage of the amount by which a citizen's income falls below a given level) has been the subject of discussion more widely in political circles -- and of experimentation in the United States. The two ideas are related, of course; but the proponents of the basic income maintain that the basic income will have many more beneficial effects on the economy and on society generally than the negative income tax, and it is the basic income concept that now seems to be gaining currency.

The present debate has been fuelled since the mid-1980s by a number of private bodies in Europe concerned with socio-economic reform -- e.g. in Belgium, France, Germany and Sweden, and the Basic Income European Network (B.I.E.N.) (\*) has been formed to provide information exchanges and mutual support between the various active national groups in Europe. In Ireland, public institutions have now taken the matter up: the Government (elections permitting) is committed to introducing this year (2002) a Green Paper on Basic Income. The debate is also active outside Europe, notably in South Africa and in Brazil, where Senator Suplicy is a prominent proponent of the basic income, and where a partial implementation, confined to those with no income or very low ones, is taking place in the State of São Paulo.

What is happening in Belgium is of exceptional interest, for there the Basic Income concept is being promoted not alone but accompanied with a coherent set of policies covering all aspects of governmental affairs. Detailed figures and an implementation plan demonstrate the feasibility of the whole system.

The work is being carried forward by an organisation called Vivant (\*\*) ("Vivant" means "living" in French), a movement of neither left nor right, founded in 1997. It is not a political party seeking power; they are happy when one or other of the recognised parties adopt their ideas -- which, in partial but significant ways, is happening. If they field candidates at elections it is as a way of getting new ideas into the public debate. These ideas are based on a perceptive analysis of society and the economic system which suggests that the institutions and practices of government, which served the country and its people well when labour-intensive manufacturing and agriculture were the major economic activities and sources of wealth creation, have now been left far behind by profound changes in societal values and the economy. The systems of government just no longer fit with today's society.

Vivant's publications point up many aspects of this misfit; I shall summarise just three. First, the move from manufacturing to services as the major type of economic activity, which requires entrepreneurship and labour mobility, implying flexibility in employment and working practices, facility to re-train and learn new skills and to set up new businesses and reframe existing ones. Second, globalisation, which has exposed Europe to competition from countries with different economic structures, notably countries with far lower labour costs, leading to industrial relocation outside Belgium (or Europe), closure of businesses, high rates of unemployment (at present 11%, *Economist* of 2 March), high social (and social welfare) costs -- just when entrepreneurial nimbleness is required. Third, demography: people living longer and therefore the need for more resources to pay for pensions and health care.

While average net salary levels remain acceptable, they represent only about one quarter of what the salary-earner costs the employer. So, at a time when the Government is seeking to create jobs, it taxes them at over 100%. High costs are also imposed on employers who seek to reframe their businesses in line with market and technological changes. When nimble company management is needed, the cost of restructuring is made prohibitive. Entrepreneurs, although by nature risk-takers, are afraid of hiring the people they need to get new businesses going. In the public sector, too, the same inhibitions apply: the social welfare system can not afford to pay the salaries of those needed to care for the children of parents who both work, for the sick or for the growing number of aged people; and the private sector is not stepping in for the same reasons. Net effect: lots of useful work left undone, causing suffering both to those without jobs and to those left uncared for. (Of course, some of the demand from the private sector for services -- e.g. home and garden maintenance -- is met informally, which means "black", illegally.)

Successive governments so far have responded to these difficulties by tinkering with the system, responding to clamour by piecemeal introduction of partial corrective measures, increasing a State benefit here, adjusting a tax there. The result is a patchwork of unbelievably complex legislation, which is also unbelievably expensive to administer -- and to adjudicate the numerous disputes it gives rise to. Public service salaries take 19% of total State expenditure and there is predictably little enthusiasm for reform within the civil service. Nor are the trade unions much in favour of it. Fearful of losing their power and influence in society, they cling to the traditional policies of job security -- fighting the last war. What people want now is not job security, just security.

Vivant perceive that, as a result, both the business economy and the State social welfare system, which is financed from employers' and employees' contributions, are under grave threat. "The way things are going a dramatic bankruptcy of the welfare system is not far away." What, then, do they propose? In their Programme for 2002 they detail four measures:

1. A **Basic Income** for all citizens, paid by the State, without conditions: for adults of 25 to 64 years of age a "just-get-by" amount of EUR 540 per month; for senior citizens, 150% of that (EUR800); for children up to 18, 25% (EUR135); for young adults, 75% (EUR 400). This would replace in time the present gamut of family allowances, welfare payments (among which unemployment benefits are becoming increasingly burdensome), students' benefits and pensions.
2. **Abolition of all charges on employment.** The cost of employing someone is thus reduced, on average, to 25% of the present level.
3. A **Social Tax on Consumption.** This would replace the present VAT and the median rate on goods would be increased to 50%. The abolition of charges on employment would greatly reduce production costs and maintaining present purchase price levels would leave room for the higher consumption tax rate.
4. **Variation of the Social Tax on Consumption.** Most services would be zero-rated, but goods considered environmentally unfriendly or luxuries would be at 70% -- or higher. This would provide an ongoing fiscal instrument for economic fine-tuning.

For the individual, the effects looked for are: basic economic security (guaranteed subsistence from cradle to grave); independence within the family and in the job market; respect for the dignity of the individual; flexibility in the use of time and in career paths; freedom to work much or little, to just get by or become seriously rich -- altogether a better fit with the present-day aspirations of the population. For employers: reduction of labour costs; facility to create jobs, to restructure; international competitiveness restored; company tax would be normalised at 15%. For the State and society as a whole: rationalisation and simplification of the welfare and taxation systems; reduced public service salary costs, from EUR 20bn to 7.5bn; abolition of the notions of unemployment and exclusion; wealth redistribution based on what it is spent on rather than on where it comes from.

Vivant propose a step-wise approach to implementation, based on the principles that consumer prices should remain about the same, and that nobody's (legitimate) income should go down. Even so, they recognise that implementation will be complex. There are many interests vested in the present system and for some aspects (e.g. replacement of VAT) they will need to carry neighbouring countries with them. But this should not be as hard as it may at first sound: the social and economic problems they are tackling have their resonance in other countries; maybe the solutions to those problems will resonate there too.

Could it be that the Basic Income is an old idea whose time has at last come?

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### **3. THE STATE BASED ON THE RULE OF LAW -- PLACE OF JUSTICE AND STABILITY**

#### **A. What is the rôle of the State?**

**“The State, it is I”** proclaimed Louis XIV and the Revolution of 1789 replied: **“We are the State!”**

This fight to reform the State often turned into a hell. So many victims of the revolutions of previous centuries; so many have forfeited health, dignity and their lives because of dictatorships and armed conflicts. The issue that has absorbed our societies over the last two centuries is indeed this: **“What is the role of the State?”** or **“What is its function?”**

Some say that it is a necessary evil for those who wish to live and act in freedom. Others maintain that it is the guarantor of justice, of the rule of law and of wealth redistribution. Others again see it as the patron financing what the private sector will no longer finance. And today this patron seems to be handing those heavy financial charges which were entrusted to it, or which it simply assumed, back to the private sector.

#### **B. The State and states are losing power**

The key question is to find how to regulate the uncontrolled side-slips and dysfunctions of the economy, to guarantee the continuity of power of the State and to determine the limits of its power.

In Belgium this issue is often consigned to oblivion on account of the State's own dysfunction and the constant questioning of its capacities and powers.

Broadly speaking, **the powers of decision** of the nation states have diminished as those of the major institutions -- like the UN, the European Union, the banks, the financial exchanges, the International Monetary Fund (IMF) -- have increased. And add to this state of affairs the pressures of the global market.

The State or states, that is to say the locally elected representatives of the people, are no longer in command, and when there is an opportunity to become part of a larger entity like the European Union or the United States of America, decision-making powers are raised to a higher level, which is supposed to be more effective, while respecting the regions and their particularities.

### **C. Are the IMF and the European Union supranational States?**

A look at less favoured states, such as Russia or those of Central Africa, shows that the IMF applies to them decidedly draconian measures: monetary devaluation to boost the receipts from exports which guarantee repayments to the lenders financing external debt; reduction of public expenditure, particularly social expenditure; reduction of subsidies; push for privatisation of the economy at the expense of the least fortunate. Even within the European Union we accept disparities in social policies: this is the case for the United Kingdom, and it distorts the effects of European economic and social measures.

**What's becoming of this European structure which**, because of its heavy institutions paralysing decision-making in our accelerating world, runs the risk of an accident of growth?

What will this new Europe be in 10 years' time: a new Entity (State?) **based on the rule of law and on justice, invested with democratic, economic and social responsibility?**

What, exactly, is this IMF, this financial super-State which prescribes remedies and does nothing to guarantee the redistribution of wealth?

The IMF is rich and dispenses considerable loans decided on by a majority among the United States, Japan, Germany, France and the United Kingdom - for these are the major investing countries.

What did the IMF regulate by confiding to Russia enormous sums of money which returned to their source on the Western stock exchanges so as to enrich a few oligarchs?

In such a situation, an authority worthy of the name should **be able to foresee this sort of perverse mechanism** and prevent enrichment coming from these funds, which contribute nothing to the real development of the country.

Has the IMF become a SUPER-SPECULATOR?

Of course, Russia is a specific case. Too much of the STATE (70 years of communism) had led to the belief that to get rid of IT was a miracle cure-all solution. But, in the presence of the new powers, it was dangerous for the inhabitants of the former Soviet Union, **who had lost the habit** of free thought and of what this demands in terms of responsibility and a critical approach.

And in this respect how do other regions of the world fare? What are the bases of **this education in responsibility? Are they still present** in Belgium and other European countries for example? Or are they too in danger?

#### **D. Breaking with the State and aspiring to something else**

To decide on a social rupture while ignoring **its social cost** is to fail **to understand** -- even to disparage -- **the human being**. And that, unfortunately, is what happened in the former Soviet Union.

Did this rupture with the State result from a decision or from a general aspiration to something else?

**“SOMETHING ELSE”** than war and want, a quest for peace and stability -- that was the aspiration of the European idea.

This idea is “on its way” ... But where -- in what places -- are the expressions of this “something else”, consisting of more social cohesion and less economic warfare, to be found? Certain movements are taking up the task, but they are still too few.

#### **E. The search for places of regulation and a centre of gravity**

With today’s globalisation we run the risk of having no PLACES OF REGULATION strong enough to handle deviations and support initiatives favourable for a durable future for the Industrialised World and the Third World.

Our world is one of conjecture and short-termism, of haste and imbalances, and our civilisation finds it difficult to locate **its centre of gravity**.

**The true centre of gravity** on which everything should converge is the dignity of **the human being**, of all human beings duly recognised in their cultures and with their special characteristics.

If criminal habits and mafia-like behaviour are not to become the norm, the ORGANISATION OF SOCIETY should be centred on RESPECT: respect for the human being, respect for the environment, respect for the rule of law at a global level by all actors on the stage.

Concrete measures therefore need to be put in place which protect and promote the rights and duties of the individual.

In this perspective, the State is no longer either an “I” or a “WE”, but simply a regulatory and promotional tool democratically mandated and democratically organised everywhere to the same end: **to guarantee all human beings the same fundamental rights -- biological rights (to live in good health), political rights, social rights and economic rights.**

**It is democratic will (and not only a power)** that determines that the State as an institution is **the indispensable** framework for guaranteeing the harmonious and stable continuity of society.

It is faith in the individual, precisely, that points up the wisdom of creating **a regulatory framework** which enables each one **to take responsibility** for his or her destiny, in spite of unequal starting-points, and which affords protection against injustices.

A decade ago 80% of the basic economy of the Republic of the Congo (ex-Zaire) developed around individual initiatives, so that, instead of finding its way back to the banks, money exchanged enriched a parallel economy based on efficiency and born of imagination. Waste materials were used to invent and produce things for everyday use.

**Why not legitimise this kind of market and make it durable?**

**Why impose** the draconian measures of the IMF, which, instead of guaranteeing the purchasing power of consumers in the “assisted” country, impoverish families for the benefit of its external lenders by means of currency devaluation? Instead of rendering an effective structure to the State, these measures drastically, and in undiscerning manner, reduce public expenditure to the point where even elementary social “cover” disappears.

Instead of promoting **a privatisation** of the economy which is patently the servant of the existing power structures and of international finance, why not encourage private initiative in the population, guarantee **an unconditional Basic Income**, set up micro-credit systems?

Why not **inject** into these nascent local economies capital grants coming from a Tobin Tax?

**Where do we find the fruitful combination of regulation** which guarantees better wealth distribution, **with promotional dynamism** that grants to each the Right and the Duty to build his or her own future?

It is true that our age has seen the creation of enormous wealth. However, present economic trends - - characterised by slow growth, falls in values on the world's exchanges, lower corporate profitability -- perhaps indicate a need for overall restructuring, starting from scratch, through the creation of a new global economic order. It's the only positive lesson that can be drawn from the events in New York on 11 September 2001.

## **F. Defining the essential criteria**

In order to manage the dynamics of such a transformation solid criteria need to be defined -- and stuck to.

**The first** concerns **the human being**: right to shelter, basic food and the means to secure one's future.

**The second** concerns the structure of our societies: **combining** common interests and individual interests.

**The third** concerns economic planning: **to include** with it, obligatorily and permanently, **an ecological plan and a social plan.**

These three criteria would oblige our economists to reason in another way.

Making Basic Income and regard for Common Interests obligatory means seeing the welfare of **the consumer in terms not only** of investment, but also of each one's purchasing power. The individual is no longer to be divided into compartments as consumer, worker, citizen, or whatever. That hypocritical schizophrenia is to be eschewed by which loving fathers (or mothers) of families once at the work place behave like assassins with their competitors and subordinates, and take decisions forgetting that they are dealing with fathers, mothers, children, who have, they too, the right to survive, to live... Such behaviour is blind to all considerations save economic ones.

**An alternative** is therefore needed to ensure survival. Each person must accept to make a financial contribution to **this other kind of solidarity.**

To impoverish the individual and the community by preventing them from working, or by reducing permitted working hours to 35 per week, is merely to enrich or save corporations for a time, forgetting that over a longer term they will have problems selling, for lack of solvent buyers.

To go all out for individual profit without regard for the wider picture is a mathematical reflex which sees only the immediate results of the equations without respect for the individual or common interests.

Our democratic States **must therefore recognise** their obligation to make it possible for each human being to lead a full and rounded life. In this way they will be able to become **places of justice and stability**.

**Democratic choices** must be the result of **long debate** and a referendum. **The ethical and economic choice** to guarantee respect for, and the dignity of, each individual and the environment should be approved by the population as a whole.

This should be **the starting-point** for all researchers and technicians in their search for appropriate solutions.

**The State based on the Rule of Law can thus become the place of justice and stability**, which can impose institutionally and with wisdom the obligation to develop the individual and society on the basis not only of supply and demand but also of technical, educational and cultural need and potential.

*Politics is the art of making possible that which at first seems impossible.*

## **G. The role of the State in our present world**

The State is a regulatory and promotional tool that should overcome **immobility and habit** through political action. The State, place of justice and stability desired by civil society, is also concerned to counteract deviations.

For this to happen **a linkage** must exist between the three powers: **the legislature, the executive and the judiciary**. Our States are inundated with a mass of laws and regulations which accumulate, and are lost to view, as in a haystack.

Mastering the legislative tool is becoming difficult ... just a raft of laws and decrees that are passed but never applied!

Does the fault lie with **legislative confusion**, or simply with the influence of the powerful?

Who gains from applying the brakes?

It is for this reason that other places of debate, regulation and power, like referenda and participative budgeting, have become necessary -- to act as a counterweight.

It is dangerous, too, to remove profitable activities from the public sector, and automatically to privatise them.

The State should also, by political and legislative decision, guarantee the **UNECONOMIC** in the interests of the citizen; but to do this does not mean taking away the economic activities, which provide income and jobs, products necessary for health care, food, leisure, culture -- it is no solution to take away from the State these income-generating activities, the reserves for a rainy day.

The challenge lies in linking public management and private management.

Realism and management rigour would do away with a budgeting system that encourages useless expenditure for the sake of ensuring the allocation of the same budget for the following year.

This is wasteful, mediocre and irresponsible management.

Allowing the public and private spheres to be linked, and carrying out a permanent reform of the judicial function, will permit the State to be the guarantor of stability and durable development.

The 21st Century will then be able to take shape, not in a jungle of armed or economic conflict, but founded on realistic MANAGEMENT, seeking to push ahead the frontiers of the possible.

**Assured** of such a process, human beings will have less fear of becoming the victims of convulsive movements of history, and take their future into their **own hands**.

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(Année 2001)